



Metro

Virtual Online Meeting

Watch online: <http://boardagendas.metro.net> OR

Listen by phone: Dial +1 (877) 422-8614 and enter extension 3489884#

Agenda - Final

Wednesday, March 17, 2021

1:30 PM

To give written or live public comment, please see the top of page 4

Finance, Budget and Audit Committee

James Butts, Chair

Kathryn Barger, Vice Chair

Fernando Dutra

Paul Krekorian

Holly Mitchell

Tony Tavares, non-voting member

Phillip A. Washington, Chief Executive Officer

METROPOLITAN TRANSPORTATION AUTHORITY BOARD RULES
(ALSO APPLIES TO BOARD COMMITTEES)

PUBLIC INPUT

A member of the public may address the Board on agenda items, before or during the Board or Committee's consideration of the item for one (1) minute per item, or at the discretion of the Chair. A request to address the Board must be submitted electronically using the tablets available in the Board Room lobby. Individuals requesting to speak will be allowed to speak for a total of three (3) minutes per meeting on agenda items in one minute increments per item. For individuals requiring translation service, time allowed will be doubled. The Board shall reserve the right to limit redundant or repetitive comment.

The public may also address the Board on non agenda items within the subject matter jurisdiction of the Board during the public comment period, which will be held at the beginning and/or end of each meeting. Each person will be allowed to speak for one (1) minute during this Public Comment period or at the discretion of the Chair. Speakers will be called according to the order in which their requests are submitted. Elected officials, not their staff or deputies, may be called out of order and prior to the Board's consideration of the relevant item.

Notwithstanding the foregoing, and in accordance with the Brown Act, this agenda does not provide an opportunity for members of the public to address the Board on any Consent Calendar agenda item that has already been considered by a Committee, composed exclusively of members of the Board, at a public meeting wherein all interested members of the public were afforded the opportunity to address the Committee on the item, before or during the Committee's consideration of the item, and which has not been substantially changed since the Committee heard the item.

In accordance with State Law (Brown Act), all matters to be acted on by the MTA Board must be posted at least 72 hours prior to the Board meeting. In case of emergency, or when a subject matter arises subsequent to the posting of the agenda, upon making certain findings, the Board may act on an item that is not on the posted agenda.

CONDUCT IN THE BOARD ROOM - The following rules pertain to conduct at Metropolitan Transportation Authority meetings:

REMOVAL FROM THE BOARD ROOM The Chair shall order removed from the Board Room any person who commits the following acts with respect to any meeting of the MTA Board:

- a. Disorderly behavior toward the Board or any member of the staff thereof, tending to interrupt the due and orderly course of said meeting.
- b. A breach of the peace, boisterous conduct or violent disturbance, tending to interrupt the due and orderly course of said meeting.
- c. Disobedience of any lawful order of the Chair, which shall include an order to be seated or to refrain from addressing the Board; and
- d. Any other unlawful interference with the due and orderly course of said meeting.

INFORMATION RELATING TO AGENDAS AND ACTIONS OF THE BOARD

Agendas for the Regular MTA Board meetings are prepared by the Board Secretary and are available prior to the meeting in the MTA Records Management Department and on the Internet. Every meeting of the MTA Board of Directors is recorded and is available at www.metro.net or on CD's and as MP3's for a nominal charge.

DISCLOSURE OF CONTRIBUTIONS

The State Political Reform Act (Government Code Section 84308) requires that a party to a proceeding before an agency involving a license, permit, or other entitlement for use, including all contracts (other than competitively bid, labor, or personal employment contracts), shall disclose on the record of the proceeding any contributions in an amount of more than \$250 made within the preceding 12 months by the party, or his or her agent, to any officer of the agency, additionally PUC Code Sec. 130051.20 requires that no member accept a contribution of over ten dollars (\$10) in value or amount from a construction company, engineering firm, consultant, legal firm, or any company, vendor, or business entity that has contracted with the authority in the preceding four years. Persons required to make this disclosure shall do so by filling out a "Disclosure of Contribution" form which is available at the LACMTA Board and Committee Meetings. Failure to comply with this requirement may result in the assessment of civil or criminal penalties.

ADA REQUIREMENTS

Upon request, sign language interpretation, materials in alternative formats and other accommodations are available to the public for MTA-sponsored meetings and events. All requests for reasonable accommodations must be made at least three working days (72 hours) in advance of the scheduled meeting date. Please telephone (213) 922-4600 between 8 a.m. and 5 p.m., Monday through Friday. Our TDD line is (800) 252-9040.

LIMITED ENGLISH PROFICIENCY

A Spanish language interpreter is available at all Committee and Board Meetings. All other languages must be requested 72 hours in advance of the meeting by calling (213) 922-4600 or (323) 466-3876. Live Public Comment Instructions can also be translated if requested 72 hours in advance.



323.466.3876

x2 *Español (Spanish)*

x3 *中文 (Chinese)*

x4 *한국어 (Korean)*

x5 *Tiếng Việt (Vietnamese)*

x6 *日本語 (Japanese)*

x7 *русский (Russian)*

x8 *Հայերէն (Armenian)*

HELPFUL PHONE NUMBERS

Copies of Agendas/Record of Board Action/Recordings of Meetings - (213) 922-4880 (Records Management Department)

General Information/Rules of the Board - (213) 922-4600

Internet Access to Agendas - www.metro.net

TDD line (800) 252-9040

NOTE: ACTION MAY BE TAKEN ON ANY ITEM IDENTIFIED ON THE AGENDA

Live Public Comment Instructions:

Live public comment can only be given by telephone.

The Committee Meeting begins at 1:30 PM Pacific Time on March 17, 2021; you may join the call 5 minutes prior to the start of the meeting.

Dial-in: 888-251-2949 and enter
English Access Code: 8231160#
Spanish Access Code: 4544724#

To give public comment on an item, enter #2 (pound two) when that item is taken up by the Board. Please note that the live video feed lags about 30 seconds behind the actual meeting. There is no lag on the public comment dial-in line.

Instrucciones para comentarios publicos en vivo:

Los comentarios publicos en vivo solo se pueden dar por telefono.

La Reunion de la Junta comienza a las 1:30 PM, hora del Pacifico, el 17 de Marzo de 2021. Puedes unirse a la llamada 5 minutos antes del comienzo de la junta.

Marque: 888-251-2949 y ingrese el codigo
Codigo de acceso en ingles: 8231160#
Codigo de acceso en espanol: 4544724#

Para dar un comentario publico sobre un tema, ingrese #2 (Tecla de numero y dos) cuando ese tema mencionado por la Junta. Por favor tenga en cuenta que la transmision de video en vivo tiene un retraso de aproximadamente 30 segundos con respecto a la reunión real. No hay retraso en la línea de comentarios publicos.

Written Public Comment Instructions:

Written public comments must be received by 5PM the day before the meeting.

Please include the Item # in your comment.

Email: goin@metro.net

Post Office Mail:

Board Secretary's Office

One Gateway Plaza

MS: 99-3-1

Los Angeles, CA 90012

CALL TO ORDER

ROLL CALL

APPROVE Consent Calendar Items: 5 and 6.

Consent Calendar items are approved by one vote unless held by a Director for discussion and/or separate action.

CONSENT CALENDAR

5. **SUBJECT: CONSOLIDATED AUDIT FOR FISCAL YEAR 2019** [2021-0049](#)

RECOMMENDATION

RECEIVE AND FILE the Consolidated Audit Financial and Compliance Reports completed by Vasquez and Company (Vasquez) and Simpson and Simpson (Simpson), certified public accountants, for the Fiscal Year ending June 30, 2019.

Attachments: [Attachment A - Report on Compliance with Requirements Applicable to Prop A :](#)
[Attachment B - Report on Compliance with Requirements Applicable to Prop A :](#)
[Attachment C - Report on Compliance with Requirements Applicable to Measur](#)
[Attachment D - Report on Compliance with Requirements Applicable to Measur](#)
[Attachment E - Report on Compliance with Requirements Applicable to Measur](#)
[Attachment F - Report on Compliance with Requirements Applicable to Measur](#)

6. **SUBJECT: BASIC FINANCIAL STATEMENTS AND COMPONENT AUDITS** [2021-0050](#)

RECOMMENDATION

RECEIVE AND FILE the Los Angeles County Metropolitan Transportation Authority's (Metro) basic financial statements and component financial statement audits completed by Crowe LLP (Crowe) as of and for the fiscal year ended June 30, 2020.

-
- F. DELEGATING to the CEO or his designee the authority to administratively approve minor changes to the allocations to reflect any revisions made by the Southern California Association of Governments (SCAG), FTA and/or Caltrans that may impact Los Angeles County's share of the funds.

Attachments: [A. CRRSA Act Funding Allocation by Transit Operator/Agency](#)
[B. CRRSA Act Apportionments and Los Angeles County's Share of the Funds](#)
[C. CARES Act Funding Drawdown Update](#)

8. SUBJECT: PROPOSITION C BONDS [2021-0039](#)

RECOMMENDATION

CONSIDER:

A. ADOPTING a Resolution, Attachment A, that:

1. AUTHORIZES the competitive sale and issuance of up to \$450 million in aggregate principal amount of Proposition C Senior Sales Tax Revenue Bonds in one or more series, to finance capital projects; and refinance outstanding revolving credit notes;
2. APPROVES the forms of the Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Continuing Disclosure Certificate, Preliminary Official Statement and such other documents as required for the issuance of the bonds, and approves related documents on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the Resolution; and
3. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of the bond purchase contract and bond documentation associated with the issuance of the Proposition C Senior Sales Tax Revenue Bonds (the "Bonds").

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE.)

Attachments: [Attachment A - Authorizing Resolution](#)

**9. SUBJECT: OFFICE OF INSPECTOR GENERAL (OIG) FINAL REPORT
ON REVIEW OF METRO MEASURES TO REDUCE COVID-
19 TRANSMISSION** [2021-0057](#)

RECOMMENDATION

RECEIVE AND FILE Office of Inspector General (OIG) Final Report on Review



Board Report

File #: 2021-0049, File Type: Informational Report

Agenda Number: 5.

FINANCE, BUDGET AND AUDIT COMMITTEE MARCH 17, 2021

SUBJECT: CONSOLIDATED AUDIT FOR FISCAL YEAR 2019

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Consolidated Audit Financial and Compliance Reports completed by Vasquez and Company (Vasquez) and Simpson and Simpson (Simpson), certified public accountants, for the Fiscal Year ending June 30, 2019.

ISSUE

As the Regional Transportation Planner for Los Angeles County, the Los Angeles County Metropolitan Transportation Authority (Metro) is responsible for planning, programming and allocating transportation funding to Los Angeles County jurisdictions, transit operators and other transportation programs. Metro has the fiduciary responsibility to provide assurance that recipients of funds included in the Consolidated Audit are adhering to the statutes, program guidelines, and/or agreements of each applicable funding source and that operations data used to allocate funds is fair and in accordance with Federal Transit Administration (FTA) guidelines.

BACKGROUND

The consolidated audit process includes financial and compliance audits of the following programs:

- Local Funding Program to 88 cities and Unincorporated Los Angeles County
 - Proposition A Local Return
 - Proposition C Local Return
 - Measure R Local Return
 - Measure M Local Return
 - Transit Development Act (TDA) Article 3 and Article 8 Programs
 - Proposition A Discretionary Incentive Program
- Transit System Funds to Commerce, Redondo Beach, and Torrance
 - Transit Development Act (TDA) Article 4
 - State Transit Assistance (STA)
 - Proposition A 95% of 40% Discretionary
 - Proposition C 5% Security

- Proposition C 40% Discretionary
- Proposition 1B Funds
- Measure R 20% Bus Operations and Clean Fuel Bus Funds
- Measure M 20% Bus Transit Operation Fund
- Proposition A 40% Discretionary - Growth Over Inflation (GOI) Fund to Burbank, Glendale, LADOT and Pasadena Transit System Operators
- Fare Subsidies Programs
 - Immediate Needs Transportation Program (INTP)
 - Low Income Fare is Easy (LIFE)
 - Support for Homeless Re-Entry (SHORE) Program
- Metrolink Program
- EZ Transit Pass Program
- Access Services
- LADOT Operating Data (Proposition A Incentive Programs).

Metro allocates over \$650 million annually to the stated programs and distribution to the 88 cities in Los Angeles County (Cities) including the County of Los Angeles (County), and other agencies. Annual audits of the programs ensure that the agencies comply with the applicable rules, regulations, policies, guidelines and executed Memorandums of Understanding (MOU). The audits also serve as a program management tool for effectively managing and administering the programs.

Management Audit Services (MAS) contracted with Vasquez and Simpson to perform the financial and compliance audits to provide reasonable assurance to management whether recipients of subsidies included in the Consolidated Audit are adhering to the statutes of each applicable funding source. The audits were conducted in accordance with generally accepted government auditing standards and the American Institute of Certified Public Accountants' Standards.

The auditor's concluded that the County and Cities, with the exception of the City of South El Monte, complied in all material respects, with the guidelines and requirements that could have a direct and material effect on the Local Return programs for the Fiscal Year ending June 30, 2019.

DISCUSSION

The consolidated audit process includes financial and compliance audits of Local Return programs. Following is a summary of consolidated audit results:

Proposition A and C

Vasquez and Simpson found that the County and Cities, with the exception of the City of South El Monte, complied in all material respects, with the guidelines and requirements that could have a direct and material effect on the Local Return programs for the year ended June 30, 2019.

The auditors found 56 instances of non-compliance for Proposition A and C which consisted of 36 minor findings related to the untimely submittal of forms. Twenty (20) findings were identified with questioned costs totaling \$2 million for Proposition A and \$2.4 million for Proposition C which represent approximately 1% of each total fund reviewed. The Local Return program manager is

working with the respective cities to resolve the findings. The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

Measure R

Vasquez and Simpson found that the County and Cities, with the exception of the City of South El Monte, complied in all material respects with the guidelines and requirements that could have a direct and material effect on the Local Return programs for the year ended June 30, 2019.

The auditors found 23 instances of non-compliance for Measure R which consisted of 13 minor findings related to the untimely submittal of forms. Ten (10) findings were identified with questioned costs totaling \$2 million for Measure R represents less than 2% of the total amount reviewed. The Local Return program manager is working with the respective cities to resolve the findings. The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

Measure M

Vasquez and Simpson found that the County and Cities, with the exception of the City of South El Monte, complied in all material respects with the guidelines and requirements that could have a direct and material effect on the Local Return programs for the year ended June 30, 2019.

The auditors found 20 instances of non-compliance for Measure M, consisting of 14 minor findings related to the untimely submittal of forms. Six (6) findings were identified with questioned costs totaling \$856 thousand for Measure M represents less than 1% of the total amount reviewed. The Local Return program manager is working with the respective cities to resolve the findings. The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

The consolidated audit process includes financial and compliance audits of Non- Local Return programs. Following is a summary of consolidated audit results:

The auditors found that schedules/financial statements for the various programs stated above present fairly, in all material respects. The auditors also found that the entities complied, in all material respects, with the compliance requirements of the respective guidelines. The auditors noted several compliance findings including:

- 16 findings for the TDA Article 3 program;
- 15 for the Fare Subsidies Programs;
- 10 for the INTP;
- 8 findings for the Metrolink program; and
- 5 for the LIFE Program.

Metro program managers are working with the respective funds recipients to resolve the findings. The auditors will validate the resolution of the findings within next year's annual Consolidated Audit process.

Due to the considerable size of the documents, the Reports on Compliance with Requirements Applicable to Proposition A and C, Measure R and M Ordinances and Local Return Guidelines are provided as Attachment A through F. The additional Consolidated Audit reports are accessible online.

The comprehensive financial and compliance audit reports issued by Vasquez are accessible online at:

[<http://libraryarchives.metro.net/DB_Attachments/Consolidated/Vasquez%20FY19/Vasquez/>](http://libraryarchives.metro.net/DB_Attachments/Consolidated/Vasquez%20FY19/Vasquez/)

The comprehensive financial and compliance audit reports issued by Simpson are accessible online at :

[<http://libraryarchives.metro.net/DB_Attachments/Consolidated/Simpson%20FY19/Simpson/>](http://libraryarchives.metro.net/DB_Attachments/Consolidated/Simpson%20FY19/Simpson/)

FINANCIAL IMPACT

This is an informational report and does not have a direct financial impact on Metro.

Impact to Budget

This is an informational report and does not impact the FY 2021 budget.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

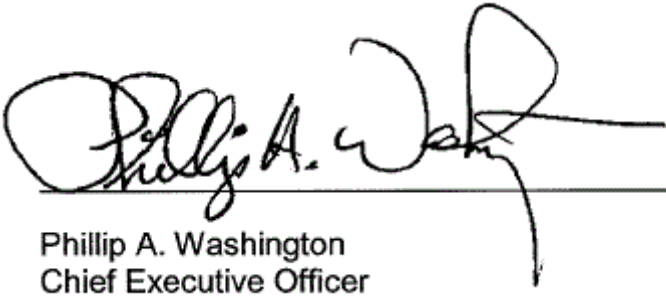
Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization. The projects/programs developed with these funds directly or indirectly support all five Vision 2028 goals identified in Metro's Strategic Plan.

ATTACHMENTS

- A. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Vasquez)
- B. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Simpson)
- C. Report on Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines (Vasquez)
- D. Report on Compliance with Requirements Applicable to Measure R Ordinance and Measure R Local Return Guidelines (Simpson)
- E. Report on Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines (Vasquez)
- F. Report on Compliance with Requirements Applicable to Measure M Ordinance and Measure M Local Return Guidelines (Simpson)

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

Reviewed by: Shalonda Baldwin, Executive Officer, Administration, (213) 418-3926



Phillip A. Washington
Chief Executive Officer



MetroTM

**REPORT OF INDEPENDENT AUDITORS 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, 2019

**REPORT OF INDEPENDENT AUDITORS 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, 2019

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds Consolidated Audit Report
Fiscal Year Ended June 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH THE REQUIREMENTS APPLICABLE TO PROPOSITION A AND PROPOSITION C ORDINANCES AND PROPOSITION A AND PROPOSITION C LOCAL RETURN GUIDELINES	1
SUMMARY OF COMPLIANCE FINDINGS	4
Schedule 1 – Summary of Audit Results	5
Schedule 2 – Schedule of Findings and Questioned Costs	18

**REPORT OF INDEPENDENT AUDITORS ON COMPLIANCE WITH THE 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, 2019 (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.

Auditors' 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 disclaimer and unqualified opinions on compliance. However, our audits do not provide a legal determination of each City's compliance with the Guidelines and the Requirements.



Basis for Disclaimer of Opinion on City of South El Monte

As described in the accompanying Summary of Compliance Findings (Finding #2019-016), the City of South El Monte was not able to provide accounting records and documents that would support the City's compliance with the Guidelines and Requirements. Accordingly, we were unable to perform any auditing procedures sufficiently to determine the City's compliance.

Disclaimer of Opinion on City of South El Monte

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the City of South El Monte's compliance with the Guidelines and Requirements referred to above. Accordingly, we do not express an opinion on the City of South El Monte's compliance with the Guidelines and Requirements.

Unqualified Opinion on Compliance of all Cities except City of South El Monte

In our opinion, as described in Schedule 2, 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and 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 #2019-001 through #2019-019. 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.



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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2019-004, #2019-010 and #2019-016, to be material weaknesses.

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 "Vaguez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
December 31, 2019**

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year ended June 30, 2019**

The audits of the 39 cities identified in Schedule 1 have resulted in 19 findings. The table below summarized those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRf	
Funds expended were approved and have not been substituted for property tax.	3	Baldwin Park (Finding #2019-002)	\$ 336,716	\$ 1,310,200	\$ 1,646,916
		Industry (Finding #2019-009)	-	2,110	2,110
		Rosemead (Finding #2019-014)	827	-	827
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	4	Baldwin Park (Finding #2019-003)	None	-	-
		Bell Gardens (Finding #2019-006)	None	-	-
		Rosemead (Finding #2019-015)	None	-	-
		Westlake Village (Finding #2019-019)	-	None	-
Annual Project Summary Report (Form B) was submitted timely.	2	Bell Gardens (Finding #2019-007)	None	None	None
		South Gate (Finding #2019-017)	None	None	None
Annual Expenditure Report (Form C) was submitted timely.	3	Malibu (Finding #2019-012)	None	None	None
		Pomona (Finding #2019-013)	None	None	None
		Vernon (Finding #2019-018)	None	None	None
Accounting procedures, record keeping and documentation are adequate.	3	Baldwin Park (Finding #2019-004)	262,649	429,908	-
		Industry (Finding #2019-010)	88,148	-	-
		South El Monte (Finding #2019-016)	433,072	63,775	-
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	2	Azusa (Finding #2019-001)	None	None	None
		Baldwin Park (Finding #2019-005)	None	None	None
Recreational Transit Form was submitted timely.	2	Calabasas (Finding #2019-008)	None	None	None
		Lynwood (Finding #2019-011)	None	None	None
Total Findings and Questioned Costs	19		\$ 1,121,412	\$ 1,805,993	\$ 1,649,853

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, 2019**

Compliance Area Tested	Agoura Hills	Azusa	Baldwin Park
Proposition A and Proposition C Local Return Funds			
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 #2019-002
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	See Finding #2019-003
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	See Finding #2019-004
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	Compliant	See Finding #2019-001	See Finding #2019-005
Local Return Account is credited for reimbursable expenditures.	Not Applicable	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	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, 2019
(Continued)

Compliance Area Tested	Bell	Bell Gardens	Beverly Hills
Proposition A and Proposition C Local Return Funds			
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 #2019-006	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 #2019-007	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, 2019
(Continued)

Compliance Area Tested	Calabasas	Carson	Commerce
Proposition A and Proposition C Local Return Funds			
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.	See Finding #2019-008	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, 2019
(Continued)

Compliance Area Tested	Compton	Cudahy	Culver City
Proposition A and Proposition C Local Return Funds			
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.	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	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, 2019
(Continued)

Compliance Area Tested	El Monte	Gardena	Hawthorne
Proposition A and Proposition C Local Return Funds			
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, 2019
(Continued)

Compliance Area Tested	Huntington		
Proposition A and Proposition C Local Return Funds	Hidden Hills	Park	Industry
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 #2019-009
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.	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	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	See Finding #2019-010
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, 2019
(Continued)

Compliance Area Tested	Inglewood	Irwindale	La Puente
Proposition A and Proposition C Local Return Funds			
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	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	Compliant

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2019
(Continued)

Compliance Area Tested	Lawndale	Lynwood	Malibu
Proposition A and Proposition C Local Return Funds			
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	See Finding #2019-012
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	See Finding #2019-011	Compliant

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2019
(Continued)**

Compliance Area Tested	Proposition A and Proposition C Local Return Funds	Maywood	Montebello	Monterey Park
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	Compliant	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	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	Not Applicable	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

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2019
(Continued)**

Compliance Area Tested	Pico Rivera	Pomona	Rosemead
Proposition A and Proposition C Local Return Funds			
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 #2019-014
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	Compliant	Compliant	See Finding #2019-015
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	See Finding #2019-013	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	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	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, 2019
(Continued)

Compliance Area Tested Proposition A and Proposition C Local Return Funds	San Fernando	Santa Fe Springs	Santa Monica
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
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2019
(Continued)

Compliance Area Tested Proposition A and Proposition C Local Return Funds	South El Monte*	South Gate	Vernon
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 #2019-016	Compliant	Compliant
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A).	See Finding #2019-016	Compliant	Compliant
Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	See Finding #2019-016	Compliant	Not Applicable
All on-going and carryover projects were reported in Form B.	See Finding #2019-016	Compliant	Compliant
Annual Project Summary Report (Form B) was submitted timely.	Compliant	See Finding #2019-017	Compliant
Annual Expenditure Report (Form C) was submitted timely.	Compliant	Compliant	See Finding #2019-018
Cash or cash equivalents are maintained.	See Finding #2019-016	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	See Finding #2019-016	Compliant	Compliant
Pavement Management System (PMS) in place and being used for Street Maintenance or Improvement Projects Expenditures.	See Finding #2019-016	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.	See Finding #2019-016	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

*Auditor was not able to perform procedures due to the condition of the City's accounting records and unavailability of documents supporting the City's compliance with the significant compliance requirements of the Guidelines.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2019
(Continued)**

Compliance Area Tested Proposition A and Proposition C Local Return Funds	Walnut	West Hollywood	Westlake Village
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 #2019-019
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
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2019**

Finding #2019-001: PALRF and PCLRF	City of Azusa
Compliance Reference	<p>Under Section II(C)(7) of the Proposition A and Proposition C Local Return Guidelines, 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 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>
Condition	The City has not submitted a signed Pavement Management System (PMS) certification in FY 2018/19, which is required to be conducted and maintained every 3 years. The City's latest certification submitted to LACMTA in June 2016 had a May 2016 inventory update and review of pavement condition completion date which was already over 3 years as of June 30, 2019.
Cause	Due to circumstances beyond the City's control, the City was delayed in retaining a consultant to update the City's PMS prior to the audit report.
Effect	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 may be required to be returned to the Local Return Funds.
Recommendation	The City should 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.
Management's Response	The City will submit a signed Pavement Management System certification at a minimum every other year to comply with the reporting requirement.
Finding Corrected During the Audit	The City of Azusa submitted the new certification on November 18, 2019. No additional 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, 2019
 (Continued)**

Finding #2019-002: PALRF and PCLR	City of Baldwin Park
Compliance Reference	Section I(C) 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."
Condition	<p>The City claimed expenditures under the following projects with no prior approval from LACMTA.</p> <ul style="list-style-type: none"> a. PALRF Project code 140-01, Recreational Transit, totaling \$25,405; b. PALRF Project code 270-02, Commuter Express Trolley Program Planning, totaling \$72,618; c. PALRF Project code 480-02, Fund Administration, totaling \$238,693; d. PCLR Project code 190-01, CNG Station Improvements, totaling \$117,186; e. PCLR Project code 230-02, Park/Ride Lot – Utilities, totaling \$1,619; f. PCLR Project code 230-04, Landscaping Along Transit Corridors, totaling \$28,408; g. PCLR Project code 300-05, Transit Center/Pedestrian Bridge, totaling \$44,572; h. PCLR Project code 430-04, Frazier Improvements, totaling \$57,921; i. PCLR Project code 440-08, Street Name/Roadway Signs, totaling \$122,132; j. PCLR Project code 450-02, Corak Ave Storm Drain Project totaling \$52,476; and k. PCLR Project code 450-10, Various Street Improvement Projects, totaling \$885,886. <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p>
Cause	This condition was caused by turnover in City staff responsible for completing the appropriate forms.

**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, 2019
 (Continued)**

Finding #2019-002: PALRF and PCLRF (Continued)	City of Baldwin Park
Effect	Proposition A and Proposition C LR funds were expended towards project expenditures without prior approval by the LACMTA.
Recommendation	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
Management's Response	Staff assigned in ensuring compliance with Proposition A and Proposition C Guidelines have been apprised of the rules governing the use of these funds. In addition, the Public Works Director will verify that all projects have been approved before expending any of these funds. The finance department staff had also implemented procedures to verify approval by LACMTA before issuing any checks for the projects.
Findings Resolved During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on October 3 and 7, 2019. 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, 2019
(Continued)**

Finding #2019-003: PALRF	City of Baldwin Park
Compliance Reference	Section I(C) 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."
Condition	The City exceeded LACMTA's approved budget by more than 25% without obtaining approval through a revised Form A for PALRF's Project Code 120-02, Dial-A-Ride Services project. Amount in excess of 25% of the approved budget was \$114,479. Projects with greater than 25% change from the approved project budget should be amended by submitting a revised Project Description Form (Form A).
Cause	This condition was caused by turnover in City staff responsible for completing the appropriate forms.
Effect	The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and for the City to implement control to ensure compliance with this requirement at all times.
Management's Response	Staff assigned in ensuring compliance with Proposition A and Proposition C Guidelines have been apprised of the rules governing the use of these funds. In addition, the Public Works Director will ensure that all projects will be reviewed and identified for any thresholds over 25%. A revised Form A will be submitted to LACMTA for any projects over the 25% threshold for approval.
Finding Corrected During the Audit	The City submitted a Form A to the LACMTA Program Manager and was granted a retroactive approval on the amended budget for this project on October 3, 2019. No additional 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, 2019
 (Continued)**

<p>Finding #2019-004: PALRF and PCLRF</p>	<p>City of Baldwin Park</p>
<p>Compliance Reference</p>	<p>Proposition A and Proposition C Local Return 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 Guidelines”.</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"> 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. 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).

**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, 2019
 (Continued)**

Finding #2019-004: PALRF and PCLR (Continued)	City of Baldwin Park
Condition	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <p><u>PALRF:</u></p> <ul style="list-style-type: none"> a) Project code 110-01, Fixed Route Shuttle Service, total amount of \$15,054; b) Project code 120-02, Dial-A-Ride Services, total amount of \$24,087; c) Project code 150-01, Bus Shelter Improvements, total amount of \$3,154; and d) Project code 480-02, Prop A Administration, total amount of \$220,354 <p><u>PCLR:</u></p> <ul style="list-style-type: none"> a) Project code 170-01, Landscaping at Metrolink, total amount of \$19,636; b) Project code 170-02, Bus Shelter Maintenance, total amount of \$142,031; c) Project code 230-04, Landscaping along Transit Corridors, total amount of \$8,790; d) Project code 430-03, Maine Ave Complete Street Projects, total amount of \$43,301; e) Project Code 440-08, Street Name/Roadway Signs, total amount of \$51,360; and f) Project Code 480-02 Prop C Administration, total amount of \$164,790 <p>The salaries and benefits claimed under PALRF and PCLR of \$262,649 and \$429,908, 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. The City historically claimed those salaries in the previous years based on actual time charges and those claims were supported by time sheets. However, because of the change in the City's payroll and time reporting system during the fiscal year, auditor was not able to perform procedures to determine reasonableness of those charges.</p>
Cause	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically that replaced the manual timesheet (hard copy). The system automatically allocates the amounts charged by each employee to these funds based on the budgeted percentages.</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, 2019
 (Continued)**

Finding #2019-004: PALRF and PCLRF (Continued)	City of Baldwin Park
Effect	If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, LACMTA will require the City to return the money to the Local Return Funds.
Recommendation	We recommend that the City provide documentation to support the salaries and benefits charges to PALRF and PCLRF prior to FY 2019/20 year end audit. If these documents are not provided, the City is required to reimburse its PALRF and PCLRF accounts the amount of \$262,649 and \$429,908, respectively. 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.
Management's Response	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically to replace the manual timesheet. The salaries and benefits costs are the actual amounts from the City's payroll which is based on the estimated percentage of work assigned by Public Works for allocated hours per the prior year's projections and related projects in FY 2018-19. The percentage allocation is entered in Tyler Incode 10 financial system. The system allocates the charges for each employee to those funds.</p> <p><u>Corrective Action Plan</u> The City will implement a new internal control procedure. The electronic time entry will be based on the actual hours worked on each project. We will also prepare reconciliation/adjustments as needed and/or at year-end. The time entries will be submitted by employees electronically and reviewed/approved by their supervisors. The City will also establish controls to ensure that all salaries and benefits charged to the Local Return funds are adequately supported in the future. The City considers the allocations and the charges mentioned above to be reasonable and eligible expenses under the local return 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, 2019
 (Continued)**

Finding #2019-005: PALRF and PCLRF	City of Baldwin Park
Compliance Reference	<p>Under Section II(C)(7) of the Proposition A and Proposition C Local Return Guidelines, 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>
Condition	The City has not submitted a signed Pavement Management System (PMS) certification in FY 2018/19, which is required to be conducted and maintained every 3 years. The City's latest certification submitted to LACMTA in June 2016 had an August 2015 inventory update and review of pavement condition completion date which was over 3 years already.
Cause	Due to circumstances beyond the City's control, the City was delayed in retaining a consultant to update the City's PMS prior to the audit report.
Effect	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 may be required to be returned to the Local Return Funds.
Recommendation	The City should 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.
Management's Response	The City of Baldwin Park has budgeted \$30,000 in the fiscal year 2019-20 to update its Pavement Management System (PMS). The City has anticipated that the PMS will be fully updated by April 2020. The City will notify LACMTA once the PMS update has been completed.

**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, 2019
 (Continued)**

Finding #2019-006: PALRF	City of Bell Gardens
Compliance Reference	Section I(C) 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."
Condition	<p>The City exceeded LACMTA's approved budget by more than 25% without obtaining approval through a revised Form A for PALRF's Project Code 110-05, Fixed Route Transit project. Amount in excess of 25% of the approved budget was \$5,548.</p> <p>Projects with greater than 25% 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 9, 2019.</p>
Cause	The City revised the direct cost reporting for the General Public transit project. In previous years, all direct cost was reported in General Public Transit project. This year, 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. This causes the expenditure in the Fixed Route Transit to be 29 percent greater than the approved amount submitted to LACMTA.
Effect	The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and for the City to implement control to ensure compliance with this requirement at all times.

**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, 2019
 (Continued)**

Finding #2019-006: PALRF (Continued)	City of Bell Gardens
Management's Response	We agree on the finding and will establish procedures to ensure that any projects exceeding the 25 percent threshold are identified and an updated Project Description Form (Form A) is submitted to LACMTA for approval timely.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 9, 2019. No additional 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, 2019
(Continued)**

Finding #2019-007: PALRF and PCLRF	City of Bell Gardens
Compliance Reference	Section I(C) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 st 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."
Condition	The City submitted its Annual Project Update (Form B) on August 13, 2018, 12 days after the due date of August 1, 2018.
Cause	The Annual Project Update (Form B) report was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Annual Project Update (Form B) is submitted by August 1 st as required by the Guidelines.
Management's Response	In the future, the City will closely monitor the Local Return Fund project expenditures on a quarterly basis to help identify the projects that may require additional funding in the future and allow the City to submit project amendments/requests in a timely manner to LACMTA on or before June 30, end of the fiscal year.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 9, 2019. No additional 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, 2019
 (Continued)**

Finding #2019-008: PALRF and PCLRF	City of Calabasas
Compliance Reference	Under Section III (A) 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.
Condition	The Recreational Transit report was submitted on October 24, 2019, 9 days beyond the due date of October 15, 2019.
Cause	The Recreational Transit report was submitted late due to an oversight by City staff assigned to complete that task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 as required by the Guidelines.
Management Response	Staff will ensure all documents are submitted to LACMTA in a timely manner.
Finding Corrected During the Audit	The City subsequently submitted the form. 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, 2019
 (Continued)**

Finding #2019-009: PCLRF	City of Industry
Compliance Reference	Section I(C) 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."
Condition	<p>The City claimed expenditures under the PCLRF Project Code 110-01, Annual Bus Stop ADA Improvement, totaling \$2,110 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>
Cause	Due to timing of change of administration, the approval for expenditures was not timely followed upon. Current management reached the same conclusion as drawn by the auditors that these were eligible for funding, but ran out of time getting approval, or otherwise risked losing the funding all together.
Effect	Proposition C LR funds were expended towards project expenditures without prior approval by the LACMTA.
Recommendation	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
Management Response	We agreed with the recommendation.
Findings Resolved During the Audit	LACMTA Program Manager granted a retroactive approval of project's budget on November 20, 2019. 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, 2019
 (Continued)**

Finding #2019-010: PALRF	City of Industry
<p>Compliance Reference</p>	<p>Section V of Proposition A & C Local Return Guidelines states that, "It is the Jurisdictions responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines..."</p> <p>Also, Section B of the Assurance and Understanding regarding receipt and use of Proposition A Local Return Funds states that, " For projects to be funded in part or in whole with Proposition A and/or Proposition C funds, recipient of local return funds should comply with all applicable federal, state, and local laws and regulations, including compliance with the procurement requirements".</p> <p>Further, Section 9 (D) of the City's procurement policy states that, "Formal bids will be published in a newspaper of general circulation in the City, posted in at least three public places in the City designated by ordinance for the posting of public notices, and posted on the City's website. The Procurement officer will also mail a copy to anyone who has requested to be notified. All notices must be published, posted or mailed at least 10 days before the date specified for the opening of bids. All formal bids must be sealed and will be publicly opened and read at the date, time, and place indicated in the published notice."</p>
<p>Condition</p>	<p>During the fiscal year 2019, the City made payments to a vendor, Industry Security Services, under PALRF project code 360-02, Commuter Rail Station Operation Project, totaling \$88,148. Payments were supported by copies of cancelled checks and approved invoices by authorized officials.</p> <p>During our review of the City's compliance with the procurement guidelines, we noted that the City was not able to provide documents to support its compliance with the procurement policies and procedures which includes requests for bids or proposals from vendors and bid evaluation documentation.</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, 2019
 (Continued)**

Finding #2019-010: PALRF (Continued)	City of Industry
Cause	The current contract with Industry Security Services was approved in 2007, during a time which the City's procurement policy was either informal, verbal or referred to municipal code. Then-City Council approved the contract during one of the council meetings. The contract is subject to cancellation upon 30-day written notice without cause or 48-hour written notice with cause. The current Procurement Policy was adopted in June 2013, and it governs the retainage of consultant selection for professional services and specialty services under its section 12 and 13. Certain contracts entered prior to the adoption of the current policy, such as this one, has not been made fully in compliance of the procedures.
Effect	For fiscal year 2019, the amount paid for security contract with Industry Security Services without following the City's procurement policy resulted in questioned costs of \$88,148.
Recommendation	We recommend for the City to fully reimburse its PALRF account the amount of \$88,148, including interest. We further recommend that the City establish controls to ensure that all contracts are reviewed periodically, and that proper documentation is maintained to support compliance with the procurement policies and procedures at all times.
Management Response	City's management is in the process of reviewing all agreements to bring them in compliance with the current procurement policies and procedures.

**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, 2019
(Continued)**

Finding #2019-011: PALRF and PCLRF	City of Lynwood
Compliance Reference	Under Section III (A) 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.
Condition	The Recreational Transit report was submitted on October 24, 2019, 9 days beyond the due date of October 15, 2019.
Cause	<p>The Recreation Transit Trips and Schedule of Trips were completed prior to the deadline. However, staff inadvertently missed the deadline to submit the Recreational Transit Form and Schedule of Trips by October 15, 2019 to LACMTA. This has not been an issue in the previous years. Staff was trying to focus on the reconciliation of the other submittals (Form C and Form II).</p> <p>The forms were submitted immediately the following week on October 24, 2019 before the audit commenced.</p>
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 as required by the Guidelines.
Management's Response	A reminder has been set up on the calendar of the Director to ensure that the report is completed and submitted to the LACMTA in a timely fashion.
Finding Corrected During the Audit	The City subsequently submitted the form. 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, 2019
 (Continued)**

Finding #2019-012: PALRF and PCLRF	City of Malibu
Compliance Reference	Section I(C) of Proposition A and Proposition C Local Return Program Guideline states that, "On or before October 15th of each fiscal year, the Jurisdiction shall submit an Annual Expenditure Report (Form C) to provide an update on previous year LR fund receipts and expenditures."
Condition	The City submitted its Annual Expenditure Report (Form C) on October 24, 2019, 9 days after the due date of October 15, 2019.
Cause	The City of Malibu's Finance Manager retired. Due to her absence and the transition of her responsibilities, the City was unaware of the deadline. The report was filed prior to the audit, but not by the October 15 deadline.
Effect	The City's Annual Expenditure Report (Form C) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Annual Expenditure Report (Form C) is submitted by October 15 as required by the Guidelines.
Management's Response	An Acting Finance Manager has been appointed and will monitor future reporting requirements. A calendar of reporting deadlines has been created.
Finding Corrected During the Audit	The City subsequently submitted the form. 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, 2019
(Continued)**

Finding #2019-013: PALRF and PCLRF	City of Pomona
Compliance Reference	Section I(C) of Proposition A and Proposition C Local Return Program Guideline states that, "On or before October 15th of each fiscal year, the Jurisdiction shall submit an Annual Expenditure Report (Form C) to provide an update on previous year LR fund receipts and expenditures."
Condition	The City submitted its Annual Expenditure Report (Form C) on October 19, 2019, 4 days after the due date of October 15, 2019.
Cause	The City had adjustments to make as the deadline approached and wanted to ensure accuracy of the reports prior to submission.
Effect	The City's Annual Expenditure Report (Form C) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Annual Expenditure Report (Form C) is submitted by October 15 as required by the Guidelines.
Management's Response	Internal procedures are in place to ensure timely submission of the reports to LACMTA. The City will continue to work diligently to ensure timeliness of the submissions moving forward.
Finding Corrected During the Audit	The City subsequently submitted the form. 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, 2019
(Continued)**

Finding #2019-014: PALRF	City of Rosemead
Compliance Reference	Section I(C) 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."
Condition	<p>The City claimed expenditures for project code 270-14, Training, totaling \$827, 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> <p>LACMTA Program Manager subsequently granted a retroactive approval of the said project on October 9, 2019.</p>
Cause	The City was not aware of such requirement to submit amended form A and/or Form B to MTA on or before June 30 th . Following past practices, the City reconciled Local Return Funds during the fiscal year-end closeout process to ensure all revenues and expenses were properly accrued, then the City reviewed and ensured that all allowable expenditures were recorded in the financials prior to the annual LACMTA audit.
Effect	Proposition A Local Return funds were expended towards project expenditures without prior approval from LACMTA.
Recommendation	We recommend for the City to establish procedures and controls to ensure that budget approval is obtained through submission of the Project Description Form (Form A) to LACMTA prior to spending on any Local Return-funded projects.
Management's Response	In the future, the projects funded with local return funds will be monitored on a quarterly basis to ensure that Form B and/or Form A are timely submitted to LACMTA on or before June 30, end of the fiscal year.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 9, 2019. No additional 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, 2019
(Continued)**

Finding #2019-015: PALRF	City of Rosemead
Compliance Reference	Section I(C) 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."
Condition	<p>The City exceeded LACMTA's approved budget by more than 25% without obtaining approval through a revised Form A for PALRF's Project Code 140-05, Recreational Transit project. Amount in excess of 25% of the approved budget was \$2,555.</p> <p>Projects with greater than 25% 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 9, 2019.</p>
Cause	The City was not aware of such requirement to submit amended form A and/or Form B to MTA on or before June 30 th . Following past practices, the City reconciled Local Return Funds during the fiscal year-end closeout process to ensure all revenues and expenses were properly accrued, then the City reviewed and ensured that all allowable expenditures were recorded in the financials prior to the annual LACMTA audit.
Effect	The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and for the City to implement control to ensure compliance with this requirement at all times.

**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, 2019
 (Continued)**

Finding #2019-015: PALRF (Continued)	City of Rosemead
Management's Response	In the future, the City will closely monitor the Local Return Fund project expenditures on a quarterly basis to help identify the projects that may require additional funding in the future and allow the City to submit project amendments/requests in a timely manner to LACMTA on or before June 30, end of the fiscal year.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 9, 2019. No additional 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, 2019
(Continued)**

Finding #2019-016	City of South El Monte
Compliance Reference	Section V of the Proposition A and Proposition C Local Return Guidelines states that, "It is each Jurisdiction's responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines."
Condition	The City was not able to provide accounting records and documents that would support the City's compliance with the Proposition A and Proposition C Local Return Guidelines. The City's general ledger is not updated. Account reconciliations, including bank accounts are behind and the Local Return Funds reports and Forms submitted to LACMTA do not reconcile with the accounting records. Accordingly, we were unable to perform any auditing procedures sufficiently to determine the City's compliance with the significant compliance requirements of the Guidelines.
Cause	We learned that the City lost several key employees in the finance and accounting department during the fiscal year 2019. As such, there was delay in the closing of the City's books for the fiscal year 2019. Currently, the accounting personnel and support do not have the institutional knowledge to ensure the books are updated and transactions are recorded correctly.
Effect	<p>These conditions resulted in delays in producing closing entries, trial balances, schedules, reconciliations, account analysis, and other financial reports needed by management and the auditors to facilitate completion of audit procedures.</p> <p>The guidelines dictate that LACMTA reserves the right to suspend or revoke allocation to the City until the completion of the required audits.</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, 2019
(Continued)**

Finding #2019-016 (Continued)	City of South El Monte
Recommendation	<p>We recommend that the City implement internal control procedures over timely closing of the books. The City should establish and document proper closing and reconciliation procedures and assign responsibility for completing the procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information.</p> <p>We also recommend that the City implement sufficient controls to ensure compliance with LACMTA guidelines and other regulatory requirements.</p>
Management's Response	<p>The City has taken actions to address this finding by hiring an interim finance director to handle the closing process of the City's book of accounts and to make sure that all accounting records will be made available to the auditors.</p>
Subsequent to the Audit Deadline	<p>Metro Program Manager sent out a letter to the City on January 7, 2020 to grant the City requested time extension to complete the audit by March 31, 2020.</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, 2019
(Continued)**

Finding #2019-017: PALRF and PCLRF	City of South Gate
Compliance Reference	Section I(C) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 st 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."
Condition	The City submitted its Annual Project Update (Form B) on August 9, 2018, 8 days after the due date of August 1, 2018.
Cause	The Annual Project Update (Form B) was submitted late due to an oversight by City staff assigned to complete that task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Annual Project Update (Form B) is submitted by August 1 st as required by the Guidelines.
Management's Response	City staff assigned to complete the Form B has been advised of the August 1 st deadline to submit the report. In addition, a reminder has been set up on the calendar of the Director to ensure that the report is completed and submitted to the LACMTA in a timely fashion.
Finding Corrected During the Audit	The City subsequently submitted the form. 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, 2019
(Continued)**

Finding #2019-018: PALRF and PCLRF	City of Vernon
Compliance Reference	Section I(C) of Proposition A and Proposition C Local Return Program Guideline states that, "On or before October 15th of each fiscal year, the Jurisdiction shall submit an Annual Expenditure Report (Form C) to provide an update on previous year LR fund receipts and expenditures."
Condition	The City submitted its Annual Expenditure Report (Form C) on October 24, 2019, 9 days after the due date of October 15, 2019.
Cause	The City had staffing changes and tasks were reassigned, resulting in the late submission.
Effect	The City's Annual Expenditure Report (Form C) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form C) is submitted by October 15 as required by the Guidelines.
Management's Response	The City will ensure timely submission of Form C to LACMTA moving forward.
Finding Corrected During the Audit	The City subsequently submitted the form. 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, 2019
 (Continued)**

Finding #2019-019: PCLRF	City of Westlake Village
Compliance Reference	Section I(C) 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."
Condition	<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 240-03, Senior Taxi Program project. Amount in excess of 25% of the approved budget was \$55,830.</p> <p>Projects with greater than 25% 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 29, 2019.</p>
Cause	The City did not become aware of the need to amend the project budget, and thus, submitted an updated Project Description Form (Form A), until after the deadline for doing so had passed.
Effect	The City's PCLRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
Recommendation	We recommend for the City to submit a Form A to obtain LACMTA's approval for the change in project budget and for the City to implement control to ensure compliance with this requirement at all times.

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, 2019
(Continued)

Finding #2019-019: PCLRF (Continued)	City of Westlake Village
Management's Response	Management concurs with the finding and will establish procedures (e.g., a formal year-end review of budget-to-actual results specifically for Local Return programs) to ensure that an updated Project Description Form (Form A) is submitted as necessary by the appropriate deadline.
Findings Resolved During the Audit	LACMTA Program Manager granted a retroactive approval of the increase in the project's budget on October 29, 2019. No follow up is required.



www.vasquezcpa.com

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



**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, 2019



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, 2019**

TABLE OF CONTENTS

	<u>Page</u>
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	1
Summary of Compliance Findings	4
Schedule 1 – Summary of Audit Results	6
Schedule 2 - Schedule of Findings and Questioned Costs	23



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

**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, 2019 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express opinions on 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, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2019-001 through #2019-037. 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 #2019-008, #2019-009, #2019-028 and #2019-032 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 #2019-003, #2019-006, #2019-010, #2019-013, #2019-018, #2019-020, #2019-025, #2019-026 and #2019-029 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 & Simpson".

Los Angeles, California
December 31, 2019

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year Ended June 30, 2019**

The audits of the 49 cities and the County identified in Schedule 1 have resulted in 37 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	
No timely use of funds.	1	Palos Verdes Estates (#2019-021)	None	\$ 178,474	\$ 178,474
Funds were expended without LACMTA's approval.	3	Artesia (#2019-002) Lancaster (#2019-016) San Marino (#2019-024)	\$ 342,991 - -	- 11,877 6,390	342,991 11,877 6,390
Total annual expenditures exceeded more than 25% of the approved budget.	6	Claremont (#2019-006) Glendora (#2019-013) Lancaster (#2019-017) Redondo Beach (#2019-022) Signal Hill (#2019-025) Temple City (#2019-030)	- None None None None None	None - - - - -	None None None None None None
Annual Project Summary Report (Form B) was not submitted on time.	5	Avalon (#2019-004) San Gabriel (#2019-023) Signal Hill (#2019-026) South Pasadena (#2019-028) Temple City (#2019-031)	None None None None None	None None None None None	None None None None None
Annual Expenditure Report (Form C) was not submitted on time	3	El Segundo (#2019-011) Manhattan Beach (#2019-019) Signal Hill (#2019-027)	None None None	None None 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, 2019**

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Accounting procedures, record keeping, and documentation are adequate.	10	Artesia (#2019-003) Downey (#2019-008) Downey (#2019-009) El Segundo (#2019-012) Glendora (#2019-014) Manhattan Beach (#2019-020) South Pasadena (#2019-029) Temple City (#2019-032) Whittier (#2019-036) Whittier (#2019-037)	None \$ 410,594 126,690 11,658 4,679 6,113 - None - - 8,171	None \$ 77,403 - - - - None - 102,863 210,238	None - - - \$ 4,679 - None None - -
Pavement Management System (PMS) is not in place or being used for Street Maintenance or Improvement Projects Expenditures.	3	Bradbury (#2019-005) Glendora (#2019-015) West Covina (#2019-034)	- - -	None None None	None None None
Recreational transit form was not submitted on time.	6	Alhambra (#2019-001) Covina (#2019-007) Downey (#2019-010) Lancaster (#2019-018) Temple City (#2019-033) West Covina (#2019-035)	None None None None None -	- - - - - None	None None None None None None
Total Findings and Questioned Cost	37		\$ 910,896	\$ 587,245	\$ 544,411

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, 2019**

Compliance Area Tested	Alhambra	Arcadia	Artesia
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: #2019-002 PC: Compliant
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	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	Compliant	PA & PC: #2019-003
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: #2019-001 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, 2019
(Continued)**

Compliance Area Tested	Avalon	Bellflower	Bradbury
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.	PA & PC: #2019-004	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: Not Applicable PC: #2019-005
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	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, 2019
(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	PA: Compliant PC: #2019-006
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	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.	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, 2019
(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	#2019-008 (PA & PC) #2019-009 (PA only, PC: 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.	Compliant	Compliant	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	PA: #2019-007 PC: Not Applicable	Compliant	PA: #2019-010 PC: 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, 2019
(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	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	PA & PC: #2019-011	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA: #2019-012 PC: Compliant	Compliant
Pavement Management System (PMS) is 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 on time.	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, 2019
(Continued)**

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
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: #2019-013 PC: 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: #2019-014 PC: Compliant	Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	PA: Compliant PC: #2019-015	Not Applicable	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.	Compliant	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, 2019
(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).	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.	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	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, 2019
(Continued)**

Compliance Area Tested	La Verne	Lakewood	Lancaster
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: #2019-016
Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	Compliant	Compliant	PA: #2019-017 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.	Not Applicable	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	PA: #2019-018 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, 2019
(Continued)**

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
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	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	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, 2019
(Continued)

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
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	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	PA & PC: #2019-019	Compliant
Cash or cash equivalents are maintained.	Compliant	Compliant	Compliant
Accounting procedures, record keeping and documentation are adequate.	Compliant	PA: #2019-020 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.	Compliant	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, 2019
(Continued)

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Uses the State Controller's Uniform System of Accounts and Records.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	PA: Compliant PC: #2019-021
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	Not Applicable	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	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.	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, 2019
(Continued)**

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
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	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, 2019
(Continued)**

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
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: #2019-022 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	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.	Compliant	Not Applicable	Not Applicable
Assurances and Understandings form was on file.	Compliant	Compliant	Compliant
Recreational transit form was submitted on time.	Compliant	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, 2019
(Continued)**

Compliance Area Tested	San Dimas	San Gabriel	San Marino
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: #2019-024
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	PA & PC: #2019-023	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
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2019
(Continued)**

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
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	PA: #2019-025 PC: 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	PA & PC: #2019-026
Annual Expenditure Report (Form C) was submitted on time.	Compliant	Compliant	PA & PC: #2019-027
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.	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

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Audit Results
Fiscal Year Ended June 30, 2019
(Continued)**

Compliance Area Tested	South Pasadena	Temple City	Torrance
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	PA: #2019-030 PC: 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.	PA & PC: #2019-028	PA & PC: #2019-031	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: Compliant PC: #2019-029	PA: #2019-032 PC: Compliant	Compliant
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	Not Applicable	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.	Compliant	PA: #2019-033 PC: 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, 2019
(Continued)**

Compliance Area Tested	West Covina	Whittier
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	#2019-036 (PC only, PA Compliant) PA & PC: #2019-037
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	PA: Compliant PC: #2019-034	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.	PA: Not Applicable PC: #2019-035	Compliant

**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, 2019**

PALRF Finding #2019-001	City of Alhambra
Compliance Reference	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."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 19, 2019.
Cause	Due to the retirement of management and change of personnel, the City was unaware of the deadline. As a result, the submittal of the form was delayed.
Effect	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	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.
Management's Response	In the future, the City will ensure that the responsible personnel assigned to the submission of the Listing of Recreational Transit Services form will file the form in a timely manner.
Finding Corrected During the Audit	The City submitted the form to LACMTA on November 19, 2019. 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, 2019
(Continued)**

PALRF Finding #2019-002	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section III (A) states "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."
Condition	The City incurred expenditures for project code 300-01, Transit Facility Improvements, in the amount of \$342,991 for FY 2018-19 prior to LACMTA's prior approval.
Cause	This is due to an oversight by the City's staff.
Effect	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all new projects are approved by LACMTA prior to expending the funds by timely submission of Form A.
Management's Response	In the future management will ensure obtaining LACMTA's approval before expenditures incurred.
Finding Corrected During the Audit	On July 31, 2019, the City submitted Form A and received retroactive approval from LACMTA to increase budget for project code 300-01, Transit Facility Improvements, to \$800,000. 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, 2019
 (Continued)**

PALRF & PCLRF Finding #2019-003	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, “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, “It is jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	<p>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, purchase orders, invoices, and canceled checks. Our review of expenditures charged to PALRF and PCLRF identified the following:</p> <ul style="list-style-type: none"> • Although payments to Fiesta Taxi for PALRF’s Project Code 120-03, Dial-A-Ride Project in the amounts of \$8,856 were allowable and were properly supported by an invoice and canceled check, the expenditures were not supported by any new or amended contract after the previous contract expired on December 31, 2018. • Although payments to American Gardens, Inc. for PCLRF’s Project Code 440-07, Pioneer, Artesia, & Norwalk Landscaped Median Project in the amounts of \$41,250 were allowable and were properly supported by an invoice and canceled check, the expenditures were not supported by any contract or purchase order. <p>This is a repeat finding from the fiscal year 2017.</p>
Cause	This is due to an oversight by the City administration to ensure that payments made to Fiesta Taxi and American Gardens, Inc. were supported by duly executed contracts or purchase orders.
Effect	The City was not in compliance with provisions of Proposition A and Proposition C Local Return Guidelines related to maintenance of proper accounting records and documentation for expenditures charged to PALRF and PCLRF.
Recommendation	We recommend that the City strengthen its internal control procedures to ensure that costs charged to PALRF and PCLRF are adequately supported by contracts, purchase orders, invoices, and canceled checks.
Management’s Response	The City will ensure that expenditures are adequately supported by documentations and Proposition A and Proposition C Local Return Guidelines are followed.

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, 2019
(Continued)

PALRF & PCLRF Finding #2019-004	City of Avalon
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines Section 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. Metro will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year."
Condition	The City did not submit the Annual Project Update (Form B) to LACMTA by August 1, 2018. However, the City submitted the Form B late on August 7, 2018.
Cause	The late submission was due to an oversight.
Effect	The City's Annual Project Update (Form B) was not submitted to LACMTA by August 1 st as required by the Proposition A and C Local Return Guidelines.
Recommendation	We recommend that the City establish internal control procedures to ensure that the Annual Project Update (Form B) is properly prepared and submitted prior to the August 1st deadline, and that the City retain a confirmation of receipt by LACMTA to comply with the Proposition A and C Local Return Guidelines.
Management's Response	Management will ensure to submit the Form B by the due date going forward.
Finding Corrected During the Audit	The City submitted the Form B on August 7, 2018. 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, 2019
 (Continued)**

PCLRF Finding #2019-005	City of Bradbury
Compliance Reference	<p>According to Proposition A and Proposition 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>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s). <p>Self-certifications 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 Form should be prepared and submitted to LACMTA for project codes 430, 440, 450, 460, and 470.</p>
Condition	The City has incurred expenditures for PCLRF Project Code 440-01, Slurry Seal Design. However, the City’s latest PMS assessment was for FY 2015/16 which was provided to LACMTA on March 2016. A new PMS should have been submitted for FY 2018/19 by October 15, 2019. However, the City submitted the form on October 30, 2019.
Cause	This is due to City staff’s oversight.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City to strengthen internal controls to ensure the timely submission of all required forms and documentations.
Management’s Response	The Management concurred with the finding.
Finding Corrected During the Audit	The City subsequently submitted the PMS on October 30, 2019. 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, 2019
(Continued)

PCLRF Finding #2019-006	City of Claremont
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A), Item 5: "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects".
Condition	<p>The City exceeded more than 25 percent of LACMTA's approved budget on PCLRF Project Code 300-07 (Transit Center Maintenance) in the amount of \$19,224 and 480-08 (Overhead Support Services) in the amount of \$8,857. However, subsequently, the City submitted an amended Form A to LACMTA to revise the budget to include the increase for this project and received subsequent approval on October 10, 2019.</p> <p>This is a repeat finding from the prior fiscal year.</p>
Cause	<p>For Project Code 300-07, Transit Center Maintenance, the increase was due to emergency elevator repairs at the Village Parking Structure and unanticipated increases in maintenance costs.</p> <p>For Project Code 480-08, Overhead Support Services, the budgeted cost of \$39,305 in the Form B submitted was underestimated.</p>
Effect	The City did not comply with the Guidelines when the City's PCLRF project expenditure exceeded 25 percent of LACMTA's prior approval.
Recommendation	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.
Management's Response	Management will verify that Form A is submitted for each emergency expenditure prior issuing payment to the vendor going forward.
Findings Corrected During the Audit	On October 14, 2019, LACMTA Program Manger granted retroactive approval in the amount of \$115,357 for Transit Center Maintenance and \$55,000 for Overhead Support Services. 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, 2019
(Continued)

PALRF Finding #2019-007	City of Covina
Compliance Reference	According to Proposition A and Proposition C 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."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on October 28, 2019.
Cause	Due to changes in staffing, the form submission process was not properly implemented.
Effect	The City's Listing of Recreational Transit Services was not submitted timely.
Recommendation	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.
Management's Response	The City's department assigned to the submission of the form will implement internal checklist and will be reviewed by management in a timely fashion.
Finding Corrected During the Audit	The City submitted the form to LACMTA on October 28, 2019. 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, 2019
 (Continued)**

<p>PALRF & PCLRF Finding #2019-008</p>	<p>City of Downey</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is jurisdictions' responsibility to maintain proper accounting records and documentation... "In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are "that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock- out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one's supervisor." Also, "(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">(b) A Federal award and non-Federal award.</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 40px;">(a) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="padding-left: 40px;">(e) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances."</p>

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2019
 (Continued)**

PALRF & PCLRF Finding #2019-008 (Continued)	City of Downey
Condition	<p>To support the propriety of expenditures being charged to Proposition A and Proposition C Local Return Fund, payroll expenditures should be supported by properly executed payrolls, time records, activity reports, vouchers, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged were based on an estimate of a percentage of time spent on PALRF and PCLRF activities rather than the employee's actual working hours spent on the projects. Although the City provided a time study listing the employees charged to PALRF and PCLRF, the payroll costs and benefits were based on estimated percentages of the time spent on the projects. Moreover, the hours were not adjusted to reflect the "true" hours worked on the projects at the end of the fiscal year 2018-19.</p> <p>(a) PALRF's Fixed Route Program Project Code 110-13 in the amount of \$39,490.</p> <p>(b) PALRF's Revised Senior/Handicapped Transit Program Project Code 130-02 in the amount of \$371,104.</p> <p>(c) PCLRF's Ride Sharing Program Administration Project Code 480-02 in the amount of \$46,400.</p> <p>(d) PCLRF's Local Return Fund Administration (Public Works) Project Code 480-28 in the amount of \$31,003.</p> <p>This is a repeat finding from the prior three fiscal years.</p>
Cause	<p>The City allocates administrative charges based on time study from 2011-12. The same percentage allocation has been used in prior fiscal years in which the City believed is still relevant today as when the study was completed.</p>
Effect	<p>The payroll costs claimed under the PALRF and PCLRF projects may include expenditures which may not be allowable Proposition A and Proposition C project expenditures. This resulted in questioned costs of \$410,594 and \$77,403 for PALRF and PCLRF, respectively.</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, 2019
 (Continued)**

PALRF & PCLRF Finding #2019-008 (Continued)	City of Downey
Recommendation	In accordance with the Guidelines, we recommend that the City reimburse its Proposition A and Proposition C Local Return Fund accounts for \$410,594 and \$77,403, respectively. In addition, we recommend that the City revise its current labor costs reporting procedures to ensure that labor costs charged to Local Return Funds are adequately supported by time sheets or similar documentation which includes employees' actual working hours.
Management's Response	The City management agrees that the amounts were based on a time study from 2011-12. However, the City believes the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for administration are less than the actual payroll costs incurred for the program. In fiscal year 2018-19, as opposed to the time study from fiscal year 2011-12, the program was internally administered adding to administrative time. In fiscal year 2019-20, the City will implement KRONOS, an online-based timekeeping system, for the staff to properly allocate the actual time spent on projects and be able to track the time spent on each program. With the implementation of this system, the City will be able to charge administrative costs directly to the program.

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, 2019
(Continued)

PALRF Finding #2019-009	City of Downey
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is jurisdictions' responsibility to maintain proper accounting records and documentation ... "
Condition	<p>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, payments for equipment rental in the amount of \$126,690 were charged to PALRF's Senior/Handicapped Transit Program, Project Code 130-02, without appropriate supporting documentation, i.e., invoices, purchase orders, contracts, etc., to validate the disbursements.</p> <p>This is a repeat finding from the prior two fiscal years.</p>
Cause	The City allocates equipment rental charges based on time study from 2011-12. The same percentage allocation has been used in prior fiscal years in which the City believed is still relevant today as when the study was completed.
Effect	The unsupported expenditures for the equipment rentals resulted in questioned costs of \$126,690.
Recommendation	In accordance with the Guidelines, we recommend that the City reimburse its Proposition A Local Return Account for \$126,690. In addition, we recommend that the City establish controls to ensure that the costs charged to the Local Return funds are adequately supported by contracts, invoices, canceled checks or similar documentation so that Local Return expenditures are in compliance with the Guidelines.
Management's Response	The City management agrees that the amounts were based on a time study from 2011-12. However, the City believes the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for administration and repairs are less than the actual costs incurred for the program. In fiscal year 2018-19, as opposed to the time study from fiscal year 2011-12, the City maintained all the transit vehicles in its in-house garage for repairs, maintenance and general upkeep. The maintenance costs are directly charged to the City's equipment fund and the monthly charges are distributed to various departments for the repairs, maintenance, and general upkeep of the vehicles.

**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, 2019
(Continued)**

PALRF Finding #2019-010	City of Downey
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section 11.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 18, 2019. This is a repeat finding from the prior fiscal year.
Cause	City staff changes resulted in misunderstanding regarding the submission of the Listing of Recreational Transit Services Form.
Effect	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	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.
Management's Response	City management agrees with the finding. Management has created a schedule with reporting deadlines to be used by the City staff to monitor LACMTA's reporting requirements. City management will review the schedule on a regular basis to confirm that the staff is submitting reports on a timely basis.
Finding Corrected During the Audit	The City submitted the form to LACMTA on November 18, 2019. 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, 2019
(Continued)**

PALRF & PCLRF Finding #2019-011	City of El Segundo
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section III, "On or before October 15 of each fiscal year, Jurisdictions shall submit an Annual Expenditure Report (Form C) to notify LACMTA of previous year Local Return fund receipts and expenditures."
Condition	The City did not meet the October 15, 2019 deadline for submission of Form C. However, the City submitted the Form C on October 28, 2019.
Cause	This was an oversight by the City in submitting Form C before the due date.
Effect	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Form C is properly prepared and submitted before the due date of October 15 to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City's fiscal year ends on September 30, 2019, and the reports were not finalized as of October 15, 2019. City staff submitted the Form C on October 28, 2019 when the reports were more accurate. In the future the City will make sure to submit Form C by the October 15th deadline to ensure compliance with the regulations.
Finding Corrected During the Audit	The City's Form C was submitted on October 28, 2019. 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, 2019
(Continued)**

PALRF Finding #2019-012	City of El Segundo
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is the jurisdictions responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines."
Condition	To support the propriety of expenditures being charged to Proposition A Local Return Fund (PALRF), all expenditures should be based on actual amounts incurred and supported by properly executed invoice, purchase order, contract, or other official documentation evidencing in proper detail the nature of the charges. Our review of expenditures charged to Dial-A-Ride Project funded by PALRF identified that equipment replacement cost in the amount of \$11,658 was allocated to PALRF without supporting documentation.
Cause	The City was not aware that charging estimated amounts to PALRF is not allowed.
Effect	The City allocated PALRF for equipment replacement cost by \$11,658 based on estimated amount.
Recommendation	We recommend that the City reimburse its PALRF by \$11,658. In addition, we recommend that the City ensure all expenditures charge to PALRF are based on actual amounts and have supporting documentation.
Management's Response	When the City purchases capital equipment, the equipment is placed on an equipment replacement schedule. The purpose of the equipment replacement schedule is to accumulate funds to replace the equipment at the end of its useful life. The charge to the fund for the replacement of the equipment is based on the original cost of the equipment plus an estimated inflation factor for the remaining useful life of the equipment. When the funds have been accumulated to replace the equipment at the estimated replacement cost, the charge to the fund for the equipment will stop. The City provided the auditors the equipment replacement schedule documenting the charges to the fund for the equipment. The charges were based on the original cost of the equipment. Due to employee turnover at the City and the time period the equipment was purchased, the City was not able to document how the replacement cost for the equipment was calculated. In the future the City will create a policy and document how the replacement cost of the equipment is calculated for equipment purchased with grant funds.

**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, 2019
(Continued)**

PALRF Finding #2019-013	City of Glendora
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), "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."
Condition	The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 250-01, Proposition A Bus Pass Subsidy, in the amount of \$2,075. However, the City submitted an amended Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on September 16, 2019. This is a repeat finding from prior fiscal year.
Cause	The expenses accrued for the project exceeded than what was anticipated even after a budget increase was requested from LACMTA in June 2019.
Effect	The City's PALRF project expenditure exceeded 25 percent of LACMTA's approved budget without LACMTA's prior approval and the City did not comply with the Guidelines.
Recommendation	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.
Management's Response	The City departments will ensure that project budgets are evaluated timely to ensure an amended Form A is submitted prior to the expenditure of funds.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval in the amount of \$18,500 of the said expenditures on September 16, 2019. 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, 2019
 (Continued)**

<p>PALRF Finding #2019-014</p>	<p>City of Glendora</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is jurisdictions' responsibility to maintain proper accounting records and documentation..."</p> <p>In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are "that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one' s supervisor." Also, "(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">(b) Federal award and non-Federal award.</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 40px;">(b) They must reflect an after the fact distribution of the actual activity of each employee,</p> <p style="padding-left: 40px;">(f) Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards but may be used for interim accounting purposes, provided that: (i) the governmental unit's system for establishing the estimates produces reasonable approximations of the activity actually performed; (ii) at least quarterly, comparisons of actual costs to budgeted distributions based on monthly activity reports are made. Costs charged to Federal awards to reflect adjustments made as a result of the activity actually performed may be recorded annually if the quarterly comparisons show the differences between budgeted and actual costs are less than ten percent; and (iii) the budget estimates or other distribution percentages are revised as least quarterly, if necessary, to reflect changed circumstances."</p>

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2019
(Continued)**

PALRF Finding #2019-014 (Continued)	City of Glendora
Condition	<p>During the testing of payroll, the City provided both timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by an employee and an employee's supervisor. The Certification provides the detail breakdown of hours worked for the respective LRF in all payroll periods during fiscal year 2019. However, we noted that the employee hours charged to the following PALRF did not agree to the hours indicated on the Certification as shown below:</p> <p>Of the twenty-two (22) payroll samples, thirteen (13) payroll was over-charged to PALRF totaling \$4,679.</p> <p>Upon inquiry, it was noted that the City's payroll allocation schedule was used to record payroll costs in the City's accounting records. However, the City did not properly reconcile the hours worked between the Certification and the payroll allocation schedule resulting to payroll overcharges to PALRF.</p>
Cause	The City was not aware that its practice of time certification was not comparable to labor costs claimed on the timesheet.
Effect	The unreconciled variances on the payroll charges resulted in questioned costs of \$4,679 for PALRF.
Recommendation	In accordance with the Guidelines, we recommend that the City reimburse its Proposition A Local Return Account for \$4,679. In addition, we recommend that the City establish controls to ensure that the payroll costs charged to the Local Return funds are adequately supported by timesheet, payroll register, personal actions or similar documentation so that the Local Return expenditures are in compliance with the Guidelines.
Management's Response	The City will modify its existing procedures to ensure accurate collection of time and effort documentation to support the salaries and benefits charged to PALRF. These controls will ensure salary charges were expended properly on local return approved projects.

**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, 2019
 (Continued)**

PCLRF Finding #2019-015	City of Glendora
Compliance Reference	<p>According to Proposition A and Proposition C Local Return Guidelines, Section 11.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>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s). <p>Self-certifications 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 Form should be prepared and submitted to LACMTA with project codes 430,440,450,460, and 470.</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2019 since the City incurred PCLRF expenditures for its Project Code 440-18, Lone Hill Avenue Street Improvements Phase 2-Gladstone to LA Company Wash. However, the City did not submit the form. The last PMS Certification Form submitted was for fiscal year 2016 which was provided to LACMTA on October 14, 2016.</p>
Cause	<p>During fiscal year 2018-19, the City experienced a high volume of staff turnover that resulted in many vacancies. This created a delay in the projects that could have been completed within the fiscal year.</p>
Effect	<p>The City's PMS Certification Form was not submitted timely as required by Proposition A and Proposition C Local Return Guidelines.</p>
Recommendation	<p>We recommend that the City establish procedures to ensure that if the City incurred expenditures for projects with codes 430, 440, 450, 460, and 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.</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, 2019
(Continued)

PCLRF Finding #2019-015 (Continued)	City of Glendora
Management's Response	The City has an approved project in the fiscal year 2019-20 budget to complete the pavement management certification.

**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, 2019
(Continued)**

PCLRF Finding #2019-016	City of Lancaster
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A), Item 5: "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds."
Condition	The City expended a total of \$11,877 for the following three projects in FY2018/19 prior to receiving approvals from LACMTA: (1) 440-02 St Rehab/Repair-20th W/ Lanc Blvd to Ave J in the amount of \$10,356; (2) 450-28 15th Street West and Lancaster Blvd in the amount of \$720; and (3) 470-05 Cole Middle School and Tierra Bonita in the amount of \$801.
Cause	The City did not submit Form A to LACMTA prior to expenditure of funds on new projects due to an oversight.
Effect	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.
Recommendation	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.
Management's Response	Staff did not submit Form A on time with the updated information due to staff turnover.
Finding Corrected During the Audit	Updated Form A was submitted to LACMTA and was retroactively approved on August 21, 2019. 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, 2019
(Continued)**

PALRF Finding #2019-017	City of Lancaster
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A), Item 5: "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	The City exceeded more than 25 percent of LACMTA's approved budget on PALRF 480-05 General Fund Overhead Allocation Project without prior approval from LACMTA. The amount that exceeded the approved budget by more than 25 percent is \$58,747.
Cause	It was due to an oversight by the City's program department.
Effect	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.
Recommendation	We recommend that the City strengthen internal control 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.
Management Response	The City will establish procedures to ensure that project expenditures are within the 25 percent cap of LACMTA's approved budget.
Finding Corrected During the Audit	An amended Form A was submitted to LACMTA and was approved on August 21, 2019. 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, 2019
(Continued)**

PALRF Finding #2019-018	City of Lancaster
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, 1.3, Recreational Transit Service: "Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15th after the fiscal year."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City subsequently submitted the listing on October 21, 2019. This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight by the City's program department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines for the submission of Listing of Recreational Transit Services.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Listing Recreational Transit Services 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 that the City retain a confirmation of receipt by LACMTA to indicate the listing was submitted in a timely manner.
Management's Response	The City will establish procedures to ensure the timely filing of all required listings. In addition, the City will retain a confirmation of receipt by LACMTA to indicate the listing was submitted in a timely manner.
Finding Corrected During the Audit	The City's Listing of Recreational Transit Services was submitted and approved on October 21, 2019. 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, 2019
(Continued)**

PALRF & PCLRF Finding #2019-019	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section III, "On or before October 15 of each fiscal year, Jurisdictions shall submit an Annual Expenditure Report (Form C) to notify LACMTA of previous year Local Return fund receipts and expenditures."
Condition	The City did not meet the October 15, 2019 deadline for submission of Form C. However, the City submitted the Form C on October 18, 2019.
Cause	This was an oversight by the City due to onsite Enterprise Resource Planning (ERP) implementation training.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Funds Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Form C is properly prepared and submitted before the due date of October 15 to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City was delayed in submitting the Form C on or before the deadline due to onsite Enterprise ERP implementation training. The City will endeavor to submit it on or before the deadline in the future.
Finding Corrected During the Audit	The City's Form C was submitted on October 18, 2019. 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, 2019
(Continued)**

PALRF Finding #2019-020	City of Manhattan Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is the jurisdictions responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines."
Condition	To support the propriety of expenditures being charged to Proposition A Local Return Fund (PALRF), all expenditures should be based on actual amounts incurred and supported by 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 Dial-A-Ride Project funded by PALRF identified that information systems expenditure allocated to PALRF based on budgeted percentages and would not be "tried up" to actuals at year end, which resulted in over-charged of \$6,113. This is a repeat finding from the prior fiscal year.
Cause	The City was not aware that charging budgeted amounts to PALRF is not allowed.
Effect	The City overcharged PALRF for information systems by \$6,113.
Recommendation	We recommend that the City reimburse its PALRF by \$6,113. In addition, we recommend that the City ensure all expenditures charge to PALRF are "trued up" to actual amounts.
Management's Response	The Prop A Fund incurred a deficit of \$15,479 in FY2018-2019. The deficit was relieved by the General Fund through a transfer. Included in the deficit was a budgeted billing versus actual for information systems of \$6,113. Since the General Fund transferred in excess of \$6,113, no action 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, 2019
(Continued)**

PCLRF Finding #2019-021	City of Palos Verdes Estates
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines Section IV. E. Timey Use of Funds, "...Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City's fiscal year 2016 ending fund balance in the amount of \$178,474 was not fully expended within 3 years as of June 30, 2019 and it was not reserved for capital projects as required by the Prop C Local Return Guidelines. However, on October 30, 2019, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2020.
Cause	The City designed a project last fiscal year with the intent to use last year's funding along with at least two additional years' allocation in order to have a project with a cost competitive magnitude of scale. Unfortunately, with a change in City Council majority in the last election, the City's Capital Improvement Program was placed on hold pending additional review by the new City Council. The City Council subsequently authorized proceeding with the proposed project on July 23, 2019.
Effect	Untimely review of the funding status from the prior year allocation could result in losing the funding.
Recommendation	In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted.
Management Response	Staff was monitoring the Prop C fund balance and pro-actively informed LACMTA of the City changes that had occurred throughout the year and the related project would not begin until first quarter of FY19/20. The Director of Community Planning & Public Works and the Finance Director will continue to schedule meetings and monitor funding to ensure all funds are appropriately expended or reserved for capital projects according to the Prop A and Prop C Local Return Guidelines.
Finding Corrected During the Audit	On October 30, 2019, LACMTA granted the City an extension on the usage of lapsed funds until June 30, 2020.

**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, 2019
(Continued)**

PALRF Finding #2019-022	City of Redondo Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), "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."
Condition	The City exceeded more than 25 percent of Los Angeles County Metropolitan Transportation Authority's (LACMTA) approved budget on PALRF Project Code 180-01, Beach Cities Transit Fixed Route Bus Purchase in the amount of \$283. However, the City submitted a Project Description Form (Form A) to obtain the budget increase from LACMTA and received subsequent approval on November 22, 2019.
Cause	It was due to an oversight by the City's program department.
Effect	The City's PALRF project expenditure exceeded 25 percent of LACMTA's approved budget without LACMTA's prior approval and the City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA's approved budget. If the City expects project expenditures will be in excess of 25 percent of approved budget, the City should submit an amended Form A prior to the expenditure of funds for approved projects.
Management Response	Staff did not anticipate an increase in fixed route project in the last quarter of the year.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval in the amount of \$283 for the project aforementioned on November 22, 2019. 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, 2019
(Continued)**

PALRF & PCLRF Finding #2019-023	City of San Gabriel
Compliance Reference	According to Proposition A and Proposition C 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."
Condition	The City did not meet the August 1, 2018 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 21, 2018.
Cause	The person responsible for the submission of the reports has since retired from the City. As a result, the City was not able to determine the reason for the late filing.
Effect	The City's Form B was not submitted timely.
Recommendation	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.
Management Response	To ensure that all future filings will be submitted timely, the reporting responsibility has been reassigned and calendared.
Finding Corrected During the Audit	The City subsequently submitted the Form B on August 21, 2018. 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, 2019
(Continued)**

PCLRF Finding #2019-024	City of San Marino
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (B.3), "If Local Return Funds have been expended prior to Metro approval and/or used for ineligible purposes, Jurisdictions will be required to reimburse their Proposition C Local Return account..."
Condition	The City incurred expenditures prior to receiving approval from LACMTA for PCLRF's Project Code 400-01, Traffic Signal Synchronization, in the amount of \$6,390. However, the project was subsequently approved on September 25, 2019.
Cause	The City inadvertently listed the planning Traffic Signal Synchronization Project Code 400-01 as a Bus Bench Project Code 150-01 on the original Form A submitted to LACMTA in July 2018. Once the error was found by the City's personnel, the City amended the Project List accordingly with LACMTA staff.
Effect	The City did not comply with the Guidelines when expenditures for PCLRF project are incurred without LACMTA's approval.
Recommendation	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. Form B (Annual Project Summary Report) should be properly prepared and submitted before the due date of August 1st so that the City's expenditures of Proposition A and Proposition C Local Return Funds are in accordance with LACMTA's approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form B.
Management's Response	In the future, the City will confirm with the responsible staff that only projects that are planned for the upcoming year will be listed in Form A prior to submission to LACMTA.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on September 25, 2019.

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, 2019
(Continued)

PALRF Finding #2019-025	City of Signal Hill
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A), Item 5: "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	The City exceeded more than 25 percent of LACMTA approved budget on PALRF Project Code 140-03, Recreation Transit in the amount of \$1,186. This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight by the City's program department. The City initially requested the budget increased from \$34,000 to \$42,000; however, the amended amount was not enough to cover the expenditures.
Effect	The City's PALRF project expenditures exceeded 25 percent of LACMTA's approved budget without LACMTA's approval. The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that project expenditures are within the 25 percent cap of the LACMTA's approved budget. If the City expects project expenditures will be in excess of 25 percent of approved budget, the City should submit an amended Form A before incurring expenditures.
Management Response	Staff anticipated an increase in recreational transit trips, but the amended amount from \$34,000 to \$42,000 was still not enough.
Finding Corrected During the Audit	The City's amended Form A was submitted and retroactively approved by LACMTA on December 10, 2019. 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, 2019
 (Continued)**

PALRF & PCLRF Finding #2019-026	City of Signal Hill
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section 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."
Condition	The City did not meet the August 1, 2018 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 15, 2018. This is a repeat finding from the prior fiscal year.
Cause	It was due to an oversight.
Effect	The City's Form B was not submitted timely. The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal control procedures to ensure that the Form B is properly prepared and submitted before the due date of August 1st in accordance with Proposition A and Proposition C Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management Response	This was due to staff turnover in the Public Works Department. As soon as the Finance Department became aware, Form B was submitted to LACMTA.
Finding Corrected During the Audit	The City's Form B was submitted and retroactively approved by LACMTA on August 15, 2018. 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, 2019
(Continued)**

PALRF & PCLRF Finding #2019-027	City of Signal Hill
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section C, "On or before October 15 of each fiscal year, Jurisdictions shall submit an Annual Expenditure Report (Form C) to notify Metro of previous year LR fund receipts and expenditures."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Annual Expenditure Report (Form C). However, the City submitted the Form C on October 23, 2019.
Cause	It was due to an oversight.
Effect	The City's Form C was not submitted timely. The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City strengthen internal control procedures to ensure that the Form C is properly prepared and submitted before the due date of October 15th in accordance with Proposition A and Proposition C Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management's Response	This was due to staff turnover in the Public Works Department. As soon as the Finance Department became aware, Form C was submitted to LACMTA.
Finding Corrected During the Audit	The City's Form C was submitted and retroactively approved by LACMTA on October 23, 2019. 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, 2019
(Continued)**

PALRF & PCLRF Finding #2019-028	City of South Pasadena
Compliance Reference	According to Proposition A & 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."
Condition	The City did not meet the August 1, 2018 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 13, 2018. This is a repeat finding from the prior two fiscal years.
Cause	A new employee was assigned to manage the LACMTA audit awards. However, he was not aware of the form submission deadlines.
Effect	The City's Form B was not submitted timely as required by Proposition A and Proposition C Local Return Guidelines.
Recommendation	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.
Management's Response	Several employees in the City departments are currently trained with the required deadlines to ensure timely submission of the form.
Finding Corrected During the Audit	The City subsequently submitted the Form B and August 13, 2018. 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, 2019
(Continued)**

PCLRF Finding #2019-029	City of South Pasadena
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is jurisdictions' responsibility to maintain proper accounting records and documentation... "
Condition	<p>To support the propriety of expenditures being charged to the PCLRF, non-payroll expenditures should be supported by properly executed contracts, invoices, and payment vouchers. Although payments to vendors were allowable and were properly supported by invoices and canceled checks, the expenditures for Senior Dial-A-Ride Program Project Code 130-05 were not supported by an existing contract or purchase order form for the following vendors:</p> <p>a) Seventeen (17) payments made to Jack's Auto Repair in the total amount of \$6,955;</p> <p>b) Seven (7) payments made to Sunset Vans, Inc. in the total amount of \$2,020.</p> <p>This is repeat finding from the prior year.</p>
Cause	In fiscal year 2018-19, the Finance Department moved to a different location and could not locate the original copy of the purchase orders.
Effect	No contract or purchase order form to support the payments made to the vendors indicates a weakness in the City's internal control.
Recommendation	We recommend that the City establish controls to ensure that the costs charged to the Local Return Funds, although allowable, are adequately supported by contracts, purchase orders, invoices, canceled checks or similar documentation so that Local Return expenditures are in compliance with the Guidelines.
Management Response	On July 1, 2019, the City transitioned to an electronic purchase order which will ensure easy access and availability in the future.

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, 2019
(Continued)

PALRF Finding #2019-030	City of Temple City
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), "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."
Condition	The City exceeded more than 25 percent of LACMTA's approved budget on PALRF Project Code 480.05, Direct Administration, in the amount of \$4,049. However, the City submitted a Project Description Form (Form A) to obtain a budget increase from LACMTA and received subsequent approval on December 6, 2019.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City's PALRF project expenditure exceeded 25 percent of LACMTA's approved budget without LACMTA's approval and the City did not comply with the Guidelines.
Recommendation	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.
Management Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive budget approval in the amount of \$83,755 of the said expenditures on December 6, 2019. 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, 2019
(Continued)**

PALRF & PCLRF Finding #2019-031	City of Temple City
Compliance Reference	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."
Condition	The City did not meet the August 1, 2018 deadline for submission of the Annual Project Update (Form B). However, the City submitted the Form B on August 8, 2018.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City's Form B was not submitted timely as required by Proposition A and Proposition C Local Return Guidelines.
Recommendation	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.
Management Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	The City subsequently submitted the Form B on August 8, 2018. 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, 2019
 (Continued)**

PALRF Finding #2019-032	City of Temple City
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is jurisdictions' responsibility to maintain proper accounting records and documentation... "
Condition	<p>To support the propriety of expenditures being charged to the PALRF, non-payroll expenditures should be supported by properly executed contracts, invoices, and payment vouchers. Although payments to vendors were allowable and were properly supported by invoices and canceled checks, the expenditures for Recreational Transit Project Code 140-02 were not supported by an existing contract or purchase order form for the following vendors:</p> <ul style="list-style-type: none"> a) Thirteen (13) payments made to Fast Deer Bus Charter, Inc. in the total amount of 20,376; and b) Two (2) payments made to Catalina Channel Express in the total amount of \$11,114. <p>This is a repeat finding from the prior two fiscal years.</p>
Cause	Contracts agreements with the transportation companies were not previously enforced by the City.
Effect	No contract or purchase order form to support the payments made to the vendors, Fast Deer Bus Charter, Inc. and Catalina Channel Express, indicates a weakness in the City's internal control.
Recommendation	We recommend that the City establish controls to ensure that the costs charged to the Local Return Fund , although allowable, are adequately supported by contracts, purchase orders, invoices , canceled checks or similar documentation so that Local Return expenditures are in compliance with the Guidelines.
Management Response	Currently, the City department receives services from different bus charter vendors and prepares the necessary contracts for each vendor.

**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, 2019
 (Continued)**

PALRF Finding #2019-033	City of Temple City
Compliance Reference	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."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 6, 2019.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City's Listing of Recreational Transit Services was not submitted timely as required by the Guidelines.
Recommendation	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.
Management Response	In FY 2019-20 the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	The City submitted the form to LACMTA on November 6, 2019. 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, 2019
 (Continued)**

PCLRF Finding #2019-034	City of West Covina
Compliance Reference	<p>According to Proposition A and C Local Return Guidelines, Section 11.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>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement-for current and following triennial period(s). <p>Self-certifications 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 Form should be prepared and submitted to LACMTA when the City incurred expenditures on projects with project codes 430, 440,450, 460, and 470.</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2019 since the City incurred PCLRF expenditures for its Project Code 440-16, SP1 7003 Street Rehabilitation - Cameron venue. However, the City did not submit the form. The last PMS Certification Form submitted was for fiscal year 2016 which was provided to LACMTA on June 30, 2016. The City is currently in the process of updating the certification which will be completed in January 2020.</p>
Cause	<p>Due to the City's reorganization and turnover, the submission of PMS Certification lapsed.</p>
Effect	<p>The City's PMS Certification Form was not submitted timely.</p>
Recommendation	<p>We recommend that the City establish procedures to ensure that if the City incurred expenditures for projects with codes 430, 440, 450, 460, and 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.</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, 2019
 (Continued)**

<p>PCLRF Finding #2019-034 (Continued)</p>	<p>City of West Covina</p>
<p>Management Response</p>	<p>Due to the City's reorganization and turnover, the PMS Certification lapsed. The City is in the process of updating the PMS Certification. A Request for Proposal was published on November 7, 2019 and closed on December 2, 2019. The contract is expected to be awarded in January 2020 and completed by May 2020.</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, 2019
(Continued)**

PCLRF Finding #2019-035	City of West Covina
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section 11.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on October 29, 2019.
Cause	Due to the City's reorganization and reassignment of duties, new staff assigned to oversee the program was unaware of the program.
Effect	The City's Listing of Recreational Transit Services was not submitted timely.
Recommendation	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 C 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.
Management Response	Due to the City's reorganization and reassignment of duties, the new staff assigned to oversee the program was unaware of the deadline. The City has put measures in place to ensure the Recreational Transit Form will be submitted by the October 15th deadline from this point forward.
Finding Corrected During the Audit	The City submitted the form to LACMTA on October 29, 2019. 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, 2019
 (Continued)**

<p>PCLRF Finding #2019-036</p>	<p>City of Whittier</p>
<p>Compliance Reference</p>	<p>According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is jurisdictions' responsibility to maintain proper accounting records and documentation... "In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are "that an electronic system is acceptable as long as how much time is identified o the project (i.e. not just a clock-in-clock- out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one's supervisor." Also, "(4) Where employees work on multiple activities o cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standard 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="padding-left: 40px;">(b) A Federal award and no -Federal award.</p> <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <p style="padding-left: 40px;">(a) They must reflect an after the fact distribution on of the actual activity of each employee,</p> <p style="padding-left: 40px;">(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 cost 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>
<p>Condition</p>	<p>To support the propriety of expenditures being charged to Proposition C Local Return Fund, payroll expenditures should be supported by properly executed payrolls, time records, activity reports, vouchers, or other official documentation evidencing in proper detail the nature of the charges. However, payroll expenditures allocated to the PCLRF (Greenway Trail Maintenance Project Code</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, 2019
 (Continued)**

<p>PCLRF Finding #2019-036 (Continued)</p>	<p>City of Whittier</p>
<p>Condition (Continued)</p>	<p>430-123) were not properly supported for two (2) employees sampled out of eight (8) total employees allocated to the PCLRF.</p> <p>Timesheets were requested for two (2) employees (directors) sampled to support the allocation of payroll expenditures to the PCLRF project. However, the City stated that the employees did not maintain/utilize timesheets. Instead, the City provided a memorandum, initialed by the employees, which "certified" a percentage of time that the employees worked on the PCLRF project for the entire fiscal year. However, the following issues were noted with the memorandum:</p> <ul style="list-style-type: none"> • The memorandums used the term "approximately" when reporting the hours charged to the PCLRF project for the fiscal year. The term "approximately" signifies an estimate. • The memorandums included a percentage of time the employees worked on the program, along with an approximation of hours worked. However, the memorandum only exclusively accounted for the hours worked on the PCLRF for the fiscal year for each employee. As a result, a recalculation of the percentage of time worked on the PCLRF project could not be performed. • The memorandums itemized the duties that the employees performed in relation to the PCLRF project. However, the list of duties did not include the amount of time spent performing each duty. • The memorandums did not show evidence of supervisor review or approval. <p>Based on the issues noted, the memorandums function as an estimate of time worked exclusively on the PCLRF project. Moreover, the City stated that a "true-up" or an adjustment to reflect "true" hours was not performed. As a result, a total of \$102,863 payroll costs which were allocated to the PCLRF Greenway Trail Maintenance Project Code 430-123 were unsupported.</p>
<p>Cause</p>	<p>The City believed that the signed memorandum was sufficient support for the allocation of payroll costs.</p>
<p>Effect</p>	<p>Without time sheets that track hours by funding source and/or project, the City may be unable to accurately track, manage, record, and bill payroll related expenditures. Unsupported payroll costs claimed may result in questioned or disallowed costs.</p>
<p>Recommendation</p>	<p>We recommend that the City reimburse its Proposition C Local Return Fund account for \$102,863. In addition, we recommend that the City revise its current labor costs reporting procedures to ensure that labor costs charged to Proposition C Local Return Funds are adequately supported by timesheet, a recent time study, or a supported, relevant, and equitable allocation method for personnel.</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, 2019
 (Continued)**

<p>PCLRF Finding #2019-036 (Continued)</p>	<p>City of Whittier</p>
<p>Management Response</p>	<p>The City agrees with the finding, however, disagrees with the recommendation to reimburse Proposition C Local Return Funds in the amount of \$102,863. The City has provided documentation for the time incurred and believed that this amount covers the minimum amount of time spent on the project for the eight (8) individuals. Effective immediately, the City has started to utilize the timesheets to track the actual time worked by the aforementioned employees to prevent future similar findings.</p>
<p>Auditor's Rejoinder</p>	<p>Although the City's claim that the memorandums support the "minimum amount of time spent on the project" may be true, we were unable to verify the hours reported based on the documentation provided. As a result, the hours charged to the PCLRF project were determined unsupported.</p> <p>The Auditor also notes that the City has begun to implement the utilization of timesheets to track actual time worked by the aforementioned employees.</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, 2019
 (Continued)**

PALRF & PCLRF Finding #2019-037	City of Whittier
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, "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, "It is jurisdictions' responsibility to maintain proper accounting records and documentation... "
Condition	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 \$8,171 and \$210,238, respectively, were based on a Cost Allocation Plan (CAP) that was prepared in fiscal year 1991-92.
Cause	The City is in the final stages of reviewing the CAP. It has taken longer than expected.
Effect	The expenditures allocated may not reflect the appropriate share of costs charged to PALRF and PCLRF.
Recommendation	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.
Management Response	The City will implement a revised CAP.



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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Los Angeles County Metropolitan Transportation Authority
Measure R Local Return Fund Consolidated Audit Report
Fiscal Year Ended June 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE AND MEASURE R LOCAL RETURN GUIDELINES	1
Summary of Compliance Findings	4
Schedule 1 – Summary of Audit Results	5
Schedule 2 – Schedule of Findings and Questioned Costs	18

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

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

Report on Compliance

We have audited the compliance of the thirty-eight (38) Cities identified in Schedule 1, with the types of compliance requirements described in the Measure R Ordinance enacted through a Los Angeles County voter-approved law in November 2008; Measure R Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on October 22, 2009 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds, executed by LACMTA and the respective Cities for the year ended June 30, 2019 (collectively, the Requirements). Compliance with the above-noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

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

Auditors' Responsibility

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

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



Basis for Disclaimer of Opinion on City of South El Monte

As described in the accompanying Summary of Compliance Findings (Finding #2019-008), the City of South El Monte was not able to provide accounting records and documents that would support the City's compliance with the Guidelines and Requirements. Accordingly, we were unable to perform any auditing procedures sufficiently to determine the City's compliance.

Disclaimer of Opinion on City of South El Monte

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the City of South El Monte's compliance with the Guidelines and Requirements referred to above. Accordingly, we do not express an opinion on the City of South El Monte's compliance with the Guidelines and Requirements.

Unqualified Opinion on Compliance of all Cities except City of South El Monte

In our opinion, as described in Schedule 2, the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure R Local Return program for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2019-001 through #2019-009. 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 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 Requirements referred to above. In planning and performing our audits of compliance, we considered each City's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure R Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's internal control over compliance.

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 identified certain deficiencies in internal control over compliance that we consider to be a material weakness 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 Finding #2019-002 and Finding #2019-008 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 #2019-001 and #2019-004, to be significant deficiencies.

The Cities' responses to the internal control over compliance findings identified in our audit 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 Requirements. Accordingly, this report is not suitable for any other purpose.

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

**Glendale, California
December 31, 2019**

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

The audits of the 38 cities identified in Schedule 1 have resulted in 9 findings. The table below summarizes those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes.	2	Baldwin Park (Finding #2019-002) South El Monte (Finding #2019-008)	\$ 485,011 276,774	\$ - -
Funds were expended with LACMTA's approval.	2	Azusa (Finding #2019-001) Calabasas (Finding #2019-004)	459,958 2,645	459,958 2,645
Expenditure Plan (Form One) was submitted timely.	2	Bell Gardens (Finding #2019-003) South Gate (Finding #2019-009)	None None	None None
Expenditure Report (Form Two) was submitted timely.	2	Malibu (Finding #2019-006) Pomona (Finding #2019-007)	None None	None None
Recreational transit form was submitted timely.	1	Calabasas (Finding #2019-005)	None	None
Total Findings and Questioned Costs	9		\$ 1,224,388	\$ 462,603

Details of the findings are in Schedule 2.

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

Compliance Area Tested	Agoura Hills	Azusa	Baldwin Park
Funds were expended for transportation purposes.	Compliant	Compliant	See Finding #2019-002
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2019-001	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Compliant	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

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

Compliance Area Tested	Bell	Bell Gardens	Beverly Hills
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	See Finding #2019-003	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Calabasas	Carson	Commerce
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2019-004	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	See Finding #2019-005	Not Applicable	Not Applicable

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

Compliance Area Tested	Compton	Cudahy	Culver City
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	EI Monte	Gardena	Hawthorne
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Hidden Hills	Huntington Park	Industry
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Inglewood	Irwindale	La Puente
Funds were expended for transportation purposes.	Compliant	Not Applicable	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Not Applicable	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Lawndale	Lynwood	Malibu
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	See Finding #2019-006
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Maywood	Montebello	Monterey Park
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Compliant	Not Applicable

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

Compliance Area Tested	Pico Rivera	Pomona	Rosemead
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	See Finding #2019-007	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	San Fernando	Santa Fe Springs	Santa Monica
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	South El Monte*	South Gate	Walnut
Funds were expended for transportation purposes.	See Finding #2019-008	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	See Finding #2019-008	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2019-008	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	See Finding #2019-009	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	See Finding #2019-008	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

*Auditor was not able to perform procedures due to the condition of the City's accounting records and unavailability of documents supporting the City's compliance with the significant compliance requirements of the Guidelines.

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

Compliance Area Tested	West Hollywood	Westlake Village
Funds were expended for transportation purposes.	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant
Timely use of funds.	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable

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

Finding #2019-001	City of Azusa
Compliance Reference	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	<p>The City claimed expenditures for the following MRLRF projects with no prior approval from LACMTA:</p> <ul style="list-style-type: none"> a. Project code 1.05, Operations for Signage, Concrete, Asphalt, Painting, Signals, totaling \$393,297; and b. Project Code 2.00, MR TRIP Bond Reimbursable Expenditures, totaling \$66,661. <p>These projects were previously approved when the TRIP bonds were issued in 2016, however, the City is still required to submit Form One every year, carry over the budget, and have it approved by LACMTA.</p> <p>This is a repeat finding from prior year.</p>
Cause	<p>The City concurs with the finding that the above projects should be included in the Expenditure Plan (Form One) submitted to LACMTA for the projects that will be funded with Measure R. The finding was caused by an oversight by City staff.</p>

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

Finding #2019-001 (Continued)	City of Azusa
Effect	The City claimed expenditures totaling \$459,958 without prior approval from LACMTA. Lack of prior approval results in noncompliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.
Recommendation	We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Measure R-funded projects.
Management's Response	<p>The City relied on a consultant's assistance to maintain budgetary overview while staff was on extended medical leave. Staff has returned and is cross training department members the LACMTA guidelines. The City will obtain LACMTA approval prior to spending LACMTA funded projects.</p> <p>The City submitted a revised Expenditure Plan (Form One) to the LACMTA Program Manager and obtained a retroactive approval of the said project on October 3, 2019.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 3, 2019. No additional follow up is required.

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

Finding #2019-002	City of Baldwin Park
Compliance Reference	<p>Measure R Local Return Guidelines Section (A) (I) states that, "The Measure R Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to Jurisdictions may be used for purposes other than transportation purposes". Also, Section VII 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 Guidelines".</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"> 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. 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).

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

Finding #2019-002 (Continued)	City of Baldwin Park
Condition	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <ul style="list-style-type: none"> a) Project code 1.05, Street Repairs, Maintenance, Street Rehabilitation, total amount of \$141,655; b) Project code 1.30, Street Improvements Per New Complete Streets Policy, total amount of \$75,666; c) Project code 1.90, Street Name Roadway Signs, total amount of \$107,593; d) Project code 4.90, Bus Stop Share Maintenance, total amount of \$2,858; e) Project code 5.15, Metrolink Station Maintenance, total amount of \$10,846; and f) Project code 8.10, Administration of Projects and Programs, total amount of \$146,393. <p>The salaries and benefits claimed under MRLRF amounting to \$485,011 are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges. The City historically claimed those salaries in the previous years based on actual time charges and those claims were supported by time sheets. However, because of the change in the City's payroll and time reporting system during the fiscal year, auditor was not able to perform procedures to determine reasonableness of those charges.</p>
Cause	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically that replaced the manual timesheet (hard copy). The system automatically allocates the amounts charged by each employee to these funds based on the budgeted percentages.</p>
Effect	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, LACMTA will require the City to return the money to the Local Return Funds.</p>

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

Finding #2019-002 (Continued)	City of Baldwin Park
Recommendation	<p>We recommend that the City provide documentation to support the salaries and benefits charges to MRLRF prior to FY 2019/20 year end audit. If these documents are not provided, the City is required to reimburse its MRLRF accounts the amount of \$485,011. 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>
Management's Response	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically to replace the manual timesheet. The salaries and benefits costs are the actual amounts from the City's payroll which is based on the estimated percentage of work assigned by Public Works for allocated hours per the prior year's projections and related projects in FY 2018-19. The percentage allocation is entered in Tyler Incode 10 financial system. The system allocates the charges for each employee to those funds.</p> <p><u>Corrective Action Plan</u> The City will implement a new internal control procedure. The electronic time entry will be based on the actual hours worked on each project. We will also prepare reconciliation/adjustments as needed and/or at year-end. The time entries will be submitted by employees electronically and reviewed/approved by their supervisors. The City will also establish controls to ensure that all salaries and benefits charged to the Local Return funds are adequately supported in the future. The City considers the allocations and the charges mentioned above to be reasonable and eligible expenses under the local return guidelines.</p>

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

Finding #2019-003	City of Bell Gardens
Compliance Reference	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	The City submitted its Expenditure Plan (Form One) on August 13, 2018, 12 days after the due date of August 1, 2018.
Cause	The Expenditure Plan (Form One) was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Expenditure Plan (Form One) is submitted by August 1 st as required by the Guidelines.
Management's Response	The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-004	City of Calabasas
Compliance Reference	<p>Section B (II) (1) of the Measure R Local Return Program Guidelines state that “To maintain eligibility and meet Measure R LR program compliance requirements, jurisdictions shall submit to LACMTA an Expenditure Plan (Form One) annually by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year.”</p>
Condition	<p>The City claimed expenditures under MRLRF Project Code 3.05 Sidewalk and Bike Lane Improvement, totaling \$2,645 with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, the project had no prior approval from LACMTA.</p> <p>This is a repeat finding from prior year’s audit.</p>
Cause	<p>There are two projects going on in the same corridor; Mulholland Highway Gap Closure project and Mulholland Highway Corridor Study project. The Gap Closure project is the Sidewalk and Bike Lane Improvement project for which we used \$2,645 in FY 2018/19; and the Mulholland Highway Corridor Study project is planned to begin in FY 2019/20. The City had confused the two projects on the forms that were submitted for each because they were discussed at the same time during last year. The City presumed that they had included the Gap Closure project on FY 2018/19 Form One, because that was the intention, and didn’t catch the mix up until it was identified during the audit.</p>
Effect	<p>The City claimed expenditures totaling \$2,645 without prior approval from LACMTA. Lack of prior approvals results in non-compliance which could impact future funding or result in questioned costs that require funding to be returned to LACMTA.</p>
Recommendation	<p>We recommend for the City to establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any local return-funded projects.</p>

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

Finding #2019-004 (Continued)	City of Calabasas
Management's Response	Staff and management will ensure that approval is obtained from LACMTA prior to spending on Measure R funded projects.
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of the said project on November 15, 2019.

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

Finding #2019-005	City of Calabasas
Compliance Reference	Section B(II)(3) of the Measure R Local Return Program Guidelines also states that, "Jurisdictions that use their Measure R LR funds for recreational transit services must fill out, sign and submit this form no later than October 15 after the fiscal year in which the services were rendered".
Condition	The Recreational Transit report was submitted on October 24, 2019, 9 days beyond the due date of October 15, 2019.
Cause	The Recreational Transit report was submitted late due to an oversight by City staff assigned to complete that task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Annual Recreational Transit Report is submitted by October 15 as required by the Guidelines.
Management's Response	Staff will ensure all documents are submitted to LACMTA in a timely manner.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-006	City of Malibu
Compliance Reference	Section B(II)(2) of the Measure R Local Return Program Guidelines states that "...Jurisdictions shall submit to LACMTA an Expenditure Report (Form Two), annually, by October 15 th (following the conclusion of the fiscal year)...."
Condition	The City submitted its Expenditure Report (Form Two) on October 25, 2019, 10 days after the due date of October 15, 2019.
Cause	The City of Malibu's Finance Manager retired. Due to her absence and the transition of her responsibilities, the City was unaware of the deadline. The report was filed prior to the audit, but not by the October 15 deadline.
Effect	Expenditure Report (Form Two) was not submitted timely as required by the Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form Two) is submitted by October 15 as required by the Guidelines.
Management's Response	An Acting Finance Manager has been appointed and will monitor future reporting requirements. A calendar of reporting deadlines has been created.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-007	City of Pomona
Compliance Reference	Section B(II)(2) of the Measure R Local Return Program Guidelines states that "...Jurisdictions shall submit to LACMTA an Expenditure Report (Form Two), annually, by October 15 th (following the conclusion of the fiscal year)...."
Condition	The City submitted its Expenditure Report (Form Two) on October 19, 2019, 4 days after the due date of October 15, 2019.
Cause	The City had adjustments to make as the deadline approached and wanted to ensure accuracy of the reports prior to submission.
Effect	Expenditure Report (Form Two) was not submitted timely as required by the Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form Two) is submitted by October 15 as required by the Guidelines.
Management's Response	Internal procedures are in place to ensure timely submission of the reports to LACMTA. The City will continue to work diligently to ensure timeliness of the submissions moving forward.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-008	City of South El Monte
Compliance Reference	Section VII of the Measure R Local Return Guidelines states that, "It is each Jurisdiction's responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines."
Condition	The City was not able to provide accounting records and documents that would support the City's compliance with the Measure R Local Return Guidelines. The City's general ledger is not updated. Account reconciliations, including bank accounts are behind and the Local Return Funds reports and Forms submitted to LACMTA do not reconcile with the accounting records. Accordingly, we were unable to perform any auditing procedures sufficiently to determine the City's compliance with the significant compliance requirements of the Guidelines.
Cause	We learned that the City lost several key employees in the finance and accounting department during the fiscal year 2019. As such, there was delay in the closing of the City's books for the fiscal year 2019. Currently, the accounting personnel and support do not have the institutional knowledge to ensure the books are updated and transactions are recorded correctly.
Effect	<p>These conditions resulted in delays in producing closing entries, trial balances, schedules, reconciliations, account analysis, and other financial reports needed by management and the auditors to facilitate completion of audit procedures.</p> <p>The guidelines dictate that LACMTA reserves the right to suspend or revoke allocation to the City until the completion of the required audits.</p>
Recommendation	<p>We recommend that the City implement internal control procedures over timely closing of the books. The City should establish and document proper closing and reconciliation procedures and assign responsibility for completing the procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information.</p> <p>We also recommend that the City implement sufficient controls to ensure compliance with LACMTA guidelines and other regulatory requirements.</p>

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

Finding #2019-008 (Continued)	City of South El Monte
Management's Response	The City has taken actions to address this finding by hiring an interim finance director to handle the closing process of the City's book of accounts and to make sure that all accounting records will be made available to the auditors.
Subsequent to the Audit Deadline	Metro Program Manager sent out a letter to the City on January 7, 2020 to grant the City requested time extension to complete the audit by March 31, 2020.

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

Finding #2019-009	City of South Gate
Compliance Reference	<p>Section B (II) of Measure R Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	The City submitted its Expenditure Plan (Form One) on August 9, 2018, 8 days after the due date of August 1, 2018.
Cause	The Expenditure Plan (Form One) was submitted late due to an oversight by City staff assigned to complete that task
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Expenditure Plan (Form One) is submitted by August 1 st as required by the Guidelines.
Management's Response	City staff assigned to complete the Form One has been advised of the August 1 st deadline to submit the report. In addition, a reminder has been set up on the calendar of the Director to ensure that the report is completed and submitted to the LACMTA in a timely fashion.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.



www.vasquezcpa.com

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



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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Simpson & Simpson, LLP
Certified Public Accountants

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

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE R ORDINANCE AND MEASURE R LOCAL RETURN GUIDELINES	1
Summary of Compliance Findings	4
Schedule 1 – Summary of Audit Results	5
Schedule 2 - Schedule of Findings and Questioned Costs	22



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

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

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

Report on Compliance

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles identified in Schedule 1, with the types of compliance requirements described in the Measure R Ordinance enacted through a Los Angeles County (the County) voter approved law in November 2008; Measure R Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on October 22, 2009 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure R Local Return Funds, executed by LACMTA and the respective Cities and the County for the year ended June 30, 2019 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

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

Auditor's Responsibility

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

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





Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure R Local Return program for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Measure R Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2019-001 through #2019-014. Our opinion is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

The management of each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure R Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's and the County's internal control over compliance.

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 #2019-001 and #2019-003 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 Finding #2019-012 to be a significant deficiency.

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

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

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

Los Angeles, California
December 31, 2019

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

The audit of the 49 cities and the County identified in Schedule 1 have resulted in 14 findings. The table below shows a summary of the findings:

Finding	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes	2	Downey (#2019-003) Glendora (#2019-005)	\$ 24,802 6,145	\$ - -
Funds were expended prior to LACMTA's approval	4	Claremont (#2019-002) Lancaster (#2019-007) Manhattan Beach (#2019-008) Torrance (#2019-013)	74,751 2,014 930 681,615	74,751 2,014 930 681,615
Expenditure Plan (Form One) was not submitted timely	3	Avalon (#2019-001) San Gabriel (#2019-010) Temple City (#2019-012)	None None None	None None None
Expenditure Report (Form Two) was not submitted timely	5	El Segundo ((#2019-004) La Habra Heights (#2019-006) Manhattan Beach (#2019-009) Signal Hill (#2019-011) Whittier (#2019-014)	None None None None None	None None None None None
Total Findings and Questioned Costs	14		\$ 790,257	\$ 759,310

Details of the findings are in Schedule 2.

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

Compliance Area Tested	Alhambra	Arcadia	Artesia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Avalon	Bellflower	Bradbury
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	See Finding #2019-001	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Burbank	Cerritos	Claremont
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	See Finding #2019-002
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Covina	Diamond Bar	Downey
Funds were expended for transportation purposes	Compliant	Compliant	See Finding #2019-003
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Duarte	El Segundo	Glendale
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	See Finding #2019-004	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Funds were expended for transportation purposes	See Finding #2019-005	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	See Finding #2019-006	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	La Verne	Lakewood	Lancaster
Funds were expended for transportation purposes	Not Applicable	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Compliant	See Finding #2019-007
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

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

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2019-008	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	See Finding #2019-009	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form One) was submitted timely.	Compliant	See Finding #2019-010	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	See Finding #2019-011
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	South Pasadena	Temple City	Torrance
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	See Finding #2019-013
Expenditure Plan (Form One) was submitted timely.	Compliant	See Finding #2019-012	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	West Covina	Whittier
Funds were expended for transportation purposes	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant
Separate Measure R Local Return Account was established.	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant
Expenditure Plan (Form One) was submitted timely.	Compliant	Compliant
Expenditure Report (Form Two) was submitted timely.	Compliant	See Finding #2019-014
Timely use of funds	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable

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

Finding #2019-001	City of Avalon
Compliance Reference	According to Measure R Local Return Guidelines Section B (II), “To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year.”
Condition	The City did not submit the Expenditure Plan (Form One) to LACMTA by August 1, 2018. However, the City submitted the Form One late on August 7, 2018. This is a repeat finding from the prior two fiscal years.
Cause	The late submission was due to an oversight.
Effect	The City’s Expenditure Plan (Form One) was not submitted to LACMTA by August 1st, as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish internal control procedures to ensure that the Expenditure Plan (Form One) is properly prepared and submitted prior to the August 1st deadline, and that the City retain a confirmation of receipt by LACMTA to comply with the Measure R Local Return Guidelines.
Management’s Response	Management will ensure to submit the Form One by the due date going forward.
Finding Corrected During the Audit	The City submitted the Form One on August 7, 2018. No follow-up is required.

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

Finding #2019-002	City of Claremont
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, "The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro's approval."
Condition	During FY 2018-19, the City used Measure R Local Return funds for Project Code 1.20, Farmers Market Bollards in the amount of \$74,751; however, the funds for the Project were expended prior to LACMTA's approval as the Project was not reported on the Form-One.
Cause	It was due to City staff's oversight. The City was not aware of the requirement to submit an amended Form-One for next projects added during the year.
Effect	The City did not comply with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure R Local Return Funds before incurring expenditures. We also recommend that the City obtain LACMTA's retroactive approval for any new projects that are not reported on the original Form-One.
Management's Response	The City will establish procedures to ensure approvals of expenditures are received from LACMTA as well as the timely filing of all required forms going forward.
Finding Corrected During the Audit	As a result of the audit, the City submitted an updated Form-One to LACMTA and received retroactive approval on the project on December 5, 2019. No follow-up is required.

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

Finding #2019-003	City of Downey
Compliance Reference	<p>According to Measure R Local Return Guidelines, Section A.I, "The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions may be used for purposes other than transportation purposes." and Section B.VII, "It is the Jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of audit prescribed in these guidelines." In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are "that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one's supervisor." Also, "(4) Where employees work on multiple activities or cost objectives, a distribution 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> <ul style="list-style-type: none"> (b) A Federal award and non-Federal award. <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <ul style="list-style-type: none"> (a) They must reflect an after the fact distribution of the actual activity of each employee, (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."

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

Finding #2019-003 (Continued)	City of Downey
Condition	<p>To support the propriety of expenditures being charged to Measure R Local Return Fund, payroll expenditures should be supported by properly executed payrolls, time records, activity reports, vouchers, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged to Public Works Executive Management Salary Project Code 8.10 in the amount of \$24,802 was based on an estimate of a percentage of time spent on MRLRF activity rather than the employee's actual working hours spent on the project. Although the City provided a time study listing of the employees charged to MRLRF, the payroll costs and benefits were based on estimated percentages of the time spent on the projects. Moreover, the hours were not adjusted to reflect the "true" hours worked on the projects at the end of the fiscal year 2018-19.</p> <p>This is a repeat finding from the prior three fiscal years.</p>
Cause	<p>The City allocates administrative charges based on time study from 2011-12. The same percentage allocation has been used in prior fiscal years in which the City believed is still relevant today as when the study was completed.</p>
Effect	<p>The payroll costs claimed under the Measure R Local Return Fund project may include expenditures which may not be an allowable Measure R project expenditures. This resulted in questioned costs of \$24,802.</p>
Recommendation	<p>In accordance with the Guidelines, we recommend that the City reimburse its Measure R Local Return Fund account for \$24,802. In addition, we recommend that the City revise its current labor costs reporting procedures to ensure that labor costs charged to Local Return Funds are adequately supported by time sheets or similar documentation which includes employees' actual working hours.</p>
Management's Response	<p>The City management agrees that the amounts were based on a time study from 2011-12. However, the City believes the percentage charged to all City funds (Enterprise, Special Revenue, Successor Agency) for administration are less than the actual payroll costs incurred for the program. In fiscal year 2018-19, as opposed to the time study from fiscal year 2011-12, the program was internally administered adding to administrative time. In fiscal year 2019-20, the City will implement KRONOS, an online-based timekeeping system, for the staff to properly allocate the actual time spent on projects and be able to track the time spent on each program. With the implementation of this system, the City will be able to charge administrative costs directly to the program.</p>

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

Finding #2019-004	City of El Segundo
Compliance Reference	According to Measure R Local Return Guidelines, Section B Administrative: Reporting Requirements – Expenditure Report (Form Two), “The submittal of an Expenditure Report (Form Two) is also required to maintain legal eligibility and meet Measure R Local Return program compliance requirements. Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year).
Condition	The City did not meet the October 15, 2019 deadline for submission of Form Two. However, the City submitted the Form Two on October 28, 2019.
Cause	This was an oversight by the City.
Effect	The City did not comply with Measure R Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Form Two is properly prepared and submitted before the due date of October 15 to meet Measure R Local Return Guidelines.
Management’s Response	The City’s fiscal year ends on September 30, 2019, and the reports were not finalized as of October 15, 2019. City staff submitted the Form Two on October 28, 2019 when the reports were more accurate. In the future the City will make sure to submit Form Two by the October 15th deadline to ensure compliance with the regulations.
Finding Corrected During the Audit	The City’s Form Two was submitted on October 28, 2019. No follow-up is required.

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

Finding #2019-005	City of Glendora
Compliance Requirement	<p>According to Measure R Local Return Guidelines, Section A.I, "The Measure R Ordinance specifies that Local Return funds are to be used for transportation purposes. No net revenue distributed to Jurisdictions maybe used for purposes other than transportation purposes." and Section B.VII, "It is the Jurisdictions' responsibility to maintain proper account' ng records and documentation to facilitate the performance of audit prescribed in these guidelines."</p> <p>In addition, LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations to ensure that jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines, those recommendations are "that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one' s supervisor." Also, "(4) Where employees work on multiple activities or cost objectives, a distribution or their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <ul style="list-style-type: none"> (b) Federal award and non-Federal award. <p>(5) Personnel activity reports or equivalent documentation must meet the following standards:</p> <ul style="list-style-type: none"> (b) They must reflect an after the fact distribution of the actual activity of each employee, (f) 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."

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

Finding #2019-005 (Continued)	City of Glendora
Condition	<p>During the testing of payroll, the City provided both timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet that is signed by an employee and an employee's supervisor. The Certification provides the detail breakdown of hours worked for the respective LRF in all payroll periods during fiscal year 2019. However, we noted that the employee hours charged to the following MRLRFs did not agree to the hours indicated on the Certification as shown below:</p> <p>a) Of the eighteen (18) payroll samples, fifteen (15) payroll was over-charged to MRLRF totaling \$6,145.</p> <p>Upon inquiry, it was noted that the City's payroll allocation schedule was used to record payroll costs in the City's accounting records. However, the City did not properly reconcile the hours worked between the Certification and the payroll allocation schedule resulting to payroll overcharges MRLRF.</p>
Cause	The City was not aware that its practice of time certification was not comparable to labor costs claimed on the timesheet.
Effect	The unreconciled variances on the payroll charges resulted in questioned costs of \$6,145 for MRLRF.
Recommendation	In accordance with the Guidelines, we recommend that the City reimburse its Measure R Local Return Account for \$6,145. In addition, we recommend that the City establish controls to ensure that the payroll costs charged to the Local Return funds are adequately supported by timesheet, payroll register, personal actions or similar documentation so that the Local Return expenditures are in compliance with the Guidelines.
Management's Response	The City will modify its existing procedures to ensure accurate collection of time and effort documentation to support the salaries and benefits charged to MRLRF. These controls will ensure salary charges were expended properly on local return approved projects.

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

Finding #2019-006	City of La Habra Heights
Compliance Requirement	According to Measure R Local Return Guidelines, Section B.II.2, Expenditure Report (Form Two): “The submittal of an Expenditure Report (Form Two) is also required to maintain legal eligibility and meet Measure R LR program compliance requirements. Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year).”
Condition	The City did not meet the October 15, 2019 deadline for submission of the Form Two. However, the City submitted the Form Two on October 17, 2019.
Cause	It was due to the staff’s oversight.
Effect	The City did not comply with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form Two is submitted before the due date of October 15th in accordance with the Measure R Local Return Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the Form Two was submitted in a timely manner.
Management’s Response	The City will establish procedures to ensure the timely filing of all required listings. In addition, the City will retain a confirmation of receipt by LACMTA to indicate the Form Two was submitted in a timely manner.
Findings Corrected During the Audit	The City subsequently submitted the Form Two on October 17, 2019. No follow-up is required.

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

Finding #2019-007	City of Lancaster
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro’s approval.”
Condition	During FY 2018-19, the City used Measure R Local Return funds for the project 1.05- Lancaster Blvd Road Diets, 10th St W to Valley Central Way in the amount of \$2,014 prior to LACMTA’s approval as the Project was not reported on the Expenditure Plan (Form One).
Cause	The City did not submit an accurate and complete Form One with a listing of projects to Metro due to an oversight.
Effect	The City was not in compliance with Measure R Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting a complete and accurate Form One to LACMTA.
Management’s Response	Staff did not submit corrected Form One on time with the updated information due to staff turnover.
Finding Corrected During the Audit	The City’s revised Form-One was submitted and retroactively approved by LACMTA Program Manager on December 10, 2019. No follow-up is required.

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

Finding #2019-008	City of Manhattan Beach
Compliance Reference	According to Measure R Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro’s approval.”
Condition	The City used Measure R Local Return funds for 1.05 Street Resurfacing: 1100 Block of 3rd Street project in the amount of \$930 prior to LACMTA’s approval.
Cause	The City did not submit the complete Expenditure Plan (Form-One) to LACMTA due to an oversight.
Effect	The City did not comply with the Measure R Local Return Funds Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure R Local Return Funds before incurring expenditures. We also recommend that the City obtain LACMTA’s retroactive approval for any new projects that are not reported on the original Form-One.
Management’s Response	The City did not submit an amended Form-One with updated information on time, since the guideline was not clear regarding submissions after the August 1 deadline.
Finding Corrected During the Audit	The City’s revised Form-One was submitted and retroactively approved by LACMTA on November 7, 2019. No follow-up is required.

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

Finding #2019-009	City of Manhattan Beach
Compliance Reference	According to Measure R Local Return Guidelines, Section B Administrative: Reporting Requirements – Expenditure Report (Form-Two), “The submittal of an Expenditure Report (Form Two) is also required to maintain legal eligibility and meet Measure R Local Return program compliance requirements. Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year).
Condition	The City did not meet the October 15, 2019 deadline for submission of Form Two. However, the City submitted the Form Two on October 18, 2019.
Cause	This was an oversight by the City due to onsite ERP implementation training.
Effect	The City was not in compliance with the Measure R Local Return Funds Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Form-Two is properly prepared and submitted before the due date of October 15 to meet the Measure R Local Return Guidelines.
Management’s Response	The City was delayed in submitting the Form Two on or before the deadline due to onsite ERP implementation training. The City will endeavor to submit it on or before the deadline in the future.
Finding Corrected During the Audit	The City’s Form-Two was submitted on October 18, 2019. No follow-up is required.

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

Finding #2019-010	City of San Gabriel
Compliance Reference	According to Measure R Local Return Guidelines Section B (II), "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year."
Condition	The City did not meet the August 1, 2018 deadline for submission of Form One. However, the City submitted the Form One on August 22, 2018.
Cause	The person responsible for the submission of the reports has since retired from the City. As a result, the City was not able to determine the reason for the late filing.
Effect	The City's Form One was not submitted timely.
Recommendation	We recommend that the City establish procedures to ensure that the Form One is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure R Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	To ensure that all future filings will be submitted timely, the reporting responsibility has been reassigned and calendared.
Finding Corrected During the Audit	The City subsequently submitted the Form One on August 22, 2018. No follow-up is required.

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

Finding #2019-011	City of Signal Hill
Compliance Reference	According to Measure R Local Return Guidelines, Section B, "Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2019 deadline for submission of the Expenditure Report (Form Two). However, the City submitted the Form Two on October 23, 2019.
Cause	It was due to an oversight.
Effect	The City's Form Two was not submitted timely. The City did not comply with Measure R Local Guidelines.
Recommendation	We recommend the City strengthen internal control procedures to ensure that the Form Two is properly prepared and submitted before the due date of October 15th in accordance with Measure R Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management's Response	This was due to staff turnover in the Public Works Department. As soon as the Finance Department became aware, Form Two was submitted to LACMTA.
Finding Corrected During the Audit	The City's Form Two was submitted and retroactively approved by LACMTA on October 23, 2019. No follow-up is required.

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

Finding #2019-012	City of Temple City
Compliance Reference	According to Measure R Local Return Guidelines Section B (II), "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year."
Condition	The City did not meet the August 1, 2018 deadline for submission of Form One. However, the City submitted the Form One on August 7, 2018. This is a repeat finding from the prior fiscal year.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City's Form One was not submitted timely as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form One is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure R Local Return Funds will be in accordance with LACMTA's approval and the Guideline. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Finding Corrected During the Audit	The City subsequently submitted the Form One on August 7, 2018. No follow-up is required.

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

Finding #2019-013	City of Torrance
Compliance Reference	According to Measure R Local Return Guidelines, Section B, II. 1, Expenditure Plan (Form One), states “Form One provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year.” Section B.VII.A, Financial and Compliance Provisions, “The Measure R LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro’s approval.”
Condition	During FY 2018-19, the City used Measure R Local Return funds for an eligible Project Code 3.05 - T-115 Downtown Torrance Pedestrian Improvement Project (Project) in the amount of \$681,615; however, the funds for the Project were expended prior to LACMTA’s approval as the Project was not reported on the Form-One. On December 13, 2019, the City submitted the revised Form-One to obtain LACMTA’s retroactive approval and received subsequent approval on December 13, 2019.
Cause	The City represented that the Project was not reported on the Form-One because the Project was not budgeted by the City prior to August 1, 2018. Subsequently, the City budgeted for the Project and incurred expenditures which were reported on the Form-Two.
Effect	The City did not comply with the Measure R Local Return Guidelines.
Recommendation	We recommend that the City strengthen its internal control procedures by obtaining prior approval from LACMTA for all projects that are funded by Measure R LR Funds before incurring expenditures. We also recommend that the City work closely with the City Council to obtain timely approval for all Measure R LR projects prior to the expenditures of funds, and the Form One is properly prepared and submitted to LACMTA before the due date of August 1.
Management’s Response	The Downtown Torrance Pedestrian Improvement, T-115 (“T-115 Project”) is an eligible Measure R-LR project conforming to the requirements in MR-LR Guidelines Section A Policy, Subsection II Measure R Uses and Conditions for Project Eligibility beginning on page 2. On August 14, 2018, the Torrance City Council approved \$900,000 of FY2018-19 Measure R-LR funds for the T-115 Project. This approval occurred AFTER the August 1 annual deadline for submitting the Form R-One. Therefore, the City was correct and accurate not to include (budget) the T-115 Project on the Form R-One submitted by August 1, 2018, as the budget for use of these Measure R-LR funds was not yet approved by the City. (Continued)

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

<p>Finding #2019-013 (Continued)</p>	<p>City of Torrance</p>
<p>Management’s Response (Continued)</p>	<p>MR-LR Guidelines Section B Administrative, Subsection II Reporting Requirements, Paragraphs 1 through 4 on pages 8 and 9 indicate repeatedly that the submittal of the Form R-One is only required ANNUALLY and by August 1 and Form R-Two is required ANNUALLY and by October 15. There is no requirement in the MR-LR Guidelines for a Jurisdiction to submit a “revised” Form R-One, nor a Form R-One, more frequently than annually.</p> <p>The MR-LR Guidelines are, in fact, explicitly clear in Measure R Local Return Guidelines Section B Administrative, Subsection II Reporting Requirements, Paragraph 4 that a Form R-One for a “New, amended, ongoing and carryover projects; Capital projects require additional information” is due ANNUALLY and on August 1.</p> <p>Additionally, MR-LR Guidelines Section B Administrative, Subsection II Reporting Requirements beginning on page 8 do not prohibit a Jurisdiction from obtaining approval by Metro AFTER incurring eligible expenditures. Furthermore, MR-LR Guidelines Section B Administrative, Subsection VII Audit Section, Paragraph A Financial and Compliance Provisions beginning on page 11 supports Metro’s authority to approve eligible expenditures before or after they are incurred. The Auditor’s role is to verify if Metro approves of the expenditure of funds. The City reported the T-177 Project expenditures on the FY2018-19 Expenditure Report submitted to Metro on October 15, 2019, as required by the MR-LR Guidelines. On October 17, 2019, Metro acknowledged by email the City’s submittal of the FY2018-19 Expenditure Report and did not indicate any concerns or non-approval.</p> <p>In our opinion, the City fully complied with the requirements in the MR-LR Guidelines to maintain legal eligibility of the use of Measure R-LR funds, including accurate and timely reporting. The City spent the funds on an eligible T-115 Project. Metro approved of the eligible expenditures. Therefore, the City objects to this finding.</p>
<p>Finding Corrected During the Audit</p>	<p>On December 13, 2019, the City received retroactive approval from LACMTA, Program Manager, to expend Measure R funds for project entitled 3.05 - T-115 Downtown Torrance Pedestrian Improvement Project. No follow-up is required.</p>

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

<p>Finding #2019-013 (Continued)</p>	<p>City of Torrance</p>
<p>Auditor’s Rejoinder</p>	<p>The City’s management responded to Finding #2019-013 by stating that the “T-115 Project” was an eligible project which conformed to the requirements set forth in the Measure R Local Return Guidelines, and that there are no requirements to submit a “revised” Form-One.</p> <p>However, Measure R Local Return Guidelines, B, II, 1, states “Form One provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year.” The City was not in compliance with the requirement to submit a Form One which provides a listing of projects funded with Measure R LR funds with estimated expenditures for the fiscal year 2019, which is also the means by which the City obtains Metro’s approval of Measure R LR funded projects. Additionally, it is the jurisdiction’s responsibility to obtain its City Council’s approval of a project’s budget promptly and to properly prepare its Form One with a complete list of projects funded with Measure R LR funds to Metro. The City’s management also stated in their responses that the Measures R Local Return Guidelines require jurisdictions to submit a Form One annually. However, the Guidelines do not prohibit a City from submitting an amended Form One or a separate request to Metro to obtain project approval prior to expending the funds during the fiscal year. The intent of the Guidelines, B, II, 4, Form One DETERMINATION is for jurisdictions to obtain Metro’s approval of new, amended, ongoing, and carryover projects annually and prior to expending the funds.</p> <p>Additionally, the City’s management stated in their response that the Measure R Local Return Guidelines “do not prohibit a Jurisdiction from obtaining approval by Metro AFTER incurring eligible expenditures.” We disagree with the City’s statement on the basis that Section B, VII, A of the Measure R Local Return Guidelines clearly state that expenditures require “Verification that funds were expended <u>with</u> Metro’s approval” (Auditors have added the underscore for emphasis). In our opinion, the preposition “with” can only be interpreted as occurring temporally before or concomitantly with Metro’s approval, and that funds should not be expended <u>without</u> said approval. Because the City expended funds without Metro’s approval, we stand by our compliance finding and recommendation.</p>

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

Finding #2019-014	City of Whittier
Compliance Reference	According to Measure R Local Return Guidelines, Section B (II.2), "Jurisdictions shall submit a Form Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City did not meet the October 15, 2019 deadline for submission of Expenditure Report Form Two to LACMTA. The City subsequently submitted the Form Two on October 30, 2019.
Cause	The late submission of Form Two was caused by the transition of City staff. The employee responsible for the submission of the form has since left the City due to retirement.
Effect	The City's Form Two was not submitted timely as required by Measure R Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form Two (Expenditure Report) is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the MRLRF will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management's Response	In the future, the City management will ensure timely submission of Form Two.
Finding Corrected During the Audit	The City subsequently submitted the Form Two on October 30, 2019. No follow-up is required.



MetroTM

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Los Angeles County Metropolitan Transportation Authority
Measure M Local Return Fund Consolidated Audit Report
Fiscal Year Ended June 30, 2019**

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES	1
Summary of Compliance Findings	4
Schedule 1 – Summary of Audit Results	5
Schedule 2 – Schedule of Findings and Questioned Costs	18

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

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

Report on Compliance

We have audited the compliance of the thirty-nine (39) Cities identified in Schedule 1, with the types of compliance requirements described in the Measure M Ordinance enacted through a Los Angeles County voter-approved law in November 2016; Measure M Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on June 22, 2017 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds, executed by LACMTA and the respective Cities for the year ended June 30, 2019 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

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

Auditors' Responsibility

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

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



Basis for Disclaimer of Opinion on City of South El Monte

As described in the accompanying Summary of Compliance Findings (Finding #2019-005), the City of South El Monte was not able to provide accounting records and documents that would support the City's compliance with the Guidelines and Requirements. Accordingly, we were unable to perform any auditing procedures sufficiently to determine the City's compliance.

Disclaimer of Opinion on City of South El Monte

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the City of South El Monte's compliance with the Guidelines and Requirements referred to above. Accordingly, we do not express an opinion on the City of South El Monte's compliance with the Guidelines and Requirements.

Unqualified Opinion on Compliance of all Cities except City of South El Monte

In our opinion, as described in Schedule 2, the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure M Local Return program for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2019-001 through #2019-007. 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 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 Requirements referred to above. In planning and performing our audits of compliance, we considered each City's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure M Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's internal control over compliance.



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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2019-001 and #2019-005, that we consider to be material weaknesses.

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

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

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

**Glendale, California
December 31, 2019**

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

The audits of the 39 cities identified in Schedule 1 have resulted in 7 findings. The table below summarizes those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Funds were expended for transportation purposes.	2	Baldwin Park (Finding #2019-001) South El Monte (Finding #2019-005)	\$ 351,493 149,130	\$ - -
Expenditure Plan (Form M-One) was submitted timely.	2	Bell Gardens (Finding #2019-002) South Gate (Finding #2019-006)	None None	None None
Expenditure Report (Form M-Two) was submitted timely.	3	Malibu (Finding #2019-003) Pomona (Finding #2019-004) Vernon (Finding #2019-007)	None None None	None None None
Total Findings and Questioned Costs	7		\$ 500,623	\$ -

Details of the findings are in Schedule 2.

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

Compliance Area Tested	Agoura Hills	Azusa	Baldwin Park
Funds were expended for transportation purposes.	Compliant	Compliant	See Finding #2019-001
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Bell	Bell Gardens	Beverly Hills
Funds were expended for transportation purposes.	Compliant	Compliant	Not Applicable
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M-One) was submitted timely.	Compliant	See Finding #2019-002	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Calabasas	Carson	Commerce
Funds were expended for transportation purposes.	Not Applicable	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Not Applicable	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Compton	Cudahy	Culver City
Funds were expended for transportation purposes.	Compliant	Not Applicable	Not Applicable
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Not Applicable
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Not Applicable
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Not Applicable	Not Applicable
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	EI Monte	Gardena	Hawthorne
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Hidden Hills	Huntington Park	Industry
Funds were expended for transportation purposes.	Not Applicable	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Not Applicable	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Inglewood	Irwindale	La Puente
Funds were expended for transportation purposes.	Not Applicable	Not Applicable	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Not Applicable	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Not Applicable	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Not Applicable	Not Applicable	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Lawndale	Lynwood	Malibu
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	See Finding #2019-003
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Compliant	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Maywood	Montebello	Monterey Park
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Pico Rivera	Pomona	Rosemead
Funds were expended for transportation purposes.	Compliant	Compliant	Not Applicable
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Not Applicable
Expenditure Report (Form M-Two) was submitted timely.	Compliant	See Finding #2019-004	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Compliant	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	San Fernando	Santa Fe Springs	Santa Monica
Funds were expended for transportation purposes.	Compliant	Not Applicable	Not Applicable
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Not Applicable
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Not Applicable
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Not Applicable	Not Applicable
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	South El Monte*	South Gate	Vernon
Funds were expended for transportation purposes.	See Finding #2019-005	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	See Finding #2019-005	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding #2019-005	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	See Finding #2019-006	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	See Finding #2019-007
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	See Finding #2019-005	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

*Auditor was not able to perform procedures due to the condition of the City's accounting records and unavailability of documents supporting the City's compliance with the significant compliance requirements of the Guidelines.

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

Compliance Area Tested	Walnut	West Hollywood	Westlake Village
Funds were expended for transportation purposes.	Compliant	Compliant	Compliant
Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M-One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M-Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds.	Compliant	Compliant	Compliant
Administrative expenses are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Finding #2019-001	City of Baldwin Park
Compliance Reference	<p>Measure M Local Return Guidelines Section (A) (I) states that, "The Measure M Ordinance specifies that LR funds are to be used for transportation purposes. No net revenues distributed to Jurisdictions may be used for purposes other than transportation purposes". Also, Section VII 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 Guidelines".</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"> 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. 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).

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

Finding #2019-001 (Continued)	City of Baldwin Park
Condition	<p>The City claimed salaries and benefits expenditures under the following projects:</p> <p>Project code 01-001, Bond for Rail Safety Crossings Improvements, total amount of \$23; Project code 01-002, Street Rehabilitation Project, total amount of \$47,388; Project code 05-001, Bus Stop Maintenance, total amount of \$34,696; and Project code 08-001, Measure M Administration, total amount of \$269,386.</p> <p>The salaries and benefits claimed under MMLRF amounting to \$351,493 are based on budget and are not supported by actual time charges and documented time study or indirect cost allocation plan for administrative charges. The City historically claimed those salaries in the previous years based on actual time charges and those claims were supported by time sheets. However, because of the change in the City's payroll and time reporting system during the fiscal year, auditor was not able to perform procedures to determine reasonableness of those charges.</p>
Cause	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically that replaced the manual timesheet (hard copy). The system automatically allocates the amounts charged by each employee to these funds based on the budgeted percentages.</p>
Effect	<p>If the labor charges are not supported by actual time charges and documented time study or indirect cost allocation plan, LACMTA will require the City to return the money to the Local Return Funds.</p>
Recommendation	<p>We recommend that the City provide documentation to support the salaries and benefits charges to MMLRF prior to FY 2019/20 year end audit. If these documents are not provided, the City is required to reimburse its MMLRF accounts the amount of \$351,493. 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
Measure M Local Return Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2019
(Continued)

Finding #2019-001 (Continued)	City of Baldwin Park
Management's Response	<p>The City changed its payroll system during FY 2018-19. Employees started entering their timesheet electronically to replace the manual timesheet. The salaries and benefits costs are the actual amounts from the City's payroll which is based on the estimated percentage of work assigned by Public Works for allocated hours per the prior year's projections and related projects in FY 2018-19. The percentage allocation is entered in Tyler Incode 10 financial system. The system allocates the charges for each employee to those funds.</p> <p><u>Corrective Action Plan</u> The City will implement a new internal control procedure. The electronic time entry will be based on the actual hours worked on each project. We will also prepare reconciliation/adjustments as needed and/or at year-end. The time entries will be submitted by employees electronically and reviewed/approved by their supervisors. The City will also establish controls to ensure that all salaries and benefits charged to the Local Return funds are adequately supported in the future. The City considers the allocations and the charges mentioned above to be reasonable and eligible expenses under the local return guidelines.</p>

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

Finding #2019-002	City of Bell Gardens
Compliance Reference	<p>Measure M Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	The City submitted its Expenditure Plan (Form M-One) on August 13, 2018, 12 days after the due date of August 1, 2018.
Cause	The Expenditure Plan (Form M-One) was submitted late due to an oversight by City staff assigned to complete the task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1 st as required by the Guidelines.
Management's Response	The City is going to reevaluate the processes that are in place to ensure forms are submitted to LACMTA timely.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-003	City of Malibu
Compliance Reference	Section XXV of the Measure M Program Guidelines states that, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdiction shall submit a Form M-Two, to Metro annually, by October 15 th (following the conclusion of the fiscal year)."
Condition	The City submitted its Expenditure Report (Form M-Two) on October 25, 2019, 10 days after the due date of October 15, 2019.
Cause	The City of Malibu's Finance Manager retired. Due to her absence and the transition of her responsibilities, the City was unaware of the deadline. The report was filed prior to the audit, but not by the October 15 deadline.
Effect	The City's Expenditure Report (Form M-Two) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form M-Two) is submitted by October 15 as required by the Guidelines.
Management's Response	An Acting Finance Manager has been appointed and will monitor future reporting requirements. A calendar of reporting deadlines has been created.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-004	City of Pomona
Compliance Reference	Section XXV of the Measure M Program Guidelines states that, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdiction shall submit a Form M-Two, to Metro annually, by October 15 th (following the conclusion of the fiscal year)."
Condition	The City submitted its Form M-Two on October 19, 2019, 4 days after the due date of October 15, 2019.
Cause	The Expenditure Report (Form M-Two) was submitted late due to last minute adjustments to ensure accuracy of the report before submission.
Effect	The City's Expenditure Report (Form M-Two) was not submitted timely. The City was not in compliance with the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form M-Two) is submitted by October 15 as required by the Guidelines.
Management's Response	Internal procedures are in place to ensure timely submission of the reports to LACMTA. The City will continue to work diligently to ensure timeliness of the submissions moving forward.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-005	City of South El Monte
Compliance Reference	Section XXV of the Measure M Program Guidelines states that, "It is each Jurisdiction's responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit prescribed in these guidelines."
Condition	The City was not able to provide accounting records and documents that would support the City's compliance with the Measure M Program Guidelines. The City's general ledger is not updated. Account reconciliations, including bank accounts are behind and the Local Return Funds reports and Forms submitted to LACMTA do not reconcile with the accounting records. Accordingly, we were unable to perform any auditing procedures sufficiently to determine the City's compliance with the significant compliance requirements of the Guidelines.
Cause	We learned that the City lost several key employees in the finance and accounting department during the fiscal year 2019. As such, there was delay in the closing of the City's books for the fiscal year 2019. Currently, the accounting personnel and support do not have the institutional knowledge to ensure the books are updated and transactions are recorded correctly.
Effect	<p>These conditions resulted in delays in producing closing entries, trial balances, schedules, reconciliations, account analysis, and other financial reports needed by management and the auditors to facilitate completion of audit procedures.</p> <p>The guidelines dictate that LACMTA reserves the right to suspend or revoke allocation to the City until the completion of the required audits.</p>
Recommendation	<p>We recommend that the City implement internal control procedures over timely closing of the books. The City should establish and document proper closing and reconciliation procedures and assign responsibility for completing the procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information.</p> <p>We also recommend that the City implement sufficient controls to ensure compliance with LACMTA guidelines and other regulatory requirements.</p>

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

Finding #2019-005 (Continued)	City of South El Monte
Management's Response	The City has taken actions to address this finding by hiring an interim finance director to handle the closing process of the City's book of accounts and to make sure that all accounting records will be made available to the auditors.
Subsequent to the Audit Deadline	Metro Program Manager sent out a letter to the City on January 7, 2020 to grant the City requested time extension to complete the audit by March 31, 2020.

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

Finding #2019-006	City of South Gate
Compliance Reference	<p>Measure M Local Return Program Guideline states that, "To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to LACMTA an Expenditure Plan (Form M-One), annually, by August 1st of each year.</p> <p>Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over \$250,000). LACMTA will provide LR funds to a capital project or program sponsor who submits the required expenditure plan.</p>
Condition	The City submitted its Expenditure Plan (Form M-One) on August 9, 2018, 8 days after the due date of August 1, 2018.
Cause	The Expenditure Plan (Form M-One) report was submitted late due to an oversight by City staff assigned to complete that task.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that the Expenditure Plan (Form M-One) is submitted by August 1 st as required by the Guidelines.
Management's Response	City staff assigned to complete the Form M-One has been advised of the August 1 st deadline to submit the report. In addition, a reminder has been set up on the calendar of the Director to ensure that the report is completed and submitted to the LACMTA in a timely fashion.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.

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

Finding #2019-007	City of Vernon
Compliance Reference	Section XXV of the Measure M Final Guidelines states that, "The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M LR program compliance requirements. Jurisdiction shall submit a Form M-Two, to Metro annually, by October 15th (following the conclusion of the fiscal year)."
Condition	The City submitted its Expenditure Report (Form M-Two) on October 24, 2019, nine days after the due date of October 15, 2019.
Cause	The City had staffing changes and tasks were reassigned, resulting in the late submission.
Effect	The Expenditure Report (Form M-Two) was not submitted timely as required by the Guidelines.
Recommendation	We recommend for the City to establish procedures and controls to ensure that Expenditure Report (Form M-Two) is submitted by October 15 as required by the Guidelines.
Management's Response	The City will ensure timely submission of Form M-Two to LACMTA moving forward.
Finding Corrected During the Audit	The City subsequently submitted the form. No follow up is required.



www.vasquezcpa.com

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



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MEASURE M ORDINANCE
AND MEASURE M LOCAL RETURN
GUIDELINES**

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Simpson & Simpson, LLP
Certified Public Accountants

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

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES	1
Summary of Compliance Findings	4
Schedule 1 – Summary of Audit Results	5
Schedule 2 - Schedule of Findings and Questioned Costs	22



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO MEASURE M ORDINANCE AND MEASURE M LOCAL RETURN GUIDELINES

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Measure M Independent Taxpayer Oversight Committee

Report on Compliance

We have audited the compliance of the forty-nine (49) Cities and the County of Los Angeles identified in Schedule 1, with the types of compliance requirements described in the Measure M Ordinance enacted through a Los Angeles County (the County) voter approved law in November 2016; Measure M Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA), approved by its Board of Directors on June 22, 2018 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Measure M Local Return Funds, executed by LACMTA and the respective Cities and the County for the year ended June 30, 2019 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities and the County are identified in the accompanying Summary of Compliance Findings, Schedule 1 and Schedule 2.

Management's Responsibility

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

Auditor's Responsibility

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

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





Opinion

In our opinion, the Cities and the County complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the Measure M Local Return program for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Measure M Audit Results (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2019-001 through #2019-013. Our opinion is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

The management of each City and the County is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered each City's and the County's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the Measure M Local Return program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Guidelines and Requirements, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of each City's and the County's internal control over compliance.

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

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



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

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

A handwritten signature in black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
December 31, 2019

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

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

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

Details of the findings are in Schedule 2.

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

Compliance Area Tested	Alhambra	Arcadia	Artesia
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Not Applicable
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Avalon	Bellflower	Bradbury
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	See Finding #2019-001	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Burbank	Cerritos	Claremont
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Covina	Diamond Bar	Downey
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	See Finding #2019-002	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Duarte	El Segundo	Glendale
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	See Finding #2019-003	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Glendora	Hawaiian Gardens	Hermosa Beach
Funds were expended for transportation purposes	Compliant	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Not Applicable	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Not Applicable	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	La Cañada Flintridge	La Habra Heights	La Mirada
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	See Finding #2019-004	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	La Verne	Lakewood	Lancaster
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	See Finding #2019-005
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Compliant

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

Compliance Area Tested	Lomita	Long Beach	Los Angeles City
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Compliant	Compliant
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Los Angeles County	Manhattan Beach	Monrovia
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	See Finding #2019-006	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	See Finding #2019-007	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Norwalk	Palmdale	Palos Verdes Estates
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Compliant	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Paramount	Pasadena	Rancho Palos Verdes
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Compliant	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Redondo Beach	Rolling Hills	Rolling Hills Estates
Funds were expended for transportation purposes	Not Applicable	Not Applicable	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Not Applicable	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Compliant	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Compliant
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	San Dimas	San Gabriel	San Marino
Funds were expended for transportation purposes	Compliant	Compliant	Not Applicable
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	See Finding # 2019-008	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	Santa Clarita	Sierra Madre	Signal Hill
Funds were expended for transportation purposes	Compliant	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Compliant	Compliant	Not Applicable
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	See Finding #2019-009
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	South Pasadena	Temple City	Torrance
Funds were expended for transportation purposes	Not Applicable	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Not Applicable	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant	Compliant
Funds were expended with LACMTA's approval.	Not Applicable	Compliant	See Finding # 2019-011
Expenditure Plan (Form M - One) was submitted timely.	Not Applicable	See Finding # 2019-010	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	Compliant	Compliant
Timely use of funds	Compliant	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable	Not Applicable

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

Compliance Area Tested	West Covina	Whittier
Funds were expended for transportation purposes	Compliant	Compliant
Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	Compliant	Compliant
Signed Assurances and Understandings was on file.	Compliant	Compliant
Separate Measure M Local Return Account was established.	Compliant	Compliant
Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	Compliant	Compliant
Funds were expended with LACMTA's approval.	See Finding # 2019-012	Compliant
Expenditure Plan (Form M - One) was submitted timely.	Compliant	Compliant
Expenditure Report (Form M - Two) was submitted timely.	Compliant	See Finding # 2019-013
Timely use of funds	Compliant	Compliant
Administrative expenditures are within the 20% cap.	Not Applicable	Not Applicable
Fund exchanges were approved by LACMTA.	Not Applicable	Not Applicable
A separate account was established for Capital reserve funds and Capital reserve was approved by LACMTA.	Not Applicable	Not Applicable
Recreational transit form was submitted timely.	Not Applicable	Not Applicable

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

Finding #2019-001	City of Avalon
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not submit the Expenditure Plan (Form M-One) to LACMTA by August 1, 2018. However, the City submitted the Form M-One late to LACMTA on August 7, 2018.
Cause	The late submission was due to an oversight.
Effect	The City’s Form M-One was not submitted to LACMTA by August 1st, as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish internal control procedures to ensure that the Expenditure Plan (Form M-One) is properly prepared and submitted prior to the August 1st deadline, and that the City retain a confirmation of receipt by LACMTA to comply with the Guidelines.
Management’s Response	Management will submit the budget form by the due date going forward.
Finding Corrected During the Audit	The City submitted the Form M-One on August 7, 2018. No follow-up is required.

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

Finding #2019-002	City of Diamond Bar
Compliance Reference	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 14, 2018.
Cause	Due to position vacancies in the Public Works Department, the Form M-One was not submitted to LACMTA by the due date.
Effect	The City’s Form M-One was not submitted timely as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure M Local Return Funds will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	The City personnel is now aware of the reporting deadlines for the Measure M's Form M-One and will be submitting all future forms in a timely fashion to meet the required deadlines.
Finding Corrected During the Audit	The City subsequently submitted Form M-One on August 14, 2018. No follow-up is required.

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

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

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

Finding #2019-004	City of La Habra Heights
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return program compliance requirements. Jurisdictions shall submit a Form M-Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year).
Condition	The City did not meet the October 15, 2019 deadline for submission of the Form M -Two. However, the City submitted the Form M-Two on October 17, 2019.
Cause	It was due to the staff’s oversight.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-Two is submitted before the due date of October 15th in accordance with the Measure M Local Return Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the Form M-Two was submitted in a timely manner.
Management’s Response	The City will establish procedures to ensure the timely filing of all required listings. In addition, the City will retain a confirmation of receipt by LACMTA to indicate the Form M-Two was submitted in a timely manner.
Findings Corrected During the Audit	The City subsequently submitted the Form M-Two on October 17, 2019. No follow-up is required.

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

Finding #2019-005	City of Lancaster
Compliance Requirement	According to Measure M Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro’s approval.”
Condition	During FY 2018-19, the City used Measure M Local Return funds totaling \$149,335 for the following three projects: (1) 1.20 15th St West/Lancaster Blvd Roundabout in the amount of \$55,375; (2) 2.03 LED Light Signals in the amount of \$34,498; and (3) 2.09 REPL-Equipment & Machinery in the amount of \$59,462 prior to LACMTA’s approval as the Project was not reported on the Expenditure Plan (Form M – One).
Cause	The City did not submit an accurate and complete Expenditure Plan (Form M-One) with a listing of projects to LACMTA due to an oversight.
Effect	The City was not in compliance with Measure M Local Return Guidelines in obtaining an approval from LACMTA prior to expenditure of funds.
Recommendation	We recommend that the City strengthen internal control procedures to ensure all expenditures are approved by LACMTA prior to expending the funds by submitting a complete and accurate Form M-One to LACMTA.
Management’s Response	Staff did not submit corrected form on time with the updated information due to staff turnover.
Findings Corrected During the Audit	The City’s revised Form M-One was submitted and retroactively approved by LACMTA on October 29, 2019. No follow-up is required.

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

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

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

Finding #2019-007	City of Manhattan Beach
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return program compliance requirements. Jurisdictions shall submit a Form M-Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year).
Condition	The City did not meet the October 15, 2019 deadline for submission of Form M-Two. However, the City submitted the Form M-Two on October 18, 2019.
Cause	This was an oversight by the City due to onsite ERP implementation training.
Effect	The City did not comply with the Measure M Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Form M-Two is properly prepared and submitted before the due date of October 15 to meet the Measure M Local Return Guidelines.
Management’s Response	The City was delayed in submitting the Form M-Two on or before the deadline due to onsite ERP implementation training. The City will endeavor to submit it on or before the deadline in the future.
Findings Corrected During the Audit	The City’s Form M-Two was submitted on October 18, 2019. No follow-up is required.

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

Finding #2019-008	City of San Gabriel
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 21, 2018.
Cause	The person responsible for the submission of the reports has since retired from the City. As a result, the City was not able to determine the reason for the late filing.
Effect	The City’s Form M-One was not submitted timely.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One (Expenditure Plan) is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure M Local Return Funds will be in accordance with LACMTA's approval and the Guidelines. Furthermore, we recommend the City to retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	To ensure that all future filings will be submitted timely, the reporting responsibility has been reassigned and calendared.
Findings Corrected During the Audit	The City subsequently submitted the Farm M-One on August 21, 2018. No follow- up is required.

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

Finding #2019-009	City of Signal Hill
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return program compliance requirements. Jurisdictions shall submit a Form M-Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year).
Condition	The City did not meet the October 15, 2019 deadline for submission of the Expenditure Report (Form M-Two). However, the City submitted the Form M-Two on October 23, 2019.
Cause	It was due to an oversight.
Effect	The City’s Form M-Two was not submitted timely.
Recommendation	We recommend the City strengthen internal control procedures to ensure that the Form M-Two is properly prepared and submitted before the due date of October 15th in accordance with Measure M Local Return Guidelines. Furthermore, we recommend the City retain a confirmation of receipt from LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	This was due to staff turnover in the Public Works Department. As soon as the Finance Department became aware, Form M-Two was submitted to LACMTA.
Findings Corrected During the Audit	The City’s Form M-Two was submitted and retroactively approved by LACMTA on October 23, 2019. No follow-up is required.

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

Finding #2019-010	City of Temple City
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Plan (Form M-One), “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1 of each year.”
Condition	The City did not meet the August 1, 2018 deadline for submission of Form M-One. However, the City submitted the Form M-One on August 7, 2018.
Cause	The preparation and submission of the form was assigned to a new employee who was not aware of the deadline.
Effect	The City’s Form M-One was not submitted timely as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-One is properly prepared and submitted before the due date of August 1st so that the City's expenditures of the Measure M Local Return Funds will be in accordance with LACMTA' s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by MTA to indicate the form was submitted in a timely manner.
Management’s Response	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.
Findings Corrected During the Audit	In FY 2019-20, the newly assigned employee has been made aware of the reporting deadline and has attended the necessary LACMTA training workshops.

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

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

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

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

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

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

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

Finding #2019-012	City of West Covina
Compliance Requirement	According to Measure M Local Return Guidelines, Section B.VII.A, Financial and Compliance Provisions, “The Measure M LR Audits shall include, but not limited to, verification of adherence to the following financial and compliance provisions of these guidelines: Verification that funds were expended with Metro’s approval.”
Condition	The City incurred expenditures prior to receiving approval from LACMTA for MMLRF's Project Code 1.05 18033 - Purchase of Aerial Boom 1 Ton Truck in the amount of \$23,030. However, the project was subsequently approved on November 6, 2019.
Cause	The MMLRF Project Code 1.05, 18033 – Purchase of Aerial Boom 1 Ton Truck, was originally approved by LACMTA in fiscal year 2017-18, the City mistakenly did not carry over the unexpended balance of the previously approved project into fiscal year 2018-19.
Effect	The City did not comply with the Guidelines when expenditures for MMLRF project are incurred before LACMTA’s approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Measure M Local Return projects. Form M-One (Expenditure Plan) should be properly prepared and submitted before the due date of August 1st so that the City's expenditures of Measure M Local Return Funds are in accordance with LACMTA's approval and the Guidelines.
Management’s Response	MMLRF Project Code 1.05 - Purchase of Aerial 1 Ton Boom Truck, was originally approved by LACMTA in the previous year. However, the City did not, within the program year, request the subsequent approval needed to carry the unexpended balance forward due to administrative error. The City received retroactive LACMTA approval on November 6, 2019. In the future, the City will incorporate a second level of review of submittals and request a project listing from LACMTA at mid-year to identify and correct any discrepancies of the projects approved.
Findings Corrected During the Audit	LACMTA Program Manager granted retroactive approval of the said expenditures on November 6, 2019. No follow-up is required.

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

Finding #2019-013	City of Whittier
Compliance Requirement	According to Measure M Local Return Guidelines, Section XXV Administrative: Reporting Requirements – Expenditure Report (Form M-Two), “The submittal of an Expenditure Report (Form M-Two) is also required to maintain legal eligibility and meet Measure M Local Return program compliance requirements. Jurisdictions shall submit a Form M-Two, to LACMTA annually, by October 15th (following the conclusion of the fiscal year).
Condition	The City did not meet the October 15, 2019 deadline for submission of Expenditure Report Form M-Two to LACMTA. The City subsequently submitted the Form M- Two on October 30, 2019.
Cause	The late submission of Form M-Two was caused by the transition of City staff. The employee responsible for the submission of the form has since left the City due to retirement.
Effect	The City’s Form M-Two was not submitted timely as required by Measure M Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form M-Two (Expenditure Report) is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the MMLRF will be in accordance with LACMTA's approval and the guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by LACMTA to indicate the form was submitted in a timely manner.
Management’s Response	In the future, the City management will ensure timely submission of Form M-Two.
Findings Corrected During the Audit	The City subsequently submitted the Form M-Two on October 30, 2019. No follow-up is required.

**Board Report**

File #: 2021-0050, **File Type:** Informational Report

Agenda Number: 6.

**FINANCE, BUDGET AND AUDIT COMMITTEE
MARCH 17, 2021**

SUBJECT: BASIC FINANCIAL STATEMENTS AND COMPONENT AUDITS

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Los Angeles County Metropolitan Transportation Authority's (Metro) basic financial statements and component financial statement audits completed by Crowe LLP (Crowe) as of and for the fiscal year ended June 30, 2020.

ISSUE

Metro is required to be audited annually by independent certified public accountants. The resulting reports include Metro's basic financial statements and following component audits for the fiscal year ended June 30, 2020 (FY20):

- Comprehensive Annual Financial Report for the Los Angeles County Metropolitan Transportation Authority;
- Independent Auditor's SAS 114 letter covering required communications related to the financial statement audit;
- Single Audit Report;
- Independent Accountant's Report on Applying Agreed-Upon Procedures on Federal Funding Allocation Data for the Transportation Operating Agency (ID# 90154);
- Independent Auditor's Report on Compliance with the California Code of Regulations (Section 6667); Report on Internal Control over Compliance; and Report on 50% Expenditure Limitation Schedule for Transportation Development Act Operations Agency;
- Independent Auditor's Report on Compliance with the California Code of Regulations (Sections 6640-6662); Report on Internal Control over Compliance; and Report on Schedule of Revenues, Expenditures, and Changes in Fund Balances for Transportation Development Act;
- Independent Auditor's Report on the Los Angeles County Metropolitan Transportation Authority State Transit Assistance Special Revenue Fund's basic financial statements for the fiscal years ended June 30, 2019 and June 30, 2020.
- Independent Auditor's Report on Crenshaw Project Corporation (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) financial statements;

- Independent Auditor's Report on the Service Authority for Freeway Emergencies (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) financial statements; and
- Independent Auditor's Report on Compliance with Rules and Regulations of the Low Carbon Transit Operations Program (LCTOP) and Report on Internal Control over Compliance for the Los Angeles County Metropolitan Transportation Authority's compliance with the LCTOP Guidelines.

DISCUSSION

Metro's basic financial statements include its audited financial statements, supplemental information and unmodified audit opinion from the independent external auditor. The independent auditor issued unmodified opinions on all audit reports for FY20. Receiving an unmodified opinion indicates that all financial statements for FY20 were fairly presented and that Metro complied in all material respects with the applicable financial reporting framework and compliance requirements.

Due to the considerable size of the document, the Comprehensive Annual Financial Report is accessible on Metro's website at <https://media.metro.net/2020/FY20-CAFR-LACMTA.pdf>.

ATTACHMENTS

Attachment A - SAS 114 Letter Covering Required Communications

Attachment B - Single Audit Report for FY20

Attachment C - Federal Funding Allocation Data for the Transportation Operating Agency (ID# 90154) for FY20

Attachment D - Transportation Development Act Operations Agency for FY20

Attachment E - Transportation Development Act Schedule of Revenues, Expenditures and Changes in Fund Balances for FY20

Attachment F - State Transit Assistance Special Revenue Fund's Financial Statements as of FY19 and FY20

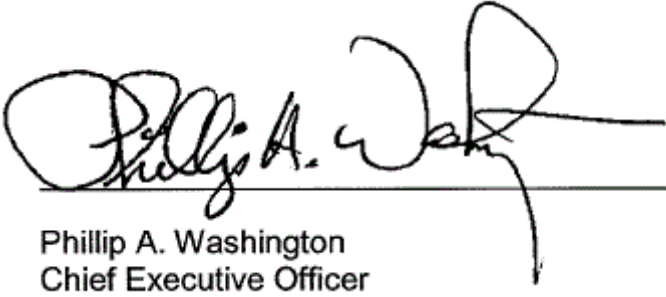
Attachment G - Crenshaw Project Corporation (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) Financial Statements for FY20

Attachment H - Service Authority for Freeway Emergencies (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) Financial Statements for FY20

Attachment I - Low Carbon Transit Operations Program (LCTOP) and Report on Internal Control over Compliance for FY20

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



Phillip A. Washington
Chief Executive Officer

Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our contract with LACMTA for further information on the responsibilities of management and of Crowe LLP.

AUDITOR'S RESPONSIBILITY UNDER GOVERNMENT AUDITING STANDARDS

As part of obtaining reasonable assurance about whether LACMTA's financial statements are free of material misstatement, we performed tests of LACMTA's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts or disclosures. 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.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Where the entity has an internal audit function, the extent to which the auditor will use the work of internal audit, and how the external and internal auditors can best work together.

- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
 - The allocation of responsibilities between you and management.
 - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
 - Significant communications with regulators.
 - Other matters you believe are relevant to the audit of the financial statements.
- Matters relative to the use of other auditors/other accountants during the audit:
 - An overview of the type of work to be performed by other auditors/other accountants.
 - The basis for the decision to make reference to the audit of the other auditor in our report on the entity's financial statements.
 - An overview of the nature of our planned involvement in the work to be performed by the other auditor/other accountant.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Also, Those Charged with Governance should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform Those Charged with Governance about such matters. To assist Those Charged with Governance in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
<p>GASB Statement No. 95, “Postponement of the Effective Dates of Certain Authoritative Guidance” This Statement was issued to provide relief to governments in light of COVID-19 pandemic by postponing the effective dates of provisions in almost all standards and implementation guides due to be implemented for fiscal years 2019 and later.</p>	<p>Adoption of this Statement did not have a material impact on LACMTA’s financial position or results of operations.</p>
<p>Change in Accounting Principle</p>	<p>Management changed the method of accounting for nonexchange revenue in accordance with the clarified guidance provided in GASB Implementation Guide No. 2019-01, <i>Implementation Guidance Update---2019</i>. As a result, an adjustment to reduce business-type activities net position at July 1, 2019 of \$367,890,674 was made to reflect the cumulative effect of the change in accounting principle.</p>
<p>Significant Unusual Transactions.</p>	<p>No such matters noted.</p>
<p>Significant Accounting Policies in Controversial or Emerging Areas.</p>	<p>No such matters noted.</p>

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management’s current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management’s current judgments and may be subject to significant change in the near term.

The following describes the significant accounting estimates reflected in LACMTA's year end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Fair Values of Investment Securities and Other Financial Instruments	The disclosure of fair values of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its financial assets and financial liabilities.	We tested the propriety of information underlying management's estimates.
Loss Contingencies	LACMTA consults with legal counsel to evaluate outstanding litigation, claims and assessments. Factors that affect management's evaluation of litigation contingencies requiring disclosure include the nature of the contingencies and whether the outcome could have an effect on the consolidated financial statements.	Based on information obtained from LACMTA's legal counsel regarding this matter and discussions with management, we concur with management's determination that the loss contingency does not meet conditions for accrual of being both probable and estimable, and, thus, no accrual is recorded and no specific disclosures are required.
Pension and Postretirement Obligations	Amounts reported for pension and postretirement obligations require management to use estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, and weighted average expected long-term rate of return on pension assets.	We reviewed the reasonableness of these estimates and assumptions.
Accrual for Self-Insured Claims	Accruals for self-insured claims are based on management's estimate of the ultimate incurred losses and losses that have been incurred but not yet reported. Management determines the self-insured reserves for estimated claims based historical rate of claims, actual claims experience and projected claims experience.	We tested the propriety of information underlying management's estimates and the reasonableness of estimates and assumptions.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with you our comments about the following matters related to LACMTA's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.

- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's basis for determining useful lives assigned to tangible and intangible assets.
- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

Refer to the discussion below as well as the attached summary of corrected misstatements.

1. Management posted an adjustment of \$5.5 million to correct the deferral of revenue on the General fund.
2. Management posted an adjustment of \$1.9 million to record revenue for low carbon fuel standards (LCFS) credits sold that was inadvertently posted to the incorrect fund.

Uncorrected Misstatements: We are to inform you of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

Refer to the discussion below as well as the attached summary of uncorrected misstatements.

1. Two known misstatements and one likely misstatement were waived by management relating to the generation and sale of low carbon fuel standards (LCFS) credits, a program administered by the California Air Resources Board. LACMTA generates these credits through the usage of low carbon fuel options, such as CNG and propulsion power, activities that are recorded on the Enterprise fund (business-type activities). Thus, the revenue from the sales of these credits should be recorded on the Enterprise fund. However, management has recorded the revenue on the General fund to provide greater visibility to the revenue being generated.

The first known waived adjustment is to reverse the revenue recorded from the sale of credits in FY 2020 in the General fund and present it as an operating transfer from the Enterprise fund in the amount of \$34.7 million. The second waived adjustment records the \$34.7 million of revenue on the Enterprise fund and the transfer of the funds to the General fund in operating transfers out.

In addition to reclassifying the revenue between LACMTA's funds, we also noted that the number of credits held as of the reporting date, multiplied by their estimated fair value, should be recorded as an asset based on the GASB's definition of an asset. This resulted in a likely misstatement that understated Enterprise fund assets by approximately \$43.0 million, understated revenue by approximately \$13.8 million, and understated net position by approximately \$56.8 million. The misstatement of net position represents the estimated value of LCFS credits that were held as of June 30, 2019, which was reported as waived adjustment in the FY 2019 audit.

2. A known prior period misstatement was waived by management relating to construction expenses that were improperly recorded to the Enterprise fund instead of the Proposition C fund streets and highways expenditures. Management identified and corrected the error in FY 2020, therefore amounts that should have been corrected in prior years are recorded in the current year. Approximately \$26.7 million of expenditures/expenses related to prior periods, resulting in a current period overstatement of expenditures/expenses of \$26.7 million in the Proposition C fund and governmental activities opinion unit and an understatement of expenses in the Enterprise fund.
3. Known misstatements were waived by management to properly defer revenue relating to receivables not collected within 90 days of the reporting date. The error resulted in overstatement of revenue and understatement of deferred inflows of resources of \$1.1 million for the General fund and \$8.4 million for the Measure M fund.
4. A known misstatement was waived by management to recognize revenue for amounts that had been improperly deferred. The error resulted in an understatement of revenue and overstatement of deferred inflows of resources of \$2.2 million for the Measure R fund.

OTHER COMMUNICATIONS

Communication Item	Results
<p>Other Information In Documents Containing Audited Financial Statements Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared such information to accompany the audited financial statements.</p>
<p>Significant Difficulties Encountered During the Audit We are to inform you of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>
<p>Disagreements With Management We are to discuss with you any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to LACMTA' financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Consultations With Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform you of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>

Communication Item	Results
<p>Representations The Auditor Is Requesting From Management We are to provide you with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate to you any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p>Significant Related Party Findings and Issues We are to communicate to you significant findings and issues arising during the audit in connection with LACMTA's related parties.</p>	<p>There were no such findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>
<p>Other Findings or Issues We Find Relevant or Significant We are to communicate to you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to you regarding your oversight of the financial reporting process.</p>

We are pleased to serve LACMTA as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Board of Directors and, if appropriate, management, and is not intended to be and should not be used by anyone other than these specified parties.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2020

Los Angeles County Metropolitan Transportation Authority
Schedule of Corrected Misstatements
June 30, 2020
 (amounts in thousands)

Opinion Unit	Account Name	Debit	Credit	Increase (Decrease)					
				Assets / Deferred Outflows	Liabilities / Deferred Inflows	Net Position / Fund Balance	Revenues	Expenses / Expenditures	Other Financing S&U
1 General fund	Unavailable revenue	\$ 5,469			\$ (5,469)				
	Local grant revenue		\$ 5,469				\$ 5,469		
2 General fund / Governmental activities	Due from other funds	\$ 1,945		\$ 1,945					
	Other revenue		\$ 1,945				\$ 1,945		
Enterprise fund / Business- type activities	Other revenue	\$ 1,945					\$ (1,945)		
	Due to other funds		\$ 1,945		\$ 1,945				

Los Angeles County Metropolitan Transportation Authority
Schedule of Uncorrected Misstatements
June 30, 2020
(amounts in thousands)

Opinion Unit	Account Name	Debit	Credit	Increase (Decrease)					
				Assets / Deferred Outflows	Liabilities / Deferred Inflows	Net Position / Fund Balance	Revenues	Expenses / Expenditures	Other Financing S&U
1 Enterprise fund / Business-type activities	LCFS asset	\$ 43,047		\$ 43,047					
	Other revenue	\$ 13,765					\$ (13,765)		
	Net position		\$ 56,812			\$ 56,812			
	Operating transfers out	\$ 34,762							\$ (34,762)
	Other revenue		\$ 34,762				\$ 34,762		
General fund / Governmental activities	Miscellaneous revenue	\$ 34,762					\$ (34,762)		
	Operating transfers in		\$ 34,762						\$ 34,762
2 Proposition C fund / Governmental Activities	Fund Balance	\$ 26,680				\$ (26,680)			
	Expenditures		\$ 26,680					\$ (26,680)	
Enterprise fund / Business-type activities	Expenses	\$ 26,680						\$ 26,680	
	Net Position		\$ 26,680			\$ 26,680			
3 General fund	Intergovernmental revenue	\$ 1,127					\$ (1,127)		
	Deferred revenue		\$ 1,127		\$ 1,127				
Measure M fund	Intergovernmental revenue	\$ 8,432					\$ (8,432)		
	Deferred revenue		\$ 8,432		\$ 8,432				
4 Measure R fund	Deferred revenue	\$ 2,162			\$ (2,162)				
	Intergovernmental revenue		\$ 2,162				\$ 2,162		

Total impact on change in fund balance / net position:

Governmental activities	\$ 26,680
Business-type activities	\$ (40,445)
General fund	\$ (1,127)
Proposition C fund	\$ 26,680
Measure R fund	\$ 2,162
Measure M fund	\$ (8,432)
Enterprise fund	\$ (40,445)



**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**

SINGLE AUDIT REPORT

Fiscal year ended June 30, 2020

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
Los Angeles, California

SINGLE AUDIT REPORT
Fiscal year ended June 30, 2020

CONTENTS

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	5
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10

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*

Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the fiscal year ended June 30, 2020, and the related notes to the basic financial statements, which collectively comprise LACMTA's basic financial statements, and have issued our report thereon dated December 17, 2020. Our report includes a reference to other auditors who audited the financial statements of the defined benefit pension plan financial statements of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans, as described in our report on LACMTA's financial statements. The financial statements of the defined benefit pension plan of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LACMTA's internal control over financial reporting (internal control) as a basis for designing 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 LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACMTA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LACMTA's major federal programs for the fiscal year ended June 30, 2020. LACMTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LACMTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 compliance for each major federal program. However, our audit does not provide a legal determination of LACMTA's compliance.

Opinion on Each Major Federal Program

In our opinion, LACMTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2020.

(Continued)

Report on Internal Control over Compliance

Management of LACMTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LACMTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 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 type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of LACMTA as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Los Angeles, California
December 17, 2020

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Fiscal year ended June 30, 2020

Federal grantor/cluster title/program title/pass-through grantor/project title	CFDA Number	Direct Program and Pass- through Grant Identifying Number	Total Award	Total	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
Federal Grants								
U.S. Department of Transportation								
Federal Transit Administration								
Passed through State of California Department of Transportation:								
Highway Planning and Construction Cluster								
Highway Planning and Construction								
Union Station Master Plan: Alameda Esplanade	20.205	07-6065F15-F022	\$ 2,150,000	\$ 830,676	\$ 502,355	\$ -	\$ -	\$ 328,321
Freight Advanced Traveler Information System (FRATIS)	20.205	ATCMTDL-6065(218)	3,000,000	2,394,984	1,197,492	-	-	1,197,492
Direct Programs:								
Pedestrian and Pedestrian Mobility	20.205	CA-15-X005	800,000	17,667	17,667	17,667	-	-
Reconstruct Cabrillo Mole Terminal	20.205	CA-70-X017	2,400,000	2,379,255	1,903,404	1,903,404	-	475,851
Cabrillo Mole Ferry Terminal	20.205	CA-2019-121	3,230,946	161,547	129,238	129,238	-	32,309
I-605/SR-91 Interchange Improvements	20.205	07-5186	26,000,000	2,658,175	1,993,631	-	664,544	-
Highway Planning and Construction Cluster Total			37,580,946	8,442,304	5,743,787	2,050,309	664,544	2,033,973
Direct Programs:								
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program								
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program - Westside Purple Line Extension - Section 1	20.223	2013-1009A	856,000,000	258,540,026	258,540,026	-	-	-
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program - Regional Connector	20.223	2013-1008A	160,000,000	6,177,949	6,177,949	-	-	-
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program - Westside Purple Line Extension - Section 2	20.223	2013-1003A	307,000,000	100,000,000	100,000,000	-	-	-
TIFIA Program Total			1,323,000,000	364,717,975	364,717,975	-	-	-
Direct Programs:								
Federal Transit Cluster:								
Federal Transit Capital Improvement Grants:								
Metro Rapid System Gap Closure	20.500	CA-03-0796	16,700,000	827,511	537,882	-	-	289,629
Trans Ctr / Bus Park & Shelters	20.500	CA-04-0088	5,570,560	553,275	442,620	442,620	-	110,655
Transit Centers & Expansion Buses	20.500	CA-04-0161	1,971,404	679,034	563,598	563,598	-	115,436
Regional Connector Transit Corridor	20.500	CA-2016-046	400,000,000	133,204,208	79,331,209	-	-	53,872,999
Passenger and Pedestrian Enhancements	20.500	CA-04-0067	2,502,232	64,241	51,393	51,393	-	12,848
Westside Purple Line Ext. - Section 1	20.500	CA-2016-017	400,000,000	21,285,101	105,306,664	-	-	(84,021,563)
Wilshire Blvd Bus-Only Lane	20.500	CA-03-0815	23,317,000	18,959	51,547	-	-	(32,588)
Westside Purple Line Ext. - Section 2 CMAQ	20.500	CA-2016-045	169,000,000	(20,641,186)	35,200,787	-	-	(55,841,973)
Westside Purple Line Extension 2 -FFGA	20.500	CA-2016-047	400,000,000	150,473,258	98,721,242	-	-	51,752,016
Westside Purple Line Extension 3 -FFGA	20.500	CA-2019-170	200,000,000	389,350,939	153,130,374	-	-	236,220,565
Los Angeles Union Station/Cesar Chavez Bus Stop	20.500	CA-2016-123	1,668,557	1,860,469	1,486,708	-	-	373,761
MAP-21 Section 20005(b) West Santa Ana Branch Transit Corridor TOD Strategic Implementation Plan	20.500	CA-2017-044	2,000,000	97,765	78,212	-	-	19,553
Federal Transit - Capital Improvement Grants Total			1,622,729,753	677,773,574	474,902,236	1,057,611	-	202,871,338
Federal Transit - Formula Grants:								
Metro Rapid Bus Stations/Signal Priority	20.507	CA-90-Y261	28,919,529	3,909	3,909	-	-	-
Metro Rapid Bus Program	20.507	CA-90-Y457	11,081,700	329,794	329,794	-	-	-
Crenshaw /LAX Transit Project-CMAQ	20.507	CA-2020-018	50,000,000	56,149,235	50,000,000	-	-	6,149,235
Regional Connector - Construction	20.507	CA-95-X251	64,000,000	5,266,668	4,662,581	-	-	604,087
FY19 Section 5307 Patsaouras Plaza	20.507	CA-2020-042	1,228,428	1,535,535	1,228,428	-	-	307,107
Systemwide Light Rail Vehicles	20.507	CA-2016-026	94,930,000	51,822,956	32,755,441	-	-	19,067,515
Pass / Ped. Enhancements and Improvements	20.507	CA-95-X227	2,996,000	161,389	129,111	129,111	-	32,278
Subrecipient Bus Procurement	20.507	CA-95-X329	6,952,873	998,870	799,096	799,096	-	199,774
Glendale Beeline CNG Mntc/Admn. Facility	20.507	CA-95-X061	3,650,000	3,369,483	2,695,586	2,695,586	-	673,897
Willowbrook/Rosa Parks Pedestrian Promenade & Bike Mobility Hub	20.507	CA-2020-070	2,221,778	2,777,223	2,221,778	-	-	555,445
Signage and Lighting for Bus Stops	20.507	CA-2016-025	733,533	250,417	200,335	-	-	50,082
LA0G1162 Airport Metro Connector and Crenshaw /LAX Accommodations near 96th Street/Aviation Blvd	20.507	CA-2016-062	35,649,778	6,680,642	6,637,144	-	-	43,498
Glendale Beeline CNG Mntc/Admn. Facility	20.507	CA-2018-095	2,267,538	2,030,260	2,001,227	2,001,227	-	29,033
FY18/19 Section 5307 for Bus Preventive Maintenance and Bus Acquisition	20.507	CA-2019-134	166,573,833	166,670,738	166,573,833	-	-	96,905
5337 & 5307/5340 LA Metro FY19 Rail Preventive Maintenance	20.507	CA-2019-128	8,712,652	8,712,652	8,712,652	-	-	-
FY2020 Section 5307 for Bus Preventive Maintenance	20.507	CA-2020-122	156,665,851	195,832,314	156,665,851	-	-	39,166,463
FY2020 CMAQ and RSTP Bus Acquisition	20.507	CA-2020-139	150,500,000	30,207,794	26,742,960	-	-	3,464,834
Federal Transit - Formula Grants Total			787,083,493	532,799,879	462,359,726	5,625,020	-	70,440,153

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Fiscal year ended June 30, 2020

Federal grantor/cluster title/program title/pass-through grantor/project title	CFDA Number	Direct Program and Pass-through Grant Identifying Number	Total Award	Total	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
State of Good Repair Grants Program								
5337 LA Metro Rail Vehicle Midlife Overhauls	20.525	CA-2018-031	\$ 86,251,460	\$ 21,329,599	\$ 17,063,679	\$ -	\$ -	\$ 4,265,920
5337 LA Metro FY20 Rail Preventive Maintenance	20.525	CA-2020-138	110,478,440	138,098,050	110,478,440	-	-	27,619,610
5337 & 5307/5340 LA Metro FY 19 Rail Preventive Maintenance	20.525	CA-2019-128	115,000,000	115,000,000	115,000,000	-	-	-
State of Good Repair Grants Program Total			<u>311,729,900</u>	<u>274,427,649</u>	<u>242,542,119</u>	<u>-</u>	<u>-</u>	<u>31,885,530</u>
Bus and Bus Facilities Formula Program								
Section 5339 Bus Overhauls	20.526	CA-2019-056	68,782,636	37,988,705	30,506,918	-	5,667,717	1,814,070
5339 Fareboxes and Equipment for the City of Glendale	20.526	CA-2017-058	1,132,000	56,615	40,639	40,639	-	15,976
Bus and Bus Facilities Formula Program Total			<u>69,914,636</u>	<u>38,045,320</u>	<u>30,547,557</u>	<u>40,639</u>	<u>5,667,717</u>	<u>1,830,046</u>
Federal Transit Cluster Total			<u>2,791,457,782</u>	<u>1,523,046,422</u>	<u>1,210,351,638</u>	<u>6,723,270</u>	<u>5,667,717</u>	<u>307,027,067</u>
Transit Services Programs Cluster								
Enhanced Mobility of Seniors and Individual with Disabilities								
Enhanced Mobility of Seniors and Individuals with Disability Program 5310 All	20.513	CA-16-X066	7,595,651	371,454	241,213	241,213	-	130,241
30-ft Bus Procurement	20.513	CA-16-X067	7,072,604	173,120	173,120	-	-	-
L.A. County Section 5310 Program Administration	20.513	CA-2018-029	1,043,894	327,742	327,742	-	-	-
LA County Section 5310 All Subrecipients FY 17	20.513	CA-2018-065	9,207,811	5,069,178	4,255,385	4,154,980	-	813,793
Enhanced Mobility of Seniors and Individual with Disabilities Total			<u>24,919,960</u>	<u>5,941,494</u>	<u>4,997,460</u>	<u>4,396,193</u>	<u>-</u>	<u>944,034</u>
Job Access and Reverse Commute Program								
L A County Job Access and Reverse Commute Program, Administration, FY 06-12	20.516	CA-37-X071	5,032,849	516,197	516,197	-	-	-
Job Access and Reverse Commute Program, Project - LA County Job Access and Program Project	20.516	CA-37-X100	10,343,881	2,076,989	1,120,727	425,277	-	956,262
Job Access and Reverse Commute - Capital/Operating Assist.	20.516	CA-37-X123	13,878,024	1,304,163	1,107,232	1,107,232	-	196,931
LA County Job Access and Program Project - Capital/Operating Assist.	20.516	CA-37-X171	7,711,637	364,618	345,274	-	-	19,344
Job Access and Reverse Commute Program			<u>36,966,391</u>	<u>4,261,967</u>	<u>3,089,430</u>	<u>1,877,783</u>	<u>-</u>	<u>1,172,537</u>
New Freedom Program								
New Freedom - Program Adm. FY06-12	20.521	CA-57-X003	2,152,346	233,590	233,590	-	-	-
New Freedom - Capital & Operating, Assistance	20.521	CA-57-X100	7,354,678	1,072,005	770,215	770,215	-	301,790
New Freedom - Capital & Operating, Assistance	20.521	CA-57-X084	8,702,026	860,934	812,236	812,236	-	48,698
New Freedom Program Total			<u>18,209,050</u>	<u>2,166,529</u>	<u>1,816,041</u>	<u>1,582,451</u>	<u>-</u>	<u>350,488</u>
Transit Services Programs Cluster Total			<u>80,095,401</u>	<u>12,369,990</u>	<u>9,902,931</u>	<u>7,856,427</u>	<u>-</u>	<u>2,467,059</u>
Research and Development Cluster								
Public Transportation Research, Technical Assistance, and Training								
FY16 Demonstration of Collision Avoidance and Mitigation Technologies on Los Angeles Metro Bus Service	20.514	CA-2017-055	1,450,000	293,695	212,929	-	-	80,766
Platform Track Intrusion Detection Demo	20.514	CA-26-7015	1,722,400	222,104	96,377	-	-	125,727
LA County and Puget Sound First / Last Mile Partnership with Lyft	20.514	CA-2017-018	1,350,000	1,900,693	883,920	-	-	1,016,773
Foothill Transit & LACMTA FY15 Section 5312 LONO	20.514	CA-2017-089	5,585,000	24,285,115	4,137,391	-	-	20,147,724
Public Transportation Research, Technical Assistance, and Training Total			<u>10,107,400</u>	<u>26,701,607</u>	<u>5,330,617</u>	<u>-</u>	<u>-</u>	<u>21,370,990</u>
Federal Transit Administration Total			<u>4,242,241,529</u>	<u>1,935,278,298</u>	<u>1,596,046,948</u>	<u>16,630,006</u>	<u>6,332,261</u>	<u>332,899,089</u>
Office of the Secretary								
National Infrastructure Investments								
Willowbrook/Rosa Parks Station Improvements	20.933	CA-2016-010	10,250,000	25,864,755	2,465,231	-	-	23,399,524
U.S. Department of Transportation Total			<u>4,252,491,529</u>	<u>1,961,143,053</u>	<u>1,598,512,179</u>	<u>16,630,006</u>	<u>6,332,261</u>	<u>356,298,613</u>
U.S. Department of Homeland Security:								
Direct Programs								
Rail and Transit Security Grant Program								
Transit Security Grant Program	97.075	EMW-2016-RA-00024-S01	1,130,800	1,064,409	904,257	-	-	160,152
Transit Security Grant Program	97.075	EMW-2019-RA-0019	7,208,108	25,098	25,098	-	-	-
U.S. Department of Homeland Security Total			<u>8,338,908</u>	<u>1,089,507</u>	<u>929,355</u>	<u>-</u>	<u>-</u>	<u>160,152</u>
Total Federal Grants			<u>\$4,260,830,437</u>	<u>\$1,962,232,560</u>	<u>\$1,599,441,534</u>	<u>\$ 16,630,006</u>	<u>\$ 6,332,261</u>	<u>\$ 356,458,765</u>

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Fiscal year ended June 30, 2020

Federal grantor/cluster title/program title/pass-through grantor/project title	CFDA Number	Direct Program and Pass- through Grant Identifying Number	Total Award	Total	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
State Grants:								
Prop 1B Security - FY 09-10		6261-0002	\$ 16,103,043	\$ 10,036	\$ -	\$ -	\$ 10,036	\$ -
Prop 1B Security - FY 11-12		6461-0002	16,103,043	5,246,127	-	-	5,246,127	-
Regional Rail Planning		HSR 14-28	750,000	517	-	-	517	-
Permeable Pavement and Bioretention Pilot Program, LACMTA Division 4 Maintenance Facility		14-440-550	752,000	66,856	-	-	65,530	1,326
Blue Line Light Rail Signal Improvement Project		07LACMTAPS-01-A1	38,494,000	24,082,427	-	-	10,793,400	13,289,027
LCTOP_Metro Exposition (Expo) Phase 2 Operations		18-19-D07-128	14,805,577	14,805,577	-	-	14,805,577	-
LCTOP_Metro Gold Line Foothill Extension Phase 2A Operations		18-19-D07-129	21,807,311	21,807,311	-	-	21,807,311	-
Los Angeles - San Fernando Valley North-South Bus Transit		07A0034-05 A11	27,000,000	18,065,831	-	-	18,065,831	-
ROSA PARKS-MEZZANINE		07A0034-17 A1	14,808,000	11,383,625	-	-	5,596,695	5,786,930
STIP-PPM FY 2017-2018		STIP-PPM18-6065(224)	4,995,000	4,995,000	-	-	4,995,000	-
West Santa Ana Branch Transit Corridor (WSAB)		07A0034-18	18,500,000	16,841,547	-	-	4,154,384	12,687,163
TAP FAREBOX UPGRADE		07A0034-19	22,500,000	(6,502,372)	-	-	(3,251,186)	(3,251,186)
TAP FAREBOX UPGRADE		07A0034-19A1	14,299,000	22,168,087	-	-	11,084,044	11,084,043
TAP FAREBOX UPGRADE		07A0034-20 A1	5,000,000	7,116,339	-	-	3,558,170	3,558,169
Greenhouse Gas Reduction Funds (GGRF)		ATPL-6065(221)	2,287,000	1,143,452	-	-	1,143,452	-
Greenhouse Gas Reduction Funds (GGRF)		ATPLN-6065(222)	259,000	64,313	-	-	64,313	-
Rosecrans/Marquardt Grade Separation Project		HSR17-19	76,665,000	11,081,447	-	-	5,540,724	5,540,723
STIP-PPM FY 2018-2019		STIP-PPM19-6065(233)	2,309,000	160,709	-	-	160,709	-
SR-57/60 Confluence Choke Point		07-5124	17,000,000	11,668,881	-	-	7,934,839	3,734,042
Division 20 Turnback and Portal Widening		07LACMTAPS-02	5,009,000	3,101,000	-	-	3,101,000	-
Total State Grants			<u>\$ 319,445,974</u>	<u>\$ 167,306,710</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 114,876,473</u>	<u>\$ 52,430,237</u>

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Fiscal year ended June 30, 2020

NOTE 1 – GENERAL

The accompanying schedule of expenditures of federal and state awards (the Schedule) presents the grant activity of all expenditures of federal and state award programs of the Los Angeles County Metropolitan Transportation Authority (LACMTA) in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule. The Schedule also includes state grants that do not participate in the federal awards. LACMTA is the reporting entity as defined in Note 1 to the financial statements of LACMTA's basic financial statements.

NOTE 2 – BASIS OF PRESENTATION

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments* or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. LACMTA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – STATE AND LOCAL FUNDS REIMBURSEMENT

LACMTA utilizes state and local funds when federal funds are not received in a timely manner. Upon receipt of federal funds, LACMTA reimburses state and local funds that were utilized for expenditures for federal programs. Reimbursements are shown as credit balances in the Schedule. Expenditures incurred during the current fiscal year, but before a federal grant is executed are included as state or local on the Schedule in the year the expenditures are incurred and are reported as federal on the Schedule in the year the grant was executed.

NOTE 4 – FEDERAL FINANCIAL ASSISTANCE

Pursuant to the Single Audit Act and Uniform Guidance Compliance Supplement, the federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

NOTE 5 – MAJOR PROGRAMS

The Single Audit Act and Uniform Guidance establish criteria to be used in defining major federal financial assistance programs. Major programs for LACMTA are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

(Continued)

**NOTE 6 – TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA)
PROGRAM LOANS**

LACMTA has entered into four Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreements with the United States Department of Transportation for a total amount not to exceed \$1,868,900,000 to finance portions of the Crenshaw/LAX Corridor Project, Regional Connector Transit Corridor Project, and Westside Purple Line Extension Sections 1 and 2 Projects. Total TIFIA loan draws during the fiscal year ended June 30, 2020 totaled \$364,717,975. As of June 30, 2020, the outstanding balance on all TIFIA loans was \$1,757,820,283.

NOTE 7 – PRIOR YEAR EXPENDITURES

With the release of Government Accounting Standards Board (GASB) Implementation Guide No. 2019-1, *Implementation Guidance Update – 2019*, management changed their method of accounting for recognition of non-exchange revenue. Expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the agreement has been executed. As a result, \$364,790,000 of federal grants and \$3,100,000 of state grants that were previously reported on the Schedule for the year ending June 30, 2019 are included again on the Schedule for the year ending June 30, 2020 since the corresponding grant revenue is now being recognized as federal and state grant revenue in fiscal year 2020 under the newly adopted accounting principle. The \$367,890,000 of expenditures were incurred in fiscal year 2019.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal year ended June 30, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards:

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Type of auditor's report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of major federal programs:

CFDA 20.205

Highway Planning and Construction Cluster

CFDA 20.500 / 20.507 / 20.525 / 20.526

Federal Transit Cluster

CFDA 20.514

Public Transportation Research, Technical Assistance, and Training

Dollar threshold used to distinguish type A and B programs:

\$ 4,798,325

Auditee qualified as low-risk auditee?

X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.



**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**

FEDERAL FUNDING ALLOCATION DATA

Transportation Operating Agency (ID# 90154)

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

Fiscal year ended June 30, 2020

Independent Accountant's Report
on Applying Agreed Upon Procedures

Management and the Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics form (FFA-10) of the Los Angeles County Metropolitan Transportation Authority's (LACMTA) annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist. A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles (VRM) data, appear to be accurate.
- Data is consistent with prior reporting periods and other facts known about LACMTA's operations.

We have applied the procedures, as described in Attachment A, to the data contained in the accompanying FFA-10 for the fiscal year ending June 30, 2020. Such procedures, which were agreed to and specified by FTA in the Declarations section of the *2020 Policy Manual* and were agreed to by LACMTA management and the Board of Directors, were applied to assist LACMTA in evaluating whether LACMTA complied with the standards described in the first paragraph of this part and that the information included in the NTD report FFA-10 for the fiscal year ending June 30, 2020 is presented in conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the *2020 Policy Manual*. The District management is responsible for the FFA-10 and compliance with NTD requirements. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

(Continued)

The procedures in Attachment A were applied separately to each of the information systems used to develop the reported actual vehicle revenue miles (VRM), fixed guideway (FG), directional route miles (DRM), passenger miles traveled (PMT), and operating expenses (OE) of LACMTA for the fiscal year ending June 30, 2020 for each of the following modes:

- Motor Bus – directly operated (MB-DO)
- Motor Bus – purchased transportation (MB-PT)
- Rapid Bus – directly operated (RB-DO)
- Heavy Rail – directly operated (HR-DO)
- Light Rail – directly operated (LR-DO)
- Vanpool – purchased transportation (VP-PT)

In performing the procedures, except for the information identified in Attachment A to this report, no matters came to our attention that would be required to be reported to you regarding the information included in the NTD report on the FFA-10 Form for the fiscal year ending June 30, 2020. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on conformity with the requirements of the Uniform System of Accounts (USOA) and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the *2020 Policy Manual*. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above and does not extend to LACMTA's financial statements taken as a whole, or the forms in LACMTA's NTD report other than the FFA-10 form, for any date or period.

This report is intended solely for the information and use of the Board of Directors, the management of LACMTA, and the FTA and is not intended to be and should not be used by anyone other than these specified parties.


Crowe LLP

Los Angeles, California
November 6, 2020

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
ATTACHMENT A – AGREED UPON PROCEDURES
June 30, 2020

FTA Suggested Procedures:

- a. Obtain and read a copy of written procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993 and as presented in the 2020 Policy Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.

Step performed without exception.

- b. Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:
- The extent to which the transit agency followed the procedures on a continuous basis, and
 - Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993 and as presented in the 2020 Policy Manual.

Step performed without exception.

- c. Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form (FFA-10).

Step performed without exception.

- d. Based on a description of the transit agency's procedures obtained in items a and b above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.

We selected a haphazard sample of 276 source documents from all modes and from several different months in fiscal years 2019, 2018, and 2017 to ensure they were retained for a minimum of three years. We observed that the source documents were maintained for each fiscal year as required.

- e. Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.

Per inquiry with the management, the individuals reviewing source documents are independent of individuals preparing the information and the review is done on a periodic basis depending on the data being reviewed.

- f. Select a haphazard sample of source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how personnel document supervisors' review.

We selected a haphazard sample of 77 source documents, noting the required approval on all source documents. Step performed without exception.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
ATTACHMENT A – AGREED UPON PROCEDURES
June 30, 2020

- g. Obtain the worksheets used to prepare the final data that the transit agency transcribes onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summaries.

We obtained the worksheets and agreed the data on the worksheets to the summaries provided and verified the arithmetical accuracy of the summaries without exception for the MB-DO, RB-DO, HR-DO, LR-DO and VP-PT modes.

For MB-PT, the periodic summaries we recalculated totaled 46,736,330 PMT, 5,361,668 VRM, and 457,478 VRH while the FFA-10 form presented 38,056,765 PMT, 5,335,673 VRM, and 456,162 VRH, resulting in variances of 8,679,565 PMT, 25,995 VRM, and 1,316 VRH.

- h. Discuss the procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2020 Policy Manual.

For rail and van pool modes, LACMTA utilized a statistical sampling method as described in FTA Circulars 2710.1A. For bus modes, LACMTA utilized a 100% count verification for passenger trips and an estimate of passenger miles based on a statistical sampling method as described in FTA Circulars 2710.2A.

- i. Discuss with transit agency staff, the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:
- According to the 2010 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population.
 - The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).
 - Service purchased from a seller is included in the transit agency's NTD report.
 - For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2020) and determine that statistical sampling was conducted and meets the 95% confidence and +10% precision requirements.
 - Determine how the transit agency estimated annual PMT for the current report year.

Per inquiry with LACMTA management, LACMTA does not meet any of the three criteria that allows transit agencies to conduct statistical samples for accumulating passenger mile data every third year. Therefore, LACMTA conducts statistical sampling annually as described in procedure h.

- j. Obtain a description of the sampling procedure for estimation of PMT data used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a haphazard selection of runs. If the transit agency missed a selected sample run, determine that a replacement sample run was haphazard. Determine that the transit agency followed the stated sampling procedure.

Step performed without exception.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
ATTACHMENT A – AGREED UPON PROCEDURES
June 30, 2020

- k. Select a haphazard sample of the source documents for accumulating PMT data and determine that the data are complete (all required data are recorded) and that the computations are accurate. Select a haphazard sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulation periods that were tested. Test the arithmetical accuracy of the summarization.

We selected a haphazard sample of 63 source documents across all modes from all twelve months in fiscal year 2020, used for accumulating passenger miles traveled (PMT) data. We tested the average trip length and the total trips for each of the samples and recomputed the accumulations for each period. Step performed without exception for the MB-DO, RB-DO, HR-DO, LR-DO and VP-PT modes.

For MB-PT, the periodic summaries we recalculated totaled 46,736,330 PMT while the FFA-10 form presented 38,056,765 PMT, resulting in a variance of 8,679,565 PMT.

- l. Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and identify that stated procedures are followed. Select a haphazard sample of source documents used to record charter bus service and test the arithmetical accuracy of the computations.

Step performed without exception.

- m. For actual vehicle revenue miles (VRM) data, document the collection and recording methodology and identify that deadhead miles are systematically excluded from the computation. This is accomplished as follows:

- If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a haphazard sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.
- If actual VRMs are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a haphazard sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.
- If actual VRMs are calculated from vehicle logs, select haphazard samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.

Vehicle logs are used to compute the VRM data for non-fixed routes. For fixed routes, LACMTA uses monthly services reports and daily loss service records to record any missed trips. The VP-PT mode does not have any deadhead miles.

We selected a haphazard sample of 157 source documents across all modes and recalculated the VRMs for the sample of trips, excluding deadhead miles. Step performed without exception for the MB-DO, RB-DO, HR-DO, and LR-DO modes.

For MB-PT, we recalculated total deadhead miles of 1,261,560 compared to the S-10 deadhead miles of 1,276,197, resulting in a variance of 14,637 miles.

- n. For rail modes, obtain and read the recording and accumulation sheets for actual VRM's and identify that locomotive miles are not included in the computation.

Step performed without exception. There are no locomotives.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
ATTACHMENT A – AGREED UPON PROCEDURES
June 30, 2020

- o. If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting the NTD data whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:
- Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR) or
 - Bus (MB) service operating over exclusive or controlled access rights-of-way (ROW), and
 - Access is restricted
 - Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway, and
 - Restricted access is enforced for freeways; priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation (see Fixed Guideway Segments form (P-40))
 - High Occupancy / Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues, and that the transit agency has provided to NTD a copy of the State's certification to the US Secretary of Transportation that it has established a program for monitoring, assessing and reporting on the operation of the HOV facility with HO/T lanes.

Step performed without exception.

- p. Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that he or she computed mileage in accordance with the FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.

Per inquiry of management, no service changes resulted in a change in overall DRMs.

- q. Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:
- Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.
 - If the improvements cause a service interruption on the FG-DRMs lasting more than 12 months, the transit agency should contact their validation analyst to discuss. FTA will make a determination on how the DRMs should be reported.

Per inquiry of management, a portion of the Blue Line light rail was closed for construction during 2019, however no change in reporting FG DRM was required as the interruption was less than 12 months.

- r. Measure FG/HIB DRM from maps or by retracing route.

Step performed without exception.

- s. Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
ATTACHMENT A – AGREED UPON PROCEDURES
June 30, 2020

Per inquiry of management, LACMTA is the approved operator for all their FG and LACMTA is reporting their actual VRM, PMT, and OE for their services. Step performed without exception.

- t. Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2020 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2020 report year, the Agency Revenue Service Date must occur within the transit agency's 2020 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the 7-year age requirement for fixed guideway/High Intensity Bus segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, the FTA will only consider segments continuously reported to the NTD.

We obtained the FG/HIB segments form. No new segments were added in fiscal year 2020.

- u. Compare operating expenses with audited financial data after reconciling items are removed.

We compared the operating expenses to the draft financial data presented for audit without exception. The audited financial statements were not complete as of the date of this report.

- v. If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of purchased transportation-generated fare revenues. The purchased transportation fare revenues should equal the amount reported on the Contractual Relationship form (B-30).

We compared the PT fare revenues to the B-30 form without exception. This procedure is not applicable for the van pool mode.

- w. If the transit agency's report contains data for purchased transportation services and the procedures in this auditor's review were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data for the purchased transportation service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this auditor's review, and the transit agency also does not have a separate Independent Auditor's Statement for the purchased transportation data.

We inquired to management and noted that the report does include purchased transportation from private operators, but that an Independent Auditor Statement is not required since LACMTA is a public transportation provider and the PT expenditures are included on the B-30 form.

- x. If the transit agency purchases transportation services, obtain a copy of the purchased transportation contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract and determine that copies of the contracts are retained for three years.

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
ATTACHMENT A – AGREED UPON PROCEDURES
June 30, 2020

We obtained a copy of the PT contract for each provider and noted that the contract included a description of the services to be provided, the monetary consideration obligated by LACMTA for the service and the period covered by the contract and that this period is the same as, or a portion of, the period covered by LACMTA's NTD report; and is signed by representatives of both parties to the contract. Management stated that copies of the executed contracts are retained for the last three years, as applicable.

- y. If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

Per management, LACMTA provides most of their services in one UZA and therefore it is all allocated to that one UZA. Additionally, all the services provided are in urbanized areas and allocations to non-urbanized areas are not required, therefore the procedure is not applicable.

- z. Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.

We compared and agreed the data reported on the FFA-10 form to comparable data for the prior report year and calculated the percentage change from the prior year to the current year. The following changes outside the threshold were identified for each mode. For all changes identified, we inquired to LACMTA and documented the explanations for the variances.

- **MB-DO PMT decreased greater than 10%**
- **MB-PT PMT decreased greater than 10%**
- **RB-DO PMT decreased greater than 10%**
- **HR-DO PMT and OE decreased greater than 10%**
- **LR-DO PMT and VRM decreased greater than 10%**
- **VP-PT PMT and VRM decreased greater than 10%**

- aa. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor but not by the FTA.

Step performed without exception.



**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION DEVELOPMENT ACT
OPERATIONS AGENCY**

50% EXPENDITURE LIMITATION SCHEDULE

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION DEVELOPMENT ACT
OPERATIONS AGENCY**

Table of Contents

	Page
Independent Auditor's Report on Compliance with the California Code of Regulations (Section 6667); Report on Internal Control over Compliance; and Report on 50% Expenditure Limitation Schedule	1
50% Expenditure Limitation Schedule	3

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CALIFORNIA CODE OF REGULATIONS (SECTION 6667); REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON 50% EXPENDITURE LIMITATION SCHEDULE

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Report on Compliance with the Transportation Development Act

We have audited the Los Angeles County Metropolitan Transportation Authority (LACMTA) compliance with the types of compliance requirements described in the Transportation Development Act Guidelines, including Public Utility Code Section 99245 as enacted and amended by statute, and the allocation instructions and resolutions of the Los Angeles County Metropolitan Transportation Authority (as Planning Agency) as required by Section 6667 of the California Code of Regulations adopted by the California Department of Transportation (collectively, Transportation Development Act [TDA]) that could have a direct and material effect on LACMTA's compliance with the Transportation Development Act for the fiscal year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for LACMTA's TDA program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Transportation Development Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA program occurred. An audit includes examining, on a test basis, evidence about 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 compliance for the TDA program. However, our audit does not provide a legal determination of LACMTA's compliance.

Opinion on the Transportation Development Act Program

In our opinion, LACMTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the TDA program for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

Management of LACMTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LACMTA's internal control over compliance with the types of requirements that could have a direct and material effect on the TDA program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on the TDA program and to test and report on internal control over compliance in accordance with the TDA program, 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 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 type of compliance requirement of a TDA program 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 type of compliance requirement of the TDA program 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 type of compliance requirement of the TDA program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on 50% Expenditure Limitation Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of LACMTA as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying 50% expenditure limitation schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 50% expenditure limitation schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2020

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION DEVELOPMENT ACT
50% EXPENDITURE LIMITATION SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(Amounts expressed in thousands)

1	Total operating cost	\$	1,831,898
2	Total capital requirements		2,114,255
3	Total debt service		554,289
4	Total of lines 1, 2, and 3		<u>4,500,442</u>
5	Less federal grant received		1,230,128
6	Less State Transit Assistance (STA) funds received		211,709
7	Total of lines 5 and 6		<u>1,441,837</u>
8	Total of line 4 less line 7		3,058,605
	50% of line 8		<u>1,529,303</u>
	Total permissible Local Transportation Fund expenditures	\$	<u>1,529,303</u>



**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION DEVELOPMENT ACT**

**SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION DEVELOPMENT ACT**

Table of Contents

	Page
Independent Auditor's Report on Compliance with the California Code of Regulations (Sections 6640-6662); Report on Internal Control over Compliance; and Report on Schedules of Revenues, Expenditures, and Changes in Fund Balances	1
Schedule of Revenues, Expenditures, and Changes in Fund Balances	3
Notes to the Schedule of Revenues, Expenditures, and Changes in Fund Balances	4

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE CALIFORNIA
CODE OF REGULATIONS (SECTIONS 6640-6662); REPORT ON INTERNAL CONTROL
OVER COMPLIANCE; AND REPORT ON SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Report on Compliance with the Transportation Development Act

We have audited the Los Angeles County Metropolitan Transportation Authority (LACMTA) compliance with the types of compliance requirements described in the Transportation Development Act Guidelines, including California Code of Regulations (Sections 6640-6662) (Transportation Development Act [TDA]) that could have a direct and material effect on LACMTA's compliance with the Transportation Development Act for the fiscal year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the Transportation Development Act.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for LACMTA's TDA program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Transportation Development Act. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the TDA program occurred. An audit includes examining, on a test basis, evidence about 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 compliance for the TDA program. However, our audit does not provide a legal determination of LACMTA's compliance.

Opinion on the Transportation Development Act Program

In our opinion, LACMTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the TDA program for the fiscal year ended June 30, 2020.

Report on Internal Control over Compliance

Management of LACMTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LACMTA's internal control over compliance with the types of requirements that could have a direct and material effect on the TDA program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on the TDA program and to test and report on internal control over compliance in accordance with the TDA program, 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 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 type of compliance requirement of a TDA program 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 type of compliance requirement of the TDA program 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 type of compliance requirement of the TDA program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Report on Schedule of Revenues, Expenditures, and Changes in Fund Balances

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the LACMTA as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 17, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of revenues, expenditures, and changes in fund balances is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of revenues, expenditures, and changes in fund balances is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2020

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION DEVELOPMENT ACT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020
(Amounts expressed in thousands)

Revenues:	<u>Planning</u>	<u>Administration</u>	<u>Total</u>
Local grants and contracts	\$ 7,638	\$ 3,418	\$ 11,056
Expenditures:	<u>7,638</u>	<u>3,418</u>	<u>11,056</u>
Excess of revenues over expenditures	—	—	—
Other financing uses;			
Transfer out	<u>—</u>	<u>—</u>	<u>—</u>
Net change in fund balance	—	—	—
Fund balance – beginning of year	<u>—</u>	<u>—</u>	<u>—</u>
Fund balance – end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>

See notes to Schedule of Revenues, Expenditures, and Changes in Fund Balances.

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
TRANSPORTATION DEVELOPMENT ACT
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2020**

(1) Transportation Planning Agency

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is the regional transportation planning agency responsible for long-range transportation planning and is designated under the provisions of Section 65080 of the California Government Code (the Code) to prepare and adopt the Regional Transportation Plan (RTP) and the Regional Transportation Improvement Program (RTIP). Both the RTP and RTIP are directed to achieve a coordinated and balanced regional transportation system for the county in its jurisdiction. LACMTA is also the administrator of the Local Transportation Fund (LTF) under the provisions of Section 9532 of the Code.

The LTF was created by the Transportation Development Act (TDA) to fund transit projects in each county. The LTF retail sales taxes collected statewide by the California Department of Tax and Fee Administration and which are returned to individual counties according to the amount collected within that county. Los Angeles County sales tax receipts are deposited in the Los Angeles County Treasurer's Office. LACMTA, as administrator of the LTF, is authorized to distribute funds from the Treasurer's Office to claimants for transit projects that are in accordance with the Code.

(2) Basis of Accounting

The TDA Fund uses the modified accrual basis of accounting as required by generally accepted accounting principles. Under this basis of accounting, revenues are recognized when they become measurable and available, and expenditures are recognized when the related fund liability is incurred.

**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE
SPECIAL REVENUE FUND**

**Financial Statements
Fiscal Years Ended June 30, 2020 and 2019**

**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE
SPECIAL REVENUE FUND**

Table of Contents

	Page
Independent Auditor's Report	1
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 <i>Government Auditing Standards</i>	3
Management's Discussion and Analysis (Unaudited)	5
Financial Statements:	
Balance Sheets	8
Statements of Revenues, Expenditures, and Changes in Fund Balances	9
Notes to the Financial Statements	10
Supplementary Information (Unaudited)	
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	13
Schedule of Allocations	14
Schedule of Expenditures and Transfers	15
Independent Auditor's Report on Compliance	16



**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
STATE TRANSIT ASSISTANCE
SPECIAL REVENUE FUND**

**Financial Statements
Fiscal Years Ended June 30, 2020 and 2019**

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the State Transit Assistance Fund (the STA Fund), a special revenue fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of the STA Fund, of the LACMTA, as of June 30, 2020 and 2019, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1, the financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of the Los Angeles County Metropolitan Transportation Authority, as of June 30, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis, budgetary comparison information, schedule of allocations, and schedule of expenditures and transfers are presented for purposes of additional analysis and are not a required part of the financial statements.

The management's discussion and analysis, budgetary comparison information, schedule of allocations, and schedule of expenditures and transfers, as listed in the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020 on our consideration of the STA Fund'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 effectiveness of the STA Fund's 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 the STA Fund's internal control over financial reporting and compliance.

Crowe LLP
Crowe LLP

Los Angeles, California
November 23, 2020

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*

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the State Transit Assistance Fund (the STA Fund), a special revenue fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the STA Fund's financial statements, and have issued our report thereon dated November 23, 2020. As discussed in Note 1, the financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of LACMTA, the changes in its financial position, or where applicable, its cash flows in accordance with accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the STA Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the STA Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the STA Fund's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the STA Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.


Crowe LLP

Los Angeles, California
November 23, 2020

Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund
Management's Discussion and Analysis (Unaudited)
Fiscal years ended June 30, 2020 and 2019

The Los Angeles County Metropolitan Transportation Authority's State Transit Assistance Special Revenue Fund (the STA Fund) was created in accordance with the provisions of the Transportation Development Act (the Act) as administered by the Department of Transportation of the State of California (the State). Sales tax revenues of the STA Fund represent an allocation of sales tax on diesel and gas fuel collected by the California Department of Tax and Fee Administration. Expenditures from the STA Fund are made by Los Angeles County (the County) in accordance with written instructions issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA) under the terms of the Act.

Our discussion and analysis of STA Fund's financial performance presents an overview of the STA Fund's financial activities during the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider information presented here in conjunction with the financial statements (beginning on page 8). The financial statements, notes to the financial statements, and this discussion and analysis were prepared by management and are the responsibility of the management.

All amounts are expressed in thousands of dollars unless otherwise indicated.

2020 Financial Highlights

- Sales tax revenues for the year increased by \$2,418 or 1.23% compared with prior year. Despite an average increase of 3.00% in the first three quarters over the same period last year, sales tax revenues dropped more than 12% in the last quarter compared to the third quarter of FY20 or a 3% decrease compared to the same period in FY19. The decrease in sales tax during the last quarter of FY20 may be attributed in part to decreased travelling resulting from coronavirus lockdowns and stay-home orders due to the COVID 19 pandemic.
- Actual sales tax revenues in FY20 totaled \$198,290 was lower by \$17,533 or 8.12% than the original and final budget of \$215,823 which was projected at 10% higher than FY19 actual revenues. Actual receipts decreased 3% during the period of April through June 2020 as compared to the same period in FY19, and decreased 12% over the revenues compared to the third quarter of FY20.
- Total transfers out increased by \$18,257 or 9.44% compared to prior year mainly due to increase in subsidies for Metro's rail operations and maintenance costs, while transportation subsidies to cities/other agencies also increased by \$9,107 or 30.25% over FY19 in anticipation of increased sales tax revenues over the prior year.

2019 Financial Highlights

- Sales tax revenues for FY19 increased by \$44,932 or 29.77% compared to FY18. The increase was mainly due to a full-year additional sales taxes from Senate Bill 1 (SB 1) that increased diesel and gas taxes effective November 1, 2017 compared to only eight months revenue in FY18

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Management's Discussion and Analysis (Unaudited)
Fiscal years ended June 30, 2020 and 2019

- Actual sales tax revenues in FY19 totaled \$195,872 was \$45,385 or 30% higher than the original and final budget of \$150,487.
- Total transfers out to other funds increased by \$144,444 or 294.74% compared to FY18 due to increase in subsidies for Metro's bus and rail operation and maintenance costs

Overview of Financial Statements

This discussion and analysis serves as an introduction to the financial statements. The STA Fund's financial statements consisted of two components: (1) the fund financial statements, and (2) the notes to the financial statements. This report also contains other supplementary information in addition to the financial statements.

The condensed balance sheets show the STA Fund's assets and liabilities as of June 30, 2020, 2019, and 2018. The differences between the assets and liabilities are reported as fund balances. The fund balance may serve as a useful indicator of the STA Fund's financial health.

The comparative statements of revenues, expenditures and changes in fund balance for the fiscal years show the underlying events or activities of the fund that impacted the fund balances.

Condensed Balance Sheets

	2020	2019	2018
Total assets	\$ 123,284	\$ 103,909	\$ 114,973
Total liabilities	94,573	24,038	9,544
Fund balances	28,711	79,871	105,429
Total liabilities and fund balances	\$ 123,284	\$ 103,909	\$ 114,973

Total assets increased by \$19,375 or 18.64% as of June 30, 2020 compared to June 30, 2019 primarily due to collection of sales tax receivables in prior year in addition to the timing of payment of accounts payable and accrued liabilities due at year-end. Total liabilities increased by \$70,535 or 293.43% as of June 30, 2020 compared to June 30, 2019 mainly due to increase in interfund payable to the Enterprise Fund resulting from the timing of interfund transfers of subsidies allocated for bus and rail operations and maintenance and an increase in accounts payable and accrued liabilities also attributed to timing of payments of subsidies due at year-end.

Total assets decreased by \$11,064 or 9.62% as of June 30, 2019 compared to June 30, 2018 primarily due to the increase in transportation subsidies paid to the cities and jurisdictions and transfers out to the LACMTA Enterprise Fund for bus and rail operations subsidies. Total liabilities increased by \$14,494 or 151.87% as of June 30, 2019 compared to June 30, 2018 mainly due to the increase in accrual of subsidies allocated to LACMTA Enterprise Fund for bus and rail operations and maintenance.

Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund
Management's Discussion and Analysis (Unaudited)
Fiscal years ended June 30, 2020 and 2019

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balances

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenues	\$ 199,760	\$ 197,998	\$ 151,635
Expenditures and other financing uses of funds	<u>(250,920)</u>	<u>(223,556)</u>	<u>(55,811)</u>
Net change in fund balances	(51,160)	(25,558)	95,824
Fund balances – beginning of year	<u>79,871</u>	<u>105,429</u>	<u>9,605</u>
Fund balances – end of year	<u><u>\$ 28,711</u></u>	<u><u>\$ 79,871</u></u>	<u><u>\$ 105,429</u></u>

Total revenues increased by \$1,762 or 0.89% during fiscal year 2020 compared to fiscal year 2019. Despite more than 3% average increase in sales tax revenues in the first three quarters of FY20 compared to the same period of FY19, it decreased 12% in the fourth quarter compared to the third quarter or a 3% decrease over the same period of FY19. Expenditures and other financing uses increased by \$27,364 or 12.24% during fiscal 2020 compared to fiscal year 2019 mainly due to higher bus and rail operating subsidies transferred to the LACMTA Enterprise Fund, and an increase in local transportation subsidies paid to the cities/other local transportation agencies.

Total revenues increased \$46,363 or 30.58% during fiscal year 2019 compared to fiscal year 2018 primarily due to an increase in investment income with favorable interest yield and the increase in the price of gasoline and diesel fuel tax with Senate Bill 1 (SB 1) went into effect in November 1, 2017. Expenditures and other financing uses increased \$167,745 or 300.56% during fiscal 2019 compared to fiscal year 2018 mainly due to an increase in transportation subsidies paid to the cities/other local transportation agencies, and transfers to the LACMTA Enterprise Fund for bus and rail operations.

Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund
Balance Sheets
June 30, 2020 and 2019
(Amounts expressed in thousands)

	2020	2019
Assets		
Cash and cash equivalents	\$ 72,926	\$ 51,400
Interest receivable	258	439
Sales tax receivable	50,100	52,070
Total assets	123,284	103,909
Liabilities		
Accounts payable and accrued liabilities	10,185	611
Due to other funds	84,388	23,427
Total liabilities	94,573	24,038
Fund balances		
Restricted	28,711	79,871
Total liabilities and fund balances	\$ 123,284	\$ 103,909

See accompanying notes to financial statements.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Statements of Revenues, Expenditures, and Changes in Fund Balances
Fiscal years ended June 30, 2020 and 2019
(Amounts expressed in thousands)

	2020	2019
Revenues:		
Sales tax	\$ 198,290	\$ 195,872
Investment income	1,470	2,126
Total revenues	199,760	197,998
Expenditures:		
Transportation subsidies	39,211	30,104
Excess of revenues over expenditures	160,549	167,894
Other financing uses:		
Transfers out	(211,709)	(193,452)
Net change in fund balances	(51,160)	(25,558)
Fund balances - beginning of year	79,871	105,429
Fund balances - end of year	\$ 28,711	\$ 79,871

See accompanying notes to financial statements.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Notes to Financial Statements
June 30, 2020 and 2019

1. Summary of Significant Accounting Policies

(a) General Description

The Los Angeles County Metropolitan Transportation Authority's State Transit Assistance Special Revenue Fund (the STA Fund) was created in accordance with the provisions of the Transportation Development Act (the Act) as administered by the Department of Transportation of the State of California (the State). Sales tax revenues of the STA Fund represent an allocation of retail sales tax on diesel and gas fuel collected by the California Department of Tax and Fee Administration. Expenditures from the STA Fund are made by Los Angeles County (the County) in accordance with written instructions issued by the Los Angeles County Metropolitan Transportation Authority (LACMTA) under the terms of the Act.

(b) Basis of Accounting

The STA Fund is reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, LACMTA considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and a valid claim is presented. Transportation subsidies are recorded when all of the eligibility requirements have been met, including the receipt of the reimbursement request.

(c) 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. The STA Fund is considered a governmental fund. The measurement focus is the determination of changes in financial position, rather than net income determination. Additionally, the STA Fund is considered a special revenue governmental fund. Special revenue funds are used to account for proceeds of specific revenue sources including sales tax that are legally restricted to expenditures for specified purposes.

(d) Financial Statement Presentation

The accompanying financial statements present only the STA Fund and do not purport to, and do not, present fairly the financial position of the LACMTA as of June 30, 2020 and 2019, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Notes to Financial Statements
June 30, 2020 and 2019

(e) Cash and Cash Equivalents

The STA Fund's cash and cash equivalents include deposits with the Los Angeles County Investment Pool (LACIP). The STA Fund is an involuntary participant in the LACIP.

(f) Sales Tax Receivable

Sales tax receivables represent uncollected amounts from the allocation of retail sales tax on diesel fuel and gas fuel collected by the California Department of Tax and Fee Administration. As of June 30, 2020 and 2019, the STA Fund had receivables of \$50,100 and \$52,070 respectively.

(g) Recent Event

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

2. Cash and Investments

Cash balances of the STA Fund are pooled with other County funds and invested by the Los Angeles County Treasurer (the Treasurer). These funds are subject to withdrawal from the Treasurer's pool upon demand.

STA Fund's pooled cash and investments with the LACIP amounted to \$72,926 at June 30, 2020 and \$51,400 at June 30, 2019. The County Board of Supervisors provides regulatory oversight for the LACIP. The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2020 and 2019.

Detailed information concerning the County's pooled cash and investments can be found in the County of Los Angeles Comprehensive Annual Financial Report (CAFR). A copy of the County's CAFR can be obtained by writing to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

3. Due to/from Other Funds

Due to or from other funds represent payables owed to or receivable from a particular LACMTA fund for temporary loans, advances, goods delivered, or services rendered. As of June 30, 2020 and 2019, the STA Fund had a net payable mainly to LACMTA's Enterprise Fund for \$84,388 and \$23,427, respectively, for various unpaid operating and capital subsidies.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Notes to Financial Statements
June 30, 2020 and 2019

4. Interfund Transfers

Transfers represent permanent, legally authorized transfers from a fund receiving revenue to the fund through which resources are to be expended. These transfers represent operating and capital subsidies given out from one fund to another fund. For the fiscal years ended June 30, 2020 and 2019, the STA Fund transferred \$211,709 and \$193,452 to LACMTA Enterprise Fund, respectively.

5. Sales Tax Revenue

Sales tax revenue represents amounts from the allocation of retail sales tax on diesel fuel and gas fuel collected by the California Department of Tax and Fee Administration. For the years ended June 30, 2020 and 2019, the STA Fund received an allocation of \$198,290 and \$195,872 respectively.

6. Payable to Cities and Jurisdictions

As of June 30, 2020 and 2019, the STA Fund had accrued liabilities to various cities and other jurisdictions of \$10,185 and \$611, respectively. These accrued liabilities represented claims for the current fiscal year allocation that were disbursed by the STA Fund in the following fiscal year.

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
(Unaudited)
Fiscal year ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final budget</u>
Revenues:				
Sales tax	\$ 215,823	\$ 215,823	\$ 198,290	\$ (17,533)
Investment income	—	—	1,470	1,470
Total revenues	215,823	215,823	199,760	(16,063)
Expenditures:				
Transportation subsidies	38,289	38,289	39,211	(922)
Excess of revenues over expenditures	177,535	177,535	160,549	(16,986)
Other financing sources (uses):				
Transfers out	(191,460)	(191,460)	(211,709)	(20,249)
Net change in fund balances	(13,925)	(13,925)	(51,160)	(37,235)
Fund balances – beginning of year	79,871	79,871	79,871	—
Fund balances – end of year	<u>\$ 65,946</u>	<u>\$ 65,946</u>	<u>\$ 28,711</u>	<u>\$ (37,235)</u>

Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund
Schedule of Allocations (Unaudited)
Fiscal years ended June 30, 2020 and 2019
(Amounts expressed in thousands)

CCR Code	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	2020 Total	2019 Total
Arcadia	\$ 118	\$ —	\$ —	\$ 118	\$ 89
Claremont	45	—	—	45	35
Commerce	153	—	—	153	113
Culver City	1,873	—	—	1,873	1,410
Foothill Transit	8,695	—	—	8,695	6,490
Gardena	1,904	—	—	1,904	1,415
La Mirada	35	—	—	35	27
Long Beach	8,203	—	—	8,203	6,057
LACMTA	96,667	—	105,152	201,818	143,530
Montebello	2,879	—	—	2,879	2,135
Norwalk	1,107	—	—	1,107	824
Redondo Beach	262	—	—	262	193
Santa Monica	7,035	—	—	7,035	5,208
Torrance	2,223	—	—	2,223	1,648
Antelope Valley	886	—	—	886	585
LADOT	1,695	—	—	1,695	1,213
Santa Clarita	800	—	—	800	565
Foothill –BSCP	376	—	—	376	263
Total STA fund allocations	\$ 134,956	\$ —	\$ 105,152	\$ 240,108	\$ 171,800

**Los Angeles County
Metropolitan Transportation Authority
State Transit Assistance
Special Revenue Fund**

Schedule of Expenditures and Transfers (Unaudited)
Fiscal years ended June 30, 2020 and 2019
(Amounts expressed in thousands)

CCR Code	FY2020				FY2019			
	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	Total	Operating 6730(a)	Capital 6730(b)	Rail 6730(c)	Total
Arcadia	\$ 54	\$ —	\$ —	\$ 54	\$ 69	\$ —	\$ —	\$ 69
Claremont	20	—	—	20	13	25	—	38
Commerce	113	3	—	116	162	—	—	162
Culver City	1,873	—	—	1,873	1,771	—	—	1,771
Foothill Transit	9,071	1,798	—	10,869	6,753	—	—	6,753
Gardena	1,904	—	—	1,904	1,773	244	—	2,017
La Mirada	16	17	—	33	—	—	—	—
Long Beach	8,203	—	—	8,203	7,622	—	—	7,622
LACMTA	96,667	—	115,042	211,709	103,806	—	89,646	193,452
LADOT	1,695	—	—	1,695	—	—	—	—
Montebello	1,744	—	—	1,744	1,344	373	—	1,717
Norwalk	1,107	—	—	1,107	964	—	—	964
Redondo Beach	197	—	—	197	226	—	—	226
Santa Clarita	800	—	—	800	981	—	—	981
Santa Monica	7,035	1,338	—	8,373	6,136	—	—	6,136
Torrance	2,223	—	—	2,223	1,648	—	—	1,648
Total STA fund expenditures	\$ 132,722	\$ 3,156	\$ 115,042	\$ 250,920	\$ 133,268	\$ 642	\$ 89,646	\$ 223,556

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the State Transit Assistance Fund (the STA Fund), a special revenue fund of the Los Angeles County Metropolitan Transportation Authority (LACMTA), which comprise the balance sheet as of June 30, 2020 and 2019, and the related statement of revenues, expenditures, and changes in fund balance for the years then ended, and have issued our report thereon dated November 23, 2020.

In connection with our audit, nothing came to our attention that caused us to believe that LACMTA failed to comply with the terms, covenants, provisions, or conditions of Section 6751 of the California Code of Regulations, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding LACMTA's noncompliance with the above-referenced terms, covenants, provisions, or conditions, insofar as they relate to accounting matters.

This report is intended solely for the information and use of management, LACMTA's Board of Directors, others within LACMTA, and regulatory agencies, and is not intended to be and should not be used by anyone other than these specified parties.


Crowe LLP

Los Angeles, California
November 23, 2020



Crenshaw Project Corporation

**(A Component Unit of the Los Angeles County
Metropolitan Transportation Authority)**

Financial Statements

For the Year Ended June 30, 2020

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Financial Statements
For the Fiscal Year Ended June 30, 2020

Table of Contents

	Page
Independent Auditor's Report	1
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	3
Management's Discussion and Analysis	5
Financial Statements:	
Statement of Net Position	8
Statement of Revenues, Expenses, and Changes in Net Position	9
Statement of Cash Flows	10
Notes to the Financial Statements	11

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Crenshaw Project Corporation
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Crenshaw Project Corporation (CPC), a blended component unit of the Los Angeles County Metropolitan Transportation Authority, as of and for the year ended June 30, 2020 and the related notes to the financial statements, which collectively comprise the CPC's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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 financial statements referred to above present fairly, in all material respects, the financial position of the CPC, as of June 30, 2020, and the changes in its financial position and its cash flows thereof for the year then ended 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 management's discussion and analysis on pages 5 to 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements 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 financial statements, and other knowledge we obtained during our audit of the basic financial statements. 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2020 on our consideration of the CPC'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 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 the CPC's internal control over financial reporting and compliance.

Crowe LLP

Los Angeles, California
October 2, 2020

**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**

To the Board of Directors
Crenshaw Project Corporation
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Crenshaw Project Corporation (CPC) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the CPC's basic financial statements, and have issued our report thereon dated October 2, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the CPC'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the CPC's internal control. Accordingly, we do not express an opinion on the effectiveness of the CPC's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the CPC's financial statements 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting 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.

Crowe LLP

Los Angeles, California
October 2, 2020

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2020

As management of the Crenshaw Project Corporation (CPC), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the CPC for the fiscal year ended June 30, 2020. This discussion and analysis is designed to assist the readers in focusing on the significant financial issues and activities of the CPC.

We encourage the readers to consider the information presented herein in conjunction with the financial statements beginning on page 8. The financial statements, the notes to the financial statements, and this discussion and analysis were prepared by management and are the responsibility of management.

All amounts are expressed in thousands of dollars unless otherwise indicated.

Background

The Crenshaw Project Corporation (CPC) was formed on March 23, 2012 for the sole purpose of participating in financing public transportation projects of the Los Angeles County Metropolitan Transportation Authority (LACMTA).

The CPC currently serves as the conduit borrower as part of a financing agreement with the United States Department of Transportation (USDOT) under its Transportation Infrastructure Finance and Innovation Act (TIFIA) program to partially finance the construction of LACMTA's Crenshaw/LAX Transit Corridor Project (Project).

Financial Highlights

- In September 2012, the CPC secured a \$545,900 TIFIA loan from the USDOT to partially finance the Project. The loan under the TIFIA program is secured by Measure R sales tax revenues allocated to the Project. As of June 30, 2020, CPC has drawn down the full amount of TIFIA loan proceeds.
- Total assets of \$608,186 consist of the \$13,367 cash balance in the TIFIA Debt Service Reserve accounts restricted to meet the debt service reserve requirements of the TIFIA loan funding agreement and the advances to LACMTA of \$594,819. Total liabilities of \$608,186 consist of the principal amount of \$545,900 and the aggregate interest accretion of \$62,286 on the TIFIA loan. Therefore, there is no net position as of June 30, 2020.
- Total operating expenses of \$22 consist mostly of loan fees and other administration charges that were reimbursed by LACMTA, net of investment earnings of \$7.

Overview of the Basic Financial Statements

This Management's Discussion and Analysis serves as an introduction to the CPC's basic financial statements. The CPC's basic financial statements are: 1) the Statement of Net Position, 2) the Statement of Revenues, Expenses, and Changes in Net Position, 3) the Statement of Cash Flows, and 4) the Notes to the Financial Statements.

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Management's Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2020

The CPC's basic financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles as promulgated by the Government Accounting Standards Board (GASB). The CPC is structured as an Enterprise Fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred. See the notes to the financial statements for the summary of the CPC's significant accounting policies.

The Statement of Net Position presents information on all of the CPC's assets and liabilities, with the difference between the two reported as net position. The Statement of Revenues, Expenses, and Changes in Net Position presents the results of the CPC's operations. The Statement of Cash Flows presents the cash flows generated by the CPC to meet its current maturing obligations. The Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Presented below are the condensed Statement of Net Position and condensed Statement of Revenues, Expenses, and Changes in Net Position as of and for the year ended June 30, 2020.

	2020	2019
Condensed Statement of Net Position		
Current assets	\$ 13,367	\$ —
Non-current assets	594,819	594,799
Total assets	608,186	594,799
Non-current liabilities	608,186	594,799
Total liabilities	608,186	594,799
Net position	\$ —	\$ —
 Condensed Statement of Revenues, Expenses, and Changes in Net Position		
Operating revenues	\$ 15	\$ 24
Operating expenses	22	24
Operating income (loss)	(7)	—
Non-operating revenue	7	—
Change in net position	—	—
Net position - beginning of year	—	—
Net position - end of year	\$ —	\$ —

(1) The TIFIA loan was fully refunded on August 27, 2020 from LACMTA's issuance of Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A, Green Bonds (see Note 4, Notes to the Financial Statements on page 13 for additional disclosure).

Crenshaw Project Corporation
(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2020

The increase in current assets of \$13,367 was due to the increase in cash resulting from the receipt of funds from LACMTA for TIFIA's debt service reserve requirement.

The increase in non-current liabilities of \$13,387 was due to the interest accretion on the TIFIA loan in fiscal year 2020.

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Statement of Net Position

June 30, 2020

(Amounts expressed in thousands)

Assets	
Current assets	
Cash and cash equivalents - restricted	\$ 13,367
Non-current assets	
Advances to LACMTA	594,819
Total Assets	<u>608,186</u>
Liabilities	
Non-current liabilities	
Notes payable	608,186
Total Liabilities	<u>608,186</u>
Net Position	<u><u>\$ —</u></u>

The notes to the financial statements are an integral part of this statement.

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Statement of Revenues, Expenses, and Changes in Net Position

For the Fiscal Year Ended June 30, 2020

(Amount expressed in thousands)

Operating revenues		
Charges for services	\$	15
Operating expenses		
Professional, technical and other services		22
Operating loss		<u>(7)</u>
Non-operating revenues		
Investment earnings		7
Change in net position		<u>—</u>
Net position - beginning of year		<u>—</u>
Net position - end of year	\$	<u><u>—</u></u>

The notes to the financial statements are an integral part of this statement.

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Statement of Cash Flows

For Fiscal Year Ended June 30, 2020

(Amounts expressed in thousands)

Cash flows from operating activities	
Receipts from LACMTA	\$ 15
Payments to vendors	(22)
Net cash used for operating activities	<u>(7)</u>
Cash flows from capital and related financing activities	
Receipts from LACMTA for TIFIA's debt service reserve requirement	13,367
Net cash flows from capital and related financing activities	<u>13,367</u>
Cash flows from investing activities	
Investment earnings	7
Net cash flows from investing activities	<u>7</u>
Net increase in cash and cash equivalents	13,367
Cash and cash equivalents - beginning of year	—
Cash and cash equivalents - end of year	<u><u>\$ 13,367</u></u>
Non-cash financing activity	
Interest accretion on notes payable	\$ 13,387

The notes to the financial statements are an integral part of this statement.

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Notes to the Financial Statements

June 30, 2020

The notes to the financial statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying basic financial statements.

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Crenshaw Project Corporation (CPC) was formed for the specific purpose of securing a loan from United States Department of Transportation (USDOT) under the Transportation Infrastructure Finance and Innovation Act (TIFIA) program for the construction of LACMTA's Crenshaw/LAX Transit Corridor Project (Project). The Project has an approved life-of-project (LOP) budget of \$2.05 billion that covers the design and construction of a new 8.5-mile double-track Light Rail Transit (LRT) line, including eight transit stations, procurement of a minimum of 20 light rail vehicles, and the construction of a full service maintenance facility known as the "Southwestern Yard". The Project will extend from the EXPO Line (at the intersection of Exposition and Crenshaw Boulevards) and the Metro Green Line near the existing Aviation/LAX Station.

The CPC is governed by a Board of Directors (CPC Board) consisting of the same members of the Board of Directors of LACMTA (Metro Board). The Chair, First-Chair and Second-Chair of the Metro Board shall have the corresponding positions on the CPC Board. The Board members may serve only as long as they are members of the Metro Board. Each Director shall serve a term commensurate with his or her term on the Metro Board. The CPC is a blended component unit of LACMTA because it is financially dependent upon LACMTA, and LACMTA's approval is needed for the CPC to expend its budgets or charges and issue long-term debt. Although the CPC is a legally separate entity, it is in-substance part of LACMTA's operations, and therefore the data from the CPC is included in LACMTA's financial data. These financial statements present only the CPC and do not purport to, and do not, present fairly the financial position of LACMTA, as of June 30, 2020, or the changes in the financial position for the year then ended.

Fund Accounting

The proprietary fund type is used to account for ongoing operations and activities similar to those found in the private sector, where the determination of net income is necessary or useful for sound financial administration. The CPC uses the proprietary fund type to account for the goods and services provided to LACMTA on a cost reimbursement basis. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include reimbursements from LACMTA for operating expenses. Operating expenses include professional services and administrative expenses. The CPC

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Notes to the Financial Statements

June 30, 2020

applies all applicable Government Accounting Standard Board (GASB) pronouncements in accounting and reporting for its proprietary operations. Revenues are recorded when earned and expenses are recorded when incurred, regardless of the timing of related cash flows.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments, including restricted assets with an original maturity date of 90 days or less, are considered to be cash and cash equivalents. Otherwise, they are considered to be investments.

Receivables and Payables

Interagency receivables/payables are amounts owed to/due from other LACMTA funds for services performed. Payables are amounts due to vendors for goods or services received. There were no accounts payable to vendors outstanding as of June 30, 2020.

Note 2 - Advances to LACMTA

Advances to LACMTA consist of cash advances to partially finance the construction of the Project. As of June 30, 2020, the outstanding balance of advances to LACMTA totaled \$594,819.

Note 3 - Notes Payable

In September, 2012, the CPC secured a direct loan not to exceed \$545,900 from the United States Department of Transportation (USDOT) under the TIFIA program to partially finance the construction of the Project. The loan, secured by a portion of LACMTA's Measure R sales tax revenues allocated to the Project, bears interest at 2.43% per annum on the outstanding balance with maturity date of June 1, 2034. At June 30, 2020, CPC has fully drawn the \$545,900 principal amount. On each June 1 and December 1, interest accrued in the six month period ending on such date, were added to the outstanding balance of the TIFIA loan. The principal amount is payable in annual installments on June 1 of each year commencing on June 1, 2021, while the interest payments are payable semi-annually on June 1 and December 1 of each year starting December 1, 2020. As of June 30, 2020, the outstanding balance of the TIFIA loan, including \$62,286 in interest accretion, was \$608,186.

In the event of default described under the provisions of the TIFIA Loan Agreement, the TIFIA Lender, by written notice to LACMTA, may declare the unpaid principal amount of the TIFIA loan to be immediately due and payable, together with the interest accrued thereon and all fees, costs, expenses, indemnities and other amounts payable under the Agreement and other TIFIA Loan Documents. The TIFIA Lender may suspend or debar LACMTA from further participation in any Government program administered by the TIFIA Lender and to notify other departments and agencies of such default.

Crenshaw Project Corporation

(A Component Unit of the Los Angeles County Metropolitan Transportation Authority)

Notes to the Financial Statements

June 30, 2020

The CPC's annual debt service requirements (including future interest accretion to principal) are as follows:

Year Ending June 30	Principal	Interest	Total
2021	\$ (59) ⁽¹⁾	\$ 14,759	\$ 14,700
2022	8,620	14,780	23,400
2023	8,829	14,571	23,400
2024	9,024	14,376	23,400
2025	16,582	14,118	30,700
2026-2030	248,036	58,064	306,100
2031-2034	317,154	20,395	337,549
	<u>\$ 608,186</u>	<u>\$ 151,063</u>	<u>\$ 759,249</u>

(1) Amount represents interest accretion on TIFIA loan that is due and payable beginning June 1, 2022. The principal outstanding of \$608,186 includes interest accretion of \$62,286 as of June 30, 2020.

The annual debt service requirements were calculated based on allocation of loan payments from the principal amount of \$545,900.

Note 4 - Subsequent Event

In August 2020, LACMTA issued an aggregate principal amount of \$1.356 billion of Measure R Junior Subordinate Sales Tax Revenue Refunding Bonds, Series 2020-A (Green Bonds) to repay and retire its obligations under the TIFIA Loan Agreements, including CPC's TIFIA Loan. A portion of the proceeds, together with other available funds released from funds and accounts related to TIFIA funding agreements, were used to repay, on the date of issuance, CPC's outstanding loan balance of \$611,699, including accrued interest due under the TIFIA Loan Agreements, and pay the proportionate cost of issuance of the Series 2020-A Green Bonds.



SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)
Financial Statements and Supplementary Information
June 30, 2020
(With Independent Auditor's Report Thereon)

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)

Table of Contents

	Page
Independent Auditor's Report	1
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet	5
Statement of Revenues, Expenditures, and Change in Fund Balance	6
Notes to the Basic Financial Statements	7
Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual [Unaudited]	13
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 <i>Government Auditing Standards</i>	14

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the special revenue fund of the Service Authority for Freeway Emergencies (SAFE), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprises SAFE's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SAFE as of June 30, 2020, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SAFE's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2020 on our consideration of SAFE'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 effectiveness of SAFE's 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 SAFE's internal control over financial reporting and compliance.


Crowe LLP

Los Angeles, California
November 23, 2020

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
 (A Component Unit of the
 Los Angeles County Metropolitan Transportation Authority)
 Statement of Net Position
 June 30, 2020
 (Amounts expressed in thousands)

	Governmental Activities
Assets:	
Cash and cash equivalents	\$ 16,568
Investments	12,591
Intergovernmental receivable	1,431
Interest receivable	101
Total assets	30,691
 Liabilities:	
Accounts payable and accrued expenses	1,246
Total liabilities	1,246
 Net position:	
Restricted for motorist aid system projects	29,445
Total net position	\$ 29,445

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)

Statement of Activities
For year ended June 30, 2020
(Amounts expressed in thousands)

	<u>Governmental Activities</u>
Program expenses, net of revenues:	
Transit operations:	
Congestion relief operations	\$ 6,802
Total program expenses	<u>6,802</u>
General revenues:	
License fees	8,076
Investment income	896
Other	10
Total general revenues	<u>8,982</u>
Change in net position	2,180
Net position – beginning of year	27,265
Net position – end of year	<u>\$ 29,445</u>

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)

Balance Sheet

June 30, 2020

(Amounts expressed in thousands)

	<u>Special Revenue Fund</u>
Assets:	
Cash and cash equivalents	\$ 16,568
Investments	12,591
Intergovernmental receivable	1,431
Interest receivable	101
Total assets	<u>\$ 30,691</u>
Liabilities:	
Accounts payable and accrued liabilities	<u>1,246</u>
Fund balance:	
Restricted for motorist aid system projects	<u>29,445</u>
Total liabilities and fund balance	<u>\$ 30,691</u>

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
 (A Component Unit of the
 Los Angeles County Metropolitan Transportation Authority)
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 For the Fiscal year ended June 30, 2020
 (Amounts expressed in thousands)

	Special Revenue Fund
Revenues:	
License fees	\$ 8,076
Investment income	896
Other	10
Total revenues	8,982
Expenditures:	
Administration and other transportation projects	6,802
Total expenditures	6,802
Net change in fund balance	2,180
Fund balance – beginning of year	27,265
Fund balance – end of year	\$ 29,445

See accompanying notes to the basic financial statements.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

(A Component Unit of the

Los Angeles County Metropolitan Transportation Authority)

Notes to the Basic Financial Statements

June 30, 2020

The notes to the basic financial statements are a summary of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying basic financial statements.

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

(1) Summary of Significant Accounting Policies

(a) *Reporting Entity*

The Service Authority for Freeway Emergencies (SAFE) was created in February 1988 pursuant to California Streets and Highway Code Section 2550 et seq., and is responsible for the operation, maintenance, and administration of the Los Angeles County Kenneth Hahn Call Box system. Under the authority of the above section, the Los Angeles County Metropolitan Transportation Authority (LACMTA) is the designated SAFE for Los Angeles County.

As LACMTA's board is SAFE's board, SAFE is a component unit of LACMTA and is included in LACMTA's financial statements as a blended component unit.

(b) *Operations*

SAFE is responsible for the implementation, maintenance, operation, and administration of motorist aid on the network of freeways, highways, and unincorporated county roads within Los Angeles County. SAFE operates and maintains approximately 625 (not in thousands) call boxes along 436 (not in thousands) miles of freeways, state highways, and selected county roads in Los Angeles County. SAFE also funds, operates, and manages the Southern California 511 traveler information system. This system provides real-time and planned traffic, transit and other related traveler information to the public via the phone, web and mobile application.

(c) *Government-wide Financial Statements*

SAFE's financial statements, prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, consist of government-wide statements, including a statement of net position, statement of activities, and fund financial statements, which provide a more detailed level of financial information.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

(A Component Unit of the

Los Angeles County Metropolitan Transportation Authority)

Notes to the Basic Financial Statements

June 30, 2020

The government-wide financial statements report information on all of the non-fiduciary activities of the agency and are reported using the economic resources measurement focus and the accrual basis of accounting.

The statement of activities demonstrates the degree to which the direct expenses, including centralized expenses of a given function or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. License fees and investment earnings not considered program revenues are reported as general revenues.

(d) *Fund Accounting*

SAFE 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 SAFE's activities. The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Additionally, the SAFE fund is considered a special revenue governmental fund. Special revenue funds are used to account for specific revenue sources that are legally restricted to specific purposes. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SAFE considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred and a valid claim is presented.

(e) *Fund Balance and Net Position*

Restricted fund balance and net position include amounts that can be spent only for specific purposes stipulated by enabling legislation, by grants, creditors, or by regulations of other governments. SAFE's fund balance and net position were classified as restricted as they can only be used in accordance with the provisions of the California Streets and Highway Code Section 2550 et seq by which the fund was created.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
June 30, 2020

(f) *Budgetary Accounting*

Enabling legislation and adopted policies and procedures provide that the SAFE Board of Directors approve an annual budget. The Board of Directors conducts a public hearing for discussion of the proposed annual budget prior to adoption of the final budget. Unexpended appropriations lapse at year-end. The legal level of control is at the fund level, and expenses may not exceed total appropriations without board approval. By policy, the board has provided procedures for management to make revisions within operational or project budgets when there is no net dollar impact to total appropriations. The budget is prepared on a generally accepted accounting principles (GAAP) basis.

(g) *Cash and Investments*

SAFE maintains a minimum balance with the Los Angeles County Treasurer's external investment pool. Balances in excess of \$50 are withdrawn and deposited into the LACMTA internal investment pool. Cash and investments are reported at fair market value which is the quoted market price.

(h) *Receivables*

Receivables are net of estimated allowances for uncollectible accounts which are determined based on past experience. Receivables include license fees due from the State Department of Motor Vehicles. As of June 30, 2020, SAFE has a receivable for license fees of \$1,431.

(i) *Vehicle Registration Fees*

Vehicle registration fees revenue is recognized when earned and is generated by a \$1 (amount not in thousands) per each car registered in Los Angeles County, which is collected by the State Department of Motor Vehicles.

(j) *Effects of New GASB Pronouncements*

There were no new GASB Pronouncements applicable to SAFE for the year ended June 30, 2020.

(k) *Recent Event*

In December 2019, a novel strain of coronavirus has spread around the world resulting in business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The extent to which the coronavirus may impact business activity will depend on future developments, which are highly

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
 (A Component Unit of the
 Los Angeles County Metropolitan Transportation Authority)
 Notes to the Basic Financial Statements
 June 30, 2020

uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus. Management has not included any contingencies in the financial statements specific to this recent event.

(2) Cash and Investments

The following is a breakdown of SAFE’s cash and investments as of June 30, 2020.

LACMTA investment pool	\$	28,116
Los Angeles County investment pool		596
Total	\$	28,712

SAFE’s cash balances are pooled with other LACMTA funds participating in the investment pool by the LACMTA Treasurer. These funds are subject to withdrawal from the Treasurer’s pool upon demand. The LACMTA Board of Directors provides regulatory oversight for the LACMTA pool. Each fund maintains an equity interest in the pool and is presented as cash and investments in the Statement of Net Position. The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2020. Detailed information regarding the LACMTA’s pooled cash and investments can be found in the LACMTA Comprehensive Annual Financial Report (CAFR). A copy of the LACMTA’s CAFR can be obtained by submitting a written request to the Accounting Department, One Gateway Plaza, Los Angeles, CA 90012-2952.

SAFE’s cash balances are also pooled with other County funds and invested by the Los Angeles County Treasurer. These funds are subject to withdrawal from the Treasurer’s pool upon demand. The County Board of Supervisors provides regulatory oversight for the Los Angeles County Investment Pool (LACIP). The value of the position in the investment pool is the same as the value of the pool. The investment pool is not rated for purposes of evaluating credit risk as of June 30, 2020. Detailed information regarding the County’s pooled cash and investments can be found in the County of Los Angeles Comprehensive Annual Financial Report (CAFR). A copy of the County’s CAFR can be obtained by submitting a written request to the Los Angeles County Auditor-Controller, 500 West Temple Street, Room 525, Los Angeles, CA 90012-2766.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
June 30, 2020

In accordance with GASB Statement No. 40, *Deposit and Risk Disclosure - an Amendment of GASB Statement No. 3*, certain required disclosures regarding investment policies and practices with respect to the risk associated with their concentration of credit risk, custodial credit risk, interest rate risk, and foreign currency risk are discussed in the following paragraphs:

(a) Concentration of Credit Risk

Concentration of credit risk is the risk associated with a lack of diversification or having too much invested in a few individual shares. SAFE maintains investment policies that establish thresholds for holdings of individual securities. SAFE does not have any holdings meeting or exceeding these threshold levels. As of June 30, 2020, SAFE does not have any investments with more than 5% of the total investments under one issuer except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government.

(b) Custodial Credit Risk

SAFE has no known custodial credit risk for deposits as financial institutions are required by the California Government Code to collateralize deposits of public funds by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling.

(c) Interest Rate Risk

Interest rate risk is the risk that changes in interest rate will adversely affect the fair value of an investment. SAFE measures interest rate risk on its short-term investments using the effective duration method. SAFE maintains policy requiring the average duration of the externally managed short-term investments not to exceed 150% of the benchmark duration and the average duration of the internally managed short-term investments not to exceed three years.

(d) Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair values of the cash deposits or investments. As of June 30, 2020, there is no exposure to currency risk as all SAFE cash deposits and investments are denominated in U.S. dollar currency.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES
(A Component Unit of the
Los Angeles County Metropolitan Transportation Authority)
Notes to the Basic Financial Statements
June 30, 2020

(3) Significant Commitments

SAFE has entered into a Memorandum of Understanding (MOU) with the Public Transportation Services Corporation (PTSC), a blended component unit of LACMTA, for PTSC to provide cost reimbursable administrative support services to SAFE. The MOU will remain in effect until terminated by either party with a minimum of sixty (60) days written notice.

SAFE had \$1,341 of outstanding contractual commitments as of June 30, 2020 that had not been claimed or disbursed.

SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

(A Component Unit of the

Los Angeles County Metropolitan Transportation Authority)

Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual

For the Fiscal year ended June 30, 2020

(Amounts expressed in thousands)

	Original Budget*	Final Budget*	Actual	Variance with Final Budget
Revenues:				
License fees	\$ 7,750	\$ 7,750	\$ 8,076	\$ 326
Investment income	100	100	566	466
Net appreciation in fair value of investments	—	—	330	330
Others	—	—	10	10
Total revenues	7,850	7,850	8,982	1,132
Expenditures:				
Administration and other transportation projects	8,129	8,129	6,802	1,327
Total expenditures	8,129	8,129	6,802	1,327
Net change in fund balance	(279)	(279)	2,180	2,459
Fund balances – beginning of year	27,265	27,265	27,265	—
Fund balances – end of year	\$ 26,986	\$ 26,986	\$ 29,445	\$ 2,459

*Budget prepared in accordance with GAAP.

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*

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and the special revenue fund of the Service Authority for Freeway Emergencies (SAFE), a component unit of the Los Angeles County Metropolitan Transportation Authority (LACMTA), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SAFE's basic financial statements, and have issued our report thereon dated November 23, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SAFE's internal control over financial reporting (internal control) as a basis for designing 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 SAFE's internal control. Accordingly, we do not express an opinion on the effectiveness of SAFE's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SAFE's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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.


Crowe LLP

Los Angeles, California
November 23, 2020



**LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
LOW CARBON TRANSIT OPERATIONS PROGRAM
COMPLIANCE REPORT**

Fiscal year ended June 30, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH RULES AND
REGULATIONS OF THE LOW CARBON TRANSIT OPERATIONS PROGRAM (LCTOP) AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

Report on Compliance with Low Carbon Transit Operations Program Guidelines

We have audited the Los Angeles County Metropolitan Transportation Authority (LACMTA) compliance with the types of compliance requirements described in the Low Carbon Transit Operations Program (LCTOP) Guidelines adopted by the California Department of Transportation that could have a direct and material effect on LACMTA's compliance with the LCTOP Guidelines for the fiscal year ended June 30, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to the LCTOP Guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for LACMTA's LCTOP program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the LCTOP Guidelines. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the LCTOP program occurred. An audit includes examining, on a test basis, evidence about 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 compliance for the LCTOP program. However, our audit does not provide a legal determination of LACMTA's compliance.

Opinion on the LCTOP Guidelines

In our opinion, LACMTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the LCTOP program for the fiscal year ended June 30, 2020.

(Continued)

Report on Internal Control over Compliance

Management of LACMTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LACMTA's internal control over compliance with the types of requirements that could have a direct and material effect on the LCTOP program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance on the LCTOP program and to test and report on internal control over compliance in accordance with the LCTOP program, 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 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 type of compliance requirement of a LCTOP program 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 type of compliance requirement of the LCTOP program 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 type of compliance requirement of the LCTOP program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Crowe LLP

Crowe LLP

Los Angeles, California
December 17, 2020



Board Report

File #: 2020-0919, **File Type:** Policy

Agenda Number: 7.

**FINANCE, BUDGET AND AUDIT COMMITTEE
MARCH 17, 2021**

**SUBJECT: CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS
(CRRSA) ACT FUNDING**

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. APPROVING the allocation of \$784,942,958 from Los Angeles County’s partial share of Federal Transit Administration (FTA) Section 5307/ Section 5337 funds from the CRRSA Act to transit operators, as described in Attachment A, for operating expenses;
- B. AUTHORIZING the Chief Executive Officer (CEO) or his designee to solicit proposals and allocate \$1,327,107 from Los Angeles County’s share of FTA funds from the CRRSA Act, as described in Attachment B, to Metro’s existing subrecipients of Federal Section 5310 funds for operating expenses;
- C. AUTHORIZING the CEO to allocate Los Angeles County’s share of FTA Section 5311 funds from the CRRSA Act (estimated to be about \$1,127,870) for transit service in rural areas upon notification by the California Department of Transportation (Caltrans), as described in Attachment B, for operating expenses;
- D. APPROVING exchanges of CRRSA Act funding allocations, as appropriate, with other local or eligible State or Federal funds to accelerate grant approval and disbursement of funds by the FTA;
- E. AUTHORIZING the CEO or his designee to negotiate and execute all necessary agreements to implement Board approved support of transit programs in Los Angeles County; and
- F. DELEGATING to the CEO or his designee the authority to administratively approve minor changes to the allocations to reflect any revisions made by the Southern California Association of Governments (SCAG), FTA and/or Caltrans that may impact Los Angeles County’s share of the funds.

ISSUE

Public transportation systems nationwide continue to face challenges including to ridership, revenue, and overall operations due to the negative impacts of the Coronavirus pandemic (COVID-19). The CRRSA Act makes available \$14 billion nationwide for transit operators to prevent, prepare for, and respond to COVID-19. As the County Transportation Commission (CTC) for Los Angeles County, Metro is responsible for allocating Los Angeles County's share of CRRSA Act funds to transit agencies to support the continuing provision of safe and reliable service in our region for essential workers and other riders who depend on public transportation to meet their travel needs.

The FTA apportioned \$954,900,781 in Section 5307/ Section 5337 funds to the Los Angeles-Long Beach-Anaheim Urbanized Area (UZA), which comprises areas in Los Angeles, Orange, San Bernardino, Riverside and Ventura counties. SCAG, as the federally "Designated Recipient" of the funds, shared early February the inter-county allocation methodology and corresponding funding allocation for each county with the CTCs in the region for their review and concurrence. Staff concurred with SCAG's staff proposed methodology as it is fair, transparent, and implements the intent of the CRRSA Act. The Orange County Transportation Authority (OCTA), San Bernardino County Transportation Authority (SBCTA) and Riverside County Transportation Commission (RCTC) asked SCAG to reconsider the proposed methodology but supported the allocation of a portion of the funding "not in dispute". The balance of \$126,838,551 is the amount these agencies dispute, as per SCAG's proposed methodology would be allocated to Los Angeles County. SCAG staff took their recommendation to the Regional Council for approval at its March 4, 2021 meeting. The item was pulled from the consent calendar, with direction from the Regional Council's President to move forward with the partial "Round 1" inter-county allocation of \$828,062,230. SCAG staff will seek approval for the allocation of the balance of the funds from the Regional Council at its April 1, 2021 meeting.

BACKGROUND

The CRRSA Act, signed into law on December 27, 2020, appropriated \$14 billion for transit nationwide, to remain available until expended, for eligible expenses incurred starting on January 20, 2020. These funds are in addition to the \$25 billion that were appropriated by the "Coronavirus Aid, Relief, and Economic Security Act" (CARES Act) that was signed into law on March 27, 2020. The Metro Board approved the allocation of Los Angeles County's share of CARES Act funds totaling about \$1.069 billion at its May 28, 2020 regular meeting.

DISCUSSION

On January 11, 2021, the FTA released the funding apportionments for UZAs and states nationwide. Following the publication of the apportionments, the FTA hosted a series of webinars through January 14, 2021 to describe eligibility requirements and answer questions about the funding allocation and grant application processes. Staff's January 19, 2021 Board Box summarized the transit provisions of the CRRSA Act, as well as our agency's outreach and inter-agency consultation efforts.

Transit Funding Apportionments and Los Angeles County's Allocations

Attachment B summarizes the CRRSA Act transit apportionments and Los Angeles County's share of the funds that Congress appropriated for the FTA's Section 5307 UZA Formula Grants, Section 5311 Formula Grants for Rural Areas, and Section 5337 State of Good Repair Grants programs. The funding allocations for Los Angeles County from Section 5307/ Section 5337 (including partial "Round 1" allocations) and Section 5310 are per the methodology proposed by SCAG to Metro and other CTCs in the SCAG region. Los Angeles County's share of Section 5311 funds assumes Caltrans will use the same allocation process as for the CARES Act. The CRRSA Act requires the FTA to apportion the \$14 billion in transit funds, after a set aside of up to \$10 million for its program management and oversight, according to the existing shares and apportionment formulas for the following programs:

Section 5307 and Section 5337- About \$13.26 billion has been apportioned to UZAs nationwide. The apportionments are adjusted such that no UZA receives additional funding from the CRRSA Act when the combined Section 5307 and Section 5337 apportionments from the CARES Act and the CRRSA Act within the UZA exceeds 75% of the aggregated 2018 operating costs as reported by individual transit operators within the UZA to the National Transit Database (NTD).

Per the FTA, the apportionments are: i) \$954,900,781 for the Los Angeles-Long Beach-Anaheim UZA, which comprises most of Los Angeles County and parts of Orange, Riverside, San Bernardino, and Ventura counties; and, ii) \$224,351 for the Santa Clarita UZA, which is fully comprised within Los Angeles County. The combined share of Los Angeles County requested to be allocated by the Metro Board from the apportionment to the Los Angeles-Long Beach-Anaheim and the Santa Clarita UZAs, while taking into consideration SCAG's limitation for "Round 1" allocations, is \$784,942,958.

Section 5310- About \$50 million has been apportioned to UZAs and States (for UZAs with populations less than 200,000 and for non-UZAs) nationwide for the Enhanced Mobility of Seniors and Individuals with Disabilities Program. Per the FTA, the apportionments are: i) \$1,629,631 for the Los Angeles-Long Beach-Anaheim UZA; ii) \$41,990 for the Lancaster- Palmdale UZA, which is fully comprised within Los Angeles County; and, iii) \$30,300 for the Santa Clarita UZA. The share of Los Angeles County from the apportionment to the Los Angeles-Long Beach-Anaheim UZA, per SCAG's inter-county allocation methodology of the funds, is \$1,254,817.

Section 5311- About \$679 million has been apportioned to States for rural areas nationwide. The CRRSA Act requires apportionments to be adjusted such that no State receives additional funding when the combined Section 5311 apportionments from the CARES Act and the CRRSA Act for individual transit operators in rural areas within the State exceeds 125% of the 2018 operating costs as reported by individual transit operators in rural areas within the State to the NTD. Per the FTA, California will receive \$74,423,500. Los Angeles County's share of the funds is estimated to be \$1,127,870. Caltrans has not finalized the allocation methodology. Staff recommends Caltrans using the same county CARES Act percentage shares for the allocation of CRRSA Act funds.

Funding Eligibility

The CRRSA Act makes funds available for the “operating expenses of transit agencies related to the response to a COVID-19 public health emergency, including, beginning January 20, 2020, reimbursement for operating costs to maintain service and lost revenue due to the COVID-19 public health emergency, including the purchase of personal protective equipment (PPE), and paying the administrative leave of operations or contractor personnel due to reductions in service”. It requires, “to the maximum extent possible”, CARES Act and CRRSA Act funds to be directed to payroll and operations of public transportation (including payroll and expenses of private providers, as eligible subrecipients), unless the recipient certifies to the U.S. Secretary of Transportation that it has not furloughed any employees. The funds are available until expended (on a reimbursement basis by the FTA) for up to 100% of eligible expenses.

Stakeholder Outreach

On January 7, 2021, the CEO sent a letter to transit operators in our region to provide a brief update on the CRRSA Act, including our agency’s current and anticipated actions. Among these actions, the CEO referred to: i) Metro staff working closely with federal and regional counterparts to determine Los Angeles County’s share of the funds that will ultimately be subject to distribution by the Metro Board; ii) recipients of CARES Act funds to draw down their allocations as quickly as possible to help position Los Angeles County for any future new stimulus funding; and iii) Metro conducting a series of outreach meetings to gather input and discuss the allocations that Metro staff will be recommending to the Board of Directors for approval.

Staff reached out to SCAG on the timeline for completing the inter-county allocation of Section 5307/ Section 5337 funds, as well as of Section 5310 funds, apportioned to the Los Angeles-Long Beach-Anaheim UZA. Staff also reached out to Caltrans to inquire about the timeline for completing the statewide allocation of Section 5311 funds. Staff also presented to the General Managers (GM), Bus Operations Subcommittee (BOS), Local Transit Systems Subcommittee (LTSS), and Accessibility Advisory Committee (AAC). The CEO also sent a letter to SCAGs’ Executive Director supporting the proposed inter-county allocation methodology. Staff also briefed members and staff of elected officials that represent Los Angeles County in SCAG’s Regional Council. Staff also reached out to transit operators in the region asking to express their support.

Following SCAG’s Regional Council meeting, the CEO sent letters to transit operators in Los Angeles County to brief them about SCAG’s partial allocation of the funds and Metro’s proposed methodology to allocate our region’s share of the CRRSA Act funds. The CEO’s letter also included the estimated funding allocation from the CRRSA Act for each transit operator. Following a staff presentation, the GM concurred with Metro’s proposed methodology and allocations for transit operators at their March 10, 2021 meeting.

Funding Allocations

At its May 2020 meeting, the Metro Board approved the allocation of CARES Act funding premised on the countywide reduction in anticipated sales tax revenues available to support transit programs throughout the county. Further consideration was given to the projected loss in associated operating

and ancillary revenues of operators. As included in its title, the CRRSA Act is a “supplemental” allocation to the original CARES Act. The initial conditions prompting Board approval for the CARES Act allocation of funds have remained largely unchanged. Economic activity continues to lag conditions prior to the onset of the pandemic and transit ridership remains at historic lows. Though the introduction of the vaccines provides a positive indicator for future recovery, staff believe the original premise for allocating the CARES Act remains the best basis for the allocation of CRRSA Act funds.

SCAG’s notice to Metro and other CTCs in the region about its inter-county allocation methodology highlighted that the CRRSA Act limits the total combined CARES Act and CRRSA Act allocations for UZAs to 75% of the total 2018 operating costs reported to the NTD. With this requirement into consideration, SCAG indicated that it followed the same methodology as in the CRRSA Act for allocating the Section 5307/ Section 5337 funds. SCAG staff recommended its Regional Council to approve this methodology.

SCAG followed the existing process for the inter-county funding allocation of CRRSA Act apportionments to the Los Angeles-Long Beach-Anaheim UZA from the FTA’s Section 5310 Program among Metro and other CTCs in the region, as the CRRSA Act does not link the operating expenses reported to the NTD in 2018 to the Section 5310 apportionment that an UZA receives.

Staff concurred with SCAG’s methodology for the inter-county allocation of CRRSA Act funds apportioned to the Los Angeles-Long Beach-Anaheim UZA from the FTA’s Section 5307/ Section 5337 and Section 5310 programs.

Included in Metro’s proposed allocation methodology of Los Angeles County’s share of CRRSA Act funds from the Section 5307/ Section 5337 programs are funding allocations for Metro and the Municipal Operators, Metrolink, Access Services, as well as local and regional small operators and countywide transit programs. The allocation shares of each transit operator/agency from Los Angeles County’s share of Section 5307/ Section 5337 funds apportioned to the Los Angeles-Long Beach-Anaheim UZA will be the same as for the CARES Act. The Section 5307/ Section 5337 apportionment to the Santa Clarita UZA is to be fully allocated to Santa Clarita Transit. Attachment A includes the allocations of Los Angeles County’s share of Section 5307/ Section 5337 funds from the CRRSA Act. Attachment B describes the proposed allocation of Los Angeles County’s share of Section 5310 and Section 5311 funds from the CRRSA Act.

CARES Act Funding Drawdown Update

Attachment C summarizes the drawdowns of CARES Act funds by transit operators in Los Angeles County through March 1, 2021. Transit operators in Los Angeles County have collectively drawn down over 95% of their CARES Act allocations. A balance of about \$51 million in CARES Act funding remains to be drawn down by ten of the Municipal Operators. Based on discussions with transit operators with balances that remain available for disbursements by the FTA, the common reasons are mostly administrative. Some agencies reported having already spent all their CARES Act allocations, with requests for reimbursement being finalized for submittal to the FTA. Drawing down the CARES Act funding demonstrates Los Angeles County’s needs and better positions our region and transit operators to receive additional stimulus funding.

DETERMINATION OF SAFETY IMPACT

Adoption of this item will provide funding for increased safety efforts by providing continued supplemental relief funding to Los Angeles County transit agencies impacted by the pandemic, ensuring resources available to continue enhanced cleaning routines, access to PPE, and maintaining service levels.

FINANCIAL IMPACT

A total of \$784,942,958 in CRRSA Act funding will be distributed to transit agencies throughout Los Angeles County as shown in Attachment A. The additional estimated total of \$2,454,977 in CRRSA Act funding will be allocated as described in Attachment B. Los Angeles County's share of CRRSA Act funding, taking into consideration partial "Round 1" allocation, is estimated to be \$787,397,935.

Impact to Budget

Use of the CRRSA Act funds will continue to help mitigate, but not eliminate the funding gaps experienced by transit operators throughout Los Angeles County.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

1. Provide high-quality mobility options that enable people to spend less time traveling;
2. Deliver outstanding trip experiences for all users of the transportation system;
3. Enhance communities and lives through mobility and access to opportunity;
4. Transform Los Angeles County through regional collaboration and national leadership; and
5. Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The Board may choose not to approve the staff's proposed CRRSA Act funding allocation method and instruct staff to allocate funds through some other Board directed process. This is not recommended, as this will cause significant delays in the receipt of funds for all transit operators and agencies in Los Angeles County.

NEXT STEPS

Should the Board approve the staff recommendation:

- Staff will work with operators and agencies on final administrative requirements and fund distribution details;
- Staff will notify SCAG of the allocation of Los Angeles County's share of the CRRSA Act funds for inclusion in its "split letter" to the FTA;
- SCAG will send the "split letter" to the FTA to allow the designated recipients of the funds to submit grant applications to the FTA for approval and begin drawing down CRRSA Act funding; and

-
- Staff will follow up with SCAG, transit operators in Los Angeles County, and members and staff of elected officials that represent Los Angeles County in SCAG's Regional Council regarding the allocation of the balance of \$126,838,551 from the CRRSA Act.

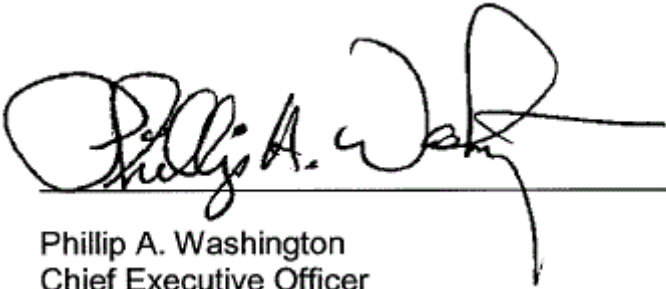
Staff will also continue to update the Board on the impacts of the COVID-19 pandemic to Metro and the region, as well as bring for approval the allocation of Los Angeles County's share of the funds from the American Rescue Plan that Congress approved earlier this month.

ATTACHMENTS

- A. CRRSA Act Funding Allocation by Transit Operator/Agency
- B. CRRSA Act Apportionments and Los Angeles County's Share of the Funds
- C. CARES Act Funding Drawdown Update

Prepared by: Ashad Hamideh, Senior Director, Countywide Planning & Development, (213) 922-5539
Drew Phillips, Deputy Executive Officer, Finance, (213) 922-2109
Wil Ridder, Executive Officer, Countywide Planning & Development, (213) 922-2887
Michelle Navarro, Executive Officer, Finance, (213) 922-3056
Laurie Lombardi, Senior Executive Officer, Countywide Planning & Development, (213) 418-3251

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088
Jim de la Loza, Chief Planning Officer, (213) 922-2920



Phillip A. Washington
Chief Executive Officer

**Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
Proposed "Round 1" Funding Allocation by Transit Operator/ Agency
Section 5307/ Section 5337 Apportionments to the Los Angeles- Long Beach- Anaheim UZA**

Transit Operator/ Agency	Metro Board Approved CARES Act Allocation	Allocation %	Proposed CRRSA Act Allocation
Metro Bus Ops	\$ 334,196,361	33.4838%	\$ 262,753,645
Metro Rail Ops	252,941,922	25.3428%	198,869,346
Municipal Operators			
Arcadia	\$ 413,118	0.0414%	\$ 324,804
Claremont	153,038	0.0153%	120,322
Commerce	834,418	0.0836%	656,041
Culver City	6,573,119	0.6586%	5,167,953
Foothill Transit	29,856,920	2.9914%	23,474,267
Gardena	6,650,248	0.6663%	5,228,594
La Mirada	123,098	0.0123%	96,783
Long Beach	29,203,837	2.9260%	22,960,796
Montebello	10,175,268	1.0195%	8,000,054
Norwalk	3,807,217	0.3815%	2,993,331
Redondo Beach	906,679	0.0908%	712,854
Santa Monica	24,360,412	2.4407%	19,152,773
Torrance	7,910,110	0.7925%	6,219,129
Subtotal - Municipal Operators	\$ 120,967,484	12.1200%	\$ 95,107,700
Eligible Operators			
Antelope Valley	\$ 4,239,043	0.4247%	\$ 3,332,843
LADOT	15,831,270	1.5862%	12,446,945
Santa Clarita	3,776,194	0.3783%	2,968,940
Foothill BSCP	3,160,600	0.3167%	2,484,944
Subtotal - Eligible Operators	\$ 27,007,107	2.7059%	\$ 21,233,671
Tier 2 Operators			
LADOT Community Dash	\$ 3,612,073	0.3619%	\$ 2,839,903
Glendale	524,420	0.0525%	412,312
Pasadena	305,610	0.0306%	240,278
Burbank	91,935	0.0092%	72,282
Subtotal - Tier 2 Operators	\$ 4,534,038	0.4543%	\$ 3,564,775
Other Operators			
MetroLink	\$ 56,432,000	5.6540%	\$ 44,368,268
Access Services	\$ 33,500,000	3.3564%	\$ 26,338,549
Regional Transit Support	\$ 160,220,592	16.0528%	\$ 125,969,488

**Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
Proposed "Round 1" Funding Allocation by Transit Operator/ Agency
Section 5307/ Section 5337 Apportionments to the Los Angeles- Long Beach- Anaheim UZA**

Transit Operator/ Agency	Metro Board Approved CARES Act Allocation	Allocation %	Proposed CRRSA Act Allocation
Regional Paratransit Operators			
Agoura Hills	\$ 48,095	0.0048%	\$ 37,814
Antelope Valley, Elderly & Disabled	243,028	0.0243%	191,075
Beverly Hills Taxi & Lift Van	2,721	0.0003%	2,139
Culver City Community Transit and LA County	43,774	0.0044%	34,416
Gardena, Hawthorne and LA County	139,616	0.0140%	109,770
Glendale Paratransit and La Canada Flintridge	192,538	0.0193%	151,378
Inglewood Transit and LA County	151,856	0.0152%	119,393
LA County (Whittier et al)	151,691	0.0152%	119,263
LA County (Willowbrook)	31,049	0.0031%	24,411
Los Angeles Taxi & Lift Van, City Ride	290,748	0.0291%	228,594
Los Angeles Dial-a-Ride, City Ride	792,892	0.0794%	623,392
Monrovia D.A.R. and LA County	77,486	0.0078%	60,921
Palos Verdes PTA D.A.R.	30,357	0.0030%	23,867
Palos Verdes PTA - PV Transit	286,240	0.0287%	225,049
Pasadena Community Transit, San Marino and LA County	342,211	0.0343%	269,055
Pomona Valley TA - E&D (Get About)	574,519	0.0576%	451,702
Pomona Valley TA General Public (VC)	54,589	0.0055%	42,919
Redondo Beach Community Transit and Hermosa Beach	2,961	0.0003%	2,328
Santa Clarita D.A.R.	663,633	0.0665%	521,765
West Hollywood (DAR)	186,218	0.0187%	146,409
West Hollywood (Taxi)	10,038	0.0010%	7,892
Whittier (DAR)	208,253	0.0209%	163,733
Subtotal - Regional Paratransit Operators	\$ 4,524,511	0.4533%	\$ 3,557,285
Voluntary Reporters			
City of Alhambra (MB and DR)	\$ 84,471	0.0085%	\$ 66,413
City of Artesia (DR)	3,914	0.0004%	3,077
City of Azusa (DR)	29,336	0.0029%	23,065
City of Baldwin Park (MB and DR)	72,257	0.0072%	56,811
City of Bell (MB/DR)	17,398	0.0017%	13,679
City of Bell Gardens (MB and DR)	46,183	0.0046%	36,310
City of Bellflower (MB and DR)	30,034	0.0030%	23,613
City of Burbank (MB)*	82,583	0.0083%	64,929
City of Calabasas (MB and DR)	40,163	0.0040%	31,577
City of Carson (MB and DT)	137,089	0.0137%	107,783
City of Cerritos (MB)	74,555	0.0075%	58,617
City of Compton (MB)	40,566	0.0041%	31,894
City of Covina (DR)	19,094	0.0019%	15,012
City of Cudahy (MB and DR)	17,293	0.0017%	13,597
City of Downey (MB and DR)	62,640	0.0063%	49,249
City of Duarte (MB)	19,643	0.0020%	15,444
City of El Monte (MB and DR)	94,913	0.0095%	74,623
City of Glendora (MB and DR)	57,825	0.0058%	45,464
City of Glendale (MB)*	207,050	0.0207%	162,788
City of Huntington Park (MB)	67,347	0.0067%	52,950
City of Los Angeles -- Community DASH* (MB)	803,714	0.0805%	631,900
City of Los Angeles -- Department of Aging (DR)	124,047	0.0124%	97,529
LA County Dept. of Public Works -- Avocado Heights (MB)	12,214	0.0012%	9,603
LA County Dept. of Public Works -- East Valinda (MB)	13,745	0.0014%	10,806
LA County Dept. of Public Works -- East LA (MB and DR)	99,948	0.0100%	78,582
LA County Dept. of Public Works -- Willowbrook (MB)	25,658	0.0026%	20,173
LA County Dept. of Public Works -- King Medical (MB)	11,017	0.0011%	8,662
LA County Dept. of Public Works -- Athens (MB)	11,502	0.0012%	9,043
LA County Dept. of Public Works -- Lennox (MB)	9,012	0.0009%	7,085
LA County Dept. of Public Works -- South Whittier (MB)	63,799	0.0064%	50,161
LA County Dept. of Public Works -- Florance/Firestone (MB)	15,080	0.0015%	11,856
City of Lakewood (DR)	19,546	0.0020%	15,368
City of Lawndale (MB)	24,480	0.0025%	19,247
City of Lynwood (MB)	42,490	0.0043%	33,407
City of Malibu (DT)	4,623	0.0005%	3,635
City of Manhattan Beach (DR)	15,286	0.0015%	12,018
City of Maywood (DR)	17,879	0.0018%	14,057
City of Monterey Park (MB and DR)	76,017	0.0076%	59,767

**Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
Proposed "Round 1" Funding Allocation by Transit Operator/ Agency
Section 5307/ Section 5337 Apportionments to the Los Angeles- Long Beach- Anaheim UZA**

Transit Operator/ Agency	Metro Board Approved CARES Act Allocation	Allocation %	Proposed CRRSA Act Allocation
City of Pasadena (MB)*	205,942	0.0206%	161,917
City of Pico Rivera (DR)	6,470	0.0006%	5,087
City of Rosemead (MB and DR)	54,916	0.0055%	43,177
City of Santa fe Springs (DR)	6,262	0.0006%	4,923
City of South Gate (DT and MB)	110,407	0.0111%	86,804
City of South Pasadena (DR)	11,118	0.0011%	8,742
City of West Covina (MB and DR)	71,080	0.0071%	55,885
City of West Hollywood (MB)	35,696	0.0036%	28,065
Subtotal Voluntary Reporters	\$ 3,096,305	0.3102%	\$ 2,434,394
Other Special Projects			
Avalon Ferry Subsidy	\$ 324,669	0.0325%	\$ 255,263
Avalon Transit Services (Jitney and Dial-a-Ride)	74,858	0.0075%	58,855
Hollywood Bowl Shuttle Service	263,750	0.0264%	207,367
Subtotal - Other Special Projects	\$ 663,277	0.0665%	\$ 521,485
Grand Total*	\$ 998,083,598	100.0000%	\$ 784,718,607

* The CARES Act total represents the funds available for countywide allocation per the May 2020 Board Report.

**Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act
Funding Allocation by Transit Operator/ Agency
Section 5307/ Section 5337 Apportionments to the Santa Clarita UZA**

Transit Operator/ Agency	Metro Board Approved CARES Act Allocation	Allocation %	Proposed CRRSA Act Allocation
Metro	\$ 6,378,739	400.0000%	\$ 224,351
		0.0000%	0
Santa Clarita Transit	\$ 14,486,864	0.0000%	0
		100.0000%	\$ 224,351
Grand Total*	\$ 20,865,603	100.0000%	\$ 224,351

* Santa Clarita Transit's share of CARES Act funds was about 69.43%, but proposed to receive 100% of the CRRSA Act funds apportioned to the UZA.

CRRSA Act Apportionments and Los Angeles County's Share of the Funds

FTA Program Urbanized Area/ County ¹	Urbanized Area/ State Apportionment	Los Angeles County Share ² Full Allocation	Los Angeles County Share ³ Partial/ "Round 1"	Transit Operator/ Agency Allocation
Section 5307/Section 5337				
Santa Clarita UZA	\$224,351	\$224,351	N/A	Per Attachment A
Los Angeles- Long Beach- Anaheim UZA	\$954,900,781	\$911,525,690	\$784,718,607	Per Attachment A
Section 5310				
Los Angeles- Long Beach- Anaheim UZA	\$1,629,631	\$1,254,817	N/A	TBD (CEO)
Lancaster- Palmdale UZA	\$41,990	\$41,990	N/A	TBD (CEO)
5310 Santa Clarita UZA	\$30,300	\$30,300	N/A	TBD (CEO)
Section 5311				
State of California	\$74,423,500	\$1,127,870	N/A	TBD (CEO)
Total	\$1,031,250,553	\$914,205,018	\$784,718,607	N/A

1. Los Angeles County's share of Section 5307/Section 5337 and Section 5310 funds are per SCAG's inter-county allocation methodology. Los Angeles County's share of Section 5311 funds is an estimate by Metro staff that assumes the same share of such funds from the CARES Act as allocated by Caltrans.
2. Per SCAG staff recommended inter-county allocation methodology based on 75% of reported operating costs to the National Transit Database.
3. Per SCAG'S Regional Council partial inter-county allocation methodology based on "proportionate" CARES Act allocation share for each county.

**CARES Act Funding Drawdown Update
(as of March 1, 2021)**

UZA Transit Operator/Agency	Allocation Amount	Obligation Amount	Disbursed Amount	Unliquidated Amount	% Disbursed
Los Angeles- Long Beach- Anaheim UZA Metro¹	\$ 855,531,526.00	\$ 855,531,526.00	\$ 855,531,526.00	\$ -	100.00%
Municipal Operators					
Arcadia	\$ 413,118.00	\$ 413,118.00	\$ -	\$ 413,118.00	0.00%
Claremont	\$ 153,038.00	\$ 153,038.00	\$ 153,038.00	\$ -	100.00%
Commerce	\$ 834,418.00	\$ 834,418.00	\$ 724,779.00	\$ 109,639.00	86.86%
Culver City	\$ 6,573,119.00	\$ 6,573,119.00	\$ 6,245,987.00	\$ 327,132.00	95.02%
Foothill Transit	\$ 33,017,520.00	\$ 33,017,520.00	\$ 33,017,520.00	\$ -	100.00%
Gardena	\$ 6,650,248.00	\$ 6,650,248.00	\$ 6,334,889.00	\$ 315,359.00	95.26%
La Mirada	\$ 123,098.00	\$ -	\$ -	\$ 123,098	0.00%
Long Beach	\$ 29,203,837.00	\$ 29,203,837.00	\$ 29,203,837.00	\$ -	100.00%
LADOT	\$ 15,831,270.00	\$ 15,831,270.00	\$ 15,831,270.00	\$ -	100.00%
Montebello	\$ 10,175,268.00	\$ 10,175,268.00	\$ -	\$ 10,175,268.00	0.00%
Norwalk	\$ 3,807,217.00	\$ 3,807,217.00	\$ 3,807,217.00	\$ -	100.00%
Redondo Beach	\$ 906,679.00	\$ 906,679.00	\$ 539,232.00	\$ 367,447.00	59.47%
Santa Monica	\$ 24,360,412.00	\$ 24,360,412.00	\$ 24,360,412.00	\$ -	100.00%
Torrance	\$ 7,910,110.00	\$ 7,910,110.00	\$ 5,621,034.00	\$ 2,289,076.00	71.06%
Santa Clarita	\$ 3,776,194.00	\$ 3,776,194.00	\$ 3,776,194.00	\$ -	100.00%
Total Municipal Operators	\$ 143,735,546.00	\$ 143,612,448.00	\$ 129,615,409.00	\$ 14,120,137.00	90.18%
Total UZA	\$ 999,267,072.00	\$ 999,143,974.00	\$ 985,146,935.00	\$ 14,120,137.00	98.59%
Santa Clarita UZA					
Metro ¹	\$ 6,378,739.00	\$ 6,378,739.00	\$ 6,378,739.00	\$ -	100.00%
Santa Clarita	\$ 14,486,864.00	\$ 14,486,864.00	\$ 10,180,188.00	\$ 4,306,675.31	70.27%
Total UZA	\$ 20,865,603.00	\$ 20,865,603.00	\$ 16,558,927.00	\$ 4,306,675.31	79.36%
Lancaster- Palmdale UZA					
AVTA ¹	\$ 47,875,609.00	\$ 47,875,609.00	\$ 15,191,241.00	\$ 32,684,368.00	31.73%
Total UZA	\$ 47,875,609.00	\$ 47,875,609.00	\$ 15,191,241.00	\$ 32,684,368.00	31.73%
Grand Total	\$1,068,008,284.00	\$1,067,885,186.00	\$1,016,897,103.00	\$51,111,180.31	95.21%

1. After funding exchanges.



Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Funding

Finance, Budget and Audit Committee

March 17, 2021



Metro

Transit Infrastructure Grants Provisions

- \$14.0 B nationwide for the “*operating expenses of transit agencies related to the response to a COVID-19 public health emergency*” beginning on January 20, 2020.
 - About \$13.27 B to urbanized areas (UZAs) apportioned by the formulas for FTA’s 5307 Urbanized Area Formula Grant Program & Section 5337 State of Good Repair Grant Program.

UZA CARES + CRRSA Act funds cannot exceed 75% of UZA’s 2018 operating costs.
 - About \$50 M to UZAs apportioned by the formula for FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program.
 - About \$679 M to states apportioned by FTA’s Section 5311 Formula Grants for Rural Areas Program.
 - **State CARES + CRRSA Act funds cannot exceed 125% of state’s rural 2018 operating costs.**

Los Angeles County's Funding Share

- \$784,718,607 from SCAG's partial/ "Round 1" inter-county allocation of Section 5307/ Section 5337 funds apportioned to the Los Angeles- Long Beach- Anaheim UZA

	Allocations Based on 75% Operating Cost	Allocations Proportionate to CARES Act	CRRSAA Round 1 Distribution - Unconstrained
Los Angeles	\$911,525,690	\$784,718,607	\$784,718,607
Orange	\$43,097,849	\$142,241,634	\$43,097,849
San Bernardino	\$0	\$27,694,766	\$0
Riverside	\$277,242	\$245,774	\$245,774
Ventura	\$0	\$0	\$0
Total:	\$954,900,781	\$954,900,781	\$828,062,230
		CRRSAA Apportionment:	\$954,900,781
		Remaining Balance - Round 2 Distribution:	\$126,838,551

- \$224,351 in Section 5307/ Section 5337 funds from the Santa Clarita UZA.
- \$1,327,107 in Section 5310 funds from the Los Angeles, Santa Clarita & Lancaster-Palmdale UZAs proposed to be allocated by the CEO through a solicitation for proposals.
- \$1,127,870 in Section 5311 funds estimated from Caltrans and proposed to be allocated by the CEO.

Proposed Section 5307/ Section 5337 Allocation

CRRSA Act supplements CARES Act

Evidenced with total appropriations (CARES + CRRSA) to UZAs are capped at 75% of 2018 Operating Expenses



Following intent

CRRSA Act allocation should follow CARES allocation method



CARES % share will be applied to CRSSA

Section 5307/ Section 5337 Allocations

Round 1 - Represents SCAG Regional Council's partial allocation

- Partial allocation Los Angeles UZA: \$828.1 M of \$954.9 M, LA County share of \$784.7 M.
- This Board Report seeks Metro Board approval of Round 1 allocations.

	Metro Board Adopted CARES Act Allocation	Distribution %	CARES Based CRRSA Act Allocation
Metro	\$ 747,358,876	74.8794%	\$ 587,592,479
Municipal Operators *	124,128,084	12.4366%	97,592,644
Eligible Operators*	23,846,507	2.3892%	18,748,728
Tier 2 Operators	4,534,038	0.4543%	3,564,775
Metrolink	56,432,000	5.6540%	44,368,268
Access Services	33,500,000	3.3564%	26,338,549
Regional Paratransit/Vol. Reporters	8,284,094	0.8300%	6,513,164
	\$ 998,083,598	100.0000%	\$ 784,718,607

Round 2 - Balance of \$127 M is to be considered by SCAG Regional Council on April 1st

- Staff will return to the Board upon final resolution, with the intent to allocate based on Metro's CARES Act methodology.

CRRSA Act Timeline

December 27, 2020	Signed into law- \$14 B nationwide for transit
January 11, 2021	<ul style="list-style-type: none">• FTA publishes apportionment tables
February 2021	<ul style="list-style-type: none">• SCAG releases proposed inter-county allocations• Metro concurs; OCTA, SBCTA & RCTC disagree
March 4, 2021	<ul style="list-style-type: none">• SCAG releases partial “Round 1” allocations
March 2021	<ul style="list-style-type: none">• Proposed allocation of LA County’s share of Round 1 funds• Stakeholder review of proposed allocations• Request Metro Board approval of funding allocations• SCAG sends “split letter” for Round 1 allocations to FTA
April 1, 2021	<ul style="list-style-type: none">• SCAG’s Regional Council approves Round 2 allocations
April – May 2021	<ul style="list-style-type: none">• Request Metro Board approval of Round 2 funding allocations• SCAG amends “split letter” to include Round 2 allocations• Operators submit grant applications to FTA
May - July 2021	<ul style="list-style-type: none">• FTA grant approval process• Grant recipients begin drawing down funds
June - August 2021	<ul style="list-style-type: none">• Metro CEO requests proposals to allocate Section 5310 funds• Metro CEO allocates Section 5311 funds



The background features a large, stylized letter 'M' composed of several white, 3D rectangular blocks. The 'M' is set against a dark green circular backdrop. This green circle is partially overlaid by a large, curved orange shape that sweeps across the middle of the frame. The bottom portion of the image is a solid black area.

Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act Funding

Metro Board

March 25, 2021



Metro

Transit Infrastructure Grants Provisions

- \$14.0 B nationwide for the “*operating expenses of transit agencies related to the response to a COVID-19 public health emergency*” beginning on January 20, 2020.
 - About \$13.27 B to urbanized areas (UZAs) apportioned by the formulas for FTA’s 5307 Urbanized Area Formula Grant Program & Section 5337 State of Good Repair Grant Program.

UZA CARES + CRRSA Act funds cannot exceed 75% of UZA’s 2018 operating costs.
 - About \$50 M to UZAs apportioned by the formula for FTA Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program.
 - About \$679 M to states apportioned by FTA’s Section 5311 Formula Grants for Rural Areas Program.
 - **State CARES + CRRSA Act funds cannot exceed 125% of state’s rural 2018 operating costs.**

Los Angeles County's Funding Share

- \$784,718,607 from SCAG's partial/ "Round 1" inter-county allocation of Section 5307/ Section 5337 funds apportioned to the Los Angeles- Long Beach- Anaheim UZA

	Allocations Based on 75% Operating Cost	Allocations Proportionate to CARES Act	CRRSAA Round 1 Distribution - Unconstrained
Los Angeles	\$911,525,690	\$784,718,607	\$784,718,607
Orange	\$43,097,849	\$142,241,634	\$43,097,849
San Bernardino	\$0	\$27,694,766	\$0
Riverside	\$277,242	\$245,774	\$245,774
Ventura	\$0	\$0	\$0
Total:	\$954,900,781	\$954,900,781	\$828,062,230
		CRRSAA Apportionment:	\$954,900,781
		Remaining Balance - Round 2 Distribution:	\$126,838,551

- \$224,351 in Section 5307/ Section 5337 funds from the Santa Clarita UZA.
- \$1,327,107 in Section 5310 funds from the Los Angeles, Santa Clarita & Lancaster-Palmdale UZAs proposed to be allocated by the CEO through a solicitation for proposals.
- \$1,127,870 in Section 5311 funds estimated from Caltrans and proposed to be allocated by the CEO.

Proposed Section 5307/ Section 5337 Allocation

CRRSA Act supplements CARES Act

Evidenced with total appropriations (CARES + CRRSA) to UZAs are capped at 75% of 2018 Operating Expenses



Following intent

CRRSA Act allocation should follow CARES allocation method



CARES % share will be applied to CRSSA

Section 5307/ Section 5337 Allocations

Round 1 - Represents SCAG Regional Council's partial allocation

- Partial allocation Los Angeles UZA: \$828.1 M of \$954.9 M, LA County share of \$784.7 M.
- This Board Report seeks Metro Board approval of Round 1 allocations.

	Metro Board Adopted CARES Act Allocation	Distribution %	CRRSA Act Allocation Round 1	CRRSA Act Allocation Round 2 (TBD)
Metro	\$ 747,368,876	74.8794%	\$ 587,592,479	\$ 94,952,366
Municipal Operators	124,128,084	12.4366%	97,592,644	15,770,543
Eligible Operators	23,846,507	2.3892%	18,748,728	3,029,712
Tier 2 Operators	4,534,038	0.4543%	3,564,775	576,052
Metrolink	56,432,000	5.6540%	44,368,268	7,169,717
Access Services	33,500,000	3.3465%	26,338,549	4,256,194
Regional Paratransit/Vol. Reporters	8,284,094	0.8300%	6,513,164	1,052,499
	\$ 998,093,599	100.0000%	\$ 784,718,607	\$ 126,807,083

Round 2 - Balance of \$127 M is to be considered by SCAG Regional Council on April 1st

- Staff will return to the Board upon final resolution.

CRRSA Act Timeline

December 27, 2020	Signed into law- \$14 B nationwide for transit
January 11, 2021	<ul style="list-style-type: none">• FTA publishes apportionment tables
February 2021	<ul style="list-style-type: none">• SCAG releases proposed inter-county allocations• Metro concurs; OCTA, SBCTA & RCTC disagree
March 4, 2021	<ul style="list-style-type: none">• SCAG releases partial “Round 1” allocations
March 2021	<ul style="list-style-type: none">• Proposed allocation of LA County’s share of Round 1 funds• Stakeholder review of proposed allocations• Request Metro Board approval of funding allocations• SCAG sends “split letter” for Round 1 allocations to FTA
April 1, 2021	<ul style="list-style-type: none">• SCAG’s Regional Council approves Round 2 allocations
April – May 2021	<ul style="list-style-type: none">• Request Metro Board approval of Round 2 funding allocations• SCAG amends “split letter” to include Round 2 allocations• Operators submit grant applications to FTA
May - July 2021	<ul style="list-style-type: none">• FTA grant approval process• Grant recipients begin drawing down funds
June - August 2021	<ul style="list-style-type: none">• Metro CEO requests proposals to allocate Section 5310 funds• Metro CEO allocates Section 5311 funds





Board Report

File #: 2021-0039, **File Type:** Resolution

Agenda Number: 8.

**FINANCE, BUDGET & AUDIT COMMITTEE
MARCH 17, 2021**

SUBJECT: PROPOSITION C BONDS

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

A. ADOPTING a Resolution, Attachment A, that:

1. AUTHORIZES the competitive sale and issuance of up to \$450 million in aggregate principal amount of Proposition C Senior Sales Tax Revenue Bonds in one or more series, to finance capital projects; and refinance outstanding revolving credit notes;
2. APPROVES the forms of the Notice of Intention to Sell Bonds, Notice Inviting Bids, Supplemental Trust Agreement, Continuing Disclosure Certificate, Preliminary Official Statement and such other documents as required for the issuance of the bonds, and approves related documents on file with the Board Secretary as set forth in the resolution all as subject to modification as set forth in the Resolution; and
3. AUTHORIZES taking all action necessary to achieve the foregoing, including, without limitation, the further development and execution of the bond purchase contract and bond documentation associated with the issuance of the Proposition C Senior Sales Tax Revenue Bonds (the "Bonds").

(REQUIRES SEPARATE, SIMPLE MAJORITY BOARD VOTE.)

ISSUE

The Debt Policy provides guidelines for new money financings that may be long-term or short-term. Proposition C new money bond issues are permitted to provide funding for eligible expenditures on highway, commuter rail, bus and rail capital projects (collectively, the "Projects").

BACKGROUND

Approval of the above recommendations will authorize the issuance of the Bonds, with a par amount

not to exceed \$450 million of fixed rate bonds, will fund or reimburse LACMTA for Proposition C eligible capital projects and expenditures and refinance revolving credit notes, the proceeds of which financed such costs.

DISCUSSION

Based on current market conditions, the LACMTA expects to issue the 2021 Prop C Bonds in an aggregate par amount of approximately \$450 million. A portion of the proceeds from the issuance of the Bonds will be used to redeem \$105 million of outstanding revolving credit notes and to pay the costs of issuance related to the transaction.

The Bonds will be issued using a competitive sale process whereby prospective underwriters bid for the bonds on a selected sale date. The 2021 Prop C Bonds will be sold to the underwriter offering the lowest true interest cost. In the event that bids do not meet our criteria, all bids will be rejected. The Bonds will be sold with a final maturity not to exceed 30 years.

The Bond proceeds will be used to fund capital projects totaling approximately \$345 million and refinance approximately \$105 million in revolving credit notes that were spent to purchase buses. The issuance of the Bonds enables the LACMTA to allocate the long-term debt service cost of the Projects over the estimated useful life of the capital assets.

KNN Public Finance was selected by LACMTA as the Municipal Advisor for this transaction. Orrick Herrington & Sutcliffe LLP and Kutak Rock LLP were selected by Treasury staff and County Counsel to serve as Bond Counsel and Disclosure Counsel, respectively.

DETERMINATION OF SAFETY IMPACT

Approval of this item will not impact the safety of Metro's patrons or employees.

FINANCIAL IMPACT

The costs of issuance for the Bonds will be paid from proceeds of the financing and will be budget neutral. Funding for bond principal and interest expense for this Proposition C financing will be added to FY22 and subsequent fiscal year budgets depending on the actual debt service schedule. The funding sources for debt service of this financing are eligible for bus and rail operating and capital expenditures.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Recommendation supports the following Metro Strategic Plan Goal:

Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ALTERNATIVES CONSIDERED

The Board could defer the issuance of the 2021 Prop C Bonds to a later time or indefinitely. This is

not recommended because the bond proceeds are needed to pay or reimburse Project expenses.

NEXT STEPS

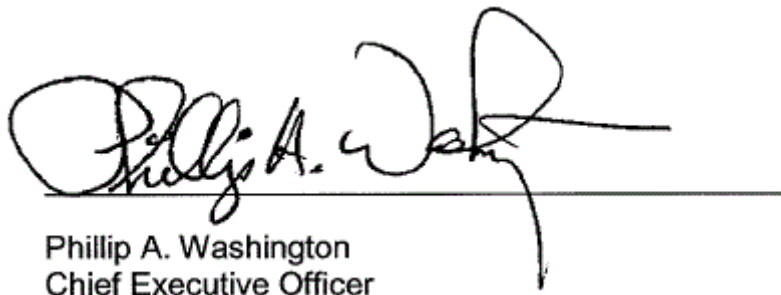
- Obtain ratings on the bonds
- Distribute the preliminary official statement and Notice Inviting Bids to prospective underwriters and potential investors and publish the Notice of Intention to Sell Bonds
- Receive electronic bids from underwriters

ATTACHMENTS

Attachment A - Authorizing Resolution

Prepared by: Donna R. Mills, Treasurer, (213) 922-4047
Rodney Johnson, Deputy Executive Officer, Finance
(213) 922-3417

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Phillip A. Washington
Chief Executive Officer

Additional Documents

[http://libraryarchives.metro.net/DB_Attachments/2021-0039/1\)%20Notice%20of%20Intention%20to%20Sell%20Bonds.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0039/1)%20Notice%20of%20Intention%20to%20Sell%20Bonds.pdf)

[http://libraryarchives.metro.net/DB_Attachments/2021-0039/2\)%20Notice%20Inviting%20Bids.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0039/2)%20Notice%20Inviting%20Bids.pdf)

[http://libraryarchives.metro.net/DB_Attachments/2021-0039/3\)%20Thirty-Second%20Supplemental%20Trust%20Agreement.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0039/3)%20Thirty-Second%20Supplemental%20Trust%20Agreement.pdf)

[http://libraryarchives.metro.net/DB_Attachments/2021-0039/4\)%20Continuing%20Disclosure%20Certificate.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0039/4)%20Continuing%20Disclosure%20Certificate.pdf)

[http://libraryarchives.metro.net/DB_Attachments/2021-0039/5\)%20Preliminary%20Official%20Statement.pdf](http://libraryarchives.metro.net/DB_Attachments/2021-0039/5)%20Preliminary%20Official%20Statement.pdf)

Authorizing Resolution

RESOLUTION OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY AUTHORIZING THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF ITS LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY PROPOSITION C SALES TAX REVENUE BONDS, APPROVING THE EXECUTION AND DELIVERY OF ONE OR MORE SUPPLEMENTAL TRUST AGREEMENTS, CONTINUING DISCLOSURE CERTIFICATES, NOTICES OF INTENTION TO SELL BONDS, NOTICES INVITING BIDS, PRELIMINARY AND FINAL OFFICIAL STATEMENTS, AND THE TAKING OF ALL OTHER ACTIONS NECESSARY IN CONNECTION THEREWITH.

(PROPOSITION C SALES TAX)

W I T N E S S E T H :

WHEREAS, the Los Angeles County Metropolitan Transportation Authority (the "LACMTA"), as successor to the Los Angeles County Transportation Commission (the "Commission"), is authorized, under Chapter 5 of Division 12 of the California Public Utilities Code (the "Act"), to issue bonds to finance and refinance the acquisition, construction or rehabilitation of facilities to be used as part of a countywide transit system; and

WHEREAS, pursuant to the provisions of Section 130350 of the California Public Utilities Code, the Commission was authorized to adopt a retail transactions and use tax ordinance applicable in the incorporated and unincorporated territory of the County of Los Angeles (the "County") subject to the approval by the voters of the County; and

WHEREAS, the Commission, by Ordinance No. 49 adopted August 28, 1990 ("Ordinance No. 49"), imposed a ½ of 1% retail transactions and use tax upon retail sales of tangible personal property and upon the storage, use or other consumption of tangible personal property in the County, the proceeds of the tax to be used for public transit purposes (the "Proposition C Tax"), and such tax was approved by the electors of the County on November 6, 1990; and

WHEREAS, the revenues received by the LACMTA from the imposition of the transactions and use tax are, by statute, directed to be used for public transit purposes, which purposes include a pledge of such tax to secure any bonds issued pursuant to the Act and include the payments or provision for the payment of the principal of the bonds and any premium, interest on the bonds and the costs of issuance of the bonds; and

WHEREAS, the LACMTA is planning and engineering a Countywide rail, bus and highway transit system (the "Rail, Bus and Highway Transit System") to serve the County and has commenced construction of portions of the Rail, Bus and Highway Transit System; and

WHEREAS, to facilitate the development and construction of the Rail, Bus and Highway Transit System, the LACMTA, as authorized by the Act, pursuant to the terms of the Amended and Restated Trust Agreement, dated as of January 1, 2010, as amended and supplemented (the "Trust Agreement"), by and between the LACMTA and U.S. Bank National Association, as trustee (the "Trustee"), has issued multiple series of bonds, including its Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2012-A; Proposition C Sales Tax Revenue Refunding

Bonds, Senior Bonds, Series 2012-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2013-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2013-C; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2014-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2016-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2017-A; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2018-A; Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-A (Green Bonds); Proposition C Sales Tax Revenue Bonds, Senior Bonds, Series 2019-B; Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2019-C; and Proposition C Sales Tax Revenue Refunding Bonds, Senior Bonds, Series 2020-A (collectively, the “Prior Senior Bonds”); and

WHEREAS, the Trust Agreement permits the issuance of additional bonds subject to the limitations, and upon the terms, set forth therein, specifies applicable defaults and remedies, and provides for the procedures by which it may be amended and supplemented; and

WHEREAS, the LACMTA now desires to provide for the issuance of one or more series of its Proposition C Sales Tax Revenue Bonds, Senior Bonds, from time to time and in one or more transactions (collectively, the “New Money Bonds”) to: (a) finance, refinance (through the refunding and repayment of the LACMTA’s Subordinate Proposition C Sales Tax Revenue Revolving Obligations (the “Proposition C Revolving Obligations”)), or reimburse itself for prior expenditures with respect to, additional portions of the Rail, Bus and Highway Transit System; and (b) pay certain costs of issuance related thereto (collectively, the “Financing”); and

WHEREAS, in connection with each issuance of New Money Bonds, the LACMTA may undertake a competitive process for the sale of the New Money Bonds to one or more underwriters (the “Underwriters”); and

WHEREAS, the sale of the New Money Bonds shall be in accordance with the Debt Policy of the LACMTA; and

WHEREAS, the forms of the following documents are on file with the Secretary or Acting Secretary (the “Secretary”) of the Board of Directors of the LACMTA (the “Board”) and have been made available to the members of the Board:

(a) a Supplemental Trust Agreement (the “New Money Supplemental Trust Agreement”), one or more of which will be by and between the LACMTA and the Trustee, which would supplement the Trust Agreement for purposes of providing the terms and conditions of the New Money Bonds;

(b) a Preliminary Official Statement (the “Preliminary Official Statement”), one or more of which will provide information about the New Money Bonds, the LACMTA, the Proposition C Tax and certain other related matters, and will be used, from time to time, in connection with the offer and sale of the New Money Bonds;

(c) a Notice of Intention to Sell Bonds (the “Notice of Intention to Sell Bonds”), which will be published in connection with any proposed sale of the New Money Bonds;

(d) a Notice Inviting Bids (the “Notice Inviting Bids”), which will set forth the terms and the manner in which proposals from qualified bidders for the purchase of the New Money Bonds shall be received; and

(e) a Continuing Disclosure Certificate (the “Continuing Disclosure Certificate”), one or more of which will be executed by the LACMTA, which will be used in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5), and which will provide for the annual and periodic update of certain financial and operating information with respect to the LACMTA and the collection of the Proposition C Tax, among other things, and certain enumerated events;

WHEREAS, the LACMTA hereby acknowledges that said documents will be modified and amended to reflect the various details applicable to the New Money Bonds, whether the New Money Bonds are issued in a single issuance or multiple issuances, and that said documents are subject to completion to reflect the results of the sale of the New Money Bonds; and

WHEREAS, the LACMTA has pledged the Proposition C Tax (less the 20% local allocation and the California Department of Tax and Fee Administration’s costs of administering such tax) (the “Pledged Taxes”) pursuant to the terms of the Trust Agreement to secure the Prior Senior Bonds and certain other obligations of the LACMTA, and once issued, the New Money Bonds will be “Bonds” and “Senior Bonds” as defined in the Trust Agreement and will be secured by the pledge of the Pledged Revenues under the Trust Agreement; and

WHEREAS, the LACMTA desires to designate the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them as an “Authorized Authority Representative” for all purposes under the Trust Agreement, the New Money Supplemental Trust Agreement, and the Subordinate Trust Agreement, dated as of June 1, 1993, as amended and supplemented (the “Subordinate Trust Agreement”), by and between LACMTA and U.S. Bank National Association, as trustee, and as an “Authorized Representative” under the Second Amended and Restated Revolving Credit Agreement, dated as of April 1, 2019 (the “Second Amended and Restated Revolving Credit Agreement”), by and between the LACMTA and Wells Fargo Bank, National Association, relating to the Proposition C Revolving Obligations, and any related documents; and

WHEREAS, Section 5852.1 of the California Government Code requires that the governing body of a public body obtain from an underwriter, financial advisor or private lender and disclose, prior to authorizing the issuance of bonds with a term of greater than 13 months, good faith estimates of the following information in a meeting open to the public: (a) the true interest cost of the bonds, (b) the sum of all fees and charges paid to third parties with respect to the bonds, (c) the amount of proceeds of the bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the bonds, and (d) the sum total of all debt service payments on the bonds calculated to the final maturity of the bonds plus the fees and charges paid to third parties not paid with the proceeds of the bonds; and

WHEREAS, the LACMTA is duly authorized and empowered, pursuant to each and every requirement of law, to authorize the Financing and to authorize the execution and delivery of one or more New Money Supplemental Trust Agreements, Continuing Disclosure Certificates, Notices of Intention to Sell Bonds, Notices Inviting Bids, the preparation of one or more Preliminary Official Statements and the preparation, execution and delivery of one or more Official Statements (as hereinafter defined) for the purposes, in the manner and upon the terms provided; and

WHEREAS, terms used in this Resolution and not otherwise defined herein shall have the meanings assigned to them in the Trust Agreement;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY, AS FOLLOWS:

Section 1. Findings. The LACMTA hereby finds and determines that:

(a) The issuance of one or more series of its New Money Bonds under the Trust Agreement to finance, refinance (through the refunding and repayment of all or a portion of the outstanding Proposition C Revolving Obligations), or reimburse itself for prior expenditures with respect to, additional portions of the Rail, Bus and Highway Transit System, and to pay certain costs of issuance related to the issuance of the New Money Bonds, is in the public interest.

(b) Under the provisions of Ordinance No. 49, all of the Pledged Taxes are revenues of the LACMTA available for rail, bus and highway transit purposes and are available to be and are, by the terms of the resolutions and the Trust Agreement under which the Prior Senior Bonds were issued, pledged, along with the Pledged Revenues, to secure the Prior Senior Bonds and are pledged to secure the New Money Bonds, and, by this Resolution, such pledge is reaffirmed.

(c) The provisions contained in the Trust Agreement, as previously amended and supplemented, and as to be supplemented as set forth in the New Money Supplemental Trust Agreement, are reasonable and proper for the security of the holders of the New Money Bonds.

Section 2. Issuance of New Money Bonds. The Board hereby authorizes the issuance by the LACMTA of one or more series of New Money Bonds, from time to time and in one or more transactions, in an aggregate principal amount not to exceed \$450 million, for the purposes of (a) financing, refinancing (through the refunding and repayment of all or a portion of the outstanding Proposition C Revolving Obligations), or reimbursing itself for prior expenditures with respect to, additional portions of the Rail, Bus and Highway Transit System, and (b) paying certain costs of issuance related to the issuance of the New Money Bonds; *provided, however*, that the True Interest Cost (as defined below) of each series of the New Money Bonds shall not exceed 4.0%, as such shall be calculated by the LACMTA's municipal advisor as of the date of delivery of each series of the New Money Bonds. The LACMTA hereby specifies that the New Money Bonds shall mature not later than July 1, 2046.

The New Money Bonds shall be issued in a manner by which the interest thereon is excludable from gross income under the Internal Revenue Code of 1986, as amended. The Chief Executive Officer of the LACMTA, the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA (or such other titles as the LACMTA may from time to time assign for such respective positions), and any such officer serving in an acting or interim capacity, and any written designee of any of them (each, a “Designated Officer”), acting in accordance with this Section 2, are each hereby severally authorized to determine the actual aggregate principal amount of each series of New Money Bonds to be issued (not in excess of the maximum amount set forth above), and to direct the execution and authentication of the New Money Bonds in such amount. Such direction shall be conclusive as to the principal amounts hereby authorized. The New Money Bonds shall be in fully registered form and shall be issued as Book-Entry Bonds as provided in each New Money Supplemental Trust Agreement. Payment of the principal of, interest on and premium, if any, on the New Money Bonds shall be made at the place or places and in the manner provided in each New Money Supplemental Trust Agreement.

As used herein, the term “True Interest Cost” shall be the interest rate (compounded semiannually) necessary to discount the debt service payments from their respective payment dates to the dated date of the applicable series of New Money Bonds and to the principal amount and original issue premium, if any, less underwriters discount and original issue discount, if any, of the applicable series of New Money Bonds. For the purpose of calculating the True Interest Cost, the principal amount of the applicable series of New Money Bonds scheduled for mandatory sinking fund redemption as part of a term bond shall be treated as a serial maturity for such year. The calculation of the True Interest Cost shall include such other reasonable assumptions and methods as determined by the LACMTA’s municipal advisor.

Section 3. Terms of New Money Bonds. The New Money Bonds shall be issued as current interest bonds and shall be available in denominations of \$5,000 and integral multiples thereof. The New Money Bonds, when issued, shall be in the aggregate principal amounts and shall be dated as shall be provided in the New Money Supplemental Trust Agreement. The New Money Bonds may be issued as serial bonds or as term bonds or as both serial bonds and term bonds, all as set forth in the New Money Supplemental Trust Agreement. Interest on the New Money Bonds shall be paid at the rates and on the dates set forth in the New Money Supplemental Trust Agreement; *provided, however*, that, no New Money Bond shall bear interest at a rate in excess of 5.0% per annum. The New Money Bonds may be subject to redemption at the option of the LACMTA on such terms and conditions as shall be set forth in the New Money Supplemental Trust Agreement, or not be subject to redemption. The New Money Bonds issued as term bonds also shall be subject to mandatory sinking fund redemption as and to the extent set forth in the New Money Supplemental Trust Agreement.

Execution and delivery of the New Money Supplemental Trust Agreement, which document will contain the maturities, principal amounts, interest rates and the payment obligations of the LACMTA within parameters set forth in this Resolution, shall constitute conclusive evidence of the LACMTA’s approval of such maturities, principal amounts, interest rates and payment obligations.

Section 4. Special Obligations. The New Money Bonds shall be special obligations of the LACMTA secured by and payable from the Pledged Revenues and from the funds and accounts held by the Trustee under the Trust Agreement.

Section 5. Form of New Money Bonds. The New Money Bonds and the Trustee's Certificate of Authentication to appear thereon shall be in substantially the form set forth in Exhibit A to the New Money Supplemental Trust Agreement on file with the Secretary of the Board and made available to the Board, with such necessary or appropriate variations, omissions and insertions as permitted or required by the Trust Agreement or the New Money Supplemental Trust Agreement or as appropriate to adequately reflect the terms of such New Money Bonds and the obligation represented thereby.

Section 6. Execution of New Money Bonds. Each of the New Money Bonds shall be executed on behalf of the LACMTA by any Designated Officer and any such execution may be by manual or facsimile signature, and each bond shall be authenticated by the endorsement of the Trustee or an agent of the Trustee. Any facsimile signature of such Designated Officer(s) shall have the same force and effect as if such officer(s) had manually signed each of such New Money Bonds.

Section 7. Approval of Documents; Authorization for Execution. The forms, terms and provisions of the New Money Supplemental Trust Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids, and the Continuing Disclosure Certificate on file with the Secretary of the Board and made available to the Board within the parameters set forth in this Resolution are in all respects approved, and each of the Designated Officers is hereby severally authorized, empowered and directed to execute, acknowledge and deliver in the name of and on behalf of the LACMTA one or more New Money Supplemental Trust Agreements, one or more Notices of Intention to Sell Bonds, one or more Notices Inviting Bids, and one or more Continuing Disclosure Certificates, including counterparts thereof. The New Money Supplemental Trust Agreement(s), the Notice(s) of Intention to Sell Bonds, the Notice(s) Inviting Bids, and the Continuing Disclosure Certificate(s), as executed and delivered, shall be in substantially the forms now on file with the Secretary of the Board and made available to the Board and hereby approved, or with such changes therein as shall be approved by the Designated Officer executing the same; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the New Money Supplemental Trust Agreement, the Notice of Intention to Sell Bonds, the Notice Inviting Bids, and the Continuing Disclosure Certificate now on file with the Secretary of the Board and made available to the Board; and from and after the execution and delivery of each New Money Supplemental Trust Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, and each Continuing Disclosure Certificate, the officers, agents and employees of the LACMTA are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of each New Money Supplemental Trust Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, and each Continuing Disclosure Certificate.

Section 8. Sale of New Money Bonds.

(a) The LACMTA hereby authorizes the sale of the New Money Bonds from time to time in one or more series through one or more competitive sales to one or more Underwriters, as determined by a Designated Officer.

(b) the Designated Officers are each authorized and directed to:

(i) From time to time, choose such times and dates as such Designated Officer shall, in his or her discretion, deem to be necessary or desirable to provide for the sale of the New Money Bonds, to receive proposals from qualified bidders for the purchase of the New Money Bonds (through the receipt of bids through the use of computerized bidding systems) upon the terms and in the manner set forth in each Notice Inviting Bids.

(ii) Execute one or more Notices Inviting Bids, from time to time, in such form as the Designated Officer executing the same shall approve, and call for bids for the sale of the New Money Bonds from qualified bidders in accordance with each such Notice Inviting Bids.

(iii) Cause each Notice of Intention to Sell Bonds to be published from time to time (after completion, modification or correction thereof reflecting the terms of each series of the New Money Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in *The Bond Buyer* (or such other publication as may be selected by a Designated Officer and approved by Bond Counsel), a financial publication generally circulated throughout the State of California or reasonably expected to be disseminated among prospective bidders for the New Money Bonds, at least five days prior to the sale of each series of the New Money Bonds in accordance with Section 53692 of the Government Code of the State of California and any such action previously taken is hereby confirmed, ratified and approved.

(iv) Cause each Notice Inviting Bids to be published, if determined by Bond Counsel and/or a Designated Officer to be necessary or desirable (after completion, modification or correction thereof reflecting the terms of each series of the New Money Bonds, as approved by said Designated Officer, such approval to be conclusively evidenced by such publication) in such publication(s) as selected by a Designated Officer and approved by Bond Counsel and any such action previously taken is hereby confirmed, ratified and approved.

(v) Distribute each Notice Inviting Bids (including via electronic methods) to such municipal broker-dealers, banking and financial institutions and other persons as such Designated Officer deems necessary or desirable, and any such action previously taken is hereby confirmed, ratified and approved.

(vi) On behalf of the LACMTA, accept the best bid for the New Money Bonds received from qualified bidders pursuant to and subject to the terms and conditions set forth in this Resolution and the Notice(s) Inviting Bids herein

approved and to award the New Money Bonds, from time to time, to such best bidder(s).

(c) Take any other action such Designated Officer determines is necessary or desirable to cause any such sale to comply with the LACMTA's Debt Policy and applicable law.

Section 9. Preliminary Official Statement and Official Statement. One or more Preliminary Official Statements shall be used by the LACMTA in connection with the sale and issuance of the New Money Bonds. The form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board is hereby approved. The Preliminary Official Statement shall be substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as a Designated Officer approves (such approval to be conclusively evidenced by the execution and delivery of the certificate referenced in the following sentence). The Preliminary Official Statement shall be circulated (via printed format and/or through electronic means) for use in selling the New Money Bonds at such time or times as a Designated Officer shall deem such Preliminary Official Statement to be final within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended, said determination to be conclusively evidenced by a certificate signed by said Designated Officer to said effect. The Preliminary Official Statement shall contain a description of the finances and operations of the LACMTA, a description of the Proposition C Tax and a description of historical receipts of sales tax revenues substantially in the form of the Preliminary Official Statement on file with the Secretary of the Board and made available to the Board with such changes as any Designated Officer determines are appropriate or necessary. The Preliminary Official Statement shall also contain a description of the applicable New Money Bonds and the terms and conditions of the Trust Agreement and the New Money Supplemental Trust Agreement together with such information and description as a Designated Officer determines is appropriate or necessary.

Upon the sale of the New Money Bonds, one or more of the Designated Officers shall provide for the preparation, publication, execution and delivery of one or more final Official Statements in substantially the form of the Preliminary Official Statement deemed final by a Designated Officer with such changes as any Designated Officer approves, such approval to be conclusively evidenced by the execution of such final Official Statement. Any Designated Officer is hereby authorized and directed to execute and deliver one or more final Official Statements in the name and on behalf of the LACMTA. One or more supplements to the final Official Statement(s) or revised final Official Statement(s) may be prepared and delivered reflecting updated and revised information as any Designated Officer deems appropriate or necessary. Each final Official Statement shall be circulated (via printed format and/or through electronic means) for use in selling the New Money Bonds at such time or times as a Designated Officer deems appropriate after consultation with LACMTA's municipal advisor, LACMTA's Disclosure Counsel and LACMTA's Bond Counsel and such other advisors as a Designated Officer believes to be useful.

Section 10. Trustee, Paying Agent and Registrar. U.S. Bank National Association is hereby appointed as Trustee, Paying Agent and Registrar for the New Money Bonds. Such appointments shall be effective upon the issuance of the New Money Bonds and shall remain in

effect until the LACMTA, by supplemental agreement, resolution or other action, shall name a substitute or successor thereto.

Section 11. Authorized Authority Representative. The Board hereby designates each of the Chief Financial Officer of the LACMTA, the Treasurer of the LACMTA, any Deputy Executive Officer, Finance of the LACMTA, any Assistant Treasurer of the LACMTA, and any such officer serving in an acting or interim capacity, as an “Authorized Authority Representative” for all purposes under the Trust Agreement, the New Money Supplemental Trust Agreement, the Subordinate Trust Agreement, and any amendments or supplements to the Trust Agreement, the New Money Supplemental Trust Agreement, or the Subordinate Trust Agreement and as an “Authorized Representative” under the Second Amended and Restated Revolving Credit Agreement and any related documents. Such appointment shall remain in effect until modified by resolution. The prior designation of officers, including the Chairperson of the Board and the Chief Executive Officer of the LACMTA, as Authorized Authority Representatives under the Trust Agreement and Subordinate Trust Agreement and any amendments or supplements thereto shall continue.

Section 12. Additional Authorization. The Designated Officers, for and on behalf of the LACMTA, be and they hereby are authorized and directed to do any and all things necessary to effect the issuance of the New Money Bonds, and the execution and delivery of each New Money Supplemental Trust Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, and each Continuing Disclosure Certificate, and to carry out the terms thereof. The Designated Officers and all other officers, agents and employees of the LACMTA are further authorized and directed, for and on behalf of the LACMTA, to execute all papers, documents, certificates and other instruments and take all other actions that may be required in order to carry out the authority conferred by this Resolution or the provisions of the Trust Agreement, each New Money Supplemental Trust Agreement, each Notice of Intention to Sell Bonds, each Notice Inviting Bids, and each Continuing Disclosure Certificate or to evidence said authority and its exercise. The foregoing authorization includes, but is in no way limited to, the direction (from time to time) by a Designated Officer of the investment of the proceeds of the New Money Bonds and of the Pledged Revenues and other amounts held under the Trust Agreement, if any, including the execution and delivery of investment agreements or purchase agreements related thereto, the execution by a Designated Officer and the delivery of one or more tax certificates as required by each New Money Supplemental Trust Agreement for the purpose of complying with the rebate requirements and arbitrage restrictions of the Internal Revenue Code of 1986, as amended; the execution and delivery of documents required by The Depository Trust Company in connection with the Book-Entry Bonds. All actions heretofore taken by the officers, agents and employees of the LACMTA in furtherance of this Resolution are hereby confirmed, ratified and approved.

Any Designated Officer, on behalf of the LACMTA, is further authorized and directed to cause written notice(s) to be provided to the California Debt and Investment Advisory Commission (“CDIAC”) of the proposed sale of the New Money Bonds, said notice(s) to be provided in accordance with Section 8855 et seq. of the California Government Code, to file the notice(s) of final sale with CDIAC, to file the rebates and notices required under section 148(f) and 149(e) of the Internal Revenue Code of 1986, as amended, if necessary, and to file such additional notices and reports as are deemed necessary or desirable by such Designated Officer in connection with the New Money Bonds, and any such notices are hereby ratified, confirmed and approved.

Section 13. Continuing Authority of Designated Officers. The authority of any individual serving as a Designated Officer under this Resolution by a written designation signed by the Chief Executive Officer, the Chief Financial Officer, the Treasurer, any Deputy Executive Officer, Finance, or any Assistant Treasurer (or such other titles as the LACMTA may from time to time assign for such respective positions), shall remain valid notwithstanding the fact that the individual officer of the LACMTA signing such designation ceases to be an officer of the LACMTA, unless such designation specifically provides otherwise.

Section 14. Investments. From and after the delivery of the New Money Bonds, each Designated Officer is hereby authorized to invest the proceeds of the New Money Bonds in accordance with the Trust Agreement and the New Money Supplemental Trust Agreement and the LACMTA's Investment Policy and is further authorized to enter into or to instruct the Trustee to enter into one or more investment agreements, float contracts, swaps or other hedging products (hereinafter collectively referred to as the "Investment Agreement") providing for the investment of moneys in any of the funds and accounts created under the Trust Agreement and the New Money Supplemental Trust Agreement, on such terms as the Designated Officer shall deem appropriate. In accordance with Section 5922 of the California Government Code, the LACMTA hereby finds and determines that the Investment Agreement is designed to reduce the amount or duration of payment, rate, spread or similar risk or result in a lower cost of borrowing when used in combination with the New Money Bonds or enhance the relationship between risk and return with respect to investments.

Section 15. Good Faith Estimates. In accordance with Section 5852.1 of the California Government Code, good faith estimates of the following are set forth in Exhibit A attached hereto: (a) the true interest cost of the New Money Bonds, (b) the sum of all fees and charges paid to third parties with respect to the New Money Bonds, (c) the amount of proceeds of the New Money Bonds expected to be received net of the fees and charges paid to third parties and any reserves or capitalized interest paid or funded with proceeds of the New Money Bonds, and (d) the sum total of all debt service payments on the New Money Bonds calculated to the final maturity of the New Money Bonds plus the fees and charges paid to third parties not paid with the proceeds of the New Money Bonds.

Section 16. Further Actions. From and after the delivery of the New Money Bonds and, the Designated Officers and each of them are hereby authorized and directed to amend, supplement or otherwise modify each document authorized or authorized to be amended by this Resolution at any time and from time to time and in any manner determined to be necessary or desirable by the Designated Officer executing such amendment, supplement, or modification, upon consultation with the LACMTA's municipal advisor and LACMTA's Bond Counsel, the execution of such amendment, supplement or other modification being conclusive evidence of the LACMTA's approval thereof.

Section 17. Costs of Issuance. The LACMTA authorizes funds of the LACMTA, together with the proceeds of the New Money Bonds, to be used to pay costs of issuance of the New Money Bonds, including, but not limited to, costs of attorneys, accountants, municipal advisors, trustees, the costs associated with rating agencies, printing, publication and mailing expenses and any related filing fees.

Section 18. Severability. The provisions of this Resolution are hereby declared to be severable, and, if any section, phrase or provision shall for any reason be declared to be invalid, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereof.

Section 19. Electronic Signature. The Board hereby approves the execution and delivery of all agreements, documents, certificates and instruments referred to herein with electronic signatures as may be permitted under the California Uniform Electronic Transactions Act and digital signatures as may be permitted under Section 16.5 of the California Government Code using DocuSign.

Section 20. Effective Date. This Resolution shall be effective upon adoption and shall be effective with respect to the New Money Bonds issued on or before December 31, 2021.

CERTIFICATION

The undersigned, duly qualified and acting as Board Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true and correct copy of the Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on March 25, 2021.

[SEAL]

By _____
Interim Board Secretary, Los Angeles
County Metropolitan Transportation
Authority

Dated: _____, 2021

EXHIBIT A**GOOD FAITH ESTIMATES**

The following information was obtained from KNN Public Finance, LLC (the “Municipal Advisor”) with respect to the bonds (the “New Money Bonds”) approved in the attached Resolution, and is provided in compliance with Section 5852.1 of the California Government Code with respect to the New Money Bonds:

Section 1. True Interest Cost of the New Money Bonds. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the true interest cost of the New Money Bonds, which means the rate necessary to discount the amounts payable on the respective principal and interest payment dates to the purchase price received for the New Money Bonds, is 2.19%.

Section 2. Finance Charge of the New Money Bonds. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the finance charge of the New Money Bonds, which means the sum of all fees and charges paid to third parties (or costs associated with the New Money Bonds), is \$1,283,920, as follows:

(a)	Underwriters’ Discount	\$683,920.00
(b)	Bond Counsel and Disbursements	170,000.00
(c)	Disclosure Counsel and Disbursements	48,500.00
(d)	Municipal Advisor and Disbursements	55,000.00
(e)	Rating Agencies	295,000.00
(f)	Other	<u>31,500.00</u>
	Total	\$1,283,920.00

Section 3. Amount of Proceeds to be Received. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the amount of proceeds expected to be received by the LACMTA for sale of the New Money Bonds less the finance charge of the New Money Bonds described in Section 2 above and any reserves or capitalized interest paid or funded with proceeds of the New Money Bonds, is \$425,000,000.

Section 4. Total Payment Amount. Based on market interest rates prevailing at the time of preparation of this information, a good faith estimate of the total payment amount, which means the sum total of all payments the LACMTA will make to pay debt service on the New Money Bonds plus the finance charge of the New Money Bonds described in Section 2 above not paid with the proceeds of the New Money Bonds, calculated to the final maturity of the New Money Bonds, is \$558,704,392.

Attention is directed to the fact that the foregoing information constitutes good faith estimates only. The actual interest cost, finance charges, amount of proceeds and total payment

amount may vary from the estimates above due to variations from these estimates in the timing of New Money Bonds sales, the amount of New Money Bonds sold, the amortization of the New Money Bonds sold and market interest rates at the time of each sale. The date of sale and the amount of New Money Bonds sold will be determined by the LACMTA based on need to provided funds for the Financing and other factors. The actual interest rates at which the New Money Bonds will be sold will depend on the bond market at the time of each sale. The actual amortization of the New Money Bonds will also depend, in part, on market interest rates at the time of sale. Market interest rates are affected by economic and other factors beyond the LACMTA's control. The LACMTA has approved the issuance of the New Money Bonds with a maximum true interest cost of 4.00%.

**Board Report**

File #: 2021-0057, **File Type:** Informational Report**Agenda Number:** 9.

**FINANCE, BUDGET, AND AUDIT COMMITTEE
MARCH 17, 2021****SUBJECT: OFFICE OF INSPECTOR GENERAL (OIG) FINAL REPORT ON REVIEW OF METRO MEASURES TO REDUCE COVID-19 TRANSMISSION****ACTION: RECEIVE AND FILE****RECOMMENDATION**

RECEIVE AND FILE Office of Inspector General (OIG) Final Report on Review of Metro Measures to Reduce COVID-19 Transmission

ISSUE

In November 2020, the Metro Board Chair requested the Office of Inspector General (OIG) to review Metro patrons' compliance with COVID-19 orders and guidelines by federal, state, and local agencies, and Metro's handling of social distancing and other measures to help our community and assist in Los Angeles County's desire to address the pandemic impacts. To address Metro Board's request, we performed reviews and observations on passengers' compliance with social distancing, use of masks, and related issues on Metro buses and railcars. We also reviewed Metro's policies, procedures, and measures taken to comply with federal, state, and local public health orders and guidelines.

BACKGROUND

The goal of this review was to determine whether the public is complying with federal, state, local government, and Metro requirements to wear a mask and practice social distance on the Metro System. We also performed procedures to identify if Metro has taken appropriate measures recommended and/or required by Centers for Disease Control and Prevention (CDC), State of California Physical Distancing Protocol, Los Angeles City and County Social Distancing Protocol and Federal instructions. In particular, the objectives of this review were to:

1. Determine whether Metro has policies and procedures in place to help reduce COVID-19 virus transmission;
2. Observe and document Metro operators' and passengers' use of face masks and social distancing practices; and
3. Determine whether Metro passengers comply with Metro signage and announcements

suggested by CDC, and ordered by the State of California, City and County of Los Angeles particularly concerning social distancing protocols and use of face masks.

DISCUSSION

Findings

Our review found that Metro generally complied with and has taken appropriate measures recommended and/or required by Centers for Disease Control and Prevention, State of California Physical Distancing Protocol, and Los Angeles County Social Distancing Protocol. Metro has been proactive in monitoring and adapting to evolving situations related to the COVID-19 pandemic.

The actions taken by Metro to address the COVID-19 pandemic have been numerous, consistent and on-going. Among others, Metro has issued the following key policies, procedures, measures, briefs, and updates to help reduce COVID-19 virus transmission since the pandemic was declared:

- Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases
- Metro Digital COVID-19 Reporting System User Guide
- Metro USG HVAC System & COVID-19 Changes or Modifications
- Metro Digital COVID-19 Reporting System User Guide
- Metro Operations General Notice - Required Face Coverings
- Metro COVID-19 Daily Measures
- Metro General Order - Mask and Physical Distancing Requirements
- Metro COVID-19 Daily Brief to Employees
- Metro Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19
- Metro Micro
- Metro Street Team

However, our review of sample bus and railcar video recordings found that notwithstanding Metro's efforts, there were instances of non-compliance with federal, state and local agencies recommendations for wearing facemasks and practicing social distancing by Metro staff and passengers that need to be addressed to ensure a healthy, safe and secure environment for the community and all Metro employees and its passengers. This report includes 15 recommendations.

Recommendations

We recommend the following:

Operations:

1. Continue to communicate with bus and rail operators to wear a mask and wear it properly.
2. Continue to educate and train bus and rail operators on how to handle situations when passengers do not comply with the federal, state, and local guidelines to reduce COVID-19 transmission. When passengers do not wear masks or observe social distance, Operators could make an announcement.

3. Create regular pre-made announcements to run every couple of minutes to reinforce the requirements of wearing a mask and observing social distance.
4. Review signage that could be placed in buses.
5. Continue to identify and evaluate cleaning methods to combat COVID-19 throughout bus and rail systems and facilities that yield maximum efficacy and ease of use.
6. Coordinate schedule and route of buses to testing and vaccination locations.
7. Continue to identify and apply effective technology for ventilation on Metro bus and rail systems, facilities, and in Gateway to combat the spread of COVID-19 virus.
8. Bus Operations Control should instruct operators to open doors for 20 seconds at each stop even if there is no passenger boarding, in order to effectuate the ventilation system that it designed to rely on obtaining fresh air in that way.
9. Consider other methods of increased ventilation such as converting a fixed close window to an opening window.
10. Authorize bus operators to stop accepting passengers when they reach their maximum passenger COVID-19 load and call it in to BOC so they might make other arrangements for patrons not permitted to board. Operators seem now confused if they are permitted to not accept overfull boarding.

System Security and Law Enforcement:

11. Direct transit security officers and fare inspectors to issue citations to riders who are warned to put on a mask but refuse to comply without the assertion of medical condition that precludes wearing mask. This is based on the Metro Customer Code of Conduct which authorizes officers to cite for violations to follow authorized representatives' lawful orders including those based on the County's or City's executive orders.

Board Members:

12. Ensure executive orders issued by your municipalities are written to require that masks be worn before entering a public transit facility or vehicles rather than just "in" a facility or vehicles to minimize having to allow persons to enter before action can be taken.

Risk, Safety and Asset Management:

13. Continue to remind staff to comply with all measures implemented by Metro to reduce COVID-19 virus transmission.
14. Implement a policy requiring all employees to wear a mask in Metro's in-person meetings in addition to social distancing and authorize management to send employees home who refuse to observe mask and social distancing rules after being warned to do so.
15. Consider installation of Personal Protective Equipment (PPE) vending machines for the sale of face masks and hand sanitizers in Metro facilities, stations, and vehicles. Our limited research found that there are vendors who can deliver PPE vending machines within a few weeks after the order is placed.

In early 2020, the OIG issued a report on the use of PPE at Metro Divisions that offered several recommendations to Metro Operations similar in nature to the recommendations in this report to protect Metro employees from the transmission of the COVID-19 virus. The recommendations largely focused on reiterating the importance of complying with local government and agency directives to use PPE including: wear a mask, practice social distance, clean and wipe shared surfaces before and after use, and use hand sanitizer when entering shared areas.

FINANCIAL IMPACT

There is no financial or budgetary impact by accepting the report, but compliance with the recommendations would allow Metro to achieve increased efficiency and a safer environment for both the public and Metro employees.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The recommendations in this report support Metro's Strategic Plan Goal 5, "Provide responsive, accountable, and trustworthy governance within the Metro organization".

NEXT STEPS

Metro management should consider adoption of the recommendations proposed in this report.

ATTACHMENTS

Attachment A: Final Report on Review of Metro Measures to Reduce COVID-19 Transmission
(Report No. 21-AUD-05)

Prepared by: Lorena Martinez, Administrative Analyst, (213) 244-7345
Myra Taylor, Senior Auditor, (213) 244-7306
Asuncion Dimaculangan, Senior Auditor, (213) 244-7311
Yvonne Zheng, Senior Manager, Audit, (213) 244-7301
George Maycott, Sr. Director, Inspector General-Audit (Interim), (213) 244-7310

Reviewed by: Karen Gorman, Inspector General, (213) 922-2975

**Los Angeles County
Metropolitan Transportation Authority
Office of the Inspector General**

**Review of Metro Measures to Reduce
COVID-19 Transmission**

Report No. 21-AUD-05

March 1, 2021



TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION	1
OBJECTIVES, SCOPE AND METHODOLOGY	1
BACKGROUND	2
RESULTS OF REVIEW	4
I. Metro Policies, Procedures, and Measures Taken to Reduce COVID-19 Transmission	4
II. Metro System Video Recordings	13
III. Bus Audio Recordings/Radio Scanner Transportation Channel.....	25
CONCLUSION	26
RECOMMENDATIONS	27
MANAGEMENT COMMENTS TO RECOMMENDATIONS	28
OIG EVALUATION OF MANAGEMENT RESPONSE	28
APPENDICES	
A. Management Response to Draft Report	29
B. CDC Guidelines for Social Distancing	39
C. California Physical Distancing Protocol	40
D. Los Angeles County Protocol for Social Distancing	44
E. Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases (<i>Selected Pages</i>)	49
F. Metro USG HVAC System & COVID-19 Changes or Modifications	55
G. Metro Digital COVID-19 Reporting System User Guide.....	60
H. Metro Social Distancing – Additional Safety Measures	61

I.	Metro Operations General Notice – Required Face Coverings	66
J.	Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19 (<i>Sample</i>).....	67
K.	Metro COVID-19 Daily Briefs to Employees (<i>Sample</i>).....	72
L.	Metro Healthy Offices Tool Kit.....	75
M.	Metro COVID-19 Process and Responsibilities for Directors/Managers/Supervisors	78
N.	Metro COVID-19 Prevention Program (CPP) (<i>Selected Pages</i>).....	82
O.	UCLA Institute of Transportation Studies – Policy Brief on Crowding.....	86
P.	Final Report Distribution.....	88

List of Tables

Table 1. Bus Video Footage Reviewed.....	13
Table 2. Metro Bus and Railcar Seats	16
Table 3. Ridership Level in Bus Sample	17
Table 4. Railcar Video Footage Reviewed	20
Table 5. Ridership Level in Railcar Sample	24

List of Figures

Figure 1. Face Covering Signage on Metro Buses	6
Figure 2. Plexiglass on Metro’s Micro Transit	7
Figure 3. Signage Discouraging Social Gatherings.....	10
Figure 4. Operator Barrier and Decal.....	11
Figure 5. Yellow Safety Chain.....	12
Figure 6. Metro Bus Operators Improperly Wearing or Not Wearing a Mask.....	15
Figure 7. Crowded Bus on Line 51.....	17
Figure 8. No Social Distancing Among Passengers.....	18
Figure 9. Bus 8751 Properly Used Safety Chain.....	19
Figure 10. Metro Rail Operators Improperly Wearing or Not Wearing a Mask.....	21
Figure 11. Metro Rail Operator Entered Without a Mask.....	21
Figure 12. Riders Improperly Wearing a Mask or Not Wearing a Mask.....	22
Figure 13. Social Distancing Not Observed on Blue Line Railcar.....	22
Figure 14. Social Distancing Not Observed on Red Line Railcar.....	23



Metro

DATE: March 1, 2021

TO: Metro Board of Directors
Metro Chief Executive Officer

FROM: Yvonne Zheng, Senior Manager, Audit
Office of the Inspector General

SUBJECT: Final Report on Review of Metro Measures to Reduce COVID-19 Transmission
Report No. 21-AUD-05

INTRODUCTION

In November 2020, the Metro Board Chair requested the Office of the Inspector General (OIG) to review Metro patrons' compliance with, and Metro's handling of social distancing and other measures to help our community and assist in Los Angeles County's desire to address the pandemic impacts. As part of our ongoing effort to assist Metro in improving the effectiveness and efficiency of its operations, we performed reviews and observations on passengers' compliance with social distancing, use of masks, and related issues on Metro buses and railcars. We also reviewed Metro's policies, procedures, and measures taken to comply with federal, state, and local public health orders and guidelines.

OBJECTIVES, SCOPE, AND METHODOLOGY

The goal of this review is to determine whether the public is complying with state, local government and Metro requirements to wear a mask and socially distance on the Metro System. We will also identify if Metro has taken appropriate measures recommended and/or required by Centers for Disease Control and Prevention (CDC), State of California Physical Distancing Protocol, Los Angeles City and County Social Distancing Protocol and Federal instructions. In particular, the objectives of this review were to:

1. Determine whether Metro has policies and procedures in place to help reduce COVID-19 virus transmission;
2. Observe and document Metro operators' and passengers' use of face masks and social distancing practices; and
3. Determine whether Metro passengers comply with Metro signage and announcements suggested by CDC, and ordered by the State of California, City and County of Los Angeles particularly concerning social distancing protocols and use of face masks.

To accomplish these objectives, we:

- Searched and reviewed protocols and orders by the CDC, the State of California, and the City and County of Los Angeles;
- Searched and reviewed UCLA Institute of Transportation Studies on the issue of vehicle crowding;
- Held meetings to discuss pandemic related issues and practices with Metro officials and staff;
- Reviewed Metro COVID-19 related policies and procedures including measures taken and daily briefs;
- Reviewed ten Metro bus video recordings and documented the result of observations;
- Reviewed eight Metro railcar video recordings and documented the result of observations;
- Listened to two weeks of all Metro bus transportation to dispatch/operations center audio interaction on a radio scanner transportation channel reporting crowded buses or other chatter; and
- Performed other procedures deemed necessary to accomplish our review objectives.

This review is not an audit. Therefore, Government Auditing Standards were not strictly applied in this review.

BACKGROUND

Since COVID-19 broke out and a pandemic was declared in early 2020, the Centers for Disease Control and Prevention (CDC), State of California, City and County of Los Angeles, and FTA released directives, health orders, and guidelines to the public to address the pandemic and reduce the transmission of COVID-19.

PUBLIC HEALTH ORDERS AND GUIDELINES

Following are sample orders and guidelines issued by federal, state, and local agencies:

1. CDC Guidelines for Social Distancing

The Centers for Disease Control and Prevention (CDC) provides guidelines for social distancing and hand hygiene for passengers taking public transit.

a. Social Distance

When possible, consider traveling during non-peak hours when there are likely to be fewer people. Follow social distancing guidelines by staying at least 6 feet (2 meters) from people who are not from your household. For example:

- Avoid gathering in groups, and stay out of crowded spaces when possible, especially at transit stations and stops;

- Consider skipping a row of seats between yourself and other riders if possible;
- Enter and exit buses through rear entry doors if possible; and
- Look for social distancing instructions or physical guides offered by transit authorities (for example, floor decals or signs indicating where to stand or sit to remain at least 6 feet apart from others).

b. Practice hand hygiene

- After you leave the transit station or stop, use hand sanitizer containing at least 60% alcohol; and
- When you arrive at your destination, wash your hands with soap and water for at least 20 seconds.

(See Appendix B for details, or <https://www.cdc.gov/coronavirus/2019-ncov/daily-life-coping/using-transportation.html#PublicTransit>)

On January 21, 2021, the new Presidential administration issued an Executive Order requiring masks to be worn in compliance with CDC guidelines on all public transportation.

2. California Physical Distancing Protocol

The State of California published “Physical Distancing Protocol”, which indicates, “Businesses must implement all applicable measures listed below and be prepared to explain why any measure that is not implemented is not applicable to the business.” The measures include:

- a. Signage;
- b. Measures to Protect Employee Health;
- c. Measures to Prevent Crowds from Gathering;
- d. Measures to Keep People at Least Six Feet Apart;
- e. Measures to Present Unnecessary Contact; and
- f. Measures to Increase Sanitization.

(See Appendix C for the specific measures.)

3. Los Angeles County Protocol for Social Distancing

The Los Angeles County “Protocol for Social Distancing” has the same measures as the California Physical Distancing Protocol but also includes the following measures to promote infection control.

- a. Visitors arriving at the establishment are reminded to wear a face covering at all times (except while eating or drinking). A face covering should be made available to visitors who arrive without them.

- b. Symptom checks are conducted before visitors may enter the facility. The checks can be done in person or through signage posted at the entrance to the facility stating that visitors with these symptoms should not enter the premises.
(See Appendix D for the specific measures.)

This review focused on whether Metro passengers and operators comply with the above requirements and guidelines.

RESULTS OF REVIEW

I. Metro Policies, Procedures and Measures Taken to Reduce COVID-19 Transmission

Our review found that Metro has taken various measures including issuing policies and procedures to reduce COVID-19 transmission.

A. Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases

On March 20, 2020, Metro Risk, Safety, and Asset Management, in collaboration with Human Capital & Development, Emergency Preparedness and other departments, issued “Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases” to prepare the agency for dealing with the effect of a health pandemic, communicable and other reportable diseases. It describes Metro’s actions to manage future influenza or COVID-19 pandemics. The objectives of the Plan are to reduce the spread of the virus and related illnesses within the agency and maintain essential activities. The Plan was assembled to promote good workplace practices in planning for a possible influenza pandemic.

This Plan draws the best information available from the World Health Organization, Los Angeles County Department of Public Health, and the Centers for Disease Control and Prevention. It includes key discussions of Metro policy, business continuity planning for a pandemic, service delivery plan, and responsibilities of employees and different departments. It provides information to minimize the spread of the infection among customers, employees, and business partners and discusses strategies on seasonal influenza vaccination, personal hygiene, disinfection of facilities and vehicles, restriction of workplace entry of people with influenza symptoms, social distancing, management of staff who become ill at work, and food handling. (See Appendix E for details.)

B. Metro USG HVAC System & COVID-19 Changes or Modifications

On July 21, 2020, Metro General Services Management sent an interoffice memo to Metro Management and USG Occupants to clarify employees’ inquiries about the potential for exposure and transmission of COVID-19 through the air within a closed envelope building such as Union Station Gateway (USG), and the efficacy of Metro Heating Ventilation and Air Condition (HVAC) system. Metro states, “*The system is robust and provides significant outside air and flow per person without enhancement... However, we still need to mention that nothing can trap and kill*

the COVID viral microbes... SO PLEASE be safe! Wear your mask, wash your hands frequently and practice social distancing". The World Health Organization (WHO) has stated that the virus can be transmitted through airborne transmission and there is currently no technology that will catch/trap the microbes as they float through the air. However, Metro has taken action to step up cleaning methods and is working with vendors, the CDC, and the EPA to look for new technologies that could help to fight this pandemic. The Corporate Safety and Building Services Departments made several recommendations to address the employees' concerns. (See Appendix F for details.)

Bus and Railcar Systems.

In December 2020, Bus Vehicle Technology & Acquisition, Rail Vehicle Engineering presented information on how to help Metro improve its bus and rail ventilation systems, and their research on disinfection methods. They evaluated switching to a higher air filtration system and the use of Ultraviolet-C treatment systems. They are currently collaborating with the US Environmental Protection Agency (EPA) to evaluate the technologies for efficacy and anticipate receiving the preliminary results by the second quarter of this year (2021).

In January 2021, Metro's COVID-19 Task Force presented updates on "COVID-19 Disinfection – Explored Solutions". Explored solutions included were Ultraviolet-C radiation, chemical surface disinfectants, air purification systems and applied disinfection films. The solutions are being evaluated based on their efficacy against SARS-CoV-2 (the virus that causes COVID-19), residual efficacy after application, ease of use, long term effects, and quality. Some technologies are currently being independently tested by the EPA for viricidal efficacy verification. The report stated that the most promising solutions have shown to be chemical surface disinfectants and air purification and filtration systems. The Environmental Protection Agency (EPA) is continuously evaluating various chemical disinfectants for their residual efficacy. Current efforts are focused on increasing ventilation and air filtration.

C. Metro Digital COVID-19 Reporting System User Guide

On September 28, 2020, Metro Corporate Safety issued "Digital COVID-19 Reporting System Guide". The COVID-19 Reporting System is a digital system for reporting and tracking suspected and confirmed cases. It encompasses the processes and resources for Metro Supervisors' to report COVID suspected or confirmed cases. This program provides a method for Metro management to manage, evaluate, and ensure cases are processed accordingly. (See Appendix G for details.)

D. Metro Social Distancing – Additional Safety Measures

Operations issued General Notices, interoffice memos, and reports providing information and measures being taken by Metro and reminding personnel to follow these measures:

The General Notices and interoffice memos address face coverings, social distancing requirements and additional safety measures for COVID-19. Employees are instructed to perform the "Employee Symptom Self-Check" prior to entering a Metro facility. The memos also include the Metro Social Distancing Protocol and guidelines on how to put on the N-95 Mask/Respirator. (See Appendix H – April 22, 2020.)

On May 7, 2020, Operations issued a General Notice that effective May 11, 2020 and continuing until further notice, Metro will require face coverings for all frontline employees, including Bus and Rail Operators and Transit Operations Supervisors whose duties involve public contact. Metro will also require customers traveling on the bus and rail systems to wear face coverings. As part of the messaging, buses and trains were to display a message in the headsign: FACE COVERINGS REQUIRED ON METRO BUSES AND TRAINS.” (See Appendix I.)

Figure 1. Face Covering Signage on Metro Buses



On December 8, 2020, Operations issued an interoffice memo to all Maintenance and Engineering personnel informing them that Metro continues to take the necessary measures to keep them safe by increasing the intensity and frequency of cleaning, ensuring that social distancing measures are being followed and that personal protective equipment (PPE) is provided and worn. Employees were reminded to follow the posted Metro Social Distancing Protocol.

E. Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19

Since the pandemic started, Metro’s CEO has been providing weekly, bi-weekly, and/or monthly updates to Metro Board of Directors on their response to COVID-19. See Appendix J for a sample update. These updates, among others, discuss:

- Incident Management,
- Union Station Update,
- Operations,
- Communications & Government Relations,
- Workforce and Leave Policy,
- Construction, and
- Finance.

On the December 18, 2020 monthly update to the Board of Directors regarding Metro’s response to COVID-19, the CEO reported several measures in place to respond to federal, state, and local directives during this national emergency. Measures Metro has taken include:

- Metro’s Incident Management Team, in coordination with the Emergency Operations Center and several departments, continues to respond to public health and safety updates, and intelligence briefs, among others.
- Sending out daily COVID-19 briefs under the emergency alert system to all field staff and maintains a 24-hour duty-officer to receive COVID-19 related calls from staff or external stakeholders.
- Conducting field observations.
- Fronts of buses are no longer roped off to allow for additional capacity in support of social distancing for customers.
- Implementing bus service adjustments to include added trips on weekdays and weekends.
- Launching Metro’s Micro Transit service on December 13, 2020 where face masks are required, plexiglass partitions have been installed, and vehicles are cleaned daily. (See Figure 2.)
- Rail service continuing with enhanced modified Sunday schedule and use of weekday railcars to the extent possible.
- Strengthened cleaning regimes on all vehicles, stations and terminals with EPA-approved disinfectants.

The CEO reported that Operations will continue to monitor ridership and adjust service as necessary.

Figure 2. Plexiglass on Metro’s Micro Transit



F. COVID-19 Task Force

Metro formed the COVID-19 Task Force which is comprised of Rail Vehicle Engineering, Bus Engineering, General Services, Corporate Safety, and Facilities Services. Its main goal is to combat the spread of COVID-19 on Metro’s bus and rail systems, facilities, and in the USG building.

G. Joint Efforts to Address Service Cancellation due to Operator Absences Caused by COVID-19

Operations continues to partner with Human Capital Development and Corporate Safety to follow all quarantine and return to work directives for those employees who have either been exposed or tested positive for COVID-19. The number of positive cases among agency staff and contractors has doubled in a few months (which is in line with positive cases across Los Angeles County).

According to Operations, these impacts to transit service will likely continue until the number of COVID-19 cases decreases in our region and more employees can return to work. Other transit agencies around the region, including LADOT and Foothill Transit, are experiencing similar challenges. The surge in early 2021 has resulted in increased illness and reduced ridership, as well as further delay in employees returning to work and, consequently, an increase in paid administrative leave usage and staffing shortages. Operations and HCD have put together a strike team to help get through the processing of cases of those employees returning to work. Also, in 2021, Operations stated they will hire enough operators to follow all safety protocols without using excessive overtime. The first class of 30 Bus Operators started on January 11, 2021 which included six weeks of class time plus one week for DMV licensing. The second class of 30 Bus Operators was on January 25, 2021 and followed the same schedule as the first class. According to Operations, they will begin a new class every three to four weeks when the current class moves from classroom to “behind the wheel” instruction. To further increase training throughout, Operations Central Instruction is developing a schedule and securing additional classrooms and/or equipment to support more than one class at a time.

H. COVID-19 Daily Brief

Metro’s Communications Department sends the COVID-19 Daily Brief to all employees through email that includes updates of construction during this pandemic, confirmed cases and COVID-19 (Safety) Helpline, among others. The Daily Brief also reminds employees to wear a face covering, wash your hands regularly, avoid touching your face, and keep a distance of at least six feet from others whenever possible. (See Appendix K.)

I. Metro Healthy Offices Tool Kit

The tool kit is to standardize Metro’s internal COVID-19 safety messages that focuses on key COVID-19 messages to help keep employees safe. It covers face coverings, social distancing and symptoms checks. (See Appendix L.)

J. COVID-19 Process and Responsibilities for Directors/Managers/Supervisors

This publication shows procedures/flowcharts on how to handle employee/contractor with a suspected or confirmed COVID-19 case, or who was in close contact with someone who has COVID-19 or symptoms. It also includes a contact list to identify employees/contractors who were in close contact with the suspected or positive individual starting two days before symptoms started until sent home. (See Appendix M.)

K. Metro Micro

Launched in mid-December 2020, Metro Micro is Metro's new on-demand rideshare service, offering trips within several zones in LA County. It allows customers to replace short, solo trips with a flexible service operated by Metro employees in vehicles that hold up to ten passengers. The service is meant to be a safe and convenient option for quick trips around town and with fewer transfers. To protect the operators and customers, face masks are required, plexiglass partitions have been installed, and the vehicles are cleaned daily. While Metro Micro vehicles have capacity to seat a maximum of ten passengers, capacity has been limited to 50% to allow for distancing unless traveling with family and friends in the same small group.

L. Metro COVID-19 Prevention Program (CPP)

On December 18, 2020, the Risk, Safety and Asset Management Department, in collaboration with Human Capital & Development, has developed the COVID-19 Prevention Program (CPP). This program is consistent with Metro's policy to provide a safe and healthy working environment for employees and a safe transit system for the public. To mitigate the spread of the COVID-19 illness which has resulted in the current pandemic, Metro has developed this prevention program to effectively educate and protect its employees, customers, and business partners. This document describes Metro's actions since the pandemic began in early 2020 in the United States, to manage the COVID-19 pandemic. These measures and actions will continue into the foreseeable future until the pandemic is under control. The objectives of the COVID-19 Prevention Program are: (a) reducing spread of the coronavirus called SRAS-CoV-2, and related COVID-19 illness within the agency, maintaining a safe and healthy workplace and (b) maintaining essential activities. (See Appendix N for select pages.)

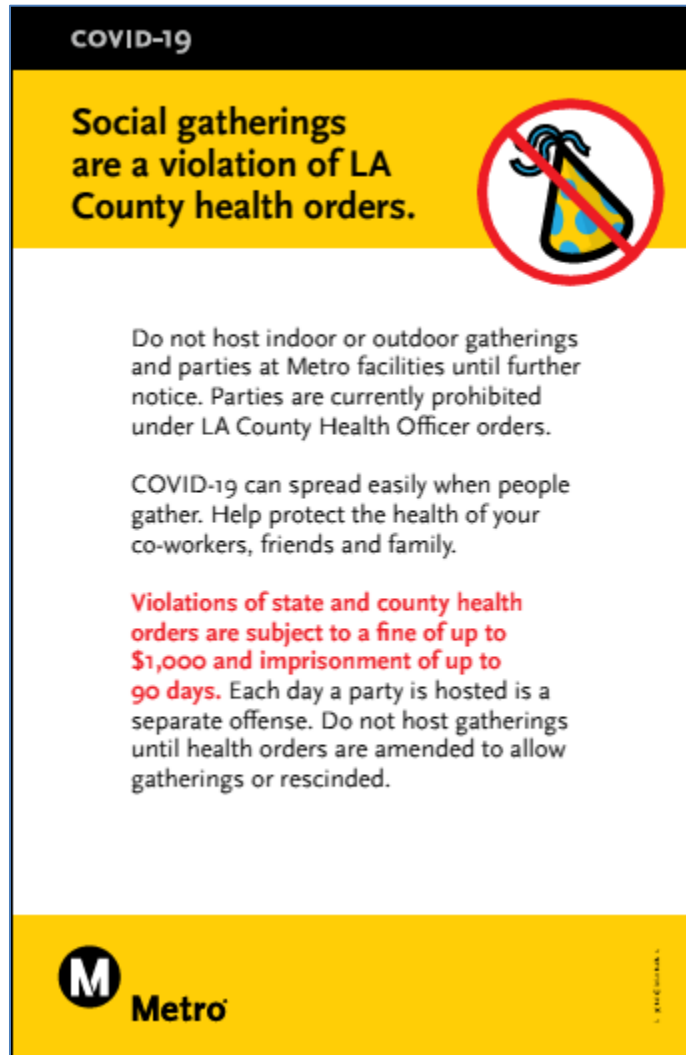
M. 24-Hour Duty Officer

Based on the CEO's Monthly Update to the Board on November 20, 2020, Metro maintains a 24-hour duty-officer to receive COVID-19 related calls from staff or external stakeholders.

N. Poster on Social Gatherings

On the COVID-19 Daily Brief email dated December 23, 2020, Metro announced that the poster below will be hung at all Metro locations over the next week to remind all building occupants of the social gatherings rule on Metro property.

Figure 3. Signage Discouraging Social Gatherings



O. Operator Barrier and Decal

On October 4, 2020 Metro issued Operations General Notice (OPS#20-033) stating that that personal protective equipment (gloves, face coverings, face shields, hand sanitizer) is available at all work locations and the use of the plexiglass Operator barrier is mandatory. Also, decals have been installed on all buses (on the barrier door and on the floor) to remind patrons to remain six feet behind the yellow line (see Figure 4). Rear door boarding and alighting will continue until further notice. Front door usage will be reserved for ADA patrons and customers who express a need to use the ramp or kneeling device to board or alight.

Figure 4: Operator Barrier and Decal



P. Safety Chain

As an added effort to encourage social distancing on board Metro buses while still allowing passengers to occupy the seats designated for elderly and disabled customers, Maintenance installed a yellow safety chain behind the Operator's compartment on each bus (Figure 5). This chain can be readily disconnected allowing the Operator to assist with boarding, alighting, or securement of passengers with disabilities or those who use mobility aids such as walkers or wheelchairs. The chain is the only approved device for physically separating the Operator from the passenger compartment of the bus. Use is optional. (Operations General Notice (OPS#20-050) November 6, 2020)

Figure 5: Yellow Safety Chain



Q. Street Team

According to Metro Communications Department, Metro created a Street Team Program, which is comprised of 16 teams of two people, each works Monday through Thursday for six hours per day to distribute masks to customers. The hours vary by location and need. The locations change every day and range from riding the subways, light rail and buses to being stationary at key rail stations and bus stops. The bus routes and stops are selected using the equity assessment tool. Various combinations of the teams were in the community at different times during the months of June, July, September, October, and December 2020.

The combination of masks, hand sanitizer and travel safety tips is fairly new and started in December 2020 in partnership with the Los Angeles County Department of Public Health (LACDPH) which supplied the hand sanitizers and the travel tips that were added to Metro's mask packages. After distributing more than 5,800 packages, the Street Team ran out of their supplies and they started using Metro's masks and hand sanitizer and the travel tips from LACDPH. Those packages were so well received that Street Team will restart distribution of this combination in February. In addition to the combination packages, the street teams have distributed approximately 50,000 masks.

In addition to the paid street teams, Metro Communication Department asked employees who are riding our system to serve as ambassadors and hand out masks as they ride to and from work. Masks are also being handed out by law enforcement. As of February 3, employee ambassadors and law enforcement personnel have distributed 12,500 masks.

R. Field Observations by Operations

Metro conducts daily & weekly field observations to determine customer mask compliance and to ensure that bus operators do not rope off the front of buses using American with Disabilities Act (ADA) straps. In addition, Operations also uses bus router technology, Vehicle Operations (VO) personnel, and customer feedback. The VO teams are monitoring the bus service to ensure that

adjustments on schedules can be made, as necessary, in support of In-Service On-Time Performance (ISOTP) and safety initiatives at Metro.

The most current report showed customer mask compliance on buses was about 99.5% and the number of buses roped off in the front was about 18%. This showed a more favorable response from customers and operators than at the beginning of the pandemic.

Operations continue to train, educate, and counsel the Operators and take disciplinary action as necessary against those who do not comply with the policy. Notices and information relative to COVID-19 are disseminated to stress the importance of maintaining safety.

II. Metro System Video Recordings

To determine how Metro passengers and operators comply with COVID-19 orders, we selected a sample of bus and rail video recordings to observe the use of masks and social distancing practices.

A. Bus Video Footage

For our sample, we chose ten bus lines operating in different parts of Los Angeles, including Hollywood, Wilshire and Harbor Gateway Center areas. We chose peak times in the morning and evening, on a weekday and a weekend during the period November 28 to December 2, 2020. Table 1 below shows the dates and times of the video footage we reviewed.

Table 1. Bus Video Footage Reviewed

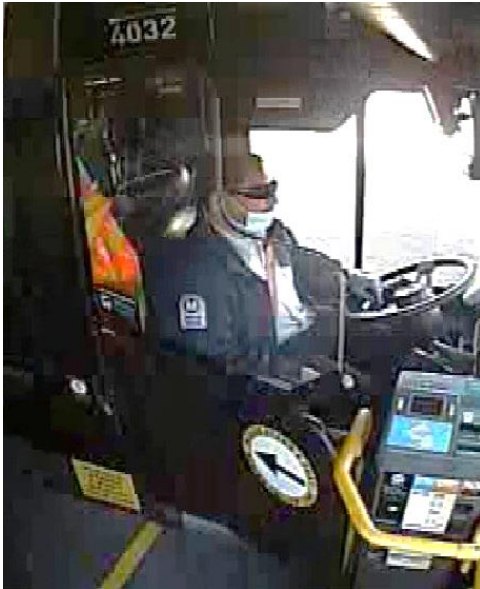
Number	Bus #	Line	Route	Date	Time
1	9420	204	Hollywood-Athens	11/28/2020 Saturday	8:30am
2	3954	51	Wilshire Center-DNLA- Harbor Gateway	12/2/2020 Wednesday	4:45pm
3	3954	51	Wilshire Center-DNLA- Harbor Gateway	12/1/2020 Tuesday	7:15am
4	8711	910	El Monte Station - Harbor Gateway Transit Center	11/28/2020 Saturday	8:30am
5	8711	910	El Monte Station - Harbor Gateway Transit Center	11/28/2020 Saturday	7:00pm
6	4032	51	Wilshire Center-DNLA- Harbor Gateway	11/28/2020 Saturday	8:30am
7	4032	51	Wilshire Center-DNLA- Harbor Gateway	11/28/2020 Saturday	7:00pm

8	8712	204	Hollywood-Athens	12/2/2020 Tuesday	4:45pm
9	8712	204	Hollywood-Athens	12/2/2020 Tuesday	7:15am
10	8751	910	El Monte Station - Harbor Gateway Transit Center	12/2/2020 Tuesday	4:45pm

For these ten buses, we watched video footage to observe the use of masks, crowding on the bus, social distancing practices, use of physical barriers for the driver, and visible signage encouraging social distancing and use of mask.

1. **Masks.** Masks can protect people from getting exposed to the COVID-19 virus. They can also prevent people from spreading the virus to others. Masks are a simple but critical tactic in slowing the spread of the COVID-19 virus, so it is crucial that passengers and employees wear masks to protect themselves and others. During our review of the sample bus videos, we observed the following:
 - a. Drivers: Four Operators (40 percent) out of the ten Operators in our sample did not wear a mask or wore the mask improperly (exposing their nose and mouth).
 - Three Operators did not wear their masks: Buses 9420 (morning), 8711 (evening), and 8751 (evening). (Note: the 8711 bus carried no passengers during the duration of the video we observed.) The Operator for 8751 used a safety chain to separate himself from the rest of the bus, so he may have felt secure in not wearing a mask. However, Metro Operators should always wear masks to set a good example for Metro passengers.
 - The Operator on Bus 4032 (morning) wore a mask, but it did not cover his mouth or nose, as shown below.

Figure 6. Metro Bus Operators Improperly Wearing a Mask or Not Wearing a Mask



- b. Passengers: Overall, most passengers wore masks; however, we found the following passengers who did not wear a mask:
- One passenger out of about ten riders on Bus 9420 (morning);
 - One passenger out of three on Bus 4032 (evening); and
 - One passenger on a full Bus 3954 (morning)

2. Crowding.

On October 1, 2020, the University of California Office of the President published a research paper entitled “When is Public Transit Too Crowded, and How Has This Changed During the Pandemic?”. The paper discusses that the UCLA Institute of Transportation Studies reviewed the websites of 200 transit agencies across the U.S. and found that “*there is no industrywide standard for vehicle crowding before the pandemic, nor is there one now — as definitions of socially distanced transit vary widely.*” The research paper also states “*Of the 200 transit agencies investigated, only 92 (46 percent) publicized their pre-pandemic crowding standards, and only 84 (42 percent) publicized their pandemic-specific crowding standards. This suggests that a majority of transit operators either have not formally adopted, or do not publicize, these standards. During the COVID-19 pandemic, many transit agencies’ public documents and communications stress the importance of 6-foot social distancing by passengers and the frequent cleaning and disinfecting of their vehicles, but do not specify the maximum number of passengers that can be safely onboard. Instead, vague references to “blocking of some seats” and “keep[ing] every other row empty” are common.*” (See Appendix O for more details.)

We obtained the following seat capacity and the maximum passengers (pre-pandemic) for the Metro bus and railcar models. We observed in this review:

Table 2: Metro Bus and Railcar Seats

Description	Type	Seats	Standees	Maximum Passengers (Pre- Pandemic)
3900s/4100s 40-Foot Bus	Bus	40	8	48
8700s/9400s Articulated Bus	Bus	55-57	11	68
Light Railcar	Railcar	76	68	144
Heavy Railcar	Railcar	57	74	131

Source: Metro Intranet

According to Operations, Metro now has a maximum load standard of 75% of seated capacity during any 20-minute time slice during peak periods and 60-minute time slices during off peak period, compared to 130% pre-COVID. There can be several reasons for heavy loads, including daily fluctuations of ridership between trips, cancelled or late trips, and increasing ridership. Thus, Operations stated that it is nearly impossible to guarantee zero trips exceeding the load standard. To allow for day to day variations in operations and demand, 98% of weekly trips should not exceed an average of 75% of seated capacity during any 20-minute time slice during peak periods and 60-minute time slices during off peak period. This is consistent with pre-COVID conditions.

Metro bus ridership level. To determine the ridership level on the buses, we divided the observed number of passengers with the seat capacity of the bus model shown in Table 2. Based on the sample review, we found that most Metro buses were not crowded except for one instance in which the bus appeared to be full with passengers standing in the aisle. The following is the result of our review:

- Four buses were 0 to 10 percent full;
- Five buses were 11 to 35 percent full; and
- One bus was 100 percent full with passengers standing in the aisle.

Table 3 shows the ridership level on the buses that we reviewed.

Table 3. Ridership Level in Bus Sample

Number	Bus #	Line	Route	Date	Time	Ridership Level
1	9420	204	Hollywood-Athens	11/28/2020	8:30am	18%
2	3954	51	Wilshire Center-DNLA-Harbor Gateway	12/02/2020	4:45pm	22%
3	3954	51	Wilshire Center-DNLA-Harbor Gateway	12/01/2020	7:15am	100%
4	8711	910	El Monte Station - Harbor Gateway Transit Center	11/28/2020	8:30am	2%
5	8711	910	El Monte Station - Harbor Gateway Transit Center	11/28/2020	7:00pm	0%
6	4032	51	Wilshire Center-DNLA-Harbor Gateway	11/28/2020	8:30am	9%
7	4032	51	Wilshire Center-DNLA-Harbor Gateway	11/28/2020	7:00pm	7%
8	8712	204	Hollywood-Athens	12/02/2020	4:45pm	35%
9	8712	204	Hollywood-Athens	12/02/2020	7:15am	16%
10	8751	910	El Monte Station - Harbor Gateway Transit Center	12/02/2020	4:45pm	11%

Figure 7 is Bus 3954 (Line 51), which was completely full on a weekday morning. The cause for this level of crowding is unknown. According to Metro Service Planning, there are several reasons for an overcrowded bus including a service breakdown on the same line earlier, availability of operators, and cancellation of service.

Figure 7. Crowded Bus on Line 51



During the pandemic, Operations monitors loads on a weekly basis. They provide the information of top-heavy lines to Bus Operations and the Division Directors to adjust service if necessary and avoid cancelling service on heavy lines, if possible. They added about 2.5% additional service in December 2020 in addition to redistributing service on less performing lines to heavier lines. As funding becomes available for additional service, the priority would be to add service on high occupancy lines.

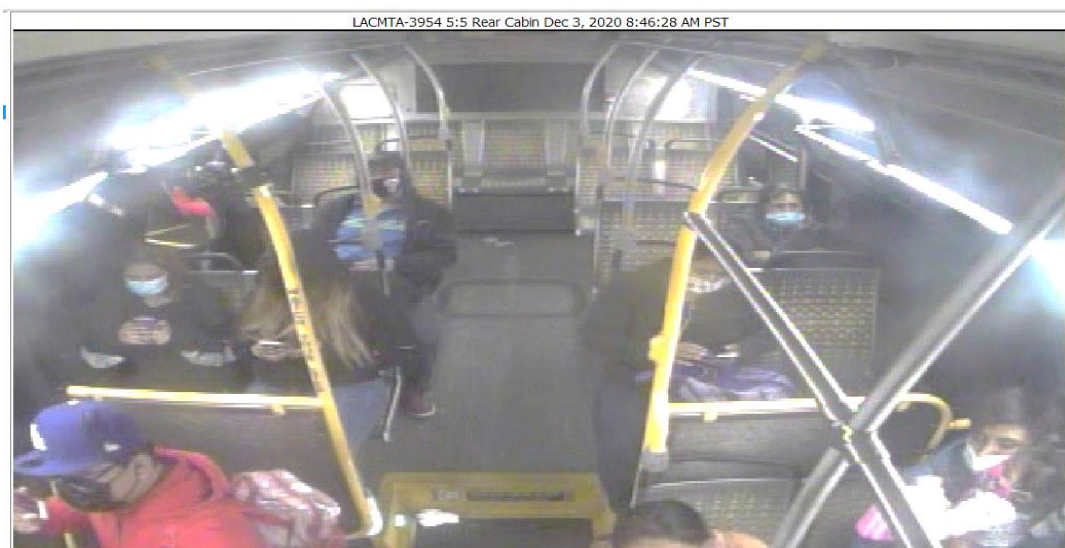
- 3. Social Distancing.** Because the coronavirus can travel on liquid droplets breathed or coughed by infected people, an array of health authorities recommends staying away from crowds and maintaining physical separation from others. The CDC specifically recommends a six-foot buffer.

According to Operations, Metro has signage posted on buses, trains and stations reminding people to stay six feet apart. There are also regular announcements at stations reminding people of the mask requirements and to stay six feet apart.

From our sample of 10 buses, we observed that Metro passengers chose not to maintain a six-foot distance from other passengers although there was plenty of room on the bus even when the bus was at a low occupancy rate.

- Bus 9420 (morning), passengers chose to sit near other passengers less than six feet away and did not skip a row of seats between themselves and other passengers even though other seats were available.

Figure 8. No Social Distancing Among Passengers



- Bus 3954 (evening), riders chose to sit in the back of the bus although there were plenty of empty seats in front of the bus.

- Bus 8751 (evening), there were only six passengers on the bus, with plenty of space available. However, a passenger sat near another passenger who appeared not to be a travel companion.
4. **Bus Operator Safety Barriers.** Physical barriers are a safety measure for the drivers. We found Metro drivers using the plexiglass barriers in 100 percent of our 10 observed buses. We believe Metro made use of the barriers mandatory following the 2019 OIG report on Bus Operators Barriers Use that recommended mandatory use of the barriers.
 5. **Safety Chain.** As discussed earlier, according to Operations General Notice (OPS#20-050) November 6, 2020, as an added effort to encourage social distancing while still allowing passengers to occupy the seats designated for elderly and disabled customers, Maintenance installed a yellow safety chain behind the Operator’s compartment on each bus. This chain can be readily disconnected to allow the Operator to assist with boarding, alighting, or securement of passengers with disabilities. The chain is the only approved device for separating the Operator from the passenger compartment of the bus and is optional. During our review of bus video, we found one bus out of ten (Bus 8751, evening) using the safety chain.

Figure 9. Bus 8751 Properly Used Safety Chain



6. **Signage.** Because of the camera angle, clarity of the video footage, and lack of zoom focus, we were unable to see whether there were signs inside the buses requesting customers to wear masks or maintain a distance of six feet from each other. The headers on the outside of the buses do alternate between the destination name and “Masks Required” signage.

B. Rail Video Footage

For our sample, we included three rail lines and 17 rail cars from different parts of Los Angeles, including 7th & Metro to North Hollywood and San Pedro St. to Willowbrook/Rosa Park Station.

We chose peak times, in the morning, the evening, on a weekday and a weekend during the period November 4 to December 11, 2020 to review. Table 4 below shows the dates and times of the video footage we reviewed.

Table 4: Rail Video Footage Reviewed

Number	Railcar #	Line	Route	Date	Time
1	1089	Blue	Willow St to 7th & Metro	11/28/2020 Saturday	8:30am
2	1098	Blue	Willow St to 7th & Metro	11/28/2020 Saturday	8:30am
3	1122	Blue	San Pedro St to Willowbrook/Rosa Parks	11/30/2020 Monday	4:45pm
4	159 A/B	Blue	San Pedro St to Willowbrook/Rosa Parks	11/30/2020 Monday	4:45pm
5	1100	Blue	Willow St to 7th & Metro	11/07/2020 Saturday	8:30am
6	1063	Expo	Expo/Sepulveda to Downtown Santa Monica	11/30/2020 Monday	7:15am
7	1046	Expo	Expo/Sepulveda to Downtown Santa Monica	12/10/2020 Thursday	6:30am
8	1046	Expo	Expo/Sepulveda to Downtown Santa Monica	12/11/2020 Friday	6:30pm
9	1004	Expo	Expo Park/USC to 7th & Metro	11/28/2020 Saturday	7:00pm
10	1066	Expo	Expo/Sepulveda to Downtown Santa Monica	12/11/2020 Friday	7:00am
11	1066	Expo	Expo/Sepulveda to Downtown Santa Monica	12/11/2020 Friday	7:00pm
12	578	Red	7th & Metro to NH	11/04/2020 Wednesday	4:30pm
13	536	Red	7th & Metro to NH	11/04/2020 Wednesday	4:30pm
14	575	Red	7th & Metro to NH	11/04/2020 Wednesday	4:30pm
15	565	Red	7th & Metro to NH	11/04/2020 Wednesday	4:30pm
16	569	Red	Hollywood/Highland to Union Station	11/07/2020 Saturday	8:15am
17	596	Red	Hollywood/Highland to Union Station	11/07/2020 Saturday	8:15am

1. **Masks.** In our review, we received seven video recordings providing us a view of the rail operators. All seven Rail Operators were not wearing a mask properly or not at all in the control room. See Figure 10 for sample screenshots.

Figure 10. Metro Rail Operators Improperly Wearing a Mask or Not Wearing a Mask



We assume this was because they were alone in a closed space not regularly interacting with customers, and they had their own window that they can open for ventilation.

However, we observed an operator not wearing a mask (Figure 11A) even when walking through the passenger portion of the train.

Figure 11A is the screenshot for video recording dated November 4, 2020, which showed a Rail Operator walked in without a mask or face covering.

Figure 11. Metro Rail Operator Entered Without a Mask



Passengers. In 14 out of the 17 rail videos, we observed at least one or multiple passengers not wearing a mask or not properly covering their nose and mouth. We noticed passengers boarded the rail car without masks. We also noted footage of passengers removing their masks.

Figure 12. Riders Improperly Wearing a Mask or Not Wearing a Mask



2. **Social Distancing.** Based on our sampled review of videos, we noted:

- a. **Video # 3 on Blue Line railcar.** Seats were almost filled; social distancing was not observed due to crowding. See Figure 13.

Figure 13: Social Distancing Not Observed



- b. **Video # 17 on Red Line railcar.** Incoming passengers did not wait for passengers to exit first; thus, passengers were crossing paths and not keeping a distance of six feet. See Figure 14.

Figure 14. Social Distancing Not Observed



3. **Railcar Ridership Level.** To determine the ridership level on the railcars, we divided the observed number of passengers with the seat capacity of the railcar model shown in Table 2. Table 5 is the summary of ridership level based on our sample review of videos.
- Six Rail cars were 0-10 percent full
 - Eleven Rail cars were 11-26.3 percent full

Table 5: Ridership Level in Railcar Sample

Number	Railcar #	Line	Route	Date	Time	Ridership Level
1	1089	Blue	Willow St to 7th & Metro	11/28/2020	8:30am	13.2%
2	1098	Blue	Willow St to 7th & Metro	11/28/2020	8:30am	7.9%
3	1122	Blue	San Pedro St to Willowbrook/Rosa Parks	11/30/2020	4:45pm	26.3%
4	159 A/B	Blue	San Pedro St to Willowbrook/Rosa Parks	11/30/2020	4:45pm	13.2%
5	1100	Blue	Willow St to 7th & Metro	11/7/2020	8:30am	19.7%
6	1063	Expo	Expo/Sepulveda to Downtown Santa Monica	11/30/2020	7:15am	6.6%
7	1046	Expo	Expo/Sepulveda to Downtown Santa Monica	12/10/2020	6:30am	13.2%
8	1046	Expo	Expo/Sepulveda to Downtown Santa Monica	12/11/2020	6:30pm	9.2%
9	1004	Expo	Expo Park/USC to 7th & Metro	11/28/2020	7:00pm	6.6%
10	1066	Expo	Expo/Sepulveda to Downtown Santa Monica	12/11/2020	7:00am	13.2%
11	1066	Expo	Expo/Sepulveda to Downtown Santa Monica	12/11/2020	7:00pm	9.2%
12	578	Red	7th & Metro to NH	11/4/2020	4:30pm	12.3%
13	536	Red	7th & Metro to NH	11/4/2020	4:30pm	8.8%
14	575	Red	7th & Metro to NH	11/4/2020	4:30pm	12.3%
15	565	Red	7th & Metro to NH	11/4/2020	4:30pm	12.3%
16	569	Red	Hollywood/Highland to Union Station	11/7/2020	8:15am	10.5%
17	596	Red	Hollywood/Highland to Union Station	11/7/2020	8:15am	17.5%

4. **Signage.** Because of the camera angle, quality of the video footage, and lack of zoom focus, we were unable to see whether there were signs inside the rail car requesting customers to wear masks or maintain a distance of six feet from each other. However, we were able to view the flashing monitor in front of the rail car advising riders that masks are required onboard.

III. Bus Audio Recordings/Radio Scanner Transportation Channel

We listened to a radio scanner transportation channel broadcasting the Metro Operations Center to document any audio comments relating to crowded buses, ventilation or mask conditions between December 14, 2020 to February 1, 2021. Examples of comments we heard include:

- A. December 14, 2020: Operator called the Bus Operations Control (BOC) because of a woman not wearing her mask on board. BOC notified the bus operator that calls about passengers not wearing masks should not be made to Bus Control as this issue is completely handled by Los Angeles Police Department (LAPD). However, BOC said they would contact LAPD to provide the operator's time points since she is requesting police assistance.
- B. December 14, 2020: Operator advised BOC that a passenger refused to wear mask. She gave her a mask but then later took it off.
- C. December 14, 2020: Operator advised BOC that she had to start passing up stops because every seat was filled and there were about eight to nine passengers standing.
- D. December 15, 2020: Operator advised BOC that he had to pass up passengers because he was "jammed packed at every door". The bus operator commented that they have to add another bus in between him and the bus ahead of him.
- E. December 15, 2020: Operator reported to BOC that he had passengers get off the bus because someone sneezed and he wanted to disinfect the bus. BOC advised him that he was not allowed to ask the passengers to get off the bus and delay stops just so he can disinfect the area.
- F. December 15, 2020: Operator asked BOC for assistance because she had a passenger who took off his mask to cough. The passenger was causing a problem on the bus and the operator wanted to talk to his supervisor.
- G. December 21, 2020: Operator informed BOC that there was an altercation among passengers when a man refused to wear a mask.
- H. February 1, 2021: Operator reported passenger was not wearing a mask; BOC then asked if they need to call LAPD.
- I. February 1, 2021: Operator reported to BOC that there was a young lady who refused to wear a mask and the former needed assistance. BOC asked the operator if the passenger was "creating a disturbance" because LAPD will not remove her simply for not wearing a mask. The Operator stated he needed LAPD.
- J. February 1, 2021: Operator referenced social distancing and reported that he left two people at a stop and then left seven people at another station. The operator mentioned he was trying to accommodate everyone but also expressed his concern with the virus.

K. February 1, 2021: Operator asked BOC about the current protocol with the new mandate because she had a passenger not wearing a mask. BOC asked the operator if she was able to provide the passenger with a mask. The Operator gave her one.

The above audio recordings showed that Operators encountered passengers who refused to wear a mask. In some cases, Operators were able to assist and provided masks to passengers that did not have one. In addition, there were other instances reported to BOC when buses were full of passengers and some of them were not wearing masks; thus, social distancing was not observed.

CONCLUSION

Our review found that Metro generally complied with and has taken appropriate measures recommended and/or required by Centers for Disease Control and Prevention, State of California Physical Distancing Protocol, and Los Angeles County Social Distancing Protocol. Metro has been proactive in monitoring and adapting to evolving situations related to the COVID-19 pandemic.

The actions taken by Metro to address the COVID-19 pandemic have been numerous, consistent and on-going. Among others, Metro has issued the following key policies, procedures, measures, briefs, and updates to help reduce COVID-19 virus transmission since the pandemic was declared:

- Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases
- Metro Digital COVID-19 Reporting System User Guide
- Metro USG HVAC System & COVID-19 Changes or Modifications
- Metro Digital COVID-19 Reporting System User Guide
- Metro Operations General Notice – Required Face Coverings
- Metro COVID-19 Daily Measures
- Metro General Order – Mask and Physical Distancing Requirements
- Metro COVID-19 Daily Brief to Employees
- Metro Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19
- Metro Micro
- Metro Street Team

However, our review of sample bus and railcar video recordings found that notwithstanding Metro's efforts, there were instances of non-compliance with federal, state and local agencies recommendations for wearing facemasks and practicing social distancing by Metro staff and passengers that need to be addressed to ensure a healthy, safe and secure environment for the community and all Metro employees and its passengers.

RECOMMENDATIONS

We recommend:

Operations:

1. Continue to communicate with bus and rail operators to wear a mask and wear it properly.
2. Continue to educate and train bus and rail operators on how to handle situations when passengers do not comply with the federal, state, and local guidelines to reduce COVID-19 transmission. When passengers do not wear masks or observe social distance, Operators could make an announcement.
3. Create regular pre-made announcements to run every couple of minutes to reinforce the requirements of wearing a mask and observing social distance.
4. Review signage that could be placed in buses.
5. Continue to identify and evaluate cleaning methods to combat COVID-19 throughout bus and rail systems and facilities that yield maximum efficacy and ease of use.
6. Coordinate schedule and route of buses to testing and vaccination locations.
7. Continue to identify and apply effective technology for ventilation on Metro bus and rail systems, facilities, and in Gateway to combat the spread of COVID-19 virus.
8. Bus Operations Control should instruct operators to open doors for 20 seconds at each stop even if there is no passenger boarding, in order to effectuate the ventilation system that it designed to rely on obtaining fresh air in that way.
9. Consider other methods of increased ventilation such as converting a fixed close window to an opening window.
10. Authorize bus operators to stop accepting passengers when they reach their maximum passenger COVID-19 load and call it in to BOC so they might make other arrangements for patrons not permitted to board. Operators seem now confused if they are permitted to not accept overfull boarding.

System Security and Law Enforcement:

11. Direct transit security officers and fare inspectors to issue citations to riders who are warned to put on a mask, but refuse to comply without the assertion of medical condition that precludes wearing mask. This is based on the Metro Customer Code of Conduct which authorizes officers to cite for violations to follow authorized representatives' lawful orders including those based on the County's or City's executive orders.

Board Members:

12. Ensure executive orders issued by your municipalities are written to require that masks be worn before entering a public transit facility or vehicles rather than just “in” a facility or vehicles to minimize having to allow persons to enter before action can be taken.

Risk, Safety and Asset Management:

13. Continue to remind staff to comply with all measures implemented by Metro to reduce COVID-19 virus transmission.
14. Implement a policy requiring all employees to wear a mask in Metro’s in-person meetings in addition to social distancing and authorize management to send employees home who refuse to observe mask and social distancing rules after being warned to do so.
15. Consider installation of Personal Protective Equipment (PPE) vending machines for the sale of face masks and hand sanitizers in Metro facilities, stations, and vehicles. Our limited research found that there are vendors who can deliver PPE vending machines within a few weeks after the order is placed.

In early 2020, the OIG issued a report on the use of PPE at Metro Divisions that offered several recommendations to Metro Operations similar in nature to the recommendations in this report to protect Metro employees from the transmission of the COVID-19 virus. The recommendations largely focused on reiterating the importance of complying with local government and agency directives to use PPE including: wear a mask, practice social distance, clean and wipe shared surfaces before and after use, and use hand sanitizer when entering shared areas.

MANAGEMENT COMMENTS TO RECOMMENDATIONS

On February 17, 2021, we provided Metro Management a draft report. On February 25, 2021, the management completed their responses that summarized their corrective actions, as shown in Attachment A.

The offices of Metro Board chairpersons were contacted and they are agreeable with our report recommendations.

OIG EVALUATION OF MANAGEMENT RESPONSE

Metro Management’s responses and corrective actions taken are responsive to the findings and recommendations in the report. Therefore, we consider all issues related to the recommendations resolved and closed based on the corrective actions taken.



Metro

Interoffice Memo

Date	February 24, 2021
To	Yvonne Zheng, Senior Manager, Audit Officer of the Inspector General
From	Bob Green, Chief <i>BG</i> System Security & Law Enforcement
Subject	Response to OIG Draft Report: Review of Metro Measures to Reduce COVID-19 Transmission Report No. 21-AUD-05
Copies	Aston T. Greene, E. O./Deputy Chief System Security & Law Enforcement

On behalf of the System Security and Law Enforcement (SSLE) Department, this memo serves to address and respond to the recommendation in the OIG Draft Report: Review of Metro Measures to Reduce COVID-19 Transmission Report No. 21-AUD-05.

SSLE management accepts the recommendation (#11) as follows:

Direct transit security officers and fare inspectors to issue citations to riders who are warned to put on a mask but refuse to comply without the assertion of [a] medical condition that precludes wearing [a] mask. This is based on the Metro Customer Code of Conduct which authorizes officers to cite for violations to follow authorized representatives' lawful orders, including those based on the County's or City's executive orders. (pg. 27)

Action Plan/Response:

Metro SSLE has directed Metro Security to take this action. Further, in lieu of the TSA Security Directive 1582/84-21-01 issued on January 31, 2021, SSLE generated a policy for criminal trespass removal based on calls/notifications from the ROC/BOC about mask non-compliance. Patrons will be escorted off a conveyance so that service can resume, then issued a citation and possible expulsion from the system if non-compliance continues, without an ADA exception.

The Board Box Memo [see attached] transmitted by the CEO to the Board reaffirms this policy as remaining in effect as of February 15, 2021.

Management Response to Draft Report
Office of the Inspector General

Report No. 21-AUD-05

ATTACHMENT TO SSLE RESPONSE



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

FEBRUARY 15, 2021

TO: BOARD OF DIRECTORS

FROM: PHILLIP A. WASHINGTON *PAW*
CHIEF EXECUTIVE OFFICER

**SUBJECT: METRO RESPONSE TO TSA TRANSPORTATION MASK
DIRECTIVE AND BOARD MOTION 52: FACE COVERINGS
REQUIRED ON METRO BUSES AND TRAINS**

ISSUE

This Board box describes Metro staff's response to the January 31, 2021 TSA Security Directive 1582/84-21-01: Security Measures – Face Mask Requirements and Board Motion 52: Face Coverings Required on Metro Buses and Trains by Directors Hahn, Butts, Mitchell, Barger, and Solis.

BACKGROUND

At the January 28, 2021 Board meeting, Directors Hahn, Butts, Mitchell, Barger, and Solis issued Motion 52 directing the Chief Executive Officer to:

- A. Reiterate for both the public and staff that face coverings are mandatory
- B. Report back in 14 days on the following:
 - a. Recommendations on how to strengthen efforts to ensure compliance with mandatory face coverings, including but not limited to fines
 - b. Recommendations for alternative transportation options for patrons instructed not to wear a face covering by a medical provider

On January 31, 2021, the Transportation Security Administration (TSA) issued Security Directive (SD) 1582/84-21-01: Security Measures – Face Mask Requirements in response to the President's Executive Order of January 21, 2021 and the subsequent Centers for Disease Control and Prevention (CDC) Order on January 29, 2021 mandating masks while on conveyances and at transportation hubs.

The TSA SD requires that individuals wear masks on board public transportation or in public areas of transportation hubs or facilities, with a few exceptions (as applicable on transit) as follows:

1. When necessary for identity verification
2. While eating or drinking for brief periods
3. When the ability to see the mouth is essential for communication
4. If incapacitated or otherwise unable to remove a mask without assistance
5. In private vehicles for personal use
6. Children under the age of 2
7. People with disabilities who cannot wear a mask safely as defined in the Americans with Disabilities Act

The TSA has also directed agencies to establish procedures to manage situations with persons who refuse to comply with the requirement to wear a mask. At a minimum these procedures must ensure that, if an individual refuses to comply with an instruction given by the owner/operator with respect to wearing a mask, the owner/operator must:

1. Deny boarding, or
2. Make best efforts to disembark or remove the individual from the facility as soon as practicable.

DISCUSSION

To respond to the TSA SD and Motion 52, Metro has addressed messaging, procedures for unmasked passengers with and without medical exemptions, and alternative transportation options.

Metro has required masks from the beginning of the pandemic. To date, we have achieved about 99% compliance on our system. Staff acknowledges the intent of the TSA SD and Motion 52. The TSA has explicitly directed that agencies are to make their best efforts to comply with the SD.

Staff are taking the following actions to comply with the TSA SD and Motion 52.

- Vehicle and station signage, as well as automated announcements, are currently being refreshed to remind passengers of the mask requirement.
- Communications is redeploying Street Teams beginning February 22 and plans to distribute 50,000 packages containing masks, travel tips and hand sanitizer.
- Operations is researching possibilities for installing mask dispensers on buses and in rail stations to increase availability of masks for passengers.

Staff have been directed to use the following procedures when encountering unmasked passengers on the system:

- Operators will allow boarding of all passengers at bus stops and stations.
- Any unmasked passenger will be requested to wear a mask.

Management Response to Draft Report
Office of the Inspector General

Report No. 21-AUD-05

- If an unmasked passenger does not voluntarily comply with the mask requirement, the operator will notify the Bus or Rail Operations Center to request a security response.
- Security officers will seek voluntary compliance and offer a mask to an unmasked passenger.
- If a passenger does not comply, officers may take steps to remove the passenger using existing protocols for violations, beginning with a warning and followed by a fine, as necessary. Under Metro's existing Code of Conduct, officers may issue a fine of \$75 (\$40 for minors) per offense for a customer's failure to obey a sign intended to provide for safety of passengers.

Unmasked Passengers with Medical Exemption

Unless an unmasked passenger voluntarily offers proof of a medical exemption, operators have no way of knowing if the passenger qualifies for exemption under the TSA SD. For this reason, as stated above, operators have been directed to allow boarding of all passengers at bus stops and stations.

Due to the private nature of medical conditions and the associated disproportionate burden imposed if asking an individual to disclose his/her/their condition, operators have been directed not to ask an unmasked passenger for proof of medical exemption.

If an unmasked passenger voluntarily offers a medical exemption he/she/they will not be cited, fined, or removed.

Alternative Transportation Options for Unmasked Passengers with Medical Exemption

Per Motion 52, Metro has researched potential options to provide alternate transportation for unmasked passengers with medical exemptions. In order to provide alternatives, such options must be practical for passengers, relative to taking Metro buses or trains.

Metro's research indicates that potential alternative transportation options, such as transportation network companies or taxis, also require passengers to wear masks while on board. It is unclear whether unmasked passengers with medical exemptions are allowed to ride with the transportation network companies or taxis.

The TSA SD, which was issued since the passage of Motion 52, allows Metro to carry unmasked passengers with medical exemptions. Because it is a federal mandate, the TSA SD governs Metro's actions under these conditions.

NEXT STEPS

In addition to responding to the TSA SD, Metro is assisting the LA County in expanding access to vaccinations through the following activities:

Management Response to Draft Report
Office of the Inspector General **Report No. 21-AUD-05**

- Staff are exploring the possibility of offering Metro park-and-ride locations as vaccination sites.
- Staff are also exploring the logistics and costs to transport people to vaccination sites per Board Motion 11.1, Part F (see attached), approved at the January 28, 2021 Board meeting.

For more information or if you have questions, please contact me directly at 213.922.7555 or our Chief of Staff, Nadine Lee, at 213-922-7950.



Metro

Interoffice Memo

Date	February 24, 2021
To	Karen Gorman Inspector General
From	James T. Gallagher Chief Operations Officer <i>JTG</i>
Subject	Management Response to the Audit of Metro Measures to Reduce COVID-19 Transmission (21-AUD-05)

Operations Management received and reviewed the Audit of Metro Measures to Reduce COVID-19 Transmission. Operations, in coordination with the Corporate Safety and Communications, has begun the process to review and implement change recommendations to more effectively reduce the spread of COVID-19 transmission and increase awareness of the federal mask regulation implemented on.

The report includes the following recommendations for Operations:

1. Continue to communicate with bus and rail operators to wear a mask and wear it properly.
Response: Agree; Operations will continue to communicate with bus and rail operators to wear a mask and wear it properly.

2. Continue to educate and train bus and rail operators on how to handle situations when passengers do not comply with the federal, state, and local guidelines to reduce COVID-19 transmission. When passengers do not wear masks or observe social distance, Operators could make an announcement.

Response: Agree; Operations will continue to educate and train bus/rail operators on how to handle situations when passengers do not comply with the federal, state and location guidelines to reduce COVID-19 transmission. Please note that a revised mask order was sent out on Friday, February 19, 2021 explaining the process for reporting and handling non-mask compliance. See attachment A. Also, mask dispensers have been procured and will be installed in our bus/rail vehicles, and at our rail stations in support of the federal mask order.

3. Create regular pre-made announcements to run every couple of minutes to reinforce the requirements of wearing a mask and observing social distance.

Response: Agree; Operations and Communication are working on the attached revised mask announcements that will be played on buses, trains and at stations. See attachment B.

4. Review signage that could be placed in buses.

Response: Agree; Operations and Communications have updated our signage on vehicles and at stations to match the federal mask order requirement. See attachment C.

5. Continue to identify and evaluate cleaning methods to combat COVID-19 throughout bus and rail systems and facilities that yield maximum efficacy and ease of use.

Response: Agree; Operations will continue to evaluate and identify cleaning methods to combat COVID-19 throughout our network and at our operating facilities and locations. In addition, we have established a COVID-19 task force, comprised of various departments at Metro, to find solutions to combat the spread of COVID-19 on Metro's bus and rail systems, facilities, and Gateway. More details about this taskforce are found in the recommendation #7 response.

6. Coordinate schedule and route of buses to testing and vaccination locations.

Response: Operations has identified the Metro as well as municipal operator services to the County mega vaccinations sites and City of LA's Dodgers Stadium site. We are also looking into how MetroMicro can be set up to provide service to vaccination sites within the Metro Micro zones. We are currently coordinating with Los Angeles County to evaluate whether it would be feasible and beneficial to have Fulgent testing sites on or near our stations.

7. Continue to identify and apply effective technology for ventilation on Metro bus and rail systems, facilities, and in Gateway to combat the spread of COVID-19 virus.

Response: Agree; Operations will continue to identify the efficacy of available technology relative to ventilation on Metro bus and rail systems, and facilities to combat the spread of COVID-19. Metro's COVID-19 task force, comprised of various departments at Metro, was formed to find solutions to combat the spread of COVID-19 on Metro's bus and rail systems, facilities, and Gateway. Among the potential solutions evaluated were Ultraviolet-C (UV-C) radiation (e.g. pulsed xenon, LED, mercury, in-duct HVAC, escalator handrail units, etc.), chemical surface disinfectants, air purification and filtration systems (e.g. ionization, electrostatic, copper embedded, higher MERV ratings, etc.), and applied disinfection films (e.g. copper films). All technologies were/are being evaluated based on their efficacy against SARS-CoV-2 (the virus that causes COVID-19), residual efficacy after application, ease of use, long term effects, and quality. Some technologies were and are currently being independently tested by the EPA for viricidal efficacy verification. To date, the most promising solutions have shown to be chemical surface disinfectants and air purification and filtration systems. Current efforts are focused on increasing ventilation and air filtration. Additional studies continue with UV-C technologies, air filtration, copper coatings, aerosol behavior, etc.

8. Bus Operations Control should instruct operators to open doors for 20 seconds at each stop even if there is no passenger boarding, in order to effectuate the ventilation system that it designed to rely on obtaining fresh air in that way.

Response: Operations appreciates the recommendation, however after review of our HVAC equipment/systems on our vehicles, we have determined that they are properly functioning and coupled with our enhanced cleaning protocols and revised General Mask order protocols, these efforts combined, will reduce the spread of COVID-19 on our system.

9. Consider other methods of increased ventilation such as converting a fixed close window to an opening window.

Response: Operations will consider available methods of increased ventilation. As mentioned previously, our Metro's COVID-19 task force is evaluating air purification and filtration systems (e.g. ionization, electrostatic, copper embedded, higher MERV ratings, etc.). All technologies were/are being evaluated based on their efficacy against SARS-CoV-2, residual efficacy after

Management Response to Draft Report
Office of the Inspector General **Report No. 21-AUD-05**

application, ease of use, long term effects, safety and quality. Additional studies continue with UV-C technologies, air filtration, copper coatings, aerosol behavior, etc.

10. Authorize bus operators to stop accepting passengers when they reach their maximum passenger COVID-19 load and call it in to BOC so they might make other arrangements for patrons not permitted to board. Operators seem now confused if they are permitted to not accept overfull boarding.

Response: Operations will consider a formal authorization for bus operators to stop allowing customers to board when the passenger load makes it impossible to allow minimum 6 foot spacing. Any instance of passing up customers must be reported immediately to BOC. Please note, however, that a bus operator has the discretion to decide not board additional customers if the safety of themselves and customers is at risk.

CC: Ken Hernandez, Chief Risk, Safety & Asset Management Officer
Yvette Rapose, Chief Communications Officer
Diane Frazier, Interim SEO, Transportation
Bernard Jackson, SEO, Rail Transportation
Errol Taylor, SEO, Maintenance & Engineering
Conan Cheung, SEO, Scheduling & Service Development
Jesus Montes, Sr. EO, Vehicle Engineering & Acquisition
Diane Corral-Lopez, EO, Operations Administration
Nancy Alberto-Saravia, Director, Finance & Administration

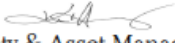
NOTE:

Metro Operations submitted ‘Operations General Notice #21-003’ dated February 19, 2021 and several examples of COVID-19 related signage placed throughout the Metro system including buses and rail stations to implement the revised Transportation Security Administration (TSA) directive.



Metro

Interoffice Memo

Date	February 25, 2021
To	Karen Gorman Inspector General
From	Ken Hernandez  Chief Risk, Safety & Asset Management Officer
Subject	Response to OIG Draft Report No. 21-AUD-05

This memo is management's response to the Risk, Safety and Asset Management department recommendations in the OIG draft report titled *Review of Metro Measures to Reduce COVID-19 Transmission*, Report No. 21-AID-05.

The report includes the following recommendations for Risk, Safety and Asset Management:

Recommendation #13 – Continue to remind staff to comply with all measures implemented by Metro to reduce COVID-19 virus transmission.

Response: Metro communicates and will continue to communicate information and reminders about COVID-19 hazards and Metro's COVID-19 policies and procedures to employees and to other employers, persons, and entities within or in contact with the workplace through posters at work locations; agency wide email notifications and other informational materials on Metro's Intranet site; and notifications on Metro's public website metro.net as stated in Metro's COVID-19 Prevention Program (CPP) document. Metro's CPP can be accessed via this link: [Metro COVID-19 Prevention Program \(CPP\)](#).

Recommendation #14 – Implement a policy requiring all employees to wear a mask in Metro's in-person meetings in addition to social distancing and authorize management to send employees home who refuse to observe mask and social distancing rules after being warned to do so.

Response: Risk, Safety and Asset Management staff will work in collaboration with Operations, Communications, Human Capital & Development, County Counsel, Metro's Policy Office and other SLT stakeholders to determine the feasibility of creating and implementing policy requiring all employees to wear a face mask and social distance during in-person meetings; including looking at potential disciplinary actions for refusal.

Recommendation #15 – Consider installation of Personal Protective Equipment (PPE) vending machines for the sale of face masks and hand sanitizers in Metro facilities, stations, and vehicles. Our limited research found that there are vendors who can deliver PPE vending machines within a few weeks after the order is placed.

Response: Metro has considered the installation of PPE equipment on our system. In March - April 2020, Operations installed over 85 hand sanitizer dispensers across our stations and operating facilities and location. These dispensers are inspected three times daily and replenished with hand sanitizer as needed. Attached is the list of the hand sanitizer dispenser locations. Additionally, with the support of Vendor Contract Management and Corporate Safety, Operations issued a procurement on February 19, 2021 for 2,200 acrylic mask dispensers (with decals) and 220,000 disposable masks (approximately 100 masks per dispenser). These mask dispensers will be delivered in early March 2021 and installed on our fleet and stations for immediate use by our customers. Specifically, all mask dispensers will go through our Logistics team for distribution and installation will be completed by Metro personnel on Metro vehicles and stations. Attached are pictures of the mask dispenser design (Attachment A) and fleet installation locations (Attachment B). Lastly, in terms of PPE for employees, personal hand sanitizers, masks, and gloves are readily available in inventory. The running PPE total to date is over 3,092,774 pairs of gloves, over 1,420,521 masks, and over 138,984 hand sanitizers that have been distributed to field locations.

CC: James Gallagher, Chief Operations Officer
Yvette Rapose, Chief Communications Officer
Elba Higueros, Chief Policy Officer
Vijay Khawani, Executive Officer, Corporate Safety
Raymond Lopez, Deputy Executive Officer, Corporate Safety
Collins Kalu, Sr. Director, Safety Certification and Operations Mgmt.

NOTE:

Risk, Safety and Asset Management submitted several pictures of mask dispensers across Metro stations and operating facilities, and a list of locations where hand sanitizer dispensers were installed.

Centers for Disease Control and Prevention (CDC) provides the following guidelines for social distancing when taking public transit:



Public transit

Follow the [general principles listed above](#), plus the following

Stay up-to-date

- Check with local transit authorities for the latest information on changes to services and procedures, especially if you might need additional assistance.

Avoid touching surfaces

- As much as possible, limit touching frequently touched surfaces such as kiosks, digital interfaces such as touchscreens and fingerprint scanners, ticket machines, turnstiles, handrails, restroom surfaces, elevator buttons, and benches as much as possible.
 - If you must touch these surfaces, as soon as you can, wash your hands for 20 seconds with soap and water or rub your hands with sanitizer containing 60% alcohol.
- Use touchless payment and no-touch trash cans and doors when available. Exchange cash or credit cards by placing them in a receipt tray or on the counter rather than by hand, if possible.

Social distance

- When possible, consider traveling during non-peak hours when there are likely to be fewer people.
- Follow social distancing guidelines by staying at least 6 feet (2 meters) from people who are not from your household. For example:
 - Avoid gathering in groups, and stay out of crowded spaces when possible, especially at transit stations and stops.
 - Consider skipping a row of seats between yourself and other riders if possible.
 - Enter and exit buses through rear entry doors if possible.
 - Look for social distancing instructions or physical guides offered by transit authorities (for example, floor decals or signs indicating where to stand or sit to remain at least 6 feet apart from others).

Practice hand hygiene

- After you leave the transit station or stop, use hand sanitizer containing at least 60% alcohol.
- When you arrive at your destination, [wash your hands](#) with soap and water for at least 20 seconds.

State of California published Physical Distancing Protocol, which indicates, “Businesses must implement all applicable measures listed below and be prepared to explain why any measure that is not implemented is not applicable to the business.” The measures include:

- A. Signage
- B. Measures to Protect Employee Health
- C. Measures to Prevent Crowds from Gathering
- D. Measures to Keep people at Least Six Feet Apart
- E. Measures to Present Unnecessary Contact
- F. Measures to Increase Sanitization

(Please see next page.)

Appendix A: Physical Distancing Protocol

Business Name:

Facility Address:

Approximate gross square footage of space open to the public: ft²

Businesses must implement all applicable measures listed below and be prepared to explain why any measure that is not implemented is not applicable to the business.

When completing this form, mark all checkboxes applicable to the facility.

Signage

- Place a sign at each public entrance of the facility to inform all employees and customers that they should: avoid entering the facility if they have a cough or fever; maintain a minimum six-foot distance from one another; sneeze and cough into a cloth or tissue or, if not available, into one's elbow; not shake hands or engage in any unnecessary physical contact, and wear a face covering.
- Post a copy of this Physical Distancing Protocol at each public entrance to the facility.

Measures to Protect Employee Health

- Everyone who can carry out their work duties from home has been directed to do so.
- All employees have been told not to come to work if sick.
- Symptom checks are being conducted before employees may enter the work space.
- All desks or individual work stations are separated by at least six feet.
- Break rooms, bathrooms, and other common areas are being disinfected frequently, on the following schedule:
 - Break rooms:
 - Bathrooms:
 - Other:
- Disinfectant and related supplies are available to all employees at the following location(s):
- Hand sanitizer effective against COVID-19 is available to all employees at the following location(s):

- Soap and water are available to all employees at the following location(s):

- Encourage employees and customers to wear a face covering that covers the nose and mouth at all times when in the facility. Provide such face coverings to employees if needed.

- Copies of this Protocol have been distributed to all employees.

- Optional—Describe other measures:

Measures to Prevent Crowds from Gathering

- Limit the number of customers in the facility at any one time to [insert maximum number here], which allows for customers and employees to easily maintain at least six-foot distance from one another at all practicable times.

- Post an employee at the door to ensure that the maximum number of customers in the facility set forth above is not exceeded.

- Placing per-person limits on goods that are selling out quickly to reduce crowds and lines. Explain:

- Optional—Describe other measures:

Measures to Keep People at Least Six Feet Apart

- Placing signs outside the store reminding people to be at least six feet apart, including when in line.

- Placing tape or other markings at least six feet apart in customer line areas inside the facility and on sidewalks at public entrances with signs directing customers to use the markings to maintain distance.

- Separate order areas from delivery areas to prevent customers from gathering.

- All employees have been instructed to maintain at least six feet distance from customers and from each other, except employees may momentarily come closer when necessary to accept payment, deliver goods or services, or as otherwise necessary.

- Optional—Describe other measures:

Measures to Prevent Unnecessary Contact

- Preventing people from self-serving any items that are food-related.
 - Lids for cups and food-bar type items are provided by staff and not available for self-service.
 - Bulk-item food bins are not available for customer self-service use.
- Not permitting customers to bring their own bags, mugs, or other reusable items.
- Providing for contactless payment systems or, if not feasible, sanitizing payment systems regularly. Describe:
- Optional—Describe other measures (e.g., providing senior-only hours):

Measures to Increase Sanitization

- Disinfecting wipes that are effective against COVID-19 are available near shopping carts and shopping baskets.
- Employee(s) assigned to disinfect carts and baskets regularly.
- Hand sanitizer, soap and water, or effective disinfectant is available to the public at or near the entrance of the facility, at checkout counters, and anywhere else inside the store or immediately outside where people have direct interactions.
- Disinfecting all payment portals, pens, and styluses after each use.
- Disinfecting all high-contact surfaces frequently.
- Optional—Describe other measures:

* Any additional measures not included here should be listed on separate pages, which the business should attach to this document.

You may contact the following person with any questions or comments about this Protocol:

CONTACT NAME:	CONTACT PHONE:

Los Angeles County Protocol for Social Distancing
Office of the Inspector General **Report No. 21-AUD-05**

Los Angeles County Protocol for Social Distancing has similar measures as State of California Physical Distancing Protocol, which covers the following measures:

- A) Signage
- B) Measures to Protect Employee Health
- C) Measures to Prevent Crowds from Gathering
- D) Measures to Keep people at Least Six Feet Apart
- E) Measures to Present Unnecessary Contact
- F) **Measures to Promote Infection Control** (State Protocol does not have these measures)
- G) Measures to Increase Sanitization

(See next page.)

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC HEALTH
ORDER OF THE HEALTH OFFICER



Protocol for Social Distancing: Appendix A

Recent Updates:

10/5/20: Clarification added that visitor assessments should also include whether they are currently required to be under isolation or quarantine.

Business name: _____

Facility Address: _____

Approximate gross square footage
of space open to the public: _____

Businesses must implement all applicable measures listed below and be prepared to explain why any measure that is not implemented is inapplicable to the business.

A. SIGNAGE

Signage posting a copy of the Social Distancing Protocol at each public entrance to the facility.

B. MEASURES TO PROTECT EMPLOYEE HEALTH (CHECK ALL THAT APPLY TO THE FACILITY)

Everyone who can carry out their work duties from home has been directed to do so.


All employees have been told not to come to work if sick.

Upon being informed that one or more employees test positive for, or has symptoms consistent with COVID-19 (case), the employer has a plan or protocol in place to have the case(s) isolate themselves at home and require the immediate self-quarantine of all employees that had a workplace exposure to the case(s). The employer's plan should consider a protocol for all quarantined employees to have access to or be tested for COVID-19 in order to determine whether there have been additional workplace exposures, which may require additional COVID-19 control measures.

Employee screenings are conducted before employees may enter the workspace. Checks must include a check-in concerning cough, shortness of breath, difficulty breathing and fever or chills and if the employee has had contact with a person known to be infected COVID-19 in the last 14 days. These checks can be done remotely or in person upon the employees' arrival. A temperature check should also be done at the worksite if feasible.

In the event that 3 or more cases are identified within the workplace within a span of 14 days the employer should report this cluster to the Department of Public Health at (888) 397-3993 or (213) 240-7821. If a cluster is identified at a worksite, the Department of Public Health will initiate a cluster response which includes providing infection control guidance and recommendations, technical support and site-specific control measures. A public health case manager will be assigned to the cluster investigation to help guide the facility response.

Employees who have contact with others are offered, at no cost, an appropriate face covering that covers the nose and mouth. The covering is to be worn by the employee at all times during the workday when in contact or likely to come into contact with others. Employees who have been instructed by their medical provider that they should not wear a face covering should wear a face shield with a drape on the bottom edge, to be in compliance with State directives, as long as their condition permits it. A drape that is form fitting under the chin is preferred. Masks with one-way valves should not be used. Employees need not wear a face covering when the employee is alone in a private office or a cubicle with a solid partition that exceeds the height of the employee when standing.

<p>COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC HEALTH ORDER OF THE HEALTH OFFICER</p>	
<p><input type="checkbox"/> Employees are instructed to wash or replace their face coverings daily.</p>	
<p><input type="checkbox"/> All desks or individual workstations are separated by at least six feet.</p>	
<p><input type="checkbox"/> Break rooms, restrooms, and other common areas are being disinfected frequently, on the following schedule:</p>	
<p><input type="checkbox"/> Break rooms: _____</p>	
<p><input type="checkbox"/> Restrooms: _____</p>	
<p><input type="checkbox"/> Other: _____</p>	
<p><input type="checkbox"/> Disinfectant and related supplies are available to all employees at the following location(s): _____</p>	
<p><input type="checkbox"/> Hand sanitizer effective against COVID-19 is available to all employees at the following location(s): _____</p>	
<p><input type="checkbox"/> Soap and water are available to all employees at the following location(s): _____</p>	
<p><input type="checkbox"/> Employees are allowed frequent breaks to wash their hands.</p>	
<p><input type="checkbox"/> Copies of this Protocol have been distributed to all employees.</p>	
<p><input type="checkbox"/> Optional—Describe other measures: _____</p>	
<p>C. MEASURES TO PREVENT CROWDS FROM GATHERING (CHECK ALL THAT APPLY TO THE FACILITY)</p>	
<p><input type="checkbox"/> Limit the number of customers in the store at any one time, which allows for customers and employees to easily maintain at least six-foot distance from one another at all practicable times. Maximum number of customers in the facility: _____</p>	
<p><input type="checkbox"/> _____</p>	
<p><input type="checkbox"/> Post an employee at the door to ensure the maximum number of customers in the facility is not exceeded.</p>	
<p><input type="checkbox"/> Placing per-person limits on goods that are selling out quickly to reduce crowds and lines. Explain: _____</p>	
<p><input type="checkbox"/> Optional-Describe other measures: _____</p>	
<p>D. MEASURES TO KEEP PEOPLE AT LEAST SIX FEET APART (CHECK ALL THAT APPLY TO THE FACILITY)</p>	
<p><input type="checkbox"/> Placing signs outside the store reminding people to be at least six feet apart, including when in line.</p>	
<p><input type="checkbox"/> Placing tape or other markings at least six feet apart in customer line areas inside the store and on walkways at public entrances with signs directing customers to use the markings to maintain distance. _____</p>	
<p>Protocol for Social Distancing: Appendix A Revised 10/5/2020</p>	<p>Page 2 of 4</p>

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC HEALTH
ORDER OF THE HEALTH OFFICER



- Separate order areas from delivery areas to prevent customers from gathering.
- All employees have been instructed to maintain at least six feet distance from customers and from each other, except employees may momentarily come closer when necessary to accept payment, deliver goods or services, or as otherwise necessary.
- Optional—Institute one-way aisles to facilitate Social Distancing.
- Optional—Describe other measures:

E. MEASURES TO PREVENT UNNECESSARY CONTACT (CHECK ALL THAT APPLY TO THE FACILITY)

- Preventing people from self-serving any items that are food-related.
 - All items are pre-packaged in sealed containers by staff.
 - Bulk-item food bins are not available for customer self-service use.
 - Food samples are prohibited.
- Providing for contactless payment systems or, if not feasible, sanitizing payment systems regularly.
Describe:
- Optional-Describe other measures (e.g. providing senior-only hours):


F. MEASURES TO PROMOTE INFECTION CONTROL

- Visitors arriving at the establishment are reminded to wear a face covering at all times (except while eating or drinking, if applicable) while in the establishment or on the grounds of the establishment. This applies to all adults and to children 2 years of age and older. Only individuals who have been instructed not to wear a face covering by their medical provider are exempt from wearing one. To support the safety of your employees and other visitors, a face covering should be made available to visitors who arrive without them.
- Symptom checks are conducted before visitors may enter the facility. Checks must include a check-in concerning cough, shortness of breath, difficulty breathing, fever or chills and whether the individual is currently under isolation or quarantine orders. These checks can be done in person or through alternative methods such as on-line check in systems or through signage posted at the entrance to the facility stating that visitors with these symptoms should not enter the premises.

G. MEASURES TO INCREASE SANITIZATION (CHECK ALL THAT APPLY TO THE FACILITY)

- Restrooms normally open to the public shall remain open to the public.
- Disinfecting wipes that are effective against COVID-19 are available near shopping carts and shopping baskets.
- Employee(s) assigned to disinfect carts and baskets frequently, preferably after each use.
- Hand sanitizer, soap and water, or effective disinfectant is available to the public at or near the entrance of the facility, at checkout counters, and anywhere else inside the store or immediately outside where people have direct interactions.
- Disinfecting all payment portals, pens, and styluses after each use.
- Disinfecting all high-contact surfaces frequently.

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC HEALTH
ORDER OF THE HEALTH OFFICER



Optional- Describe other measures:

**Any additional measures not included above should be listed on separate pages,
which the business should attach to this document.**

**You may contact the following person with any
questions or comments about this protocol:**

Business Contact Name: _____ **Phone number:** _____

Date Last Revised: _____

Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases
(Selected Pages)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

RISK, SAFETY & ASSET MANAGEMENT



FINAL

**METRO PUBLIC HEALTH/PANDEMIC PLAN FOR
INFECTIOUS/COMMUNICABLE DISEASES**

March 2020

Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases
(Selected Pages)

Office of the Inspector General

Report No. 21-AUD-05

Metro Corporate Safety, in collaboration with Human Capital & Development, Emergency Preparedness and other departments, has developed a Public Health/Pandemic Plan to prepare the agency for dealing with the effect of a health pandemic, communicable and other reportable diseases. These include: Measles, H1N1, Meningitis, Legionnaires, Tuberculosis, Mumps, Whooping Cough, Viral Hemorrhagic Fevers (Ebola), and Coronavirus (COVID-19). A pandemic is characterized by widespread human to human transmission of a virus, on a global scale. While no one can predict the severity of a pandemic, the Pandemic of 1918 is widely believed to have taken roughly 50 million lives worldwide, underscoring the need for proper planning.

A pandemic will likely alter many business functions due to several factors including but not limited to employee absenteeism, shortage of supplies, health department restrictions on public gatherings, and reduced ridership. Since each pandemic is unique, these generic guidelines should be tailored to the situation at hand in coordination.

The World Health Organization (WHO) tracks the worldwide progress of viral outbreaks that may expand to a pandemic. Metro will be guided in its preparations for a pandemic based upon the threat level identified by the WHO. Other agencies such as the Centers for Disease Control and Prevention (CDC) and state and local health agencies will be instrumental in providing guidance. In Los Angeles County, the Public Health Department has responsibility for health issues and has the authority to implement public activity restrictions if needed. Metro will coordinate with Public Health to identify and confirm appropriate actions to help protect employees and the riding public.

The guideline for responding to pandemic outbreak shall be implemented under the principles of the National Incident Management System (NIMS) and Standardized Emergency Management System (SEMS). Metro intends to and conducts all emergency operations and responses in a manner consistent with NIMS and SEMS.

For other communicable diseases such as Measles, Meningitis, Mumps, Whooping Cough, Tuberculosis, Legionellosis and Ebola, Metro's Standard Operating Procedures (SOP) for Responding to Reportable cases of Certain Infectious Diseases shall be followed. See Appendix F.

In addition, Metro is cognizant of the challenges posed by infectious diseases. Guidance is provided in Appendix G for dealing with public health issues concerning infectious diseases such as COVID-19.

Each department has the responsibility to follow, as outlined, this Public Health Plan. The Plan is consistent with Metro's policy to provide a safe and healthy working environment for employees and a safe transit system for the public.

Appendix E

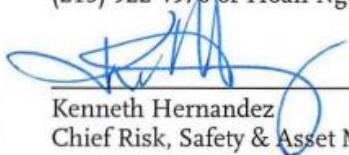
Metro Public Health/Pandemic Plan for Infectious/Communicable Diseases
(Selected Pages)

Office of the Inspector General

Report No. 21-AUD-05

This document will be maintained by Corporate Safety and updated when conditions warrant such changes.

If you have any questions or need additional information regarding this plan, please contact Collins Kalu, Sr. Director, Safety Certifications & Operations Management at (213) 922-4970 or Hoan Nguyen, Principal Safety Specialist at (213) 922-4915.



Kenneth Hernandez
Chief Risk, Safety & Asset Management Officer

3/20/2020
Date



Joanne Peterson
Chief Human Capital & Development Officer

3/20/20
Date

TABLE OF CONTENTS

1. INTRODUCTION	1
2. POLICY	2
3. PLANNING ASSUMPTIONS	2
4. BUSINESS CONTINUITY PLANNING FOR A PANDEMIC	3
Talent Management/Payroll/Labor Relations Issues	4
Employees/Public Health Protection Measures	4
Seasonal Influenza Vaccination/Vaccinations/Anti-virals	4
Personal Hygiene	4
Disinfections of Facilities and Vehicles	5
Restrict Workplace Entry of People with Influenza Symptoms	6
Increase Social Distancing	6
Manage Staff Who Become Ill at Work	7
Personal Protective Equipment	7
Food Handling	7
Maintain Essential Business Activities	8
Communication/Education	9
5. SERVICE DELIVERY PLAN – BOC and ROC CO-LEADS	9
6. RESPONSIBILITIES	10
Human Resources	10
Department Management	10
Employees	10
Procurement Department	10
Information Technology Services Department	10
Risk, Safety and Asset Management Department	11
APPENDIX A – WHO PANDEMIC PHASES	12
APPENDIX B – HUMAN MANAGEMENT POLICIES	15
APPENDIX C – PERSONAL HYGIENE	18
APPENDIX D – NOTICES	21
APPENDIX E – SCREENING FLOWCHARTS	24
APPENDIX F – SOP – CERTAIN INFECTIOUS DISEASES	28
APPENDIX G – PROTECTION AGAINST COVID-19	32

1. INTRODUCTION

According to the World Health Organization (WHO), “An influenza pandemic occurs when a new influenza virus appears against which the human population has no immunity, resulting in several simultaneous epidemics worldwide with enormous numbers of deaths and illness. With the increase in global transport and communications, as well as urbanization and overcrowded conditions, epidemics due to the new influenza virus are likely to quickly take hold around the world.”

Influenza (also called Flu) is a highly contagious respiratory illness that causes annual epidemics in the United States and other countries. Each year in the United States, an average of 200,000 people is hospitalized from complications and 36,000 die from flu. During an influenza pandemic the level of illness and death from influenza will likely increase dramatically worldwide.

To prepare for an influenza or Coronavirus (COVID-19) pandemic, Metro has developed this Planning Guide to effectively educate and protect its employees, customers, and business partners.

This Planning Guide describes Metro’s actions to manage future influenza or COVID-19 pandemics. The objectives of the Planning Guide are:

- Reducing spread of the virus, and related illnesses within the agency; and
- Maintain essential activities

This Planning Guide will be activated when phase 5 alert (small clusters of human-to-human transmission), is declared by the WHO. Activation of the plan involves the following:

- The Talent Acquisition Department shall identify a Medical Desk
- Senior Management shall convene a Taskforce of appropriate departments to review and manage implementation of the Plan. For COVID-19, the Taskforce consist of the following Departments: Risk, Safety & Asset Management (Kenneth Hernandez), Operations (Jim Gallagher, Security Systems and Law Enforcement (Robert Green), Human Capital & Development (Joanne Peterson). The Taskforce, in coordination with Metro Emergency Management constitute the ICS Command Staff and reports to the CEO daily as the Incident Commander.
- Based on the severity of the pandemic in the local region and coordination with the local health agency, the Taskforce shall determine the need and timing to implement some or all of the elements of this Guideline.

Appendix A contains the list of phases identified by the WHO to categorize the various phases of a pandemic cycle.

This Planning Guide was assembled to promote good workplace practices in planning for a possible influenza pandemic. It draws the best information available from the WHO, Los Angeles County Department of Public Health, and the Centers

for Disease Control and Prevention. It is recognized that health advice will change over time as new information becomes available, and Metro will continue working with the Los Angeles County Department of Public Health (LACDPH) and other agencies to obtain the latest information on the influenza pandemic as well as follow any imposed restrictions or guidelines.

Primary sources of information in preparing this Guide include: U.S. Government avian and pandemic flu information (<http://www.pandemicflu.gov>), WHO (<http://who.int>), LA County Public Health (<http://lapublichealth.org>), National Strategy for Pandemic Influenza Implementation Plan, and APTA Developing a Contagious Virus Response Plan (April 2013).

2. POLICY

Metro's policy is to provide a safe and healthy workplace for its employees. Metro demonstrates this commitment by its firm belief in the principle that safety comes first for our customers, employees, and business partners as we plan, construct, operate and maintain the region's transportation system.

3. PLANNING ASSUMPTIONS

Pandemics are unpredictable. While history offers useful benchmarks, there is no way to know the characteristics of a pandemic virus before it emerges. Nevertheless, we must make assumptions to facilitate planning efforts. Federal planning efforts assume the following:

- Susceptibility to the pandemic influenza or COVID-19 virus will be universal.
- Efficient and sustained person-to-person transmission signals an imminent pandemic.
- The clinical disease attachment rate will be 30 percent in the overall population during the pandemic. Illness rates will be highest among school-aged children (about 40 percent) and decline with age. Among working adults, an average of 20 percent will become ill during a community outbreak.
- Some persons will become infected but not develop clinically significant symptoms. Asymptomatic or minimally symptomatic individuals can transmit infection and develop immunity to subsequent infection.
- While the number of patients seeking medical care cannot be predicted with certainty, in previous pandemics about half of those who became ill sought care. With the availability of effective antiviral medications for treatment, this proportion may be higher in the next pandemic.
- Rates of serious illness, hospitalization, and deaths will depend on the virulence of the pandemic virus and differ by an order of magnitude between more and less severe scenarios. Risk groups for severe and fatal



Metro

Interoffice Memo

Date	July 21, 2020
To	Metro Management and USG Occupants
From	General Services Management
Subject	USG HVAC SYSTEM & COVID 19 CHANGES OR MODIFICATIONS

INTRODUCTION / OVERVIEW

As we prepare to re-occupy Metro's Union Station Gateway (USG) Building, and resume office work, employees have inquired about the potential for exposure and transmission of COVID through the air within a closed envelope building such as USG. Many of these questions have been about the efficacy of our Heating Ventilation and Air Condition (HVAC) system. We have assembled this information to help answer some of those questions.

Metro's USG Building is in a unique location and its adjacencies pose challenges when keeping the air inside of the building clean and fresh for its approximately 2,400 daily occupants. USG is a 27-story facility that houses administrative offices, IT space, and a parking garage. The HVAC system within USG is a complex system made up of nearly 4,000 pieces of equipment. This system was carefully engineered and commissioned 25 years ago during the original construction of the Union Station East Complex. Its HVAC system has a central plant and operates 24 hours a day / 7 days a week. Following recommendations from a facility condition assessment conducted by Jacobs Engineering, Metro has replaced the main components of the central plant - cooling towers, boilers, and chillers. The system was designed, built, maintained, and been upgraded to meet all standards.

Basic Outside Air System (OSA)

The office floors of the building are provided outside air by an OSA duct system with a supply fan that originates at the HVAC equipment on top of the building. Supply Fan SF-6 is rated at 45,900 cubic feet per minute (cfm). Each office floor currently is supplied with an average of 1,995 cfm of OSA. The main OSA branch duct for each floor is a short segment, sized at 18" x 18", which dumps into the floor mechanical room plenum. Code minimum OSA ventilation is 15 cfm/person. So, with 1,995 cfm of fresh air per floor at a rate of 15 cfm/person, 133 people per floor can be accommodated based on the existing OSA ventilation provided. At its existing rating of 45,900 cfm, Supply Fan SF-6 can provide the code minimum OSA for 3,060 people. Prior to COVID the total employee count within all of USG was approximately 2,400 during a 24-hour period. Since March, the average number of occupants has ranged between 600 and 900 per weekday. Maximum occupancy through the end of August 2020 has been capped at 1,200.

Air Flow

A typical floor has about 20 variable air volume (VAV) boxes, with approximately 20,000 cfm of total rated flow. That is about a 125% diversity over the 16,000 cfm of air supplied to each floor. Normal industry practice is to have no more than 130% diversity, so the existing VAV boxes and supply air duct capacities appear to be sufficient density on the floors.

Filtration

The density of HVAC filters is described as MERV, which stands for Minimum Efficiency Reporting Value. The MERV rating system is used to determine the filter's ability to remove particulates from the air. An air filter's MERV rating is a scale from 1-16 that describes the minimum efficiency of the air filter. A low MERV rating means that the filter does not remove as many particulates from the air. Conversely, a high MERV rating indicates that the filter does a good job of removing particulates from the air. USG's equipment was engineered to use filters with a rating number of MERV 8 and in some cases MERV 10. In response to COVID, the CDC recommended filters with a rating of MERV 13 or higher. Since our system was engineered for MERV 8 and MERV 10 filters, an evaluation of the system was conducted, and it has been determined that the system can handle the increased filtration of the MERV 13. The new filters are on order and expected arrival is late August or early September.

Differential Room Pressurization

Certain rooms within a building should be positively or negatively pressurized with respect to surrounding areas. Positively pressurized rooms are usually designed to protect the occupants, clean supplies, or equipment within the room. All common areas of the building, 1st and 3rd level lobbies, cafeteria, and main hallways are all positive pressurized areas. Negative pressure is used to contain airborne contaminants within a room. All the bathrooms, closed breakrooms, and elevators are negatively pressurized.

Humidity

Control temperature and humidity is between 40% - 60% as required by code and is consistently kept between this range. USG is typically around 55%.

Exhaust System

The exhaust system has not undergone any modification in the 25 years since engineered and installed and is still code compliant. Any modifications needed or recommended would need to be studied by a qualified engineer.

Preventive Maintenance

The HVAC system is cleaned and maintained regularly. The plenums at street level are currently being cleaned. And, General Services has employed a vendor to systematically

move through the building to clean and encapsulate any deteriorating lining in the duct system. The current schedule for filter changing is every six months, however that will be looked at due to the recent change in the filter rating. There is also a water treatment firm on contract that consistently monitors the water quality in the system and does any chemical amendments as necessary to maintain it safely. As an added measure, UV-C technologies are being looked at and evaluated as an enhancement to the cleaning and disinfecting of the air handling unit coils and pans.

Safety Precautions

The HVAC Technicians all wear the appropriate PPE to perform work on all the system equipment and we have implemented additional measures to ensure that any dirty or contaminated system components are immediately disposed of after being changed out. Our techs have also received additional COVID-19 safety training on how to clean and disinfect the system and their work environment.

CONCLUSION

The system is robust and provides significant outside air and flow per person without enhancements. And any increase in outside air would come at the expense of comfort since increases would make it harder to cool and/or heat the building. The cleaning and maintenance regimens are being followed and been stepped up recently. New filters will be added, shortly, but as with all COVID related items being procured there are long lead times and delays. And, an advanced cleaning technology, UV-C, is being evaluated as an added disinfecting method for the air handling units.

So, in closing, is our USG HVAC system safe? Yes. Will it keep us safe from catching COVID? No. Metro has taken action to step up cleaning methods and is working with vendors, the CDC, and the EPA to look for new technologies that could help to fight this pandemic.

However, we still need to mention that nothing can trap and kill the COVID viral microbes. The World Health Organization (WHO) has stated that the virus CAN be transmitted through airborne transmission and there is currently no technology that will catch/trap the microbes as they float through the air. And there are only a handful of disinfectants that will kill it on contact. So PLEASE be safe! Wear your mask, wash your hands frequently and practice social distancing.

RECOMMENDATIONS

METRO CORPORATE SAFETY RECOMMENDATIONS:

- Upgrade HVAC filters to at least MERV 13
- Confirm air distribution patterns/dilution is compliant
- Determine differential room pressurization is compliant
- Control temperature and humidity are between 40% - 60%
- HVAC Technicians are wearing appropriate PPE while performing maintenance of the system.
- Confirm HVAC Technicians are properly disposing of filters and not taking dirty filters to the shop
- Technicians should disinfect all surfaces they will be working on, before and afterwards service work
- HVAC Techs should be trained on COVID-19 protection.

METRO BUILDING SERVICES RECOMMENDATIONS:

- Encapsulating all the duct work throughout building, including rehabilitation of insulation in air handlers
- Increased cleaning regimen for the open loop and enhanced anti-microbial program.
- Open loop_cooling tower repair and cleaning in process
- Closed loop_cooling tower repair and cleaning pending scheduling
- Check fresh air intakes for proper operation
- Do study on effects for using a higher MERV 13 or higher filter
- Need mechanical engineer to assist in evaluation and recommend enhancements
- Keep up with PMs on all HVAC equipment
- Add UVC lighting to sanitize HVAC coils & pans
- Step up cleaning of the plenums, especially at street/track levels

LIST OF EQUIPMENT

- Cooling systems
 - Rooftop cooling towers
 - Open loop
 - Closed loop
 - Chillers on 27th floor
 - Provide chilled water throughout the building and to the Child Care Center
 - Other water-cooled units for 6th floor and 2nd floor using closed loop tower water for condenser heat exchange
- Heating systems
 - Boilers on 27th floor
 - Provide hot water for heating throughout the building
- Air Handlers
 - Typical air handler on most floors with filter rack upstream of cooling coils.
 - Miscellaneous fan coil units
- VAV Boxes throughout the building
- Supply ductwork for distribution throughout each floor
- Return air plenum above ceiling, typical throughout building
- Fresh air intakes at multiple places
 - Main intake is Supply Fan – 6 on the roof
- Filters
 - Typical floor in building uses MERV 8 and 10

REGULATORY REQUIREMENTS

- OSHA – Comply with Cal/OSHA regulations, Title 8, 5142, 5143
- ASHRAE - 62 Outside (fresh) Air Supply requirement
- Minimum requirement is 15 cfm per person
- Average range 15 - 20 cfm per person

###

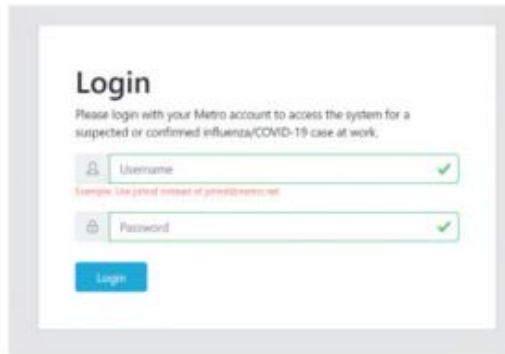


1.0 COVID-19 SYSTEM LOGIN PAGE

Features: Management Login Portal

To log in: To log into the system, enter your Metro network username and password. The system uses single sign on (SSO).

Link Address: <http://covid-19dev.metro.net/>



2.0 SUBMITTING A NEW COVID CASE

To submit a new COVID case, navigate to the top left of the menu bar, click on "Create New Case." You will be directed to a page that will allow you to input details of the case.



2.1 SAFE-7 COVID CASE SUBMITAL CATEGORIES – MANAGEMENT SUBMITS THE FOLLOWING


GENERAL INFORMATION SECTION

1. **Date of Notification:** Supervisor enters date notified of employee case.
2. **Badge Number:** Employee’s badge number. System automatically pulls information from the HR system in the following categories. Note, if employee is a contractor then badge number not needed. Contractor name and job title must be entered manually.



Metro

Interoffice Memo

Date	April 22, 2020
To	Distribution
From	Errol F. Taylor  Senior Executive Officer, Maintenance & Engineering
Subject	Social Distancing- Additional Safety Measures

First and foremost, I want to thank each and every one of you as essential transit employees for your dedication to Metro. Your support and hard work do not go unnoticed and we commend you for your excellence.

Please be assured we are taking necessary measures to keep you safe by increasing the intensity and frequency of cleaning, ensuring that social distancing measures are being followed and that personal protective equipment is provided and worn. Remember to follow the posted Metro Social Distancing Protocol.

For increased safety measures, we are strongly requesting you follow the recommendations below in those situations where social distancing may not be possible due to your work assignment, work location or in those situations where more than one employee shares a Metro non-revenue vehicle to a job site.

1. When a crew is traveling to the job site in a non-revenue vehicle with two or more persons, each person shall wear a mask and a wrap-around safety glasses.
2. When two or more employees have to perform a task that is impossible to remain six (6') feet or more apart (e.g. in a bucket truck), each employee involved in the particular task shall wear a mask and a wrap-around safety glasses.
3. Custodians must wear N95 or equivalent KN95 masks. Please remember to follow the posted instructions on how to put on the N-95 Mask/Respirator.

These recommendations meet or exceed current practices followed by peer transit agencies and other public agencies and utilities. Given the current environment, we believe our recommendations provide the best available protection to you.

Lastly, I want to take this opportunity to remind you to please perform the posted Employee Self-Check prior to entering a Metro facility. As we are all part of the same Metro family, we will continue to do our part and will not stop looking for new opportunities to reduce your risk.

If you have any further questions, please contact your management.

Employee Symptom Self-Check



Based on the County of Los Angeles Department of Public Health Safer at Home Order For Control of COVID-19, employees are recommended to conduct a self-check:

1. Do you have a fever?

Yes/No

2. Do you have a dry persistent cough?

Yes/No

3. Do you have chest pain?

Yes/No

4. Are you experiencing any discomfort or have difficulty breathing?

Yes/No

5. Are your lips or face bluish?

Yes/No

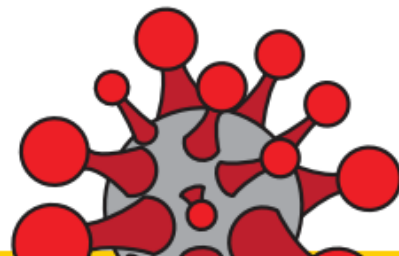
If you answered Yes to any of the above questions, please do not enter this facility.

Call your supervisor and seek advice from your healthcare provider.

Metro Social Distancing Protocol

Metro is an essential infrastructure. To keep everyone healthy, Metro has instituted the following social distancing protocol:

- > **Employees and visitors shall conduct a symptom self-check prior to entering their work facility.** If you are experiencing symptoms of respiratory illness, cough or fever, do not enter your work site. Instead, notify your supervisor and seek advice from your healthcare provider.
- > **Employees able to telecommute have been directed to work from home.**
- > **Employees and visitors should wear face coverings at all Metro facilities.**
- > **A social (physical) distance of at least six feet should be maintained between people, especially if they are engaged in conversations or collaboration for greater than 10 minutes.**
- > **Breakrooms, restrooms and other commonly used areas will be cleaned regularly, at least twice daily.**
- > **Soap and water is available in Metro restrooms.**
- > **Hand sanitizer is available in Metro buildings.**
- > **Metro employees and visitors are reminded to:**
 - Wash and/or disinfect your hands frequently, and do not touch your face
 - Cough or sneeze into arm
 - Be cognizant of how many people are riding in elevators in order to maintain social distance when possible



Always Check the Seal's Fit On Your Face Before Each Use

1. Make sure you've put on the respirator according to the manufacturer's instructions.
2. Forcefully inhale and exhale several times.
3. The respirator should collapse slightly when you inhale and it should expand when you exhale. You should not feel any air leaking between your face and the respirator.
4. Adjust the respirator until you get a successful seal fit check.

Limitations of the N-95 Mask/Respirator

- Must be replaced when wet, damaged, soiled or contaminated
- Cannot be worn by individuals with facial hair that gets in the way of the respirator seal (beards, goatees, etc.)
- Cannot be used in an oxygen deficient atmosphere
- Filters particulates only
- Will not protect you from gases, vapors, oil mists (chemicals)
- May be uncomfortable if used for extended periods



How To Put On The N-95 Mask/Respirator



1. Cup the respirator in your hand with the nosepiece right-side up and the headbands hanging freely.
2. Position the respirator under your chin and the nosepiece on the bridge of your nose.
3. While holding the respirator in position, pull the TOP headband over your head and rest it at the crown of the back of your head.
4. As you continue to hold the respirator in position, pull the BOTTOM headband over your head and rest around your upper neck, below your ears.
5. Position the respirator under your chin and the nosepiece on the bridge of your nose again.
6. Using both hands, mold the malleable nosepiece to fit snugly against the nose bridge and face below the eyes.
7. Using a mirror, further check and adjust edges to provide a good seal on the face.
8. After putting on or removing the mask, wash your hands with soap and water or hand sanitizer.



***Masks may be reused for up to a maximum of three (3) days.
Masks must be stored in a resealable bag after each use.**

OPERATIONS GENERAL NOTICE

OPS #20-014

May 07, 2020

TO REMAIN POSTED UNTIL FURTHER NOTICE

SUBJECT: REQUIRED FACE COVERINGS

Effective Monday, May 11, 2020, and continuing until further notice, Metro will require face coverings for all front line employees, including Bus and Rail Operators and Transit Operations Supervisors whose duties involve public contact, for example those assigned to Vehicle Operations or Instructors performing line rides.

Additionally, Metro will require customers traveling on the bus and rail systems to wear face coverings. Metro's Communications Department is taking the lead on disseminating this message to customers. This information campaign is already being put into place. As one part of the messaging, buses and trains will display a new PR message in the headsign: "FACE COVERINGS REQUIRED ON METRO BUSES AND TRAINS".

Bus and Rail Operators are not required to enforce the face covering requirement; enforcement will be the responsibility of law enforcement officers, who will be boarding vehicles to check for compliance and distributing face coverings to passengers as needed. For their personal safety, Operators are advised to avoid confrontation with anyone who boards without a face covering. Similar to long-standing instructions regarding customers who board without paying the required fare, Operators should not make any comments that go beyond a polite, one-time reminder of the face covering requirement. Operators should continue to make every effort to avoid passing up customers, even those without face coverings. It is not necessary to report violators to the Control Center.

Please contact the Instruction Department if you need clarification of any part of these instructions. Your cooperation in maintaining excellent customer service during this difficult time is greatly appreciated.



REV 3/07
151276

Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19
(Sample – December 18, 2020)

Office of the Inspector General

Report No. 21-AUD-05



Metro

Los Angeles County
Metropolitan Transportation Authority

One Gateway Plaza
Los Angeles, CA 90012-2952

213.922.2000 Tel
metro.net

DECEMBER 18, 2020

TO: BOARD OF DIRECTORS
FROM: PHILLIP A. WASHINGTON
CHIEF EXECUTIVE OFFICER

SUBJECT: MONTHLY UPDATE ON RESPONSE TO COVID-19

ISSUE

This memo is the monthly update to the Board on Metro's actions responding to COVID-19.

BACKGROUND

Due to the crisis regarding COVID-19, staff will issue monthly updates to the Metro Board of Directors on the latest actions to respond to federal, state, and local directives during this national emergency.

DISCUSSION

Incident Management

Metro's Incident Management Team (IMT), in coordination with the Emergency Operations Center (EOC) and several departments, continues to respond to public health and safety updates and intelligence briefs, deploy best practices in emergency management, communicate and share information with City, County, State, and Federal partners, and plan for needs related to logistics/supplies for staff, such as gloves and masks, the impact of ridership reductions, the financial analysis associated with grant reimbursement opportunities and other emergency response activities. The IMT will remain activated meeting weekly during the continued declarations of emergencies and is linked to the EOC on a 24-hour basis for emergency updates and response. Metro staff receives regular updates and guidance on how to respond to cases of positive tests for COVID-19 and to take prescriptive actions related to quarantine directives from LA County Public Health.

Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19

(Sample – December 18, 2020)

Office of the Inspector General

Report No. 21-AUD-05

Metro continues to send out daily COVID-19 briefs using our emergency alert system to all field staff and maintains a 24-hour duty-officer to receive COVID-19 related calls from staff or external stakeholders.

Operations

The current ridership for the week of 12/6/20-12/12/20 indicates that Metro is carrying about 543,645 boardings/weekday. Field observations continue to show that the majority of customers (99% or greater) are wearing face masks/coverings when riding on our system. Operations is actively enforcing that the front of buses are no longer roped off to allow for additional capacity in support of social distancing for customers.

Service

Bi-annual service changes took place on Sunday, December 13, 2020. Bus service adjustments include changes to increase efficiency and added trips on weekdays and weekends as follows:

15-minute improved frequency during daytime weekdays on five lines: Lines 53 (Central Av), 55 (Compton Av), 70 (Garvey Av), 152 (Roscoe Bl), 603 (Hoover St).

20-minute improved frequency during daytime or peak weekdays on three lines: Lines 165 (Vanowen St), 234 & 734 (Sepulveda Bl).

30-minute improved frequency during the daytime weekdays on Line 90/91 (Sunland/Sylmar via Foothill Bl).

Also, Metro's MicroTransit service began revenue operations for the Watts/Willowbrook and LAX/Inglewood service zones at \$1 per trip. Since the launch of service, on December 13, 2020, Metro Micro has completed 119 trips and has carried 134 customers. To protect our Metro Micro operators and customers, face masks are required, plexiglass partitions have been installed, and the vehicles are cleaned daily. Additionally, while Metro Micro vehicles have capacity to seat a maximum of 10 passengers, capacity has been limited to 50% to allow for distancing unless traveling with family and friends in the same small group.

Lastly, Rail service will continue with an enhanced modified Sunday schedule and use of weekday rail-car consists to the extent possible. Operations will continue to monitor ridership and adjust service as necessary as we prepare for ridership to change as schools reopen and as restrictions are gradually lifted.

To help Metro's customers celebrate the holiday season safely during the current stay at home order, all Metro Bus, Rail and MicroTransit services will provide free service on the nights of Christmas Eve and New Year's Eve for customers who will need to use the system.

Strengthened Cleaning Regimes, PPE & UV-C Light Pilot Update

Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19

(Sample – December 18, 2020)

Office of the Inspector General

Report No. 21-AUD-05

Metro continues to practice strengthened cleaning regimes in response to COVID-19 on all vehicles, stations and terminals with EPA-approved disinfectants. The necessary personal protective equipment (PPE) continues to be distributed and procured as safety is our top priority. Efforts to improve disinfection and sanitation on our system continues and Metro is in process of testing the application of copper in high touch areas on a Bus and Rail cars and at various locations at the Gateway building. The tests will comprise of durability and efficacy, which will be done in partnership with the EPA.

Communications***Media Coverage***

The Agency and its staff members were not mentioned in print and electronic stories through Thursday, November 19, 2020.

Workforce Communications

We are continuing to individually package the masks received from the FTA. We have packaged more than 260,000. Street teams, eight pairs of two, will begin mask distribution Monday, December 7 through Thursday, December 24. They will rotate throughout the system from 9 a.m. – 3 p.m.

COVID-19 Confirmed Cases

Metro continues to post a list of confirmed cases of COVID-19 among Metro employees, contractors and vendors. The list is available [via this link](#) on the Metro website and will be updated by 6 p.m. daily.

As of December 18, 2020, 12 p.m., Metro has 842 Total (525 active) Confirmed Cases:

- 255 Operators
- 195 Maintenance
- 125 Administrative
- 15 Security
- 252 Contractors/Vendors
- 3 Deaths (1 Contractor/Vendor; 2 Bus Operations)
- 317 Recovered

Metro Headquarters Reopening Update

Since March 2020, Metro has evolved with the ongoing changes and implications that COVID-19 has created. As we navigate through this global crisis, we want to ensure employee awareness of our organization's path forward as stewards of public trust and leaders within the transportation infrastructure industry.

During the first week of November, COVID-19 case rates increased by approximately 50 percent in California. On Monday, November 16, 2020, 94 percent of California's population was transitioned to the most restrictive tier under the state's Blueprint for a Safer Economy.

Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19

(Sample – December 18, 2020)

Office of the Inspector General

Report No. 21-AUD-05

Considering an unprecedented, rapid rise in COVID-19 cases across Los Angeles County, it is recommended that Metro continue to progress through Phase Two of the Our Path Forward Plan until March 31, 2021.

This decision will provide staff the ability to remain productive within their alternative work environments and encourage telecommuting where it is optimal. The agency will also continue operating with no more than 50% capacity at Union Station Gateway (USG). Over the last month, capacity within USG has remained at 35%.

Internal and external conditions will be monitored weekly to determine the safe transition into Phase Three, with the safety and security of Metro employees being the number one priority.

Workforce and Leave Policy

Well-Being Services continues to support the COVID-19 leave of absence process that aligns with the Families First Coronavirus Response Act (FFCRA). Since April 1, we have resolved more than 1,085 inquiries sent to our dedicated phone and email inboxes for COVID-related leave questions.

Currently, there are approximately 660 employees on a continuous non-occupational medical leave of absence (less than one year), from an average of anywhere from 450-500. In addition, there are 68 employees off work using continuous Emergency Family/Medical Leave (EFML) under the FFCRA, or who were advised to self-quarantine due to their age and who required leave beyond the provisions of the FFCRA. This brings the total number of employees off due to non-occupational reasons to approximately 728. Additionally, we have approximately 174 employees in our Long-Term Disability process (both occupational and non-occupational conditions), and 2 of these employees are off work due to COVID-related reasons. In sum, Well-Being Services is managing files for approximately 902 employees on leave, both COVID-related and unrelated. These figures continue to remain at all-time highs.

Medical Services continues to coordinate the return-to-work process for employees who were exposed to or confirmed to have COVID-19. To date, we have returned 310 employees to work who previously tested positive for COVID-19 and 5 are currently pending clearance. Since April, in total we have returned 1,583 employees to work who were off due to COVID-related reasons, including exposure or suspected/confirmed positive cases. Due to the recent surge of cases in LA County, we are experiencing a very large backlog in cases to be processed, which is creating a delay in the return-to-work process and, consequently, an increase in paid administrative leave usage and manpower shortages. We estimate about 250+ employees are currently pending return-to-work exam scheduling. The Well-Being Services team is simply not staffed for our current workload, so we have been actively working with our partners and SLT to

Weekly, Bi-Weekly, Monthly Updates on Response to COVID-19

(Sample – December 18, 2020)

Office of the Inspector General

Report No. 21-AUD-05

implement solutions to address the issue, including augmenting our loaned support staff.

Labor-Management Partnership

Metro continues to meet weekly with our senior leaders and our 5 labor unions to discuss the impacts of the pandemic on our workforce.

Construction

Work continues for all projects under construction. There are periodic reports of positive COVID-19 cases on specific projects. CalOsha recently issued revised guidelines regarding workplace safety to minimize impacts of the pandemic. These include those related to social distancing and quarantine requirements after contact with an infected worker. All contractors are complying with these regulations.

NEXT STEPS

Metro continues to monitor and adapt to the evolving situation. As the crisis continues, we will stay in close contact with the Board to keep everyone informed.

For more information or if you have questions, please contact me directly at 213-922-7555 or our Chief of Staff, Nadine Lee, at 213-922-7950.

Metro COVID-19 Daily Briefs to Employees
(Sample – December 23, 2020)

Office of the Inspector General

Report No. 21-AUD-05



Hi everyone, Jordan here. We have two news items to share with you today. The first, managers and supervisors received in their inbox this morning, but in case you missed it, we've included an update about the COVID-19 Cases Reporting System below. And the second is about a new poster you will see hanging around your work location in the next week. There will be no Daily Brief tomorrow unless there is breaking news to share. We will update the COVID-19 Case Tracker tomorrow by 5 p.m. The Daily Brief and the COVID-19 Case Tracker will resume on Monday, December 28. To those of you who are celebrating have yourself a Merry Little Christmas, please be safe and be well.

Today's Update:

- COVID-19 Cases Reporting System Quick-Launch Icon
- New Signage for All Locations
- The Goods
- Facts and Figures

COVID-19 Case Reporting System Quick-Launch Icon

Today the Risk, Safety & Asset Management (RSAM) department's Corporate Safety team, has launched the COVID-19 Case Reporting System quick-launch icon.

Metro COVID-19 Daily Briefs to Employees
(Sample – December 23, 2020)

Office of the Inspector General

Report No. 21-AUD-05



The quick-launch icon will be part of automatic system updates to all computers within Metro's network. As a reminder, for Windows 10, users need to Sign Out and Sign back in to receive the desktop icon. For Windows 7, users need to log off and log back in to receive it. If you are working remotely and wish to access the system, you will need to use VPN.

If you have any questions regarding the system, contact Steve Flores, Principal Safety Specialist, at FloresS3@metro.net.

New Signage for All Locations

The attached poster will be hung at all Metro locations over the next week to remind all building occupants of the social gatherings rule on Metro property. Please make sure you are adhering to all posted signage. Should your location need more, all signage is available to download and print on the [Coronavirus Updates page on myMetro](#).

The Goods

Don't miss the 61st Annual L.A. County Holiday Celebration this Christmas Eve! Enjoy the performances from the safety and comfort of your home. Watch on PBS SoCal or stream online: metro.la/90Zg50CG6n



Facts and Figures

Confirmed Cases

This document is updated daily Monday through Friday by 6 p.m. More information is available on [myMetro](#).

Metro COVID-19 Daily Briefs to Employees
(Sample – December 23, 2020)

Office of the Inspector General

Report No. 21-AUD-05

[Responding & Reporting COVID-19 Cases](#)

Learning tool developed to assist you in navigating the response and reporting process of COVID-19 cases.

[L.A. County Department of Public Health COVID-19 Surveillance Dashboard](#)

An interactive dashboard for COVID-19 case information.

[FAQs](#)

We will continue to update the FAQs on the SharePoint page. Please check back frequently.

[Employee Assistance Program](#)

EAP can be reached 24 hours a day, 7 days a week at 877-335-5327 or www.guidanceresources.com.

Kaiser Mental Health Crisis Intervention Hotline

For Kaiser Patients who may be experiencing a mental health crisis call 800-900-3277. This hotline can be reached 24 hours a day, 7 days a week.

[The Source](#)

Metro's blog will keep employees and the public up to date on all our external messaging.

[myMetro Stories](#)

Check out myMetro for activities you can do after work, on the weekend or while in self-quarantine.

COVID-19 (Safety)Helpline

For questions regarding COVID-19 reporting, you may contact the Risk, Safety and Asset Management team at (213) 92-COVID (213-922-6843).

Employee Hotline

For the audio version of the Daily Brief call 877-955-5234.

Emergency Operations Center (EOC)

Metro's centralized location for incident management and coordination. Employees can call 213-922-8899 to get information about Metro's COVID-19 response.

PPE Weekly Update

The next update will be Friday, January 8, 2021.

If you have news, pics or updates to share, please send them my way! Vanni@metro.net





Hi everyone, Jordan here. I hope you all had a wonderful and safe Labor Day Weekend. There is one news item to share with you today and it includes an attachment. Please be sure to review both. For those of you who live and work near the Bobcat Fire, your Metro family sends our best wishes, thoughts, and prayers your way. Continue to stay and be safe everyone.

Today's Update:

- Metro Healthy Offices Toolkit
- The Goods
- Facts and Figures

Metro Healthy Offices Tool Kit

To standardize Metro's internal COVID-19 safety messages, we developed a Metro Healthy Offices Toolkit that focused on key COVID-19 messages to help keep us all safe—face coverings, social distancing and symptoms checks. Marketing has created poster templates for the following uses:

- General entrances
 - To be posted at any main entrance, reminding employees and visitors of required face coverings, social distancing, and do not enter if you're not feeling well.
- Elevator banks
 - To be posted in elevator lobbies. Currently, maximum capacity allowed for elevators is four people.
- Conference rooms

- These posters allow for locations to establish maximum occupancy limits and encourage virtual meetings as a better way to practice social distancing.
- Break rooms and quiet rooms
 - These posters allow for locations to establish maximum occupancy limits and provide a reminder to wash hands before touching surfaces and handles.
- Face covering reminders
- Lactation spaces
- Social distancing floor decals
 - To be posted where lines may form, and only if your locations need additional floor decals or need to replace any damaged or worn decals. For reprints, divisions should contact Facilities Maintenance, and if you're at Gateway, contact General Services.

Posters have been distributed to all Metro locations. If your facility needs additional quantities, please visit the [Coronavirus Updates page](#) on myMetro to find poster templates that you may reprint as needed. Please use the attached document as a cheat sheet as necessary.







The Goods

The Farmer John's Thank You Tour, "FJ Thanks Essentials," continued last week when they dropped off hotdogs for our Front Line Staff at Division 11 in Long Beach on Friday.

Check out some photos below.

Metro Healthy Offices Tool Kit
Office of the Inspector General

COVID-19 Poster Guidance

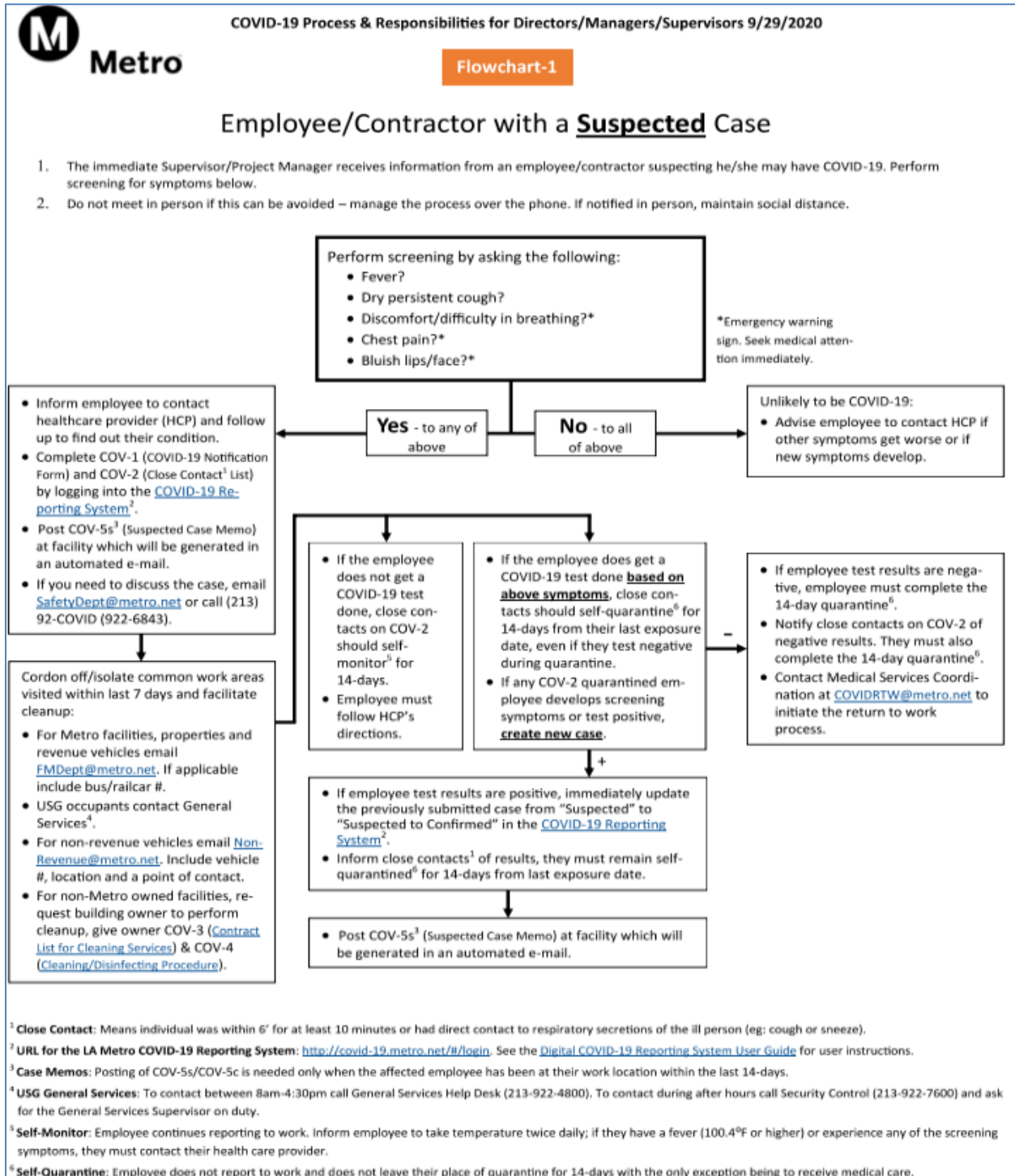
General Entrance Poster	Breakroom/Lounge*	Quiet Room Poster*	Conference/Meeting Rooms*	Four Person Elevator Signs	Social Distancing Floor Decal**
<p>Let's keep Metro safe for everyone. </p> <ul style="list-style-type: none"> > Face covering required > Practice social distancing > Do not enter if you're feeling sick <small>(Employees: Call your supervisor and seek advice from your healthcare provider)</small> <p>Thanks for your cooperation.</p>	<p>Let's keep Metro safe for everyone. </p> <ul style="list-style-type: none"> > Wash your hands before touching all surfaces and handles > Maximum breakroom capacity: <input type="text"/> > Practice social distancing > Face covering required <p>Thanks for your cooperation.</p>	<p>Let's keep Metro safe for everyone. </p> <ul style="list-style-type: none"> > Maximum quiet room capacity: <input type="text"/> > Practice social distancing > Face covering required <p>Thanks for your cooperation.</p>	<p>Let's keep Metro safe for everyone. </p> <ul style="list-style-type: none"> > Maximum room capacity: <input type="text"/> > Practice social distancing > After using this room, please contact Facilities Maintenance Trouble Desk at ext. 26614 <p>Reminder: Online meetings are the better way to practice social distancing.</p>	<p>Let's keep Metro safe for everyone. </p> <ul style="list-style-type: none"> > Face covering required > Max of four people in elevators > Practice social distancing > Limit conversation > Do not enter if you're feeling sick <small>(Employees: Call your supervisor and seek advice from your healthcare provider)</small> <p>Thanks for your cooperation.</p>	
<ul style="list-style-type: none"> • General Entrance Posters should be posted at all building entrances. • This poster should be the first signage anyone sees before entering Division/Location Building(s). 	<ul style="list-style-type: none"> • Breakroom Posters should be posted at all breakroom and kitchen entrances. 	<ul style="list-style-type: none"> • Quiet Room Posters should be posted at all Quiet room entrances. 	<ul style="list-style-type: none"> • Conference/Meeting Room Posters should be posted at all conference/ meeting room entrances. • There are writable sections for room capacity.* • Contact Facilities Maintenance Trouble Desk at Ext. 2-6614 or email fmtroubledesk@metro.net 	<ul style="list-style-type: none"> • Elevator Poster should be posted at the main entrance of each elevator bank. • There is limited exposure time within elevators. This poster is for a maximum capacity of four people per elevator at each Division/ Location, or at Management's discretion. 	<ul style="list-style-type: none"> • Floor decals should be posted in areas where lines may form. (e.g. TOS/RTOS window, Sign-on/off kiosks, Manager's office, etc.) or where a larger group of employees assemble (e.g. Breakroom, kitchen, etc.). • Existing Decals prior to new decal implementation can remain in use.

*The maximum capacity should be determined based on how many people can physically distance more than 6 feet apart, but in no case should there be more than 10 people at a time.

**To Order more Decals contact your Designated Safety Representative.

For Printable versions of the Posters visit Mymetro.net > Coronavirus Updates > Fact Sheets and Posters > Metro Healthy Offices Tool Kit.


Metro COVID-19 Process and Responsibilities
for Directors/Managers/Supervisors



Metro COVID-19 Process and Responsibilities
for Directors/Managers/Supervisors

Office of the Inspector General

Report No. 21-AUD-05



COVID-19 Process & Responsibilities for Directors/Managers/Supervisors 9/29/2020

Flowchart-2

Employee/Contractor with a **Confirmed** Case

- Complete COV-1 (COVID-19 Notification Form) and COV-2 (Close Contact¹ List) by logging into the [LA Metro COVID-19 Reporting System](#)².
- Post COV-5s³ (Suspected Case Memo) at facility which will be generated in an automated e-mail.
- If you need to discuss the case, email SafetyDept@metro.net or call (213)92-COVID (922-6843).

↓

- Notify close contacts on COV-2 to self-quarantine⁴ for 14-days from their last exposure date, even if they test negative during quarantine.
- If any quarantined employee develops screening symptoms or test positive, **create new case**.

↓

Cordon off/isolate common work areas visited within last 7 days and facilitate cleanup:

- For Metro facilities, properties and revenue vehicles email FMDept@metro.net. If applicable include buses/railcars #.
- USG occupants contact General Services⁵.
- For non-revenue vehicles email NonRevenue@metro.net. Include vehicle #, location and a point of contact.
- For non-Metro owned facilities, request building owner to perform cleanup, give owner COV-3 ([Contract List for Cleaning Services](#)) & COV-4 ([Cleaning/Disinfecting Procedure](#)).

↓

- Prior to returning to work, all quarantined employees must go through Medical Services Coordination. Contact COVIDRTW@metro.net to initiate the return process.

¹ **Close Contact:** Means individual was within 6' for at least 10 minutes or had direct contact to respiratory secretions of the ill person (eg: cough or sneeze).

² **URL for the LA Metro COVID-19 Reporting System:** <http://covid-19.metro.net/#/login>. See the [Digital COVID-19 Reporting System User Guide](#) for user instructions.

³ **Case Memo:** Posting of COV-5c is only needed when the employee has been at their work location within the last 14-days

⁴ **Self-Quarantine:** Employee does not report to work and does not leave their place of quarantine for 14-days with the only exception being to receive medical care.

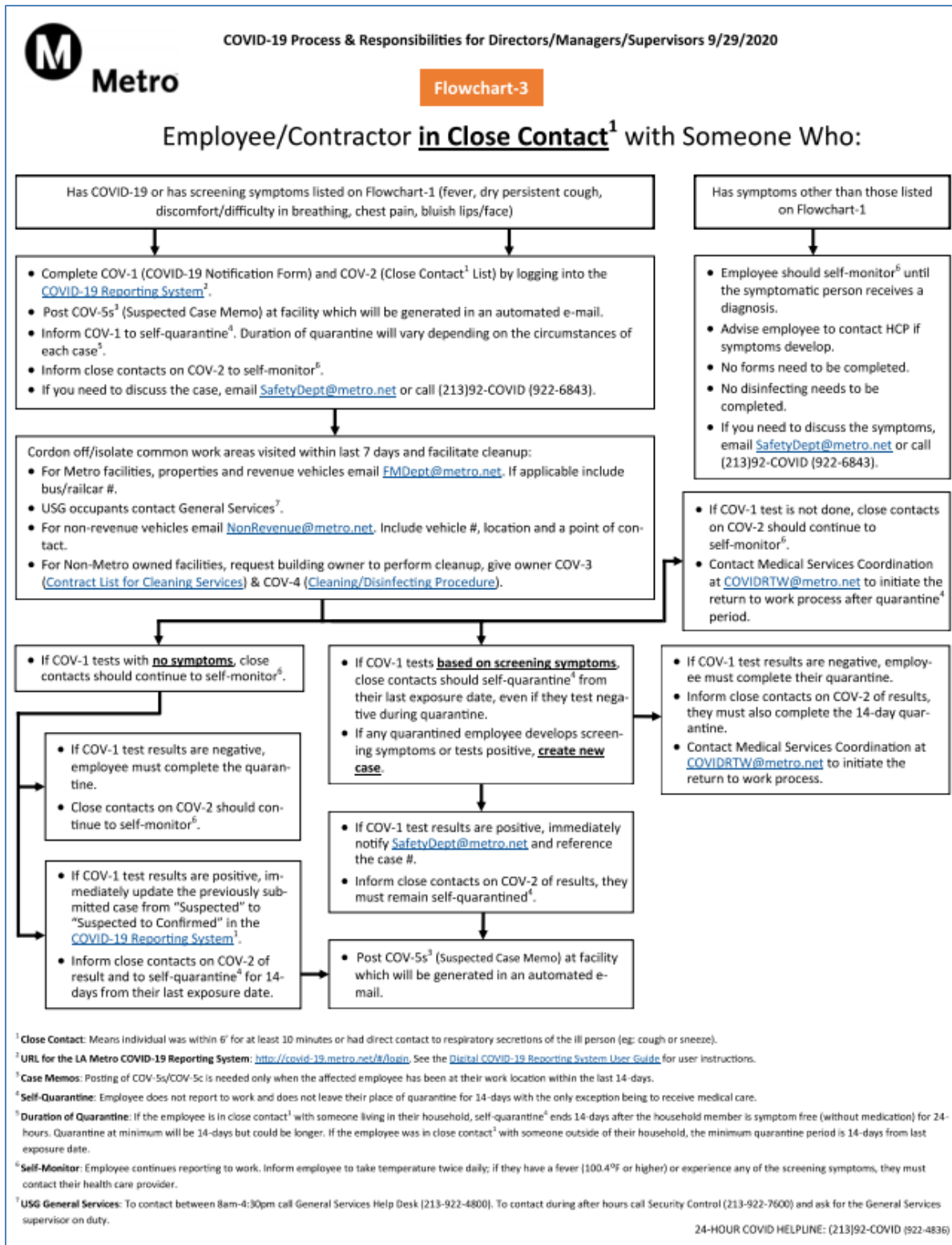
⁵ **USG General Services:** To contact between 8am-4:30pm call General Services Help Desk (213-922-4800). To contact during after hours call Security Control (213-922-7600) and ask for the General Services Supervisor on duty.

24-HOUR COVID HELPLINE: (213)92-COVID (922-6843)


Metro COVID-19 Process and Responsibilities for Directors/Managers/Supervisors

Office of the Inspector General

Report No. 21-AUD-05



Metro COVID-19 Process and Responsibilities
for Directors/Managers/Supervisors



Los Angeles Metro Corporate Safety

COV-2

Influenza/COVID-19 Contact List

Purpose:

A contact list must be established to identify employees/contractors who were in **Close Contact¹** with the suspected or positive individual starting **2 days before symptoms started until sent home**.

For possible exposure to a suspected case, the contact list must be notified to **self monitor²**.

For possible exposure to a confirmed case (or scheduled COVID-19 test), the contact list **must be told to self-quarantine³** and contact their healthcare provider if symptoms develop.

Retain this Contact List and submit immediately to safetydept@metro.net.

Any employees/contractors in Close Contact¹ between the two (2) days before symptom onset and last day worked must be informed of possible exposure and must self-quarantine.

DAY 1	DAY 2	DAY 3	DAY 4	DAY 5
		Employee/Contractor has onset of symptoms listed in form COV-1.		Employee/ Contractor reports symptoms to supv. & goes home. THIS IS LAST DAY WORKED (enter in this date on form COV-1) Employee to provide all Close Contacts ¹ encountered on Day 1 and Day 2 prior to symptom onset until the last day worked.

Definitions:

- **¹Close Contact:** as defined by the CDC and LACDPH, means individuals were within 6’ for more than 10 minutes with the affected staff or had direct contact to respiratory secretions of the ill person (eg: cough or sneeze).
- **²Self-monitor:** Inform employee to take temperature twice daily. If they have a fever (100°F or higher taken orally) they must contact their health care provider. If they experience any of symptoms (listed on COV-1), they must consult their healthcare provider.
- **³Self-quarantine:** means employee cannot leave their place of quarantine for all 14 days, with the only exception being to receive medical care.

REV. 5/12/2020

Metro COVID-19 Prevention Program (CPP)
(Selected Pages)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

RISK, SAFETY & ASSET MANAGEMENT



METRO COVID-19 PREVENTION PROGRAM (CPP)

December 2020

Metro COVID-19 Prevention Program (CPP)
(Selected Pages)

Office of the Inspector General

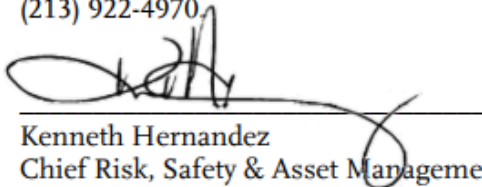
Report No. 21-AUD-05

In accordance with the Emergency COVID-19 regulations adopted by the California Occupational Safety and Health Standards Board on November 19, 2020, the Risk, Safety and Asset Management Department, in collaboration with Human Capital & Development, has developed this COVID-19 Prevention Program. The regulations have been embodied in Title 8, Division 1 Chapter 4, Subchapter 7, Section 3205 through 3205.4. A pandemic is characterized by widespread human to human transmission of a virus, on a global scale. While no one can predict the severity of a pandemic, the Pandemic of 1918 is widely believed to have taken roughly 50 million lives worldwide, underscoring the need for proper planning. We should replace the 1918 pandemic reference and numbers with the 2020 pandemic and the current numbers known to date.

Each department and location has the responsibility to follow, as outlined, this COVID-19 Prevention Program. The program is consistent with Metro's policy to provide a safe and healthy working environment for employees and a safe transit system for the public.

This document will be maintained by Corporate Safety and updated when conditions warrant such changes.

If you have any questions or need additional information regarding this plan, please contact Collins Kalu, Sr. Director, Safety Certifications & Operations Management at (213) 922-4970.


Kenneth Hernandez
Chief Risk, Safety & Asset Management Officer

12/18/2020
Date


Joanne Peterson
Chief Human Capital & Development Officer

12/21/2020
Date

Metro COVID-19 Prevention Program (CPP)
(Selected Pages)

TABLE OF CONTENTS

1. INTRODUCTION	5
2. POLICY	5
3. AUTHORITY AND RESPONSIBILITY	5
4. DEFINITIONS	6
5. ELEMENTS OF METRO COVID-19 PREVENTION PROGRAM (CPP)	7
6. APPENDIX A: Reasonable Accommodation (HR 25) Policy	21
7. APPENDIX B: COVID-19 Frequently Asked Questions (FAQs)	48
8. APPENDIX C: COVID-19 Process & Responsibilities/Digital Reporting System Site	129
8. APPENDIX D: Workplace COVID-19 Assessment/Inspection Checklist	138
9. APPENDIX E: COVID-19 Reporting, Leave and Return to Work Processes (Training Module)	139
10. APPENDIX F: Self-Certification Form	158

Metro COVID-19 Prevention Program (CPP)
(Selected Pages)

Office of the Inspector General

Report No. 21-AUD-05

INTRODUCTION

According to the World Health Organization (WHO), “An influenza pandemic occurs when a new influenza virus appears against which the human population has no immunity, resulting in several simultaneous epidemics worldwide with enormous numbers of deaths and illness. With the increase in global transport and communications, as well as urbanization and overcrowded conditions, epidemics due to the new influenza virus are likely to quickly take hold around the world.”

Influenza (also called Flu) is a highly contagious respiratory illness that causes annual epidemics in the United States and other countries. Each year in the United States, an average of 200,000 people is hospitalized from complications and 36,000 die from flu. During an influenza pandemic the level of illness and death from influenza will likely increase dramatically worldwide.

To mitigate the spread of the COVID-19 illness which has resulted in the current pandemic, Metro has developed this prevention program to effectively educate and protect its employees, customers, and business partners.

This document describes Metro’s actions, that we have taken since the pandemic began in early 2020 in the United States, to manage the COVID-19 pandemic. These measures and actions will continue into the foreseeable future until the pandemic is under control. The objectives of the COVID-19 Prevention Program are:

- Reducing spread of the coronavirus called SRAS-CoV-2, and related COVID-19 illness within the agency, maintaining a safe and healthy workplace and
- Maintaining essential activities

POLICY

The Los Angeles County Metropolitan Transportation Authority (Metro) is committed to providing a safe and healthy workplace for all employees. This means that safety takes a pre-eminent role in the decision making before all other considerations.

- Reducing spread of the virus, and related illnesses within the agency; and
- Maintaining essential activities

AUTHORITY AND RESPONSIBILITY

All Metro staff shall comply with this CPP. The Chief Executive Officer has designated authority to the Chief Risk, Safety & Asset Management Officer to monitor the CPP implementation, compliance and maintenance.

Each department has responsibilities under the CPP and shall support its implementation. Departments shall also provide the ongoing support necessary for achievement of CPP objectives. Individual employees have responsibilities under the CPP, and supervisors/managers must enforce safety requirements pertaining to their employees. A key to the success of the CPP is for employees to be aware that they are accountable for meeting all safety requirements of their positions. The CPP's success depends on all employees actively identifying

POLICY BRIEF



When is Public Transit Too Crowded, and How Has This Changed During the Pandemic?

Tianxing Dai, Undergraduate Researcher, UCLA Institute of Transportation Studies
Brian D. Taylor, PhD, FAICP, Professor of Urban Planning, and Director of the UCLA Institute of Transportation Studies

October 2020

Issue

One of the first measures that U.S. public health authorities recommended in response to the COVID-19 pandemic was social distancing; U.S. Centers for Disease Control (CDC) guidelines recommended that people “stay at least 6 feet (about 2 arms’ length) from other people who are not from [their] household in both indoor and outdoor spaces.”¹ Public transit agencies had to then figure out what social distancing meant for their vehicles and riders. To track and evaluate transit operator implementation of social distancing recommendations, UCLA Institute of Transportation Studies (ITS) researchers searched for and reviewed the websites of 200 transit agencies across the U.S. There is no industrywide standard for vehicle crowding before the pandemic, nor is there one now — as definitions of socially distanced transit vary widely. This policy brief summarizes what the researchers learned about agency definitions of crowding before and during the COVID-19 pandemic.

Findings

Missing crowding definitions

Of the 200 transit agencies investigated, only 92 (46%) publicized their pre-pandemic crowding standards, and only 84 (42%) publicized their pandemic-specific crowding standards. This suggests that a majority of transit operators either have not formally adopted, or do not publicize, these standards. During the COVID-19 pandemic, many transit agencies’ public documents and communications stress the importance of 6-foot social distancing by passengers and

the frequent cleaning and disinfecting of their vehicles, but do not specify the maximum number of passengers that can be safely onboard. Instead, vague references to “blocking of some seats” and “keep[ing] every other row empty” are common.

Comparing crowding definitions

For each transit operator surveyed, we sought to identify and compare the definitions of crowding before and during the pandemic. In general, pre-pandemic definitions of crowding on 35-, 40-, and 60-foot buses are consistent with those recommended in the Transit Capacity and *Quality of Service Manual*.²

Light- and heavy-rail vehicles have higher passenger capacities than most buses, though pre-pandemic standards of crowding vary substantially more than among buses, which likely reflects the enormous variance in both the age and patronage of U.S. rail transit systems, such as the 116-year-old New York subway (5,437,587 pre-pandemic weekday boardings³) and the six-year-old Sun Link light rail in Tucson (3,602 pre-pandemic weekday boardings⁴).

Amidst the pandemic, the transit agencies surveyed reduced their crowding standard from 69% to 83%, on average, to ensure social distancing among passengers. The mean pandemic crowding standard is 16.5 passengers for 35- and 40-foot standard buses (standard deviation=5.8) and 23.4 passengers on 60-foot articulated buses (standard deviation=8.7). Some of those surveyed have relaxed their pandemic crowding standards as passenger demand (if not CDC guidelines) has increased over the course of the pandemic. Thus, it appears that some systems have not

www.uclits.org

Board of Directors

Kathryn Barger
Mike Bonin
James Butts
Jacquelyn Dupont-Walker
Eric Garcetti
Robert Garcia
Janice Hahn
Paul Krekorian
Sheila Kuehl
Ara Najarian
Holly Mitchell
Hilda Solis
Tim Sandoval
Tony Tavares

Metro

Chief Executive Officer
Chief of Staff
Chief Policy Officer
Board Secretary
Inspector General
Chief Ethics Officer
Chief Operations Officer
Chief Risk, Safety & Asset Management Officer
Chief System Security and Law Enforcement Officer
Chief Communication Officer
Chief Human Capital and Development Officer
Executive Officer, Administration
Audit Support Manager
Manager, Records & Information Management

**Review of Metro Measures
to Reduce COVID-19 Transmission**
OIG Report No. 21-AUD-05

Karen Gorman, Inspector General

March 17, 2021



Objectives

The objectives of the review were to determine whether:

- The public complies with state, local government, and Metro requirements to wear a mask and practice social distancing on the Metro System.
- Metro has taken appropriate measures recommended and/or required by Centers for Disease Control and Prevention (CDC), State of California Physical Distancing Protocol, Los Angeles City and County Social Distancing Protocol and Federal instructions.



Metro

Results & Recommendations

- Metro generally complied with and has taken appropriate measures recommended and/or required by federal, state, and local agencies. Metro has been proactive in monitoring and adapting to evolving situations related to the COVID-19 pandemic.
- However, notwithstanding Metro's efforts, there were instances of non-compliance by Metro staff and passengers.
- We made 15 recommendations for Metro to take enhancement actions to ensure a healthy, safe and secure environment for the community and all Metro employees and its passengers.



Board Report

File #: 2021-0068, File Type: Informational Report

Agenda Number: 10.

FINANCE, BUDGET, AND AUDIT COMMITTEE MARCH 17, 2021

SUBJECT: FISCAL YEAR 2022 BUDGET DEVELOPMENT PROCESS UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Fiscal Year 2022 (FY22) Budget Development Process Update

ISSUE

This report is the second in a series of monthly budget development updates leading to the FY22 Budget adoption for Board consideration in May 2021. The previous month laid the framework for the annual budget development. This report focuses on the preliminary budgets developed within that framework for the Transportation Infrastructure Development (TID) and Regional Rail Programs. Included in the TID Program are the Transit Expansion and Highway projects identified in the Measure R (MR) and Measure M (MM) Ordinances. This report also provides an update on the public outreach.

DISCUSSION

The Transportation Infrastructure Development Program consists of new transit and highway projects listed in the MR and MM Ordinances. These project developments are divided into planning and construction phases, and the annual budget request reflects the annual increments of the project development phase. Starting with a feasibility study, alternatives analyses, the planning phase typically culminates in environmental clearance. Before major construction phase continues, the multiyear life-of-project (LOP) budget is adopted for each project through a separate board action. The annual budget monitors the cashflow requirement for the activities in each project phase, while considering the existing level of board authorization, respective project delivery schedule, and identified eligible and available funding sources from Federal/State/Local grants, sales taxes and financing.

For fiscal year 2022, the preliminary budget for combined TID and Regional Rail programs is \$3.1 billion, an increase of \$616.8 million or 25% from fiscal year 2021. The biggest factor for this increase can be attributed to a handful of projects moving into construction phase, the costliest phase of project delivery. As all projects in the TID program have dedicated funding streams through MR

and MM, Metro leveraged these local funding sources to secure grants and additional federal and state funds. Debt and other financing options may be considered if needed. Separate board actions are required for issuance of new debt.

The preliminary FY22 TID and Regional Rail Program is reported under three major groups:

- 1) Transit Expansion: includes Light Rail, Heavy Rail, Bus Rapid Transit Construction and early planning efforts before construction;
- 2) Highways: includes the front-end planning, preliminary engineering and project implementation support for Highway Improvement as approved in MM, MR, as well as non-MR/ MM highway related projects;
- 3) Regional Rail: includes Metro Regional Rail projects and Metrolink Operations / Capital Program funding.

FIG 1: FY21 vs. FY22 Transportation Infrastructure Development & Regional Rail

(\$ in millions)		FY21 Budget	FY22 Preliminary	Difference
1 Transit				
2	Transit Construction	\$ 1,959.5	\$ 2,308.2	\$ 348.7
3	TID Transit Planning	65.7	148.9	83.2
4	Program Support	94.7	68.4	(26.3)
5	Total Transit	\$ 2,119.9	\$ 2,525.5	\$ 405.6
6	Highway Program	264.4	479.3	214.9
7	Metro Regional Rail	115.6	111.9	(3.7)
8	Grand Total	\$ 2,499.9	\$ 3,116.7	\$ 616.8

Note: Totals may not add due to rounding.

1) Transit Expansion

Metro continues to expand LA County’s transit network, and a full slate of transformational projects are advancing in the construction and planning pipelines across multiple years. The cash flow needs for Transit Construction in FY22 is proposed at \$2.3 billion.

The Transit Planning budget of \$148.9 million encompasses the first decade and beyond of Measure R and Measure M Projects per Ordinance. These studies advance transit projects through the early conceptual planning and environmental clearance stages to a state of readiness for future construction activities. In doing so, Metro leverages MR and MM funds to maximize the potential for additional funding sources.

FIG 2: Transit Expansion

Project (\$ in millions)	Exp thru FY20	FY21 Budget	FY22 Preliminary	LOP Budget
1 Transit Construction				
2 D (Purple) Line Extension	\$ 3,774.4	\$ 1,199.1	\$ 1,340.9	\$ 9,455.8
3 East San Fernando Valley LRT	43.2	46.4	257.3	TBD
4 Regional Connector	1,292.0	227.6	235.5	1,817.5
5 L (Gold) Line Foothill Extension 2A & 2B	1,468.2	266.7	185.8	2,330.5
6 Airport Metro Connector	154.7	68.3	143.5	TBD
7 Crenshaw / LAX	2,152.6	129.0	128.3	2,392.5
8 G (Orange) Line BRT	16.3	20.5	12.4	TBD
9 E (Expo) Line Closeout	2,296.3	1.9	4.5	2,307.1
10 Transit Construction Sum	\$ 11,197.7	\$ 1,959.5	\$ 2,308.2	
11 TID Transit Planning				
12 Sepulveda Corridor	16.3	12.6	60.3	
13 West Santa Ana Branch Corridor	44.6	16.1	24.9	
14 C (Green) Line South Bay	10.6	8.7	18.4	
15 Crenshaw Northern	1.4	2.8	15.4	
16 Eastside Access	19.1	6.5	10.1	
17 Eastside Extension Phase 2	79.0	6.6	9.7	
18 Vermont Transit Corridor	2.3	2.7	4.3	
19 North San Fernando Valley BRT	4.6	2.5	2.4	
20 BRT Connector B (Red)/G (Orange) to L (Gold)	7.6	5.7	1.8	
21 SGV Feasibility Study	-	1.5	1.6	
22 TID Transit Planning Sum	\$ 185.5	\$ 65.7	\$ 148.9	
24 Program Control Support	-	94.7	68.4	
25 Total Transit Expansion	\$ 11,383.2	\$ 2,119.9	\$ 2,525.5	

Note: Totals may not add due to rounding.

D (Purple) Line Extension

This includes three sections of the subway extension westward from the current terminus of Wilshire / Western station, and the Division 20 Portal Widening which facilitates the headway requirements for the entire D Line, taking into account the shared trunk between Union Station and 7th/Metro. The FY22 preliminary budget of \$1.3 billion supports the continued advancement of tunneling and station construction activities along the 9.1-mile extension. Section 3, in addition to the tunneling, will continue with its final design and advanced utility relocation. The Revenue Service Dates for Sections 1, 2, and 3 are 2023, 2025, and 2027, respectively. Portal widening project will continue with its site work and systems component in Downtown LA near the Arts District.

Regional Connector

The Regional Connector FY22 preliminary budget of \$235.5 million supports station construction and tunneling activities within the 1.9-mile alignment in Downtown LA. Overall project completion is 74% with a planned Revenue Service Date in 2022 (Summer/Fall).

Crenshaw/LAX

The Crenshaw/LAX FY22 preliminary budget of \$128.3 million are for critical systems integration testing and Pre-Revenue Operational activities within the 8.5-mile alignment from Crenshaw/Expo to LAX. Overall project completion is 98% with a planned Substantial Completion Date in 2021.

L (Gold) Line Foothill Extension 2A & 2B

The Gold Line Foothill Extension preliminary budget of \$185.8 million supports improvements to Azusa Depot, final design effort, heavy construction activities beyond Azusa. A targeted Substantial Completion is planned for 2025.

Other Significant Transit Projects

The L (Orange) Line BRT Improvements FY22 preliminary budget of \$12.4 million supports right-of-way acquisitions, final design and advanced utility relocations in the San Fernando Valley.

The East San Fernando Valley LRT FY22 preliminary budget of \$257.3 million supports right-of-way acquisitions and advanced utility relocations.

The Airport Metro Connector FY22 preliminary budget of \$143.5 million supports construction activities to connect the Crenshaw/LAX LRT to LAX at Aviation and 96th street.

Planning Studies for Measure R and Measure M Transit Projects

The Planning Studies FY22 preliminary budget of \$148.9 million encompasses the first decade and beyond of MR and MM projects. This includes but is not limited to conceptual engineering, environmental clearance, and right-of-way acquisition. Some highlights include the Sepulveda Corridor project which embarks on predevelopment work to explore monorail and heavy rail concepts, and the West Santa Ana Branch Corridor project for continued Private Public Partnership developments. Completion of the planning phase of projects supports a state of readiness to advance the project into construction.

2) Highways

The Highway Program continues to grow year over year as a variety of projects enter construction phases. The Highway Program is different from the Transit Construction Program in that completed projects represent non-Metro owned capital assets despite similarities in delivery and construction phases. For most Highway projects, Metro oversees the planning and early engineering phases, then transfers the project over to Caltrans to execute right-of-way acquisitions and construction. Upon completion, Highway projects are capitalized as a Caltrans asset with Caltrans assuming primary responsibility for operations and maintenance.

The total Highway Program FY22 preliminary budget is \$479.5 million, representing a \$215.1 million or 81% increase from the FY21 adopted budget of \$264.4 million (Figure 3), primarily due to construction activities projected for I-5 North Capacity Enhancements, I-605 Hot Spots, and SR-57 / SR-60 Interchange Improvements.

FIG 3: Highway Program

Project (\$ in millions)	Exp thru FY20	FY21 Budget	FY22 Preliminary
1 MR/MM Projects			
2 I-5 N Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)	\$ 54.0	\$ 13.5	\$ 83.8
3 Alameda Corridor East Grade Separations Phase 2	222.6	50.1	59.0
4 SR-57/SR-60 Interchange Improvements	14.9	10.1	56.5
5 Interstate 605 corridor "Hot Spot" Interchanges	149.1	22.0	49.5
6 SR-71 Gap from I-10 to Rio Rancho Rd.	-	-	27.7
7 I-405, I-110, I-105, and SR-91 Ramp & Interchange Imprvmts (South Bay)	103.8	20.6	26.8
8 State Route 138 Capacity Enhancements	53.4	15.6	22.0
9 Countywide Soundwall Constructions	61.8	28.3	20.9
10 Highway Efficiency Program	8.6	17.5	19.8
11 I-5 Capacity Enhancement from SR-134 to SR-170	146.6	16.3	17.0
12 Interstate 5 Capacity Enhancement from I-605 to Orange County Line	104.5	15.0	17.0
13 Interstate 710 South and/or Early Action Projects	135.7	17.0	15.5
14 SR-710 N Corridor Mobility Improvements	50.8	6.9	9.0
15 I-405 Sepulveda Express Lanes	1.2	2.0	8.6
16 Highway Operational Improvements in Arroyo Verdugo subregion	43.5	7.8	8.2
17 I-105 Express Lane from I-405 to I-605	2.7	2.9	7.9
18 Highway Operational Improvements in Las Virgenes/Malibu subregion	125.5	9.8	6.7
19 I-5 Carmenita Road Interchange Improvement	16.7	-	4.5
20 High Desert Corridor (environmental)	36.8	0.6	0.4
21 North County Operational Improvements	-	1.5	0.2
22 MR/MM Projects Sum	\$ 1,332.2	\$ 257.5	\$ 461.0
23 Other			
24 Nextgen Bus Lanes	-	-	8.2
25 I-210 Barrier Replacement	11.3	2.4	5.8
26 Highway Planning & Admin	-	3.0	3.4
27 I405 Car Pool Lane	1,459.5	0.2	0.7
28 Caltrans Property Maint	9.1	1.3	0.2
29 Total Highway Program	\$ 2,812.1	\$ 264.4	\$ 479.3

Note: Totals may not add due to rounding.

The preliminary Highway budget is largely comprised of the MR/MM funded projects and includes funding for the Sub-Regional Highway Program. A semi-annual report is also provided by Metro’s Highway Department to update the Board on the status of Sub-Regional Highway Projects.

3) Regional Rail

Metro’s Regional Rail program consists of Metro’s Operating and Capital support of the Metrolink commuter rail system as well as Metro managed regional rail capital expansion, development, construction, and corridor studies as shown in Figure 4.

Metro Regional Rail - Overview

Metro is responsible for overseeing the planning, programming and implementation of commuter rail projects in LA County that are or will be operated by other agencies such as Southern California Regional Rail Authority (Metrolink), Amtrak, California High Speed Rail Authority, and freight carriers. Metro also manages and coordinates capital improvement projects along approximately 150 miles of Metro owned and Metrolink operated railroad right-of-way.

FIG 4: Regional Rail

Project (\$ in millions)	Exp thru FY20	FY21 Budget	FY22 Preliminary
1 Metro Regional Rail			
2 Link US	\$ 76.8	\$ 79.0	\$ 74.8
3 Rosecrans & Marquardt Grade	52.6	26.5	25.3
4 Brighton To Roxford Double Track	10.1	2.7	2.7
5 High Desert Corridor Rail Service Plan	0.1	1.9	2.0
6 Doran Street Grade Separation	2.3	2.0	2.0
7 Lone Hill to CP White	2.5	0.5	0.6
8 Other Metro Regional Rail	50.6	3.0	4.5
9 Total Metro regional Rail	\$ 195.0	\$ 115.6	\$ 111.9

Note: Totals may not add due to rounding.

Metro Regional Rail - Capital Improvements

The LINK US project at Los Angeles Union Station (LAUS) will expand the overall capacity and operational efficiency of LAUS for rail operations. The FY22 budget is driven by the anticipated procurement of the Construction Manager / General Contractor (CMGC) contract and ongoing acquisition of real estate parcels. Other major activities include the start of construction for the Rosecrans/Marquardt grade crossing project (the State of California’s top priority grade crossing separation project), and final design for the Brighton to Roxford double tracking project in the east San Fernando Valley. The Regional Rail group also supports a study to assess the feasibility of high-speed rail service from Palmdale via the High Desert Corridor to the Southern California terminus of the privately-funded high-speed rail line to Las Vegas.

Metrolink Commuter Rail

At the time of this report, Metrolink is developing their FY22 operating and capital budget. An update will be included in later monthly report to the Board.

FY2022 Budget Outreach Update

The FY22 Budget Outreach process is well underway with the first of several eblasts sent at the beginning of February to over 375,000 subscribers that directed them to the Metro.net/myvoice page. As of February 26, 2021, more than 8,000 responses to the budget questionnaire and 500 comments have been received. The responses and comments provide insight into customers transportation priorities and feedback to enhance the budget decision making process and promote equity, transparency, and accountability.

Staff will continue to partner with the Marketing and Communications teams in moving forward with engagement and education of the FY22 Budget and solicit input from the customers and stakeholders via budget briefings, community meetings, the Public Hearing, and public comments from Metro’s email comment line to ensure the greatest level of awareness about the budget and engagement possible.

The legally required public budget hearing scheduled on May 19, 2021, will culminate the public

outreach process with final adoption of the FY22 budget slated for May 27, 2021. Staff will continue to provide monthly updates on the FY22 Budget Outreach activities.

FINANCIAL IMPACT

The assumptions described above are the budget planning parameters that will guide the development of the FY22 Budget. The preliminary budgets may be adjusted as more specific and updated information becomes available.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

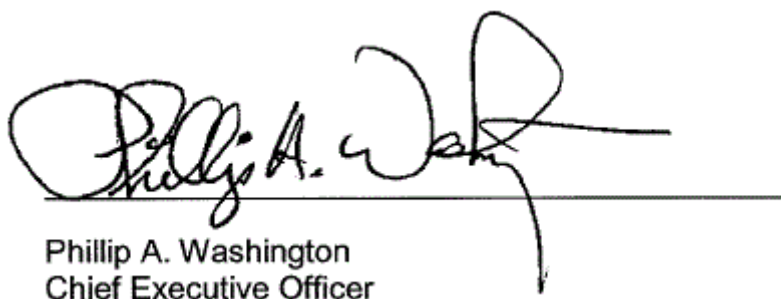
Recommendation supports the following Metro Strategic Plan Goal:
Goal # 5: Provide responsive, accountable, and trustworthy governance within the Metro Organization.

NEXT STEPS

Metro staff will continue to develop the FY22 Budget Proposal and provide monthly receive-and-file update reports until board adoption in May 2021.

Prepared by: Marie Kim, Deputy Executive Officer, Finance, (213) 418 - 3472
Robert Gutierrez, Senior Director, Finance, (213) 922-4496
OMB TEAM

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922-3088



Phillip A. Washington
Chief Executive Officer

FY22 Budget Development Update

Finance, Budget, and Audit Committee
March 17th, 2021



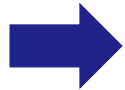
Metro[®]

Budget Process & Schedule Timeline

Month Topic

February FY22 Budget Development Process

- Budget Process and Schedule
- Sales Tax Forecast, Resources Assumption
- Cost Inflation Estimate
- Stakeholder Outreach Plan
- Other Expense Assumptions



March Infrastructure Planning & Construction

- Transit System: Rail, Rapid Transit
- Highway
- Regional Rail

April Transit Operations, Metro State of Good Repair (SGR)

- Metro Transit – Operations & Maintenance Expense
- Metro Transit – State of Good Repair
- Subsidy Funding
- General Planning and Other Programs

May FY22 Budget Adoption (Planned)

- Consolidated Agency-wide Expenses and FTEs Budget Proposal
- Public Hearing on May 19, 2021
- Summary of Public Comment and Stakeholder Review
- Final Board Adoption on May 27, 2021



FY22 Budget Development Process

Transportation Infrastructure & Regional Rail

FIG 1: FY21 vs. FY22 Transportation Infrastructure Development & Regional Rail

(\$ in millions)	FY21 Budget	FY22 Preliminary	Difference	% Diff
1 Transit				
2 Transit Construction	\$ 1,959.5	\$ 2,308.2	\$ 348.7	17.8%
3 TID Transit Planning	65.7	148.9	83.2	126.6%
4 Program Support	94.7	68.4	(26.3)	-27.8%
5 Total Transit	\$ 2,119.9	\$ 2,525.5	\$ 405.6	19.1%
6 Highway Program	264.4	479.3	214.9	81.3%
7 Metro Regional Rail	115.6	111.9	(3.7)	-3.2%
8 Grand Total	\$ 2,499.9	\$ 3,116.7	\$ 616.8	24.7%

Note: Totals may not add due to rounding.

Transportation Infrastructure – Transit

FIG 2: Transit Expansion

Project (\$ in millions)	Exp thru FY20	FY21 Budget	FY22 Preliminary	LOP Budget	Subreg
1 Transit Construction					
2 D (Purple) Line Extension	\$ 3,774.4	\$ 1,199.1	\$ 1,340.9	\$ 9,455.8	cc,w
3 East San Fernando Valley LRT	43.2	46.4	257.3	TBD	sf
4 Regional Connector	1,292.0	227.6	235.5	1,817.5	sc
5 L (Gold) Line Foothill Extension 2A & 2B	1,468.2	266.7	185.8	2,330.5	sg
6 Airport Metro Connector	154.7	68.3	143.5	TBD	sc
7 Crenshaw / LAX	2,152.6	129.0	128.3	2,392.5	cc,sb
8 G (Orange) Line BRT	16.3	20.5	12.4	TBD	sf
9 E (Expo) Line Closeout	2,296.3	1.9	4.5	2,307.1	cc,w
10 Transit Construction Sum	\$ 11,197.7	\$ 1,959.5	\$ 2,308.2		
11 TID Transit Planning					
12 Sepulveda Corridor	16.3	12.6	60.3		sf,w
13 West Santa Ana Branch Corridor	44.6	16.1	24.9		cc,gc
14 C (Green) Line South Bay	10.6	8.7	18.4		sb
15 Crenshaw Northern	1.4	2.8	15.4		cc,w
16 Eastside Access	19.1	6.5	10.1		cc
17 Eastside Extension Phase 2	79.0	6.6	9.7		gc
18 Vermont Transit Corridor	2.3	2.7	4.3		cc
19 North San Fernando Valley BRT	4.6	2.5	2.4		sf
20 BRT Connector B (Red)/G (Orange) to L (Go	7.6	5.7	1.8		av,sf
21 SGV Feasibility Study	-	1.5	1.6		sg
22 TID Transit Planning Sum	\$ 185.5	\$ 65.7	\$ 148.9		
24 Program Control Support	-	94.7	68.4		
25 Total Transit Expansion	\$ 11,383.2	\$ 2,119.9	\$ 2,525.5		

Note: Totals may not add due to rounding.



Transportation Infrastructure – Highways

FIG 3: Highway Program

Project (\$ in millions)	Exp thru FY20	FY21 Budget	FY22 Preliminary	Subreg
1 MR/MM Projects				
2 I-5 N Capacity Enhancements from SR-14 to Kern County Line (Truck Lanes)	\$ 54.0	\$ 13.5	\$ 83.8	nc
3 Alameda Corridor East Grade Separations Phase 2	222.6	50.1	59.0	sg
4 SR-57/SR-60 Interchange Improvements	14.9	10.1	56.5	sg
5 Interstate 605 corridor "Hot Spot" Interchanges	149.1	22.0	49.5	gc
6 SR-71 Gap from I-10 o Rio Rancho Rd.	-	-	27.7	sg
7 I-405, I-110, I-105, and SR-91 Ramp & Interchange Imprvmts (South Bay)	103.8	20.6	26.8	sb
8 State Route 138 Capacity Enhancements	53.4	15.6	22.0	nc
9 Countywide Soundwall Constructions	61.8	28.3	20.9	county
10 Highway Efficiency Program	8.6	17.5	19.8	sb,lvm,nc
11 I-5 Capacity Enhancement from SR-134 to SR-170	146.6	16.3	17.0	av
12 Interstate 5 Capacity Enhancement from I-605 to Orange County Line	104.5	15.0	17.0	gc
13 Interstate 710 South and/or Early Action Projects	135.7	17.0	15.5	gc
14 SR-710 N Corridor Mobility Improvements	50.8	6.9	9.0	av,sg
15 I-405 Sepulveda Express Lanes	1.2	2.0	8.6	sc
16 Highway Operational Improvements in Arroyo Verdugo subregion	43.5	7.8	8.2	av
17 I-105 Express Lane from I-405 to I-605	2.7	2.9	7.9	sc
18 Highway Operational Improvements in Las Virgenes/Malibu subregion	125.5	9.8	6.7	lvm
19 I-5 Carmenita Road Interchange Improvement	16.7	-	4.5	gc
20 High Desert Corridor (environmental)	36.8	0.6	0.4	nc
21 North County Operational Improvements	-	1.5	0.2	nc
22 MR/MM Projects Sum	\$ 1,332.2	\$ 257.5	\$ 461.0	
23 Other				
24 Nextgen Bus Lanes	-	-	8.2	
25 I-210 Barrier Replacement	11.3	2.4	5.8	
26 Highway Planning & Admin	-	3.0	3.4	
27 I405 Car Pool Lane	1,459.5	0.2	0.7	
28 Caltrans Property Maint	9.1	1.3	0.2	
29 Total Highway Program	\$ 2,812.1	\$ 264.4	\$ 479.3	

Note: Totals may not add due to rounding.



Environmental Phase PS&E Phase Construction Phase
no shading - multiple segments within project; various phases

Next Steps



- Monthly Board Status Update until Targeted May Budget Adoption
 - April: Metro Transit Operations & Maintenance and State of Good Repair (SGR) and Other Programs
 - May: FY22 Proposed Budget including agencywide FTEs
- Continuing of Stakeholder Outreach Programs started in February
 - Proposed Budget Book available May 4th
 - Public Hearing of the Proposed Budget to take place on May 19th
- Proposed Board Adoption expected on May 27th
 - Board Adoption is legally required before Fiscal Year starts
 - Metro will ensure revenue resources are available for funding by July 1st



Board Report

File #: 2021-0044, **File Type:** Informational Report

Agenda Number: 11.

**FINANCE, BUDGET AND AUDIT COMMITTEE
MARCH 17, 2021**

SUBJECT: ACCESS SERVICES - QUARTERLY UPDATE

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE status report on Access Services - ADA Paratransit.

ISSUE

This is a quarterly update on Access Services (Access).

BACKGROUND

Access is the Los Angeles County transit agency that provides paratransit services on behalf of Metro and 44 other fixed route operators, as mandated by the Americans with Disabilities Act (ADA). Eligibility for Access is based on a person’s ability to use accessible fixed-route buses and trains in Los Angeles County; Access currently has 132,000 registered riders. Access’ paratransit service is a next-day, shared-ride, curb-to-curb service with additional assistance available to qualified individuals. The service operates throughout most of the County of Los Angeles and is operated by six contractors in the following regions: Eastern, Southern, West Central, Northern, Santa Clarita and Antelope Valley. Access provides service to customers who are traveling between locations that are located within 3/4 of a mile of local bus routes and rail lines. Customers call Access’ service providers directly to make trip reservations or book trips online.

DISCUSSION

Response to the COVID-19 Pandemic

Starting in the middle of March 2020 with the implementation of Los Angeles City and County’s Safer at Home directives, Access saw its average daily ridership decline 78 percent from 11,600 trips a day to 2,500 trips a day. Ridership climbed up to almost 50 percent of normal through December 2020 and is now at 41 percent of normal in January 2021.

In response to the pandemic, Access proactively redesigned its system to enhance physical

distancing and cleaning protocols to help protect the health of customers and frontline employees, particularly vehicle operators. These initiatives included the elimination of shared rides and funding for enhanced cleaning protocols where vehicles were disinfected twice a day and high contact surfaces were wiped down after each passenger trip and a face covering mandate. Access' eligibility process is now being done remotely over the phone rather than in-person.

Transportation to vaccine sites: While Access has been transporting customers to vaccine sites such as medical offices and pharmacies, Agency staff is in discussions with both the City of Los Angeles and the County about transporting customers to drive through vaccination sites, like Dodger Stadium. Access has concerns about the potentially long wait times that our drivers and customers could encounter at some of these vaccination sites and has asked about the possibility of establishing priority lanes to provide some certainty about wait times.

Additional services were also implemented to serve the community:

Meal and grocery delivery: Access continues to work with a number of public and private entities to deliver, as of January 31st, over 356,000 meals and grocery boxes since the start of the pandemic to the most vulnerable populations in the County. Access' newest delivery program started in November with the Food to Life program which delivers meals to veterans.

Same Day Service: On May 4, Access began offering same day service for trips to non-emergency medical/dental appointments, grocery stores, pharmacies or drug stores, the bank, and other critical locations. As of January 31st, nearly 43,000 same day service trips have been completed.

Recovery Plans: Access will continue to monitor the COVID-19 pandemic and plans to normalize its operations as the pandemic subsides. The goal of restoring service back to pre-pandemic service levels will be to balance operational circumstances, including contractor capacity and ridership, as well as guidance from our public health partners and local authorities. At this time, Access believes that the continuation of its no-shared ride policy should be continued as long as operationally practicable at least through the end of the fiscal year.

FY21 Operational Performance

In FY21, through December 31st, Access has provided 811,009 trips, which is about 37 percent above projections. Access staff will continue to monitor this trend as the fiscal year progresses.

In FY18, the Access Board of Directors adopted additional key performance indicators (KPIs) and liquidated damages to ensure that optimal levels of service are provided throughout the region. Overall system statistics are published monthly in a Board Box report. A comparison summary of the main KPIs is provided below through December 31, 2020:

Key Performance Indicators (KPIs)	FY 2020	FY 2021
On Time Performance - $\geq 91\%$	92.20%	93.5%
Excessively Late Trips - $\leq 0.10\%$	0.10%	0.04%

Excessively Long Trips - ≤ 5%	2.90%	0.00%
Missed Trips - ≤ 0.75%	0.46%	0.30%
Denials - ≤ 0	18	1
Access to Work On Time Performance - ≥ 94%	95.90%	98.0%
Average Hold Time (Reservations) - ≤ 120 seconds	71	48
Calls On Hold > 5 Min (Reservations) - ≤ 5%	3.30%	1.90%
Calls On Hold > 5 Min (ETA) - ≤ 10%	4.10%	1.40%
Complaints Per 1,000 Trips - ≤ 4.0	2.5	2.1
Preventable Incidents - ≤ 0.25	0.19	0.11
Preventable Collisions (Weighted) - ≤ 0.50	0.67	0.48
Miles Between Road Calls - ≥ 25,000	60,999	61,532

FY21/FY22 Budget Update

FY21 Reserve Request: Access’ budget is based on paratransit ridership projections provided by an independent third-party consulting firm, HDR Engineering, Inc. (HDR). For FY21, HDR’s projection assumed a 61 percent decline in ridership (1,462,982 passengers vs. 3,707,599 FY20 passengers) for the duration of the fiscal year. As noted back in September 2020, given the unprecedented nature of the COVID-19 pandemic, staff believed these ridership projections to be much more speculative than in a normal year. Because of this, Access requested a 10 percent reserve (\$15 million) in the event ridership surpassed HDR’s projections, which was approved. Given that ridership has exceeded these projections, Access will request additional funding from this reserve later this year.

FY22 Budget Development: In conjunction with its Board, stakeholders and staff, Access has begun to develop its FY22 budget which is driven largely by paratransit ridership projections and when the Agency will revert back to its pre-COVID 19, shared-ride service model. Given the introduction of effective COVID-19 vaccines, some experts have predicted a return to relative normalcy by the summer while others have cautioned that the emergence of new, more transmissible COVID variants could push a recovery into the fall.

Serving the Community

Access Customer Survey: In January and February 2021, Access conducted a survey of its customers to get a better idea of how they use technology to access ADA paratransit services. The survey asked customers about their familiarity and satisfaction with Access’ Where’s My Ride application; on-line reservations and Access’ revamped website. The survey also asked customers about future technology projects that Access is developing, including hybrid/electric/autonomous vehicles and mobile fare payment. Results are being collected and will be presented to stakeholders and the Access Board.

Community Presentations: Access staff continues to engage with agencies that serve people with disabilities, including recent presentations to the Lanterman Regional Center and the Personal Assistance Services Council (PASC).

Access continues to consult with its community and public agency partners, including the Aging and

Disability Transportation Network (ADTN), the Los Angeles City and County Commissions on Disabilities, Rancho Los Amigos National Rehabilitation Center and various Metro departments, on a variety of issues. Feedback and suggestions from the ADTN, County Commission on Disabilities and Access' own Community Advisory Committee (CAC) continue to inform the Agency's response to the COVID-19 pandemic and other Agency policies.

FINANCIAL IMPACT

There is no financial impact.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Goal 2: Deliver outstanding trip experiences for all users of the transportation system

Goal 3: Enhance communities and lives through mobility and access to opportunity

NEXT STEPS

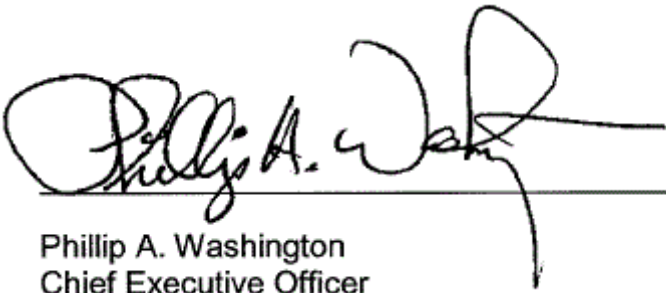
Access is in the process of completing the following:

- Preparation of its FY22 budget proposal
- An analysis of the impact of Metro's NextGen plan on the Access service area
- A modified Parents with Disabilities program throughout Los Angeles County
- Enhancements to the WMR app using Mobility for All grant funds
- Beta testing online reservations in the Northern region (San Fernando Valley)

Prepared by: Andre Colaiace, Executive Director, Access Services, (213) 270-6007

Fayma Ishaq, Accessibility Program Manager, (213) 922-4925

Reviewed by: Jonaura Wisdom, Chief Civil Rights Programs Officer, (213) 418-3168



Phillip A. Washington
Chief Executive Officer

QUARTERLY UPDATE

Finance, Budget & Audit Committee
March 17, 2021

access

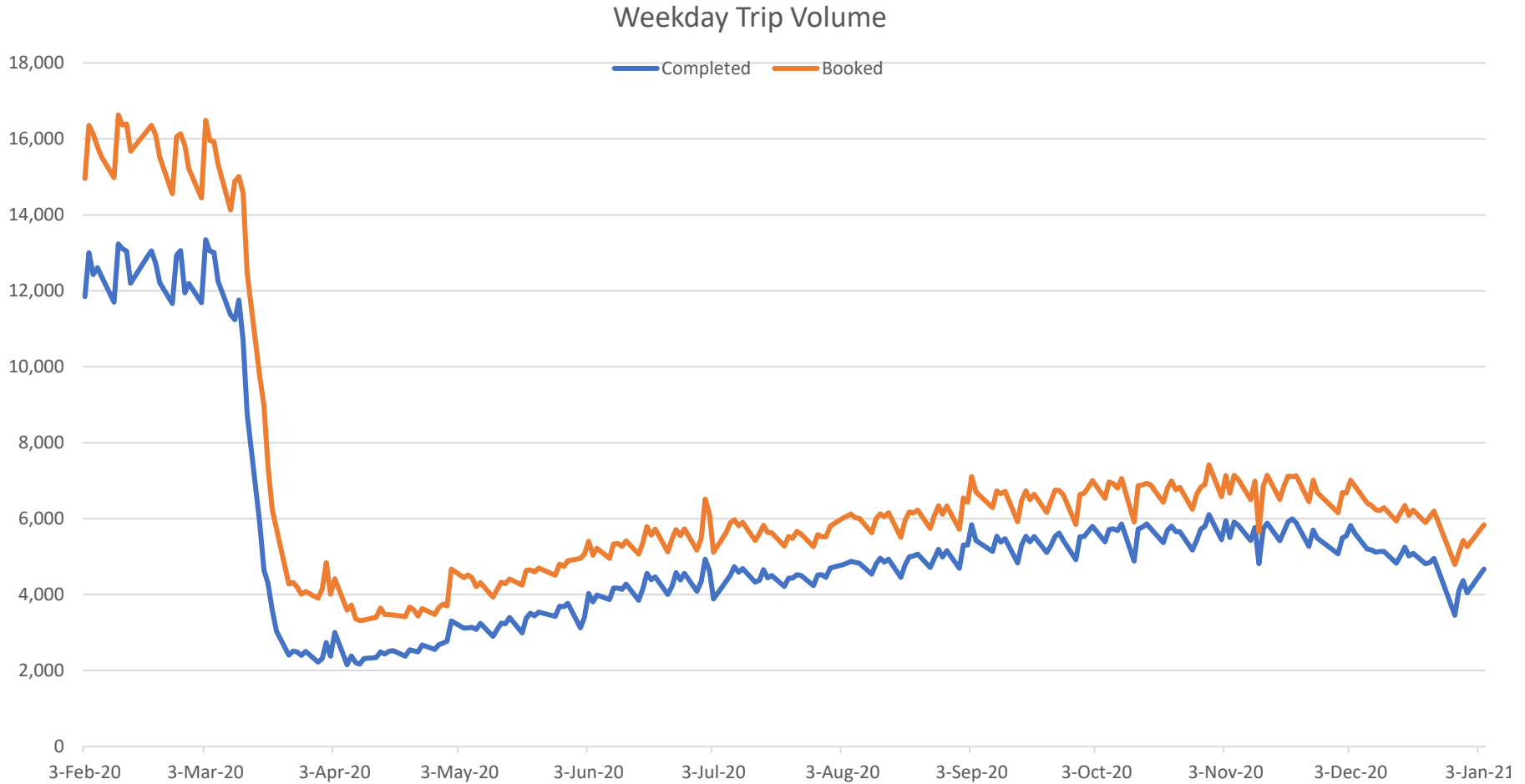


RESPONSE to COVID-19 Pandemic

- > Initial service decline from 11,600 to 2,500 trips/day
 - > Ridership has recovered to 41% of normal to 4,700 trips/day
- > System changes continuing:
 - > No shared rides, enhanced cleaning protocols, face coverings required for all riders and drivers
- > Additional services continuing:
 - > 356,000 meal and grocery boxes delivered
 - > 43,000 same day service trips to non-emergency medical/dental appointments, grocery stores, pharmacies or drug stores, the bank, and Los Angeles County Cooling Stations.
 - > Discussing vaccine site transportation with City and County

IMPACTS

On Ridership



access

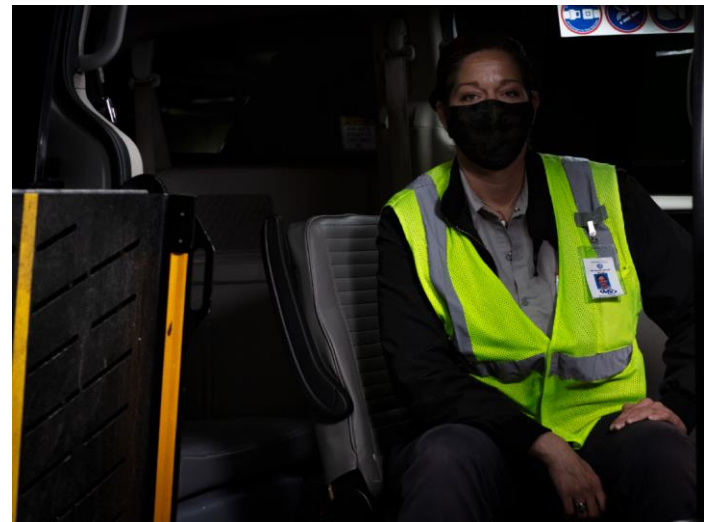
AGENCY Performance Goals

Key Performance Indicators (KPIs)	FY 2020	FY 2021
On Time Performance - $\geq 91\%$	92.20%	93.5%
Excessively Late Trips - $\leq 0.10\%$	0.10%	0.04%
Excessively Long Trips - $\leq 5\%$	2.90%	0.00%
Missed Trips - $\leq 0.75\%$	0.46%	0.30%
Denials - ≤ 0	18	1
Access to Work On Time Performance - $\geq 94\%$	95.90%	98.0%
Average Hold Time (Reservations) - ≤ 120 seconds	71	48
Calls On Hold > 5 Min (Reservations) - $\leq 5\%$	3.30%	1.90%
Calls On Hold > 5 Min (ETA) - $\leq 10\%$	4.10%	1.40%
Complaints Per 1,000 Trips - ≤ 4.0	2.5	2.1
Preventable Incidents - ≤ 0.25	0.19	0.11
Preventable Collisions (Weighted) - ≤ 0.50	0.67	0.48
Miles Between Road Calls - $\geq 25,000$	60,999	61,532

access

SERVING the Community

- > **Customer Survey**
 - > In process to gauge customer feedback on technology
- > **Community Presentations**
 - > Engagement with the Lanterman Regional Center and the Personal Assistance Services Council (PASC)



access

AGENCY

Budget Update / Other Projects

- > **FY 21 Budget Update**

- > Ridership numbers 37 percent higher than projected

- > **FY 22 Budget Process Underway**

- > Ridership projections and service model will impact request

- > **Other Projects**

- > Analysis of how NextGen plan affects Access' service area
- > Parents with Disabilities program expansion to LA County
- > Technology enhancements to Where's My Ride App and Online Reservations

access

