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*Los Angeles County Metropolitan Transportation Authority
One Gateway Plaza
3rd Floor Board Room*

Agenda - Final

Monday, March 13, 2023

11:00 AM

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**Independent Citizen's Advisory and Oversight
Committee**

*Emina Darakjy, Chair
Louis Moret, Vice Chair
Belinda Faustinos
Dwight Ham
Brian Russell*

METROPOLITAN TRANSPORTATION AUTHORITY BOARD AGENDA 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 Clerk 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 <https://www.metro.net> or on CD's and as MP3's for a nominal charge.

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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.

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x6 *日本語 (Japanese)*

x7 *русский (Russian)*

x8 *Հայերէն (Armenian)*

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

Live Public Comment Instructions:

Live public comment can be given by telephone and in-person.

The Committee Meeting begins at 11:00 AM Pacific Time on March 13, 2023; 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#
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Public comment will be taken as the Board takes up each item. To give public comment on an item, enter #2 (pound-two) when prompted. 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 se pueden dar por telefono o en persona.

La Reunion de la Junta comienza a las 11:00 AM, hora del Pacifico, el 13 de Marzo de 2023. Puedes unirte a la llamada 5 minutos antes del comienso de la junta.

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

Los comentarios del público se tomaran cuando se toma cada tema. Para dar un comentario público sobre una tema ingrese # 2 (Tecla de numero y dos) cuando se le solicite. Tenga en cuenta que la transmisión de video en vivo se retrasa unos 30 segundos con respecto a la reunión real. No hay retraso en la línea de acceso telefónico para comentarios públicos.

Written Public Comment Instruction:

Written public comments must be received by 5PM the day before the meeting.
Please include the Item # in your comment and your position of "FOR," "AGAINST," "GENERAL COMMENT," or "ITEM NEEDS MORE CONSIDERATION."
Email: BoardClerk@metro.net
Post Office Mail:
Board Administration
One Gateway Plaza
MS: 99-3-1
Los Angeles, CA 90012

CALL TO ORDER

ROLL CALL

1. **SUBJECT: REMARKS BY THE CHAIR** [2023-0150](#)

RECOMMENDATION

RECEIVE remarks by the Chair.

2. **SUBJECT: MINUTES** [2023-0148](#)

RECOMMENDATION

APPROVE Minutes of Meeting held March 2, 2022.

Attachments: [MINUTES - ICAOC March 2, 2022](#)

3. **SUBJECT: PROPOSITION A AND PROPOSITION C AUDITS OF
FISCAL YEAR 2022** [2023-0109](#)

RECOMMENDATION

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year ended June 30, 2022, completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Simpson & Simpson, CPAs (Simpson).

Attachments: [Attachment A - Proposition A and C Audit FY22](#)
[Attachment B - Prop A & C FY22 Vasquez](#)
[Attachment C - Prop A & C FY22 Simpson](#)
[Presentation - BCAWR](#)
[Presentation - Vasquez](#)
[Presentation - Simpson](#)

4. **SUBJECT: ORAL REPORT ON COMPLETE STREETS AND
HIGHWAYS**

[2023-0147](#)

RECOMMENDATION

RECEIVE Oral Report on Complete Streets and Highways projects.

Attachments: [Presentation](#)

5. **SUBJECT: ORAL REPORT ON TRANSIT CAPITAL PROJECTS**

[2023-0151](#)

RECOMMENDATION

RECEIVE Oral Report on Transit Capital projects.

Attachments: [Presentation](#)

SUBJECT: GENERAL PUBLIC COMMENT

[2023-0149](#)

RECEIVE General Public Comment

Consideration of items not on the posted agenda, including: items to be presented and (if requested) referred to staff; items to be placed on the agenda for action at a future meeting of the Committee or Board; and/or items requiring immediate action because of an emergency situation or where the need to take immediate action came to the attention of the Committee subsequent to the posting of the agenda.

**COMMENTS FROM THE PUBLIC ON ITEMS OF PUBLIC INTEREST WITHIN COMMITTEE'S
SUBJECT MATTER JURISDICTION**

Adjournment



Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Board Report

File #: 2023-0148, **File Type:** Minutes

Agenda Number: 2.

**INDEPENDENT CITIZENS ADVISORY AND OVERSIGHT COMMITTEE
MARCH 13, 2023**

SUBJECT: MINUTES

RECOMMENDATION

APPROVE Minutes of Meeting held March 2, 2022.



Virtual Online Meeting

MINUTES

Wednesday, March 2, 2022

9:00 AM

Independent Citizen's Advisory and Oversight Committee

DIRECTORS PRESENT:
Belinda Faustinos, Chair
Emina Darakjy, Vice Chair
Dwight Ham
Louis Moret

CALLED TO ORDER: 9:07 A.M.

ROLL CALL

1. SUBJECT: MINUTES

2022-0064

APPROVED Minutes of Meeting held February 23, 2021.

| ED | DH | BF (Chair) | BR | LM |
|-----|----|---------------|----|----|
| ABS | Y | Y | A | Y |

2. SUBJECT: INDEPENDENT AUDITOR'S REPORTS ON PROPOSITION A AND PROPOSITION C SPECIAL REVENUE FUNDS AND COMPLIANCE WITH REQUIREMENTS APPLICABLE TO PROPOSITION A AND C ORDINANCE AND LOCAL RETURN GUIDELINES

2022-0085

RECEIVED AND FILED the Independent Auditor's Report on:

- A. Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year ended June 30, 2021, completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2021, completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2021, completed by Simpson & Simpson, CPAs (Simpson).

| ED | DH | BF (Chair) | BR | LM |
|----|----|---------------|----|----|
| P | P | A | A | P |

Chair Faustinos mentioned that there appears to be an embarrassment of riches and asked for clarification regarding the numbers. Staff said that sales tax has exceeded expectations, there have been a delay in projects, and late billing all contribute to what appears to be an embarrassment of riches for Proposition A and C.

(continued on next page)

| | | | | |
|-------------|-----------------|-----------------|-------------------|---------------|
| DH = D. Ham | ED = E. Darakjy | BR = B. Russell | BF = B. Faustinos | LM = L. Moret |
|-------------|-----------------|-----------------|-------------------|---------------|

LEGEND: Y = YES, N = NO, C= CONFLICT, ABS = ABSTAIN, A = ABSENT, P = PRESENT

(Item 2 -- continued on next page)

Director Ham said, looking forward as pricing continue to rise, is staff expecting another year of high revenue. Staff responded in the affirmative and that it will be taken into consideration when doing projections.

Vice Chair Darakjy requested the reports earlier than the week before the meeting.

Discussion occurred between Director Ham and staff regarding oversight and spending funds. Staff stated that with regards to oversight, they work closely with the cities to address issues or findings, communicating on a weekly basis. Regarding spending, there are times when the cities have asked for additional time to spend their funds and the cities have flexibility with how to spend the funds. It is up to them to manage the money.

3. SUBJECT: ORAL REPORT ON PROGRAM MANAGEMENT MAJOR STATUS **2022-0119**

RECEIVED Oral Report on Program Management Major Project Status.

Vice Chair Darakjy commented that the construction is happening before our eyes.

Director Ham requested the Committee is invited to the openings of the projects mentioned in the report. He also asked if the goal was for these to be opened in time for the 2028 Olympic and Paralympic Games. Staff confirmed that was the goal. The Director asked about the net toll on traffic from these projects to which staff said the hard numbers can be found in the environmental documents. Director Ham requested a presentation on the projects occurring along the I-405 Corridor at the next meeting.

| ED | DH | BF (Chair) | BR | LM |
|----|----|---------------|----|----|
| P | P | A | A | P |

ADJOURNED AT 10:20AM.

Prepared by: Mandy Cheung
Administrative Analyst, Board Administration


Collette Langston, Board Clerk



Board Report

File #: 2023-0109, **File Type:** Informational Report

Agenda Number: 3.

INDEPENDENT CITIZEN'S ADVISORY AND OVERSIGHT COMMITTEE MARCH 13, 2023

SUBJECT: PROPOSITION A AND PROPOSITION C AUDITS OF FISCAL YEAR 2022

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Independent Auditor's Report on:

- A. Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year ended June 30, 2022, completed by BCA Watson Rice, LLP (BCA);
- B. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Vasquez & Company, LLP (Vasquez); and
- C. Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Local Return Guidelines for the Fiscal Year ended June 30, 2022, completed by Simpson & Simpson, CPAs (Simpson).

ISSUE

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

DISCUSSION

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

Management Audit Services (MAS) contracted with BCA to perform the independent audit of the LACMTA, as required by the Ordinances and the MTA Reform and Accountability Act of 1998. BCA conducted the audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that BCA plan and perform the audit to obtain reasonable assurance about whether the Schedules of Proposition A and Proposition C Revenues and Expenditures (Schedules) are free of material misstatement.

The auditors found that the Schedules referred to above present fairly, in all material respects, the Proposition A and Proposition C Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America. The auditors also found that LACMTA complied, in all material respects, with the requirements of the Ordinances and the MTA Reform and Accountability Act of 1998 for the fiscal year ended June 30, 2022.

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

MAS contracted with two firms, Vasquez and Simpson, to conduct the audits of Proposition A and Proposition C sales tax revenues used by the County of Los Angeles (County) as well as the 88 cities (Cities). The firms conducted the audits of compliance in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that the independent auditors plan and perform the audit to obtain reasonable assurance about whether noncompliance with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines which could have a direct and material effect on the Proposition A and Proposition C Local Return programs occurred.

Vasquez concluded that the County and the 39 Cities complied in all material respects, with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines that are applicable to the Proposition A and Proposition C Local Return programs for the fiscal year ended June 30, 2022. Vasquez found 16 instances of noncompliance, which are summarized in Schedule 2 of Attachment B.

Simpson concluded that the 49 Cities complied, in all material respects, with the requirements in the Ordinances and the Proposition A and Proposition C Local Return Guidelines that are applicable to the Proposition A and Proposition C Local Return programs for the fiscal year ended June 30, 2022. Simpson found 32 instances of noncompliance, which are summarized in Schedule 2 of Attachment C.

NEXT STEPS

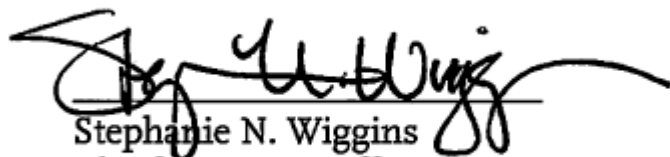
As required by the Proposition A and Proposition C Ordinances, a public hearing will be scheduled in May 2023.

ATTACHMENT(S)

- A. Independent Auditor's Report on Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds for the Fiscal Year Ended June 30, 2022 (BCA)
- B. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Vasquez)
- C. Report on Compliance with Requirements Applicable to Proposition A and Proposition C Ordinances and Proposition A and Proposition C Local Return Guidelines (Simpson and Simpson)

Prepared by: Lauren Choi, Deputy Executive Officer, Administration (Interim),
(213) 922-3926
Monica Del Toro, Senior Manager, Audit, (213) 922-7494

Reviewed by: Sharon Gookin, Deputy Chief Executive Officer, (213) 418-3101



Stephanie N. Wiggins
Chief Executive Officer

Los Angeles County
Metropolitan Transportation Authority

**Independent Auditor's Report
On Schedule of Revenues and Expenditures
For
Proposition A and Proposition C
Special Revenue Funds**

**For the Fiscal Year Ended June 30, 2022
(With Comparative Totals For 2021)**



2355 Crenshaw Blvd. Suite 150 Torrance, CA 90501
t: (310) 792-4640 f: (310) 792-4140

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C
Special Revenue Funds
For the Year Ended June 30, 2022

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Independent Auditor's Report

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

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

Opinion

We have audited the accompanying Schedules of Proposition A ("Ordinance No. 16") and Proposition C ("Ordinance No. 49") Revenues and Expenditures (the Schedules) of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2022, and the related notes to the Schedules, which collectively comprise LACMTA's basic Schedules as listed in the table of contents.

In our opinion, the Schedules referred to above present fairly, in all material respects, the Proposition A and Proposition C Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the LACMTA and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 3 to the Schedules, the accompanying Schedule of Revenues and Expenditures of Proposition A and Proposition C Funds are intended to present the revenues and expenditures attributable to the Proposition A and Proposition C Funds. They do not purport to, and do not, present fairly the financial position of the LACMTA, as of June 30, 2022, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America. Our report is not modified with respect to this matter.

Responsibility of Management for the Schedules of Proposition A and Proposition C Revenues and Expenditures

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

In preparing the Schedules, management is required to evaluate whether there are conditions or events,

considered in the aggregate, that raise substantial doubt about the LACMTA's ability to continue as a going concern for twelve months beyond the Schedules date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Schedules of Proposition A and Proposition C Revenues and Expenditures

Our objectives are to obtain reasonable assurance about whether the Schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from a fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the Schedules.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the Schedules, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the Schedules.
- Obtain an understanding of internal control relevant to the audit 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 LACMTA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedules.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the LACMTA's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic Schedules. Such information is the responsibility of management and, although not a part of the basic Schedules, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic Schedules in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with

auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic Schedules, and other knowledge we obtained during our audit of the basic Schedules. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Prior-Year Comparative Information

We have previously audited the Schedules of Proposition A and Proposition C Revenues and Expenditures of LACMTA, and we expressed an unmodified audit opinion in our report dated November 8, 2021. In our opinion, the summarized comparative information presented herein for the fiscal year ended June 30, 2022, is consistent, in all material respects, with the audited Schedule from which it has been derived.

BCA Watson Rice, LLP

Torrance, CA
November 17, 2022

Los Angeles County Metropolitan Transportation Authority
Proposition A Special Revenue Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for 2021)
(Amounts expressed in thousands)

| | 2022 | 2021 |
|--|-------------------|-------------------|
| Revenues | | |
| Sales tax | \$ 1,091,206 | \$ 911,302 |
| Investment income | 2,995 | 849 |
| Net appreciation (decline) in fair value of investments | (14,208) | 951 |
| | <hr/> | <hr/> |
| Total revenues | 1,079,993 | 913,102 |
| | <hr/> | <hr/> |
| Expenditures | | |
| Transportation subsidies | 391,927 | 349,623 |
| | <hr/> | <hr/> |
| Total expenditures | 391,927 | 349,623 |
| | <hr/> | <hr/> |
| Excess of revenues over expenditures | 688,066 | 563,479 |
| | <hr/> | <hr/> |
| Other financing sources (uses) | | |
| Transfers in | - | 635 |
| Transfers out | (83,191) | (229,343) |
| | <hr/> | <hr/> |
| Total other financing sources (uses) | (83,191) | (228,708) |
| | <hr/> | <hr/> |
| Excess of revenues and other financing sources over expenditures and other financing uses | <u>\$ 604,875</u> | <u>\$ 334,771</u> |

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

Los Angeles County Metropolitan Transportation Authority
Proposition C Special Revenue Fund
Schedule of Revenues and Expenditures
For the Fiscal Year Ended June 30, 2022
(With Comparative Totals for 2021)
(Amounts expressed in thousands)

| | 2022 | 2021 |
|---|-------------------|-------------------|
| | <hr/> | <hr/> |
| Revenues | | |
| Sales tax | \$ 1,091,203 | \$ 911,310 |
| Intergovernmental | 9,390 | 20,535 |
| Investment income | 3,035 | 1,965 |
| Net decline in fair value of investments | (13,706) | (1,067) |
| | <hr/> | <hr/> |
| Total revenues | 1,089,922 | 932,743 |
| | <hr/> | <hr/> |
| Expenditures | | |
| Administration and other | 38,483 | 38,583 |
| Transportation subsidies | 518,937 | 451,398 |
| | <hr/> | <hr/> |
| Total expenditures | 557,420 | 489,981 |
| | <hr/> | <hr/> |
| Excess of revenues over expenditures | 532,502 | 442,762 |
| | <hr/> | <hr/> |
| Other financing sources (uses) | | |
| Transfers in | 73,349 | 69,065 |
| Transfers out | (84,799) | (277,200) |
| | <hr/> | <hr/> |
| Total other financing sources (uses) | (11,450) | (208,135) |
| | <hr/> | <hr/> |
| Excess of revenues and other financing sources over expenditures and other financing uses | <u>\$ 521,052</u> | <u>\$ 234,627</u> |

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

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Special Revenue Funds
Notes to the Schedule of Revenues and Expenditures
June 30, 2022

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

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

1. Organization

General

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

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

Proposition A

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

Proposition C

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

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Special Revenue Funds
Notes to the Schedule of Revenues and Expenditures
June 30, 2022

2. Summary of Significant Accounting Policies

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

Fund Accounting

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

Basis of Accounting

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

Budgetary Accounting

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

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

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

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Special Revenue Funds
Notes to the Schedule of Revenues and Expenditures
June 30, 2022

2. Summary of Significant Accounting Policies (Continued)

Investment Income and Net Decline in Fair Value of Investments

Investment income and the net appreciation (decline) in fair value of investments are shown on the Schedule of Revenues and Expenditures. LACMTA maintains a pooled cash and investments account that is available for use by all funds, except those restricted by state statutes. For the fiscal year ended June 30, 2022, Proposition A and Proposition C Special Revenue Funds had investment income of \$2,995 and \$3,035, respectively, and a net decline in fair value of investments of \$14,208 and \$13,706 for Proposition A and Proposition C Special Revenue Funds, respectively. The net decline in fair value of investments were mainly due to a decrease in the fair market value of the investment portfolios mostly invested in bonds, which are sensitive to changes in interest rates.

Use of Estimates

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

Comparative Financial Data

The amounts shown for 2021 in the accompanying Schedules are included only to provide a basis for comparison with 2022 and are not intended to present all information necessary for a fair presentation in accordance with Generally Accepted Accounting Principles.

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

The Schedules are intended to reflect the revenues and expenditures of Proposition A and Proposition C funds only. Accordingly, the Schedules do not purport to, and do not, present fairly the financial position of the LACMTA or changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

4. Intergovernmental Transactions

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

5. Operating Transfers

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

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Special Revenue Funds
Notes to the Schedule of Revenues and Expenditures
June 30, 2022

6. Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses

The Proposition A Fund at June 30, 2022 had an excess of revenues and other financing sources over expenditures and other financing uses of \$604,875, due to 1) higher sales tax revenues brought about by the increase in consumer spending as the economy recovered from the pandemic recession, and 2) decrease in transfers out on bus and rail operating projects as a result of one-time federal funding provided by the stimulus grant. The foregoing factors contributed to the increase in fund balance in Proposition A Fund balance from \$474,584 to \$1,079,459 as of June 30, 2022.

The Proposition C Fund at June 30, 2022 had an excess of revenues and other financing sources over expenditures and other financing uses of \$521,052 due to 1) higher sales tax revenues brought about by the increase in consumer spending as the economy recovered from the pandemic recession, and 2) decrease in transfers out on bus and rail operating projects as a result of one-time federal funding provided by the stimulus grants. The foregoing factors contributed to the increase in the Proposition C Fund balance from \$472,023 to \$993,075 as of June 30, 2022.

7. Audited Financial Statements

The audited financial statements for Proposition A and Proposition C Special Revenue Funds for the fiscal year ended June 30, 2022 are included in LACMTA's Audited Annual Comprehensive Financial Report (ACFR).

8. Contingent Liabilities

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

9. COVID-19 Impact and Considerations

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

10. Subsequent Events

In preparing the Schedules of Proposition A and Proposition C Revenues and Expenditures, LACMTA has evaluated events and transactions for potential recognition or disclosure through November 17, 2022, the date the schedules were available to be issued. Based on this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the schedules.

Los Angeles County Metropolitan Transportation Authority
Proposition A Special Revenue Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2022
(Amounts expressed in thousands)

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|---|-------------------------|-------------------|-------------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Sales tax | \$ 865,000 | \$ 865,000 | \$ 1,091,206 | \$ 226,206 |
| Investment income | - | - | 2,995 | 2,995 |
| Net decline in fair value of investments | - | - | (14,208) | (14,208) |
| Total revenues | 865,000 | 865,000 | 1,079,993 | 214,993 |
| Expenditures | | | | |
| Transportation subsidies | 339,572 | 339,572 | 391,927 | (52,355) |
| Total expenditures | 339,572 | 339,572 | 391,927 | (52,355) |
| Excess of revenues over expenditures | 525,428 | 525,428 | 688,066 | 162,638 |
| Other financing sources (uses) | | | | |
| Transfers in | 47,591 | 47,591 | - | (47,591) |
| Transfers out | (391,881) | (391,881) | (83,191) | 308,690 |
| Total other financing sources (uses) | (344,290) | (344,290) | (83,191) | 261,099 |
| Excess of revenues and other financing sources over expenditures and other financing uses | <u>\$ 181,138</u> | <u>\$ 181,138</u> | <u>\$ 604,875</u> | <u>\$ 423,737</u> |

Los Angeles County Metropolitan Transportation Authority
Proposition C Special Revenue Fund
Schedule of Revenues and Expenditures – Budget and Actual
For the Fiscal Year Ended June 30, 2022
(Amounts expressed in thousands)

| | Budgeted Amounts | | Actual | Variance with Final Budget |
|--|-------------------------|--------------|---------------|---------------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Sales tax | \$ 865,000 | \$ 865,000 | \$ 1,091,203 | \$ 226,203 |
| Intergovernmental | 15,224 | 15,224 | 9,390 | (5,834) |
| Investment income | - | - | 3,035 | 3,035 |
| Net decline in fair value of investments | - | - | (13,706) | (13,706) |
| Total revenues | 880,224 | 880,224 | 1,089,922 | 209,698 |
| Expenditures | | | | |
| Administration and other | 62,103 | 61,131 | 38,483 | 22,648 |
| Transportation subsidies | 530,770 | 530,962 | 518,937 | 12,025 |
| Total expenditures | 592,873 | 592,093 | 557,420 | 34,673 |
| Excess of revenues over expenditures | 287,351 | 288,131 | 532,502 | 244,371 |
| Other financing sources (uses) | | | | |
| Transfers in | 164,718 | 164,718 | 73,349 | (91,369) |
| Transfers out | (513,200) | (513,200) | (84,799) | 428,401 |
| Total other financing sources (uses) | (348,482) | (348,482) | (11,450) | 337,032 |
| Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses | \$ (61,131) | \$ (60,351) | \$ 521,052 | \$ 581,403 |

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedules of Revenues and Expenditures (the Schedules) for Proposition A and Proposition C Special Revenue Funds of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2022, and the related notes to the Schedules, which collectively comprised LACMTA's basic Schedules, and have issued our report thereon dated November 17, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the Schedules, we considered the 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 opinion on the Schedules, but not for the purpose of expressing an opinion on the effectiveness of the LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the LACMTA's internal control.

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

Our consideration of internal control 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.

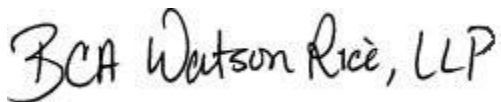
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LACMTA's Schedules are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the amounts on the Schedules. However, providing an opinion on compliance with those provisions was not an objective

of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California

November 17, 2022

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

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

Report on Compliance

Opinion on Proposition A and Proposition C Revenues and Expenditures

We have audited the Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the *MTA Reform and Accountability Act of 1998* (the Act), *Ordinance No. 16 (Proposition A)* and *Ordinance No. 49 (Proposition C)* applicable to LACMTA's Proposition A and Proposition C revenues and expenditures for the fiscal year ended June 30, 2022.

In our opinion, LACMTA complied, in all material respects, with the compliance requirements referred to above that are applicable to the Proposition A and Proposition C revenues and expenditures for the fiscal year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of LACMTA's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Proposition A and Proposition C revenues and expenditures.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance with Proposition A and Proposition C revenues and expenditures based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of the Proposition A and Proposition C revenues and expenditures as a whole.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LACMTA's compliance with the compliance requirements referred to above and performing other procedures as necessary in the circumstances.
- Obtain an understanding of LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Proposition A and Proposition C revenues and expenditures, but not for the purpose of expressing an opinion on the effectiveness of the LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a compliance requirement 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 "Auditor's Responsibilities for the Audit of Compliance" section above and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses,

as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 compliance requirements of the Proposition A and Proposition C revenues and expenditures. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "BCA Watson Rice, LLP". The signature is written in a cursive, flowing style.

Torrance, California
November 17, 2022

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Special Revenue Funds
Summary of Current Year Audit Findings
For the Fiscal Year Ended June 30, 2022

None noted.

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

None noted.



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

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Consolidated Audit Report
Fiscal Year Ended June 30, 2022**

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

**To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Proposition A and Proposition C Independent Citizen's Advisory and Oversight
Committee**

Report on Compliance

Opinion

We have audited the compliance of the County of Los Angeles (County) and the thirty-nine (39) Cities identified in the List of Package A Jurisdictions, 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 (Metro), 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 Metro, the County and the respective Cities for the year ended June 30, 2022 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the County and the Cities are identified in the accompanying Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the County and 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, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.



We are required to be independent of the County and the Cities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the County's and the Cities' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the County's and the Cities' compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or program agreements applicable to the County and each City's Proposition A Local Return program and Proposition C Local Return program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's and the Cities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's and the Cities' compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's and the Cities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's and the Cities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the County's and the Cities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



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 Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2022-001 through #2022-016. Our opinion is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify 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 with the Guidelines 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 with the Guidelines will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2022-008, that we consider to be a material weakness.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines 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 #2022-003 and #2022-004, that we consider to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on 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 other 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 of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

Vaughan & Company LLP

Glendale, California
December 30, 2022

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2022**

1. COUNTY OF LOS ANGELES
2. CITY OF AGOURA HILLS
3. CITY OF AZUSA
4. CITY OF BALDWIN PARK
5. CITY OF BELL
6. CITY OF BELL GARDENS
7. CITY OF BEVERLY HILLS
8. CITY OF CALABASAS
9. CITY OF CARSON
10. CITY OF COMMERCE
11. CITY OF COMPTON
12. CITY OF CUDAHY
13. CITY OF CULVER CITY
14. CITY OF EL MONTE
15. CITY OF GARDENA
16. CITY OF HAWTHORNE
17. CITY OF HIDDEN HILLS
18. CITY OF HUNTINGTON PARK
19. CITY OF INDUSTRY
20. CITY OF INGLEWOOD
21. CITY OF IRWINDALE
22. CITY OF LA PUENTE
23. CITY OF LAWNDALE
24. CITY OF LYNWOOD
25. CITY OF MALIBU
26. CITY OF MAYWOOD
27. CITY OF MONTEBELLO
28. CITY OF MONTEREY PARK
29. CITY OF PICO RIVERA
30. CITY OF POMONA
31. CITY OF ROSEMEAD
32. CITY OF SAN FERNANDO
33. CITY OF SANTA FE SPRINGS
34. CITY OF SANTA MONICA
35. CITY OF SOUTH EL MONTE
36. CITY OF SOUTH GATE
37. CITY OF VERNON
38. CITY OF WALNUT
39. CITY OF WEST HOLLYWOOD
40. CITY OF WESTLAKE VILLAGE

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Compliance Area Tested
Fiscal Year Ended June 30, 2022

1. Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for local return purposes.
2. Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.
3. Funds were expended with Metro's approval and were not substituted for property tax.
4. Timely use of funds.
5. Administrative expenses are within the 20% cap.
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.
10. Local Return Account is credited for reimbursable expenditures.
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.
13. A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.
14. Recreational transit form was submitted on time.
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.
17. All on-going and carryover projects were reported on Form B or electronic equivalent.
18. Cash or cash equivalents are maintained.
19. Accounting procedures, record keeping and documentation are adequate.

SUMMARY OF AUDIT RESULTS

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year ended June 30, 2022**

The audits of the County of Los Angeles and the 39 cities have resulted in 16 findings. The table below summarized those findings:

| Finding | # of Findings | Responsible Cities/ Finding No. Reference | Questioned Costs | | Resolved During the Audit |
|---|---------------|--|-------------------|-------------------|---------------------------------|
| | | | PALRF | PCLRF | |
| Funds were expended with Metro's approval and were not substituted for property tax. | 3 | Compton (#2022-004) | \$ - | \$ 730,043 | \$ 730,043 |
| | | Montebello (#2022-008) | 9,324 | 56,008 | 65,332 |
| | | South Gate (#2022-011) | - | 1,300 | 1,300 |
| Timely use of funds. | 2 | Gardena (#2022-005) | - | 58,639 | 58,639 |
| | | Lawndale (#2022-006) | 474,004 | - | 474,004 |
| Administrative expenses are within the 20% cap. | 1 | South Gate (#2022-012) | 514 | - | 514 |
| Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent. | 3 | Calabasas (#2022-003) | None | None | None |
| | | Pico Rivera (#2022-009) | None | - | None |
| | | South Gate (#2022-013) | - | None | None |
| Annual Project Update Report (Form B) or electronic equivalent was submitted on time. | 3 | Bell Gardens (#2022-001) | None | None | None |
| | | South Gate (#2022-014) | None | None | None |
| | | Vernon (#2022-015) | None | None | None |
| Annual Expenditure Report (Form C) or electronic equivalent was submitted on time. | 1 | Westlake Village (#2022-016) | None | None | None |
| Recreational transit form was submitted on time. | 3 | Bell Gardens (#2022-002) | None | - | None |
| | | Malibu (#2022-007) | None | - | None |
| | | South El Monte (#2022-010) | None | - | None |
| Total Findings and Questioned Costs | 16 | | \$ 483,842 | \$ 845,990 | \$ 1,329,832 |

Details of the findings are in Schedule 2.

**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, 2022**

| | |
|---|--|
| Finding #2022-001: PALRF and PCLRF | City of Bell Gardens |
| Compliance Reference | Section I (C) Annual Project Update (8/1 Table) of the Proposition A and C Local Return Guidelines state that, "Jurisdiction shall submit on or before August 1st of each fiscal year an Annual Project Update (8/1 Table) 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 submitted its Annual Project Update (8/1 Table) on August 10, 2021, 9 days after the due date of August 1, 2021. |
| Cause | The City inadvertently missed the filing deadline. |
| Effect | The City was not in compliance with the reporting requirements of the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that the Annual Project Update (8/1 Table) is submitted by August 1st as required by the Guidelines. |
| Management's Response | The City will ensure the Proposition A & C 8/1 Table is submitted in a timely manner by the August 1 st of each fiscal year. |
| Corrected During the Audit | The City subsequently submitted the Annual Project Update (8/1 Table). 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, 2022
(Continued)

| | |
|-----------------------------------|--|
| Finding #2022-002: PALRF | City of Bell Gardens |
| Compliance Reference | Section II(1.3) Recreational Transit Service of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year." |
| Condition | The City submitted its Recreational Transit Certification on November 9, 2022, 24 days after the due date of October 15, 2022. |
| Cause | The City inadvertently missed the filing deadline. |
| Effect | The City was not in compliance with the reporting requirements of the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that the Recreational Transit Certification is submitted by October 15 th as required by the Guidelines. |
| Management's Response | The City will ensure the Recreational Transit Certification is submitted in a timely manner by the October 15 th of each fiscal year. |
| Corrected During the Audit | The City subsequently submitted the Recreational Transit Certification. 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, 2022
(Continued)**

| | |
|---|--|
| Finding #2022-003: PALRF and PCLRF | City of Calabasas |
| Compliance Reference | Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects." |
| Condition | <p>The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a Budget Request for the following projects:</p> <ul style="list-style-type: none"> a. PALRF and PCLRF's Project code 110, Old Town Calabasas/Commons Trolley project. Amount in excess of 25 percent of the approved budget was \$5,707 and \$4,393, respectively; b. PALRF and PCLRF's Project code 130, Dial-A-Ride project. Amount in excess of 25 percent of the approved budget was \$12,775 and \$17,591, respectively; c. PALRF and PCLRF's Project code 180, Vehicle and Misc. Equipment project. Amount in excess of 25 percent of the approved budget was \$6,178 and \$8,701, respectively; and d. PALRF and PCLRF's Project code 610 Direct Administration. Amount in excess of 25 percent of the approved budget was \$22,864 and \$16,137, respectively. <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A) or a Budget Request via LRMS.</p> <p>The City submitted the Budget Requests through LRMS and obtained a retroactive approval of the project from Metro Program Manager.</p> <p>This is a repeat finding from prior year's audit.</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, 2022
(Continued)

| | |
|---|---|
| Finding #2022-003: PALRF and PCLRF (Continued) | City of Calabasas |
| Cause | The City was in transition staff wise. Information was not properly communicated. |
| Effect | The City's PALRF and PCLRF project expenditures exceeded 25 percent of the approved project budgets prior to Metro's approval which resulted in the City's noncompliance with the Guidelines. |
| Recommendation | We recommend that the City submit revised Form A's or submit Budget Requests to obtain Metro's approval for the change in project budgets and implement internal controls to ensure compliance with this requirement at all times. |
| Management's Response | The City agrees with the finding and will submit revised budgets via SmartSheets prior to the end of the fiscal year to obtain Metro's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times. The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the budgets for said projects on December 14, 2022. |
| Corrected During the Audit | Metro Program Manager granted a retroactive approval of the said projects. 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, 2022
(Continued)

| | |
|---------------------------------|--|
| Finding #2022-004: PCLRF | City of Compton |
| Compliance Reference | Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects." |
| Condition | <p>The City claimed expenditures under Proposition C with no prior approval from Metro for the following projects:</p> <ul style="list-style-type: none"> a. Project code 720, Local Roadway Safety Plan, totaling \$19,750; and b. Project code 715, Bond Payment for Street Road Improvements, totaling \$710,293. <p>The City's issuance of the PCLRF, MRLRF and MMLRF Limited Tax Bonds and the use of the proceeds of the bonds for Street Improvement Projects was approved by Metro before the issuance of the bonds in March 2021. Accordingly, the debt service payments were also approved as an eligible expense under PCLRF. However, to comply with Metro's annual budget approval process and reporting requirement, the City is required to submit a Budget Request or "8/1" Table (formerly Form A) and include the annual budgets for both bond proceeds project expenditures and debt service payment for approval by Metro. Debt service payments of \$710,293 were not included in the Budget Request or "8/1" Table (formerly Form A).</p> <p>This is a repeat finding from prior year's audit in relation to the PCLRF's prior period adjustment to recognize the FY2020/21 debt service payment of \$207,116.</p> |
| Cause | The City had received approval for the bond issuance from Metro, but was not aware that separate approvals were required for underlying annual project expenditures including debt service payments through the Budget Request or "8/1" Table. |

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, 2022
(Continued)

| | |
|---|---|
| Finding #2022-004: PCLRF (Continued) | City of Compton |
| Effect | The City claimed expenditures totaling \$730,043 prior to approval by Metro. The City did not comply with the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Proposition C-funded projects. |
| Management's Response | The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the said project on October 27, 2022 and December 1, 2022. |
| Corrected During the Audit | Metro Program Manager granted a retroactive approval of the budgets for said projects. 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, 2022
(Continued)**

| | |
|-----------------------------------|--|
| Finding #2022-005: PCLRF | City of Gardena |
| Compliance Reference | Section I(B) Timely Use of Funds of the Proposition A and C Local Return Guidelines states that, "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 has unused Proposition C funds amounting to \$58,639 which has lapsed as of June 30, 2022. |
| Cause | The City's projects were delayed and the City did not have enough expenditures to cover the lapsing amount. |
| Effect | The City did not comply with the Proposition A and C Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that Proposition C funds are used timely. |
| Management's Response | The City has requested Metro to extend the use of the remaining \$58,639 Proposition C funds through June 30, 2023 since the City has an existing approved projects in FY 2022/23. On November 14, 2022, the City received Metro's approval for the extension of the use of funds until June 30, 2023. |
| Corrected During the Audit | Metro Program Manager granted an extension for the use of the remaining funds through June 30, 2023. 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, 2022
(Continued)

| | |
|-----------------------------------|--|
| Finding #2022-006: PALRF | City of Lawndale |
| Compliance Reference | Section I(B) Timely Use of Funds of the Proposition A and C Local Return Guidelines states that, "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 has unused Proposition A funds amounting to \$474,004 which lapsed as of June 30, 2022. |
| Cause | The City's projects were postponed due to COVID-19 pandemic. |
| Effect | The City did not comply with the Proposition A and C Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that Proposition A funds are used timely. |
| Management's Response | The City agrees with the auditor's finding and recommended action to establish procedures and internal controls to ensure that Proposition A funds are used timely. The City will develop internal controls to monitor when funds are received, so that an aging schedules can be put in place to monitor when revenues will lapse. |
| Corrected During the Audit | On December 16, 2022, Metro Program Manager granted a one-time, one-year extension for the use of the lapsed 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, 2022
(Continued)

| | |
|-----------------------------------|--|
| Finding #2022-007: PALRF | City of Malibu |
| Compliance Reference | Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C or Actual Entries) of the Proposition A and Proposition C Local Return Guidelines states that, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C or Actual Entries, no later than October 15 after the fiscal year". |
| Condition | The City submitted its Recreational Transit Certification on November 14, 2022, 29 days after the due date of October 15, 2022. |
| Cause | The City inadvertently missed the filing deadline. |
| Effect | The City was not in compliance with the reporting requirements of the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that the Recreational Transit Certification is submitted by October 15 th as required by the Guidelines. |
| Management's Response | The City will ensure the Recreational Transit Certification is submitted in a timely manner by the October 15 th for each fiscal year. |
| Corrected During the Audit | The City subsequently submitted the Recreational Transit Certification. 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, 2022
(Continued)

| | |
|---|---|
| Finding #2022-008: PALRF and PCLRF | City of Montebello |
| Compliance Reference | Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) or its electronic equivalent 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 Metro.</p> <ul style="list-style-type: none"> a. PALRF Project code 280, Evan Brooks – Capital Reserve Proposition A Preparation, totaling \$6,038; b. PALRF Project code 610, Administrative Overhead, totaling \$3,286; c. PCLRF Project code 490, Sales Tax Revenue Bonds, totaling \$1,570; and d. PCLRF Project code 620, Administrative Overhead, totaling \$54,438. <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro.</p> <p>This is a repeat finding from prior years' audits of PALRF and PCLRF.</p> |
| Cause | The City did not anticipate incurring eligible expenditures for these projects. The City was not able to submit a budget request for Metro's approval until after June 30, 2022. |
| Effect | The City claimed expenditures totaling \$9,324 of Proposition A and \$56,008 of Proposition C LR funds prior to approval by Metro. The City did not comply with the Guidelines. |
| Recommendation | We recommend that the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded 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, 2022
(Continued)

| | |
|---|--|
| Finding #2022-008: PALRF and PCLRF (Continued) | City of Montebello |
| Management's Response | The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the budgets for said projects on July 5 and August 18, 2022. |
| Corrected During the Audit | Metro Program Manager granted a retroactive approval of the said projects. 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, 2022
(Continued)

| | |
|---------------------------------|--|
| Finding #2022-009: PALRF | City of Pico Rivera |
| Compliance Reference | Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects." |
| Condition | <p>The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a Budget Request for the following PALRF projects:</p> <ul style="list-style-type: none"> a. Project Code 155, Recreational Transit. Amount in excess of 25 percent of the approved budget was \$8,917; and b. Project Code 180, Transit Feasibility Study. Amount in excess of 25 percent of the approved budget was \$1,270. <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A) or a Budget Request.</p> <p>The City submitted the Budget Requests through Local Return Management System (LRMS) and obtained a retroactive approval of the project from Metro Program Manager.</p> |
| Cause | The City initially submitted higher budgets for approval but requested to reduce them during the year. At year-end, the City realized that there were more expenditures than anticipated for these projects. |
| Effect | The City's PALRF project expenditures exceeded 25 percent of the approved project budgets prior to Metro's approval which resulted in the City's noncompliance with the Guidelines. |

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, 2022
(Continued)

| | |
|---|--|
| Finding #2022-009: PALRF (Continued) | City of Pico Rivera |
| Recommendation | We recommend that the City submit revised Form A's or submit Budget Requests via Smarsheets by June 30, 2022 to obtain Metro's approval for the change in project budgets and implement internal controls to ensure compliance with this requirement at all times. |
| Management's Response | The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the budgets for said projects on October 12, 2022. |
| Corrected During the Audit | Metro Program Manager granted a retroactive approval of the said projects. 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, 2022
(Continued)

| | |
|-----------------------------------|--|
| Finding #2022-010: PALRF | City of South El Monte |
| Compliance Reference | Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C or Actual Entries) of the Proposition A and Proposition C Local Return Guidelines states that, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C or Actual Entries, no later than October 15 after the fiscal year". |
| Condition | The City submitted its Recreational Transit Certification on December 7, 2022, 52 days after the due date of October 15, 2022. |
| Cause | The City inadvertently missed the filing deadline. |
| Effect | The City was not in compliance with the reporting requirements of the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that the Recreational Transit Certification is submitted by October 15 th as required by the Guidelines. |
| Management's Response | The City completed its Recreational Transit Form when the Local Return Actuals was submitted online. Due to an oversight, the attachment was not uploaded properly to Smartsheet. The City will update its procedures to include confirmation of submission. |
| Corrected During the Audit | The City subsequently submitted the Recreational Transit Certification. 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, 2022
(Continued)

| | |
|-----------------------------------|---|
| Finding #2022-011: PCLRF | City of South Gate |
| Compliance Reference | Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects." |
| Condition | The City claimed expenditures amounting to \$1,300 under PCLRF Project code 705, LA County Bridge Maintenance prior to approval by Metro. Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro. |
| Cause | This is caused by staff oversight. |
| Effect | The City claimed expenditures totaling \$1,300 prior to approval by Metro. The City did not comply with the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Proposition C-funded projects. |
| Management's Response | The City will make improvements in coordinating efforts between the Public Works and Finance departments to assure all project budgets are approved by Metro and are on the Smartsheets prior to June 30. The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the budgets for said project on October 26, 2022. |
| Corrected During the Audit | Metro Program Manager granted a retroactive approval of the said projects. 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, 2022
(Continued)

| | |
|-----------------------------------|--|
| Finding #2022-012: PALRF | City of South Gate |
| Compliance Reference | Section II(A) 15 Direct Administration of the Proposition A and C Local Return Guidelines states that, "The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on year-end expenditures, and will be subject to an audit finding if the figure exceeds 20%. The annual expenditure figure will be reduced by fund trades to other cities and/or funds set aside for reserves; conversely, the annual expenditure figure will be increased by expenditure of reserves or LR funds received in fund exchanges." |
| Condition | The City claimed expenditures in excess of the 20% cap totaling \$514. |
| Cause | This is caused by staff oversight. |
| Effect | The City is required to reimburse PALRF account for the amount over the 20% cap. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that administrative expenditures are only charged to the LR funds up to allowable amount. |
| Management's Response | The City will reimburse PALRF account for the amount over the 20% cap totaling \$514. |
| Corrected During the Audit | The City reimbursed the PALRF account in FY2022/23. 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, 2022
(Continued)

| | |
|-----------------------------------|---|
| Finding #2022-013: PCLRF | City of South Gate |
| Compliance Reference | Section I(C) Project Description Form (Form A) of the Proposition A and C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects." |
| Condition | <p>The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a Budget Request for the Project 620 Administration totaling \$72,192.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A) or a Budget Request.</p> <p>The City submitted the Budget Requests through LRMS and obtained a retroactive approval of the project from Metro Program Manager.</p> |
| Cause | This is caused by staff oversight. |
| Effect | The City's PCLRF project expenditures exceeded 25 percent of the approved project budgets prior to Metro's approval which resulted in the City's noncompliance with the Guidelines. |
| Recommendation | We recommend the City submit revised Form A's or submit Budget Requests to obtain Metro's approval for the change in project budgets and implement internal controls to ensure compliance with this requirement at all times. |
| Management's Response | The City's Public Work and Finance departments will continue to monitor its budget and will make necessary budget adjustments to its projects as allowed by Metro. The City submitted a Budget Request to Metro Program Manager and obtained a retroactive approval of the budget for said project on October 26, 2022. |
| Corrected During the Audit | Metro Program Manager granted a retroactive approval of the said projects. 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, 2022
(Continued)

| | |
|---|---|
| Finding #2022-014: PALRF and PCLRF | City of South Gate |
| Compliance Reference | Section I (C) Annual Project Update (8/1 Table) of the Proposition A and C Local Return Guidelines states that, "Jurisdiction shall submit on or before August 1st of each fiscal year an Annual Project Update (Form B or 8/1 Table) 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 submitted its Annual Project Update (8/1 Table) on August 10, 2021, 9 days after the due date of August 1, 2021. |
| Cause | The City inadvertently missed the filing deadline. |
| Effect | The City was not in compliance with the reporting requirements of the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that the Annual Project Update (8/1 Table) is submitted by August 1st as required by the Guidelines. |
| Management's Response | The City will ensure the Proposition A & C 8/1 Table is submitted in a timely manner by the August 1 st for each fiscal year. |
| Corrected During the Audit | The City subsequently submitted the Annual Project Update (8/1 Table). 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, 2022
(Continued)

| | |
|---|--|
| Finding #2022-015: PALRF and PCLRF | City of Vernon |
| Compliance Reference | Section I (C) Annual Project Update (8/1 Table) of the Proposition A and C Local Return Guidelines state that, "Jurisdiction shall submit on or before August 1st of each fiscal year an Annual Project Update (8/1 Table) 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 submitted its Annual Project Update (8/1 Table) on August 10, 2021, 9 days after the due date of August 1, 2021. |
| Cause | The City inadvertently missed the filing deadline. |
| Effect | The City was not in compliance with the reporting requirements of the Local Return Guidelines. |
| Recommendation | We recommend the City establish procedures and internal controls to ensure that the Annual Project Update (8/1 Table) is submitted by August 1st as required by the Guidelines. |
| Management's Response | The City will ensure the Proposition A and Proposition C "8/1 Table" is submitted in a timely manner by August 1 st for each fiscal year. |
| Corrected During the Audit | The City subsequently submitted the Annual Project Update (8/1 Table). 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, 2022
(Continued)

| | |
|---|---|
| Finding #2022-016: PALRF and PCLRF | City of Westlake Village |
| Compliance Reference | Section I(C) Annual Project Update of the Proposition A and C Local Return Guidelines states that, "On or before October 15 th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report (Actual Entries) to provide an update on previous year LR fund receipts and expenditures." |
| Condition | The City submitted its Annual Expenditure Report to Metro on October 20, 2022, 5 days after the due date of October 15, 2022. |
| Cause | This is caused by oversight of City's personnel. |
| Effect | The City's Annual Expenditure Report (Actual Entries) was not submitted timely. The City was not in compliance with the Proposition A and C Guidelines. |
| Recommendation | We recommend that the City establish procedures and controls to ensure that the Annual Expenditure Report (Actual Entries) is submitted by October 15 as required by the Guidelines. |
| Management's Response | The City will ensure the Annual Expenditure Report is submitted prior to October 15 th of each fiscal year. |
| Corrected During the Audit | The City subsequently submitted the form on October 20, 2022. No follow up is required. |



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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2022



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, 2022**

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

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority
and Proposition A and Proposition C Independent Citizen's Advisory Oversight
Committee

Report on Compliance

Opinion

We have audited the compliance of the forty-nine (49) Cities (the Cities) identified in the List of Package B Jurisdictions, 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 (Metro), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurance and Understanding Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by Metro and the Cities for the year ended June 30, 2022 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, 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 Proposition A and Proposition C Local Return programs for the year ended June 30, 2022.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Cities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the Cities compliance with the compliance requirements referred to above.



Responsibilities of Management for Compliance

The Cities' management is responsible for the Cities compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or program agreements applicable to the Cities' Proposition A Local Return program and Proposition C Local Return program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Cities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Cities' compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Cities' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Cities' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the Cities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



Other Matters

The results of our auditing procedures disclosed other 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 Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2022-001 through #2022-032. Our opinion is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the Guidelines 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 the Guidelines 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 #2022-014 and #2022-015 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 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 #2022-003, #2022-006, #2022-009, and #2022-025 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



Government Auditing Standards requires the auditor to perform limited procedures on 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 other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

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

Los Angeles, California
December 30, 2022

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
List of Package B Jurisdictions
Fiscal Year Ended June 30, 2022**

- | | |
|----------------------------------|-----------------------------------|
| 1. CITY OF ALHAMBRA | 31. CITY OF PALMDALE |
| 2. CITY OF ARCADIA | 32. CITY OF PALOS VERDES ESTATES |
| 3. CITY OF ARTESIA | 33. CITY OF PARAMOUNT |
| 4. CITY OF AVALON | 34. CITY OF PASADENA |
| 5. CITY OF BELLFLOWER | 35. CITY OF RANCHO PALOS VERDES |
| 6. CITY OF BRADBURY | 36. CITY OF REDONDO BEACH |
| 7. CITY OF BURBANK | 37. CITY OF ROLLING HILLS |
| 8. CITY OF CERRITOS | 38. CITY OF ROLLING HILLS ESTATES |
| 9. CITY OF CLAREMONT | 39. CITY OF SAN DIMAS |
| 10. CITY OF COVINA | 40. CITY OF SAN GABRIEL |
| 11. CITY OF DIAMOND BAR | 41. CITY OF SAN MARINO |
| 12. CITY OF DOWNEY | 42. CITY OF SANTA CLARITA |
| 13. CITY OF DUARTE | 43. CITY OF SIERRA MADRE |
| 14. CITY OF EL SEGUNDO | 44. CITY OF SIGNAL HILL |
| 15. CITY OF GLENDALE | 45. CITY OF SOUTH PASADENA |
| 16. CITY OF GLENDORA | 46. CITY OF TEMPLE CITY |
| 17. CITY OF HAWAIIAN GARDENS | 47. CITY OF TORRANCE |
| 18. CITY OF HERMOSA BEACH | 48. CITY OF WEST COVINA |
| 19. CITY OF LA CANADA FLINTRIDGE | 49. CITY OF WHITTIER |
| 20. CITY OF LA HABRA HEIGHTS | |
| 21. CITY OF LA MIRADA | |
| 22. CITY OF LA VERNE | |
| 23. CITY OF LAKEWOOD | |
| 24. CITY OF LANCASTER | |
| 25. CITY OF LOMITA | |
| 26. CITY OF LONG BEACH | |
| 27. CITY OF LOS ANGELES | |
| 28. CITY OF MANHATTAN BEACH | |
| 29. CITY OF MONROVIA | |
| 30. CITY OF NORWALK | |

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Compliance Area Tested
Fiscal Year Ended June 30, 2022

1. Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for local return purposes.
2. Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.
3. Funds were expended with Metro's approval and were not substituted for property tax.
4. Timely use of funds.
5. Administrative expenses are within the 20% cap.
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.
10. Local Return Account is credited for reimbursable expenditures.
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.
13. A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.
14. Recreational transit form was submitted on time.
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.
17. All on-going and carryover projects were reported on Form B or electronic equivalent.
18. Cash or cash equivalents are maintained.
19. Accounting procedures, record keeping and documentation are adequate.

SUMMARY OF AUDIT RESULTS

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year Ended June 30, 2022

The audit of the 49 cities identified in the List of Package B Jurisdictions have resulted in 32 findings. The table below shows a summary of the findings:

| Finding | # of Findings | Responsible Cities/ Finding No. Reference | Questioned Costs | | Resolved During the Audit |
|---|---------------|--|---|---|--|
| | | | PALRF | PCLRF | |
| Funds were expended with Metro's approval and were not substituted for property tax. | 4 | Artesia (#2022-006) Bradbury (#2022-010) Palos Verdes Estates (#2022-024) Santa Clarita (#2022-029) | - - - - | \$ 31,333 15,701 10,415 2,163 | \$ 31,333 15,701 10,415 2,163 |
| Timely use of funds. | 7 | Artesia (#2022-003) Claremont (#2022-011) El Segundo (#2022-017) Palos Verdes Estates (#2022-025) Redondo Beach (#2022-027) Signal Hill (#2022-030) South Pasadena (#2022-032) | \$ 160,899 116,051 392,423 - - - 83,006 | - 132,824 - 12,972 497,032 61,953 - | 160,899 248,875 392,423 12,972 497,032 61,953 83,006 |
| Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent. | 4 | Artesia (#2022-004) Hermosa Beach (#2022-019) La Habra Heights (#2022-020) San Marino (#2022-028) | None None None None | - - - - | None None None None |
| Annual Project Update Report (Form B) or electronic equivalent was submitted on time. | 2 | Artesia (#2022-007) Glendale (#2022-018) | None None | None None | None None |
| Annual Expenditure Report (Form C) or electronic equivalent was submitted on time. | 6 | Artesia (#2022-008) Bradbury (#2022-009) Covina (#2022-012) La Habra Heights (#2022-021) Palmdale (#2022-023) Pasadena (#2022-026) | None None None None None None | None None None 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, 2022
(Continued)

| Finding | # of Findings | Responsible Cities/ Finding No. Reference | Questioned Costs | | Resolved During the Audit |
|--|---------------|--|--------------------------------------|-----------------------|--------------------------------------|
| | | | PALRF | PCLRF | |
| Recreational transit form was submitted on time. | 5 | Alhambra (#2022-001) Artesia (#2022-005) Downey (#2022-013) El Segundo (#2022-016) Signal Hill (#2022-031) | None None None None None | - - - - - | None None None None None |
| Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures. | 1 | La Habra Heights (#2022-022) | - | None | None |
| Accounting procedures, record keeping and documentation are adequate. | 3 | Alhambra (#2022-002) Downey (#2022-014) Downey (#2022-015) | 1,027 251,269 126,690 | 425 31,006 - | - 113,032 73,208 |
| | | | | | |
| Total Findings and Questioned Cost | 32 | | \$ 1,131,365 | \$ 795,824 | \$ 1,703,012 |

Details of the findings are in Schedule 2.

**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, 2022**

| PALRF Finding #2022-001 | 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, 2022 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 23, 2022. |
| Cause | The form was prepared prior to the due date of October 15th. However, it was inadvertently not submitted to Metro in a timely manner due to oversight. |
| Effect | The City's Listing of Recreational Transit Services was not submitted in a timely manner 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 Metro's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by Metro to indicate the form was submitted in a timely manner. |
| Management's Response | The City agrees with this finding. The City will ensure that the form is submitted in a timely manner in the future. |
| Corrected During the Audit | The City subsequently submitted the Listing of Recreational Transit Services on November 23, 2022. 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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-002 | City of Alhambra |
|--|---|
| Compliance Reference | <p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(b) A Federal award and non-Federal award.</p> <p style="padding-left: 40px;">:</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;">:</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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-002 (Continued) | City of Alhambra |
|--|---|
| Condition | To support the propriety of expenditures charged to Proposition A and C Local Return Funds, payroll expenditures, both working and non-working hours, should be properly supported by time records, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the payroll expenditures related to the non-working hours in the amounts of \$1,027 allocated to the PALRF's Senior Ride Paratransit Project Code 106 for two (2) out of the twelve (12) total samples tested, and \$425 allocated to the PCLRF's Direct Administration Project Code 620 for one (1) out of the sixteen (16) total samples tested, were based on the percentages that were determined during the preparation of the City's budget, which were based on the previous years' expenditures, at the beginning of the fiscal year. |
| Cause | The City allowed its internal payroll system to automatically calculate and allocate the payroll costs related to non-working hours based on estimated percentages. |
| Effect | The payroll costs claimed under the PALRF and PCLRF projects may include expenditures which may be disallowed Proposition A and Proposition C project expenditures. |
| Recommendation | We recommend that the City strengthen its controls over the allocation of its payroll costs related to non-working hours by using a more reliable basis such as, the actual hours and funds worked by employees on those specific payroll periods and making the proper adjustments to the programs at year end, particularly, if the costs are initially allocated to PALRF and PCLRF based on estimated percentages. |
| Management's Response | The City agrees with this finding. The City will only allocate the working hours and will not allocate non-working hours based on estimated percentages 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, 2022
(Continued)

| PALRF Finding #2022-003 | City of Artesia |
|------------------------------------|---|
| 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 | <p>The City's fiscal year 2019 ending fund balance for PALRF in the amount of \$160,899 was not fully expended within 3 years as of June 30, 2022, and it was not reserved for capital projects as required by the Proposition A and Proposition C Local Return Guidelines. However, on December 16, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023.</p> <p>This is a repeat finding from fiscal year 2021.</p> |
| Cause | This was an oversight on the part of the City. |
| Effect | The City was not in compliance with Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted. |
| Management's Response | The City will establish procedures to ensure that all funds are appropriately expended or reserved according to the Proposition A and Proposition C Local Return Guidelines. |
| Corrected During the Audit | On December 16, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. 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, 2022
(Continued)

| PALRF Finding #2022-004 | City of Artesia |
|------------------------------------|---|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I ©, Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects.” |
| Condition | The City exceeded more than 25 percent of Metro’s approved budget on PALRF Project Code 470, Gateway Cities COG Study prior to approval from Metro. The amount that exceeded the approved budget by more than 25 percent was \$28,650. Subsequently, the City submitted a request to increase the budget to Metro for Project Code 470 and received subsequent approval on December 16, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City’s PALRF project expenditures exceeded 25 percent of Metro’s approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the Metro’s approved budget and any projects exceeding the 25 percent or greater change are identified and update in the LRMS to obtain Metro’s approval for the change in project budget prior to the expenditures of funds. |
| Management’s Response | In the future, the City staff will review all of the budget approvals for all of the projects before submitting them to Metro to ensure that the proper budget amounts are requested. |
| Corrected During the Audit | Metro Program Manager granted a retroactive budget approval for Project Code 470, Gateway Cities COG Study in the amount of \$53,650 on December 16, 2022. 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, 2022
(Continued)

| PALRF Finding #2022-005 | City of Artesia |
|------------------------------------|---|
| 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, 2022 deadline for submitting the Recreational Transit Form to Metro. However, the City submitted the Recreational Transit Form on December 27, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City did not comply with the Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | We recommend the City strengthen its control procedures to ensure the timely submission of all required forms and documentation. |
| Management's Response | In the future, management will ensure the Recreational Transit Form is submitted before the deadline. |
| Corrected During the Audit | The City's Recreational Transit Form was submitted to Metro on December 27, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-006 | City of Artesia |
|------------------------------------|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds." |
| Condition | <p>The City incurred expenditures prior to receiving approval from Metro PCLRF Project Code 705, ATP Cycle 3, in the amount of \$31,333. However, the City subsequently received an approved budget in the amount of \$31,333 from Metro for the PCLRF project on December 23, 2022.</p> <p>This is a repeat finding from fiscal year 2021.</p> |
| Cause | This was an oversight on the part of the City. |
| Effect | The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to expenditure of funds. |
| Recommendation | We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Proposition C Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City's expenditures of Proposition C Local Return Funds are in accordance with Metro's approval and the Guidelines. |
| Management's Response | The City will establish procedures to ensure that it obtains Metro's approval before expenditures incurred. |
| Corrected During the Audit | Metro Program Manager granted retroactive budget approval of the said project on December 23, 2022. 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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-007 | City of Artesia |
|--|---|
| 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, 2021 deadline for submitting the Annual Project Update in the LRMS. However, the City updated the information in the LRMS on August 9, 2021. |
| Cause | This was an oversight on the part of the City. |
| Effect | 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 the Annual Project Update is entered in the LRMS before the due date so that the City's expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with Metro's approval and the Guidelines. |
| Management's Response | In the future, management will ensure the Annual Project Update is submitted before the deadline. |
| Corrected During the Audit | The City subsequently entered the required information in the LRMS on August 9, 2021. 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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-008 | City of Artesia |
|--|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures." |
| Condition | The City did not meet the October 15, 2022 deadline for submitting the Expenditure Report in the LRMS. Instead, the City submitted the information in the LRMS on December 2, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | 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 the Annual Project Update is entered in the LRMS before the due date so that the City's expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with Metro's approval and the Guidelines. |
| Management's Response | In the future management will ensure the Annual Project Update is submitted before the deadline. |
| Corrected During the Audit | The City subsequently entered the required information in the LRMS on December 2, 2022. 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, 2022
(Continued)**

| PALRF & PCLRF Finding #2022-009 | City of Bradbury |
|--|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures." |
| Condition | <p>The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on November 4, 2022.</p> <p>This is a repeat finding from fiscal year 2021.</p> |
| Cause | It was due to an oversight by the City's finance department. |
| Effect | 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 the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines. |
| Management's Response | The City has a new Finance Director during fiscal year 2022 and was unaware of the compliance requirement of Local Return Funds. |
| Corrected During the Audit | The City subsequently entered the required information in the LRMS on November 4, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-010 | City of Bradbury |
|------------------------------------|---|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds." |
| Condition | The City expended a total of \$15,701 for the Widen Bradbury Road from Winding Oak Lane to Oakleaf Avenue Project in FY2021/22 prior to receiving approval from Metro. |
| Cause | It was due to an oversight by the City. |
| Effect | The City was not in compliance with Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to the expenditure of funds. |
| Recommendation | We recommend that the City establish procedures to ensure that all expenditures are approved by Metro prior to expending the funds. |
| Management's Response | The City agreed with the Finding. The City has a new Finance Director during fiscal year 2022 and was unaware of the compliance requirement of Local Return Funds. |
| Corrected During the Audit | The City received a retroactive approval from Metro on December 23, 2022 on the budget for Widen Bradbury Road from Winding Oak Lane to Oakleaf Avenue Project, in the amount of \$147,209. 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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-011 | City of Claremont |
|--|--|
| 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 2019 Proposition A and Proposition C ending fund balances in the amounts of \$116,051 and \$132,824, respectively, were not fully expended within 3 years as of June 30, 2022 and were not reserved for capital projects as required by the Proposition A and C Local Return Guidelines. However, on November 30, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. |
| Cause | This was due to an oversight on the part of the City. |
| Effect | The City did not comply with the Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted. |
| Management's Response | The City will establish procedures to ensure that all funds are appropriately expended or reserved according to the Proposition A and Proposition C Local Return Guidelines. |
| Corrected During the Audit | On November 30, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. |

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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-012 | City of Covina |
|--|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures." |
| Condition | The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report to Metro by entering the expenditures in the Local Return Management System (LRMS). The City subsequently reported the PALRF and PCLRF expenditures in the LRMS on October 20, 2022. |
| Cause | The City inadvertently missed the filing deadline. |
| Effect | 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 the Annual Expenditure Report is properly prepared and submitted before the due date of October 15th by reporting the annual expenditures in the LRMS so that the City's expenditures of the PALRF and PCLRF will be in accordance with Metro's approval and the Guidelines. |
| Management's Response | The City's Finance and Public Works departments will work together to ensure that the Annual Expenditure Report will be submitted to Metro in a timely manner. |
| Corrected During the Audit | The City subsequently reported the annual expenditures on October 20, 2022. 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, 2022
(Continued)

| PALRF Finding #2022-013 | City of Downey |
|------------------------------------|---|
| 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, 2022 deadline for submission of the Listing of Recreational Transit Services. However, the City submitted the listing on November 29, 2022. |
| Cause | The new Transit Management Analyst reported the recreational expenses incurred in the Local Return Management System (LRMS), as instructed by Metro. However, the new staff was not aware that the Listing of Recreational Transit Services (listing) in a paper format was to be submitted to Metro. |
| Effect | The City's Listing of Recreational Transit Services was not submitted in a timely manner 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 Metro's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt by Metro to indicate the form was submitted in a timely manner. |
| Management's Response | The Transit Management Analyst is now aware of the requirements and plans to submit the listing form in a timely manner in the future. In addition, the Management Analyst will prepare a training manual or instructions on Metro's filing requirements. |
| Corrected During the Audit | The City subsequently submitted the Listing of Recreational Transit Services on November 29, 2022. 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, 2022
(Continued)

| PALRF & PCLRF Finding #2021-014 | City of Downey |
|--|--|
| Compliance Reference | <p>According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”</p> <p>In addition, the LACMTA Local Return Program Manager issued a memo dated on April 29, 2014 to jurisdictions to provide recommendations that ensure jurisdictions have adequate evidence to support its compliance with the Local Return Guidelines. The recommendations state “that an electronic system is acceptable as long as how much time is identified on the project (i.e. not just a clock-in-clock-out system) and this non-timesheet system, excel file or other, is authenticated by the employee and approved by one’s supervisor.” Also, the memo states that:</p> <p>“(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:</p> <p style="padding-left: 40px;">:</p> <p style="padding-left: 40px;">(b) A Federal award and non-Federal award.</p> <p style="padding-left: 40px;">:</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;">:</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, 2022
(Continued)

| PALRF & PCLRF Finding #2021-014 (Continued) | City of Downey |
|--|--|
| Condition | <p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, the salaries and benefits expenditures should be supported by time records, special funding certifications, activity reports, or other official documentation evidencing in proper detail the nature of the charges. However, the salaries and benefits charged were based on estimated percentages on PALRF and PCLRF activities rather than the employee's actual hours worked on the projects. Although the City provided a time study listing for the employees charged to PALRF and PCLRF, the salaries and benefits on the time study were based on estimated percentages. Moreover, the hours were not adjusted to reflect the "true" hours worked on the projects at the end of the fiscal year 2021-22. The following is a list of the unsupported salaries and benefits allocations per project:</p> <ul style="list-style-type: none"> (a) PALRF's Fixed Route Program Project Code 105 in the amount of \$55,663. (b) PALRF's Senior/Handicapped Transit Program Project Code 107 in the amount of \$195,606. (c) PCLRF's Ride Sharing Program Project Code 620 in the amount of \$14,000. (d) PCLRF's Local Return Fund Administration (Public Works) Project Code 620 in the amount of \$17,006. <p>This is a repeat finding from the prior six fiscal years.</p> |
| Cause | The City allocated the salaries and benefits charges based on a time study from fiscal year 2011-12. The same percentage allocations were used in prior fiscal years. |
| Effect | The payroll costs claimed under the PALRF and PCLRF projects may include expenditures which may be disallowed Proposition A and Proposition C project expenditures. This resulted in questioned costs of \$251,269 and \$31,006 for PALRF and PCLRF, respectively. |
| Recommendation | We recommend that the City reimburse its PALRF and PCLRF accounts for \$251,269 and \$31,006, respectively. In addition, we recommend that the City strengthen its controls over the allocation of payroll costs by using a supported allocation basis, time sheets or similar documentation to substantiate the actual hours worked by employees charged to the programs. |

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, 2022
(Continued)

| PALRF & PCLRF Finding #2021-014 (Continued) | City of Downey |
|--|--|
| Management's Response | <p>As a resolution to prior years' findings, the City indicated in April 2022 that its corrective action plan was to have an outside consultant (Revenue and Cost Specialists) who was hired during fiscal year 2021-22 to prepare an updated Cost Allocation Plan (CAP) and User Fee Study. On January 25, 2022, an executed contract/agreement with Revenue and Cost Specialists was taken to the City Council for approval, with an understanding that the CAP and the User Fee Study will be implemented in fiscal year 2022-23. Although the CAP was for fiscal year 2022-23, the City, in a good faith effort, made transfers from the General Fund to PALRF and PCLRF to ensure that the payroll and benefits charges allocated to the local return funds in fiscal year 2021-22 were within the amounts allowed by the new CAP.</p> <p>All the department's directors communicated regularly with the CAP consultants until the CAP was finalized and completed in August 2022. Effective in fiscal year 2022-23, the City will allocate the payroll expenditures based on the new cost study.</p> |
| Auditor's Additional Comment | <p>With the effort to record expenses in PALRF that is allowable under the new FY 2022-23 CAP, the City transferred General Fund monies in the amount of \$113,032 to reimburse a portion of the questioned cost of \$195,606 for PALRF's Senior/Handicapped Transit Program Project Code 107, leaving a net questioned cost of \$82,574.</p> <p>As a result, the remaining total questioned costs are \$138,237 and \$31,006 for PALRF and PCLRF, respectively. Therefore, we recommend that the City reimburse its PALRF and PCLRF accounts for the said remaining questioned costs.</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, 2022
(Continued)

| PALRF Finding #2021-015 | City of Downey |
|------------------------------------|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, "A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance" and Section V: Audit Section, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation..." |
| Condition | <p>To support the propriety of expenditures charged to the Proposition A and Proposition C Local Return Funds, non-payroll expenditures should be supported by properly executed contracts, invoices, and vouchers or other official documentation evidencing in proper detail the nature of the charges. However, payments for equipment rental in the amount of \$126,690 were charged to PALRF's Revised Senior/Handicapped Transit Program, Project Code 107, 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 five fiscal years.</p> |
| Cause | The City allocates equipment rental charges based on a time study from fiscal year 2011-12. The same percentage allocation has been used in prior fiscal years. |
| Effect | The unsupported expenditures for the equipment rental resulted in questioned costs of \$126,690. |
| Recommendation | We recommend that the City reimburse its PALRF account for \$126,690. We recommend that the City strengthen its controls over the allocation of equipment rental costs by using an equitable and supported allocation basis to substantiate the costs charged to the program. |

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, 2022
(Continued)

| PALRF Finding #2021-015 (Continued) | City of Downey |
|--|--|
| Management's Response | <p>As a resolution to prior years' findings, the City indicated in April 2022 that its corrective action plan was to have an outside consultant (Revenue and Cost Specialists) who was hired during fiscal year 2021-22 to prepare an updated CAP and User Fee Study. On January 25, 2022, an executed contract/agreement with Revenue and Cost Specialists was taken to the City Council for approval, with an understanding that the CAP and the User Fee Study will be implemented in fiscal year 2022-23. Although the CAP was for fiscal year 2022-23, the City, in a good faith effort, reimbursed PALRF through a transfer from the General Fund to ensure that the equipment rental charges allocated to PALRF in fiscal year 2021-22 were within the amounts allowed by the new CAP.</p> <p>All the department's directors communicated regularly with the CAP consultants until the CAP was finalized and completed in August 2022. Effective in fiscal year 2022-23, the City will allocate the equipment rental charges based on the new cost study.</p> |
| Auditor's Additional Comment | <p>With the effort to record expenses in PALRF that is allowable under the new FY 2022-23 CAP, the City transferred General Fund monies in the amount of \$73,208 to reimburse a portion of the questioned cost of \$126,690 for PALRF's Senior/Handicapped Transit Program Project Code 107, leaving a net questioned cost of \$53,482.</p> <p>Therefore, we recommend that the City reimburse its PALRF account for the said remaining questioned cost.</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, 2022
(Continued)

| PALRF Finding #2022-016 | City of El Segundo |
|------------------------------------|--|
| 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, 2022 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on December 12, 2022. |
| Cause | This was an oversight by the City due to administrative staff and management turnover for not submitting the Recreational Transit Form by 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 Recreational Transit Form is properly prepared and submitted before the due date of October 15th to meet Proposition A and Proposition C Local Return Guidelines. |
| Management's Response | Executive, Management, and administrative staff in the Recreation & Parks Department have had significant turnover during the past 12 months. All staff that would have been involved in the production of, or had institutional knowledge of, the Recreational Transit Form left the City. In order to avoid this from repeating in the future, written procedures for regulatory requirements will be developed by the City. Also, this task will be added to the Finance Department's year-end audit task list as an additional preventative measure to ensure compliance with reporting deadlines. |
| Corrected During the Audit | The City's Recreational Transit Form was submitted on December 12, 2022. 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, 2022
(Continued)

| PALRF Finding #2022-017 | City of El Segundo |
|------------------------------------|---|
| 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 2019 ending fund balance in the amount of \$392,423 was not fully expended within 3 years as of June 30, 2022 and it was not reserved for capital projects as required by the Proposition A and Proposition C Local Return Guidelines. |
| Cause | This was an oversight by the City due to administrative staff and management turnover for not tracking the timely use of funds. |
| Effect | The City was not in compliance with Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | We recommend that the City establish a procedure where the City staff review the estimated annual fund balance so that funds are expended timely or a capital reserve account can be established. |
| Management's Response | Due to the Pandemic, transit services previously provided by the City were placed on hold. This created a reduction in Prop A expenses. Also, due to turnover in Executive, Management, and administrative staff in the Recreation & Parks Department, staff assigned to Prop A for administrative purposes was not budgeted/expensed. The City staff will work to identify eligible operational and capital objectives during the budget development process each year to ensure there are sufficient encumbrances within the Prop A fund to fully spend down the City's Prop A allocations. |
| Corrected During the Audit | On December 15, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. |

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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-018 | City of Glendale |
|--|---|
| 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, 2021 deadline for submitting the Annual Project Update in the Local Return Management System (LRMS). However, the City updated the information in the LRMS on August 10, 2021. |
| Cause | This was an oversight on the part of the City. |
| Effect | 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 the Annual Project Update is entered in the LRMS before the due date so that the City's expenditures of the Proposition A and Proposition C Local Return Funds will be in accordance with Metro's approval and the Guidelines. |
| Management's Response | In the future, management will ensure the Annual Project Update is submitted before the deadline. |
| Corrected During the Audit | The City subsequently entered the required information in the LRMS on August 10, 2021. 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, 2022
(Continued)

| PALRF Finding #2022-019 | City of Hermosa Beach |
|------------------------------------|---|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects." |
| Condition | The City exceeded more than 25 percent of Metro's approved budget on PALRF Project Code 105, Commuter Express Program. The amount that exceeded the approved budget by more than 25 percent was \$12,363. Subsequently, the City submitted a request to increase the budget to Metro for Project Code 105 and received an approval on December 19, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City's PALRF project expenditures exceeded 25 percent of Metro's approved budget and as such 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 Metro's approved budget. If the City expects project expenditures will be in excess of 25 percent of the approved budget, the City should update in the Local Return Management System (LRMS) to obtain Metro's approval for the change in project budget prior to the expenditure of funds. |
| Management's Response | The City will establish procedures to ensure that project expenditures are within the 25 percent cap of Metro's approved budget. |
| Corrected During the Audit | The City requested and obtained a budget increase from Metro on December 19, 2022. 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, 2022
(Continued)

| PALRF Finding #2022-020 | City of La Habra Heights |
|------------------------------------|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital Local Return projects." |
| Condition | The City received approval for PALRF Project Code 107, Dial-A-Ride, but with \$0 budget due to an oversight. As a result, the City exceeded more than 25 percent of Metro's approved budget on PALRF Project Code 107, Dial-A-Ride, in the amount of \$14,462. However, the City submitted a request to increase the budget to Metro in the amount of \$14,462 and received subsequent approval on October 27, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City's PALRF project expenditures exceeded 25 percent of Metro's approved budget prior to Metro's 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 Metro's approved budget and any projects exceeding the 25 percent or greater change are identified and update in the Local Return Managements System (LRMS) to obtain Metro's approval for the change in project budget prior to the expenditures of funds. |
| Management's Response | In the future, the City staff will review all of the budget approvals for all of the projects before submitting them to Metro to ensure that the proper budget amounts are requested. |
| Corrected During the Audit | Metro Program Manager granted a retroactive budget approval for Project Code 107, Dial-A-Ride in the amount of \$14,462 on October 27, 2022. |

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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-021 | City of La Habra Heights |
|--|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures." |
| Condition | The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on October 19, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | 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 the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines. |
| Management's Response | In the future, management will ensure the Annual Expenditure Report is submitted before the deadline. |
| Corrected During the Audit | The City subsequently entered the required information in the LRMS on October 19, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-022 | City of La Habra Heights |
|------------------------------------|--|
| 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 (included in Appendix III) executed by the Jurisdiction's Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria".</p> <p>A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro for project codes 705, 710, 715, and 765.</p> |
| Condition | <p>A PMS Certification Form was due for the fiscal year 2022 since the City incurred PCLRF expenditures for the following two projects: (1) Project Code 715, 19/20 Street Improvement Project; (2) Project Code 715, 20/21 Street Improvements - Various Roads Overlay. However, the City did not submit PMS Certification Form during the fiscal year 2022. The last PMS Certification Form was expired on March 26, 2021.</p> |
| Cause | <p>This was an oversight on the part of the City.</p> |
| Effect | <p>The City was not in compliance with the Proposition A and Proposition C 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, 2022
(Continued)**

| PCLRF Finding #2022-022 (Continued) | City of La Habra Heights |
|--|--|
| Recommendation | We recommended that the City establish procedures to ensure that if the City incurs expenditures for projects with codes 705, 710, 715, or 765, a PMS Certification Form is properly certified and executed by the City's Engineer or designated registered Civil Engineer and submitted to Metro by the third year from the last submission date to be in compliance with the Guidelines. |
| Management's Response | The City is aware that the current PMS Certification on file should have been updated in fiscal year 2022. The City is in the process of obtaining a quote from the City's contracted engineer to update the PMS Certification. The City endeavors to bring the PMS Certification into compliance as quickly as possible in fiscal year 2023. |
| Corrected During the Audit | The City has reached out to Metro for an extension to submit the PMS Certification Form in fiscal year 2022. Metro subsequently approved on October 27, 2022. Verification of the PMS Certification Form submission will be performed during fiscal year 2023 audit. |

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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-023 | City of Palmdale |
|--|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures." |
| Condition | The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on October 20, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | 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 the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines. |
| Management's Response | The City concur with the finding. |
| Corrected During the Audit | The City subsequently entered the required information in the LRMS on October 20, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-024 | City of Palos Verdes Estates |
|------------------------------------|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds." |
| Condition | The City incurred expenditures prior to receiving approval from Metro PCLRF's Project Code 470, Member Dues - South Bay Cities COG FY 21/22, in the amount of \$10,145. However, the City subsequently received an approved budget in the amount of \$10,145 from Metro for the PCLRF project on November 4, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to expenditure of funds. |
| Recommendation | We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Proposition C Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City's expenditures of Proposition C Local Return Funds are in accordance with Metro's approval and the Guidelines. |
| Management's Response | The City will establish procedures to ensure that Project Description Form (Form A) will be submitted in a timely manner. |
| Corrected During the Audit | Metro Program Manager granted retroactive budget approval of the said project on November 4, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-025 | 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 | <p>The City's fiscal year 2019 ending fund balance in the amount of \$12,972 was not fully expended within 3 years as of June 30, 2022, and it was not reserved for capital projects as required by the Prop C Local Return Guidelines. However, on December 1, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023.</p> <p>This is a repeat finding from fiscal year 2021.</p> |
| Cause | This was an oversight on the part of the City. |
| Effect | The City was not in compliance with Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted. |
| Management's Response | The City will establish procedures to ensure that all funds are appropriately expended or reserved according to the Proposition A and Proposition C Local Return Guidelines. |
| Corrected During the Audit | On December 1, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. |

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, 2022
(Continued)

| PALRF & PCLRF Finding #2022-026 | City of Pasadena |
|--|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures." |
| Condition | The City did not meet the October 15, 2022 deadline for submitting the Expenditure Report in the LRMS. Instead, the City submitted the information in the LRMS on October 20, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | 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 the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with Metro's Guidelines. |
| Management's Response | In the future, management will ensure the Annual Expenditure Report is submitted before the deadline. |
| Corrected During the Audit | The City subsequently entered the required information in the LRMS on October 20, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-027 | City of Redondo Beach |
|------------------------------------|--|
| 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 2019 ending fund balance in the amount of \$497,032 was not fully expended within 3 years as of June 30, 2022, and it was not reserved for capital projects as required by the Prop C Local Return Guidelines. However, on December 16, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City did not comply with the Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted. |
| Management's Response | The City will establish procedures to ensure that all funds are appropriately expended or reserved according to the Proposition A and Proposition C Local Return Guidelines. |
| Corrected During the Audit | On December 16, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. 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, 2022
(Continued)

| PALRF Finding #2022-028 | City of San Marino |
|------------------------------------|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects." |
| Condition | The City exceeded more than 25 percent of Metro's approved budget on PALRF Project Code 155, Recreational Trips, in the amount of \$2,142. However, the City submitted a request to increase the budget to Metro in the amount of \$15,930 and received subsequent approval on October 6, 2022. |
| Cause | Expenditures exceeded the project's budget due to the City providing more trips than originally forecasted due to higher than expected demand. |
| Effect | The City's PALRF project expenditure exceeded 25 percent of Metro's approved budget prior to Metro'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 Metro's approved budget and any projects exceeding the 25 percent or greater change are identified and update in the Local Return Managements System (LRMS) to obtain Metro's approval for the change in project budget prior to the expenditures of funds. |
| Management's Response | The City staff will adjust the project budgets throughout the year as needed based on the expenditure forecasts. |
| Corrected During the Audit | Metro Program Manager granted retroactive budget approval in the amount of \$15,930 for the said project on October 6, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-029 | City of Santa Clarita |
|------------------------------------|--|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds." |
| Condition | The City incurred expenditures in the amount of \$2,163 for PCLRF's Project Code 740, I5 Magic Mountain Pkwy (S1003) prior to receiving an approval from Metro. However, the City subsequently received an approved budget in the amount of \$2,163 from Metro for the PCLRF project on December 6, 2022. |
| Cause | This was due to an oversight on the part of the City. |
| Effect | The City did not comply with the Guidelines as expenditures for the PCLRF project were incurred prior to Metro's approval. |
| Recommendation | We recommend that the City establish procedures to ensure that the City obtains approval from Metro prior to implementing any Proposition C Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City's expenditures of Proposition C Local Return Funds are in accordance with Metro's approval and the Guidelines. |
| Management's Response | In the future, the City will review all PCLRF projects prior to fiscal year end and ensure that each project has the appropriate Metro approved budget. |
| Corrected During the Audit | Metro granted a retroactive budget approval for the project on December 6, 2022. 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, 2022
(Continued)

| PCLRF Finding #2022-030 | City of Signal Hill |
|------------------------------------|---|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines Section IV. E. Timely Use of Funds, "...Jurisdictions have three years to expend Local Return 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 2019 ending fund balance in the amount of \$61,953 was not fully expended within three years as of June 30, 2022, and it was not reserved for capital projects as required by the Proposition A and Proposition C Local Return Guidelines. However, on September 28, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City was not in compliance with Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted. |
| Management's Response | The City's Public Works Director left the City in the middle of the year, leaving the position vacant for several months. With the change in Public Works Directors, most projects utilizing Prop C, Measure M, and Measure R funding were delayed to the fiscal year 2022-2023. |
| Corrected During the Audit | On September 28, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. 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, 2022
(Continued)

| PALRF Finding #2022-031 | City of Signal Hill |
|------------------------------------|--|
| 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, 2022 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on October 18, 2022. |
| Cause | This was an oversight on the part of the City. |
| Effect | The City was not in compliance with Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15 to meet Proposition A and Proposition C Local Return Guidelines. |
| Management's Response | The City submitted the Recreational Transit Form on October 18, 2022 due to oversight. In the future, the City will submit the Recreational Transit Form by the October 15 deadline to ensure compliance with the requirements. |
| Corrected During the Audit | The City's Recreational Transit Form was submitted on October 18, 2022. 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, 2022
(Continued)

| PALRF Finding #2022-032 | City of South Pasadena |
|------------------------------------|---|
| Compliance Reference | According to Proposition A and Proposition C Local Return Guidelines Section IV. E. Timely Use of Funds, "...Jurisdictions have three years to expend Local Return 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 | <p>A portion of the City's fiscal year 2019 ending fund balance in the amount of \$83,006 was not expended within 3 years as of June 30, 2022 and was not reserved for capital projects as required by Local Return guidelines.</p> <p>The City subsequently received an extension from Metro to spend the lapsed funds until June 30, 2023 on November 21, 2022.</p> |
| Cause | The Covid-19 pandemic caused a significant decrease in the usage, as well as the expenditures incurred for the Senior Dial-A-Ride Program Project Code 107 and Recreational Transit Trips Project Code 155. |
| Effect | The City was not in compliance with Proposition A and Proposition C Local Return Guidelines. |
| Recommendation | We recommend that the City establish a policy in place where the City Manager, City Engineer and Finance Department discuss the availability of Proposition A Local Return funds in conjunction with any eligible PALRF projects and submit its Form B (Annual Project Update Form) by entering the budgeted expenditures in the Local Return Management System (LRMS) on time. Alternative measures would include requesting a Capital Reserve Agreement with Metro. |
| Management's Response | Due to the introduction of Covid-19 vaccines and boosters, the activities of the Senior Dial-A-Ride and Recreational Transit Program projects have currently improved. Also, the City anticipates in purchasing a new van for the program to help spend the PALRF monies within the required fiscal year of allocation plus 3 years. |
| Corrected During the Audit | Metro Program Manager granted the City an extension for the use of lapsed Proposition A Local Return funds until June 30, 2023. No follow-up is required. |

FISCAL YEAR 2022 PROPOSITION A AND C REVENUES AND EXPENDITURES AUDIT WITH INTERNAL CONTROLS AND COMPLIANCE REPORT

P R E S E N T A T I O N T O
PROPOSITION A AND C INDEPENDENT CITIZEN'S ADVISORY AND
OVERSIGHT COMMITTEE
MARCH 13, 2023



2355 Crenshaw Blvd., Suite 150
Torrance, CA 90501
PH 310.792.4640

Contents

- Auditor and LACMTA Management Responsibilities
- Summary of Audit Results
- Financial Highlights
- Required Communications
- Management Letter Comments

Responsibilities

- LACMTA Management Responsibilities:
 - Preparation of the Schedules of Proposition A and C Revenues and Expenditures.
 - Design, implementation and maintenance of internal control – free from material misstatement, whether due to fraud or error.
- Auditor's Responsibilities:
 - To express an opinion on the fair presentation on the Schedules of Proposition A and C Revenues and Expenditures based on our audit.
 - Express an opinion on compliance with the *MTA Reform Act of 1998, Ordinance No. 16 (Proposition A) and Ordinance No. 49 (Proposition C)*.

Summary of Audit Results

- Schedules of Proposition A and C Revenues and Expenditures Audit
 - Unmodified opinion
- No internal control material weaknesses over financial reporting identified.
- No significant internal control deficiencies over compliance identified.
- LACMTA complied with the *MTA Reform and Accountability Act of 1998, Ordinance No. 16 (Proposition A) and Ordinance No. 49 (Proposition C)*

Financial Highlights

Proposition A

- Sales tax revenue increased by \$179.9 million compared to prior year (19.7% change from prior year). The increase is mainly due to higher consumer spending during FY 2021-22.
- Actual expenditures increased by \$42.3 million compared to prior year (12.1% change from prior year) due primarily to higher local return subsidies allocation.
- Transfers out decreased by \$146.2 million compared to prior year (-63.7% change from prior year). Decrease was mainly due to lower allocation of operating subsidies to Enterprise Fund for bus and rail operations.
- Actual sales tax revenue was more than budgeted by \$226.2 million.
- Actual expenditures was more than budgeted by \$52.4 million mainly due to higher allocations requested by cities/agencies on local return subsidies.
- Actual transfers out was less than budgeted by \$308.7 million mainly due to lesser transfer to Enterprise Fund for bus and rail operations.
- Proposition A fund at June 30, 2022 had an excess of revenues and other financing sources over expenditures and other financing uses of \$604.9 million, increasing Proposition A fund balance from \$474.6 million to \$1.1 billion at June 30, 2022.

Financial Highlights (Continued)

Proposition C

- Sales tax revenue increased by \$179.9 million compared to prior year (19.7% change from prior year). The increase is mainly due to higher consumer spending during FY 2021-22.
- Expenditures increased by \$67.4 million compared to prior year (13.8% change from prior year). Increase was mainly due to increase in local transportation subsidies.
- Transfers out decreased by \$192.4 million compared to prior year (-69.4% change from prior year) mainly due to lower operating subsidies transferred to the Enterprise Fund for bus and rail operations.
- Actual sales tax revenue was \$226.2 million more than budgeted.
- Actual expenditures came under budget by \$34.7 million mainly due to lesser expenditures incurred for professional & technical service fees related to Freeway Service Patrol and no expenses for the Transit Learning Center planning project.
- Actual transfers out came under budget by \$428.4 million mainly due to lesser transfer to Enterprise Fund for bus and rail operating subsidies.
- Proposition C fund at June 30, 2022 had an excess of revenues and other financing sources over expenditures and other financing uses of \$521.1 million, increasing Proposition C fund balance from \$472.0 million to \$993.1 million at June 30, 2022.

Required Communications

Items to be Communicated

Auditor's Responsibilities Under Generally Accepted Auditing Standards

- To express an opinion on the Schedules of Proposition A and C Revenues and Expenditures.
- To provide reasonable, not absolute, assurance of detecting material misstatements.
- To gain a basic understanding of the internal control policies and procedures to design an effective and efficient audit approach.
- To inform LACMTA of any illegal acts that we become aware of.
 - None

Required Communications (Continued)

- Adoption/Change in accounting policies
 - None
- Significant or unusual transactions
 - None
- Alternative treatments discussed with management
 - None
- Significant issues discussed with management
 - None
- Difficulties encountered in performing the audit
 - We encountered no difficulties in dealing with management in performing or conducting the audit.

Required Communications (Continued)

- Consultations with other accountants
 - To our knowledge, no such consultation has occurred.
- Discussions held prior to retention
 - No major issues were discussed as a condition to our retention.
- Disagreements with management
 - Professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Schedules of Proposition A and C Revenues and Expenditures or the auditor's report.
 - No such disagreement occurred.
- Management representation
 - We requested certain representations from management which are included in the management representation letter.

2022 Management Letter Comments

There are no management letter comments.

Audited Financial Statements for Proposition A and Proposition C Special Revenue Funds

Included in LACMTA's Annual Comprehensive Financial Report (ACFR)

BCA Watson Rice LLP

Audit Engagement Team

- Rustico Cabilin, Engagement Partner (racabilin@bcawr.com)
- Helen Chu, Quality Control (hchu@bcawr.com)
- Lisa Reason, Senior Auditor (lreason@bcawr.com)
- Kristen Reyes, Staff Auditor (kreyes@bcawr.com)

QUESTIONS AND ANSWERS

**Proposition A and Proposition C Local Return Funds
Audit Results
For the Fiscal Year Ended June 30, 2022
(Package B)**

Simpson & Simpson, LLP



Proposition A and Proposition C
Independent Citizen's Advisory and Oversight Committee (ICAOC) Meeting
Date: March 13, 2023

Agenda

- ❖ Presenter: Etta Hur, CPA, Partner
 - Background
 - Summary of Audit Results – Findings and Questioned Costs
 - Analysis of Proposition A & C Audit Results
 - S&S Contact Information
 - Questions



Background



Simpson and Simpson, LLP

- We have audited the compliance of the 49 cities (49 Jurisdictions under Package B).

- | | |
|----------------------------------|-----------------------------------|
| 1. CITY OF ALHAMBRA | 31. CITY OF PALMDALE |
| 2. CITY OF ARCADIA | 32. CITY OF PALOS VERDES ESTATES |
| 3. CITY OF ARTESIA | 33. CITY OF PARAMOUNT |
| 4. CITY OF AVALON | 34. CITY OF PASADENA |
| 5. CITY OF BELLFLOWER | 35. CITY OF RANCHO PALOS VERDES |
| 6. CITY OF BRADBURY | 36. CITY OF REDONDO BEACH |
| 7. CITY OF BURBANK | 37. CITY OF ROLLING HILLS |
| 8. CITY OF CERRITOS | 38. CITY OF ROLLING HILLS ESTATES |
| 9. CITY OF CLAREMONT | 39. CITY OF SAN DIMAS |
| 10. CITY OF COVINA | 40. CITY OF SAN GABRIEL |
| 11. CITY OF DIAMOND BAR | 41. CITY OF SAN MARINO |
| 12. CITY OF DOWNEY | 42. CITY OF SANTA CLARITA |
| 13. CITY OF DUARTE | 43. CITY OF SIERRA MADRE |
| 14. CITY OF EL SEGUNDO | 44. CITY OF SIGNAL HILL |
| 15. CITY OF GLENDALE | 45. CITY OF SOUTH PASADENA |
| 16. CITY OF GLENDORA | 46. CITY OF TEMPLE CITY |
| 17. CITY OF HAWAIIAN GARDENS | 47. CITY OF TORRANCE |
| 18. CITY OF HERMOSA BEACH | 48. CITY OF WEST COVINA |
| 19. CITY OF LA CANADA FLINTRIDGE | 49. CITY OF WHITTIER |
| 20. CITY OF LA HABRA HEIGHTS | |
| 21. CITY OF LA MIRADA | |
| 22. CITY OF LA VERNE | |
| 23. CITY OF LAKEWOOD | |
| 24. CITY OF LANCASTER | |
| 25. CITY OF LOMITA | |
| 26. CITY OF LONG BEACH | |
| 27. CITY OF LOS ANGELES | |
| 28. CITY OF MANHATTAN BEACH | |
| 29. CITY OF MONROVIA | |
| 30. CITY OF NORWALK | |



Simpson and Simpson, LLP

- We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in government auditing standards, and the compliance requirements described in Proposition A and Proposition C Ordinances, the Proposition A and Proposition C Local Return Guidelines and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds.



Summary of Audit Results – Findings and Questioned Costs



Summary of Audit Results

- ❖ We performed all 49 jurisdictions' audits.
 - Total dollar amounts associated with the findings for Proposition A (PALRF) and Proposition C (PCLRF) for the jurisdictions under Package B are as follows:
 - PALRF: Out of total questioned costs of \$1,131,365 in FY2022 compliance audits (About 0.6% of the FY2022 allocations of \$183,252,945), \$938,619 was resolved during the audits.
 - PCLRF: Out of total questioned costs of \$795,824 in FY2022 compliance audits (About 0.5% of the FY2022 allocations of \$152,003,946), \$764,393 was resolved during the audits.
 - We identified 32 non-compliance findings which includes the following:
 - 2 material weaknesses (City of Downey (2))
 - 4 significant deficiencies (City of Artesia (2), City of Bradbury, and City of Palos Verdes Estates)

We will explain the specific conditions for the material weaknesses and the significant deficiencies in internal control over Compliance as we present each finding.



Summary of Audit Results (Cont.)

| Finding | # of Findings | Responsible Cities/ Finding Reference | PALRF Questioned Costs | PCLRF Questioned Costs | Resolved During the Audit |
|--|---------------|--|---|---|--|
| Funds were expended with Metro's approval and were not substituted for property tax. | 4 | Artesia (#2022-006) Bradbury (#2022-010) Palos Verdes Estates (#2022-024) Santa Clarita (#2022-029) | - - - - | \$ 31,333 15,701 10,415 2,163 | \$ 31,333 15,701 10,415 2,163 |
| Timely use of funds. | 7 | Artesia (#2022-003) Claremont (#2022-011) El Segundo (#2022-017) Palos Verdes Estates (#2022-025) Redondo Beach (#2022-027) Signal Hill (#2022-030) South Pasadena (#2022-032) | \$ 160,899 116,051 392,423 - - - 83,006 | - 132,824 - 12,972 497,032 61,953 - | 160,899 248,875 392,423 12,972 497,032 61,953 83,006 |



Summary of Audit Results (Cont.)

| Finding | # of Findings | Responsible Cities/ Finding Reference | PALRF Questioned Costs | PCLRF Questioned Costs | Resolved During the Audit |
|---|---------------|--|------------------------------|------------------------------|---------------------------------|
| Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent. | 4 | Artesia (#2022-004) Hermosa Beach (#2022-019) La Habra Heights (#2022-020) San Marino (#2022-028) | None None None None | - - - - | None None None None |
| Annual Project Report (Form B) or electronic equivalent was submitted on time. | 2 | Artesia (#2022-007) Glendale (#2022-018) | None None | None None | None None |

Summary of Audit Results (Cont.)

| Finding | # of Findings | Responsible Cities/ Finding Reference | PALRF Questioned Costs | PCLRF Questioned Costs | Resolved During the Audit |
|---|---------------|---|--|--|--|
| Annual Expenditure Report (Form C) or electronic equivalent was submitted on time | 6 | Artesia (#2022-008) Bradbury (#2022-009) Covina (#2022-012) La Habra Heights (#2022-021) Palmdale (#2022-023) Pasadena (#2022-026) | None None None None None None | None None None None None None | None None None None None None |
| Recreational transit form was submitted on time. | 5 | Alhambra (#2022-001) Artesia (#2022-005) Downey (#2022-013) El Segundo (#2022-016) Signal Hill (#2022-031) | None None None None None | - - - - - | None None None None None |

Summary of Audit Results (Cont.)

| Finding | # of Findings | Responsible Cities/ Finding Reference | PALRF Questioned Costs | PCLRF Questioned Costs | Resolved During the Audit |
|--|---------------|--|------------------------------|------------------------------|---------------------------------|
| Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures. | 1 | La Habra Heights (#2022-022) | - | None | None |



Summary of Audit Results (Cont.)

| Finding | # of Findings | Responsible Cities/ Finding Reference | PALRF Questioned Costs | PCLRF Questioned Costs | Resolved During the Audit |
|--|---------------|--|------------------------------|------------------------------|---------------------------------|
| Accounting procedures, record keeping, and documentation are adequate. | 3 | Alhambra (#2022-002) Downey (#2022-014) Downey (#2022-015) | 1,027 251,269 126,690 | 425 31,006 - | - 113.032 73.208 |
| Total Findings and Questioned Costs | 32 | | \$ 1,131,365 | \$ 795,824 | \$ 1,703,012 |



Material Weaknesses and Significant Deficiencies In Internal Control over Compliance

➤ Two (2) material weaknesses:

City of Downey (Finding #2022-014):

- Salaries and benefits charged were based on an estimate of a percentage of time spent on PALRF and PCLRF activity rather than the employee's actual working hours spent on the project. Moreover, the hours were not adjusted to reflect the "true" hours worked on the projects at the end of the fiscal year 2021-22.
 - PALRF's Fixed Route Project Code 105 in the amount of \$55,663.
 - PALRF's Revised Senior/Handicapped Transit Program Project Code 107 in the amount of \$195,606.
 - PCLRF's Ride Sharing Program Administration Project Code 620 in the amount of \$14,000.
 - PCLRF's Local Return Fund Administration (Public Works) Project Code 620 in the amount of \$17,006.
- This is a repeat finding from the prior six fiscal years.



Material Weaknesses and Significant Deficiencies In Internal Control over Compliance (Cont.)

➤ Two (2) material weaknesses (continued):

City of Downey (Finding #2022-014) (continued) :

- As a resolution to prior years' findings, the City hired an outside consultant (Revenue and Cost Specialists) to prepare an updated Cost Allocation Plan (CAP) and User Fee Study. On January 25, 2022, an executed contract/agreement with Revenue and Cost Specialists was taken to the City Council for approval, with an understanding that the CAP and the User Fee Study will be implemented in fiscal year 2022-23.
- All the department's directors communicated regularly with the CAP consultants until the CAP was finalized and completed in August 2022. Effective in fiscal year 2022-23, the City will allocate the payroll expenditures based on the new cost study.



Material Weaknesses and Significant Deficiencies In Internal Control over Compliance (Cont.)

➤ Two (2) material weaknesses (continued):

City of Downey (Finding #2022-014) (continued) :

- With the effort to record expenses in PALRF that is allowable under the new CAP, the City transferred General Fund monies in the amount of \$113,032 to reimburse a portion of the questioned cost of \$195,606 for PALRF's Senior/Handicapped Transit Program Project Code 107, leaving a net questioned cost of \$82,574.
- As a result, the remaining total questioned costs are \$138,237 and \$31,006 for PALRF and PCLRF, respectively. Therefore, we recommend that the City reimburse its PALRF and PCLRF accounts for the said remaining questioned costs.



Material Weaknesses and Significant Deficiencies In Internal Control over Compliance (Cont.)

➤ Two (2) material weaknesses (continued):

City of Downey (Finding #2022-015):

- Payments for equipment rental in the amount of \$126,690 were charged to PALRF's Revised Senior/Handicapped Transit Program, Project Code 107, without appropriate supporting documentation.
- The City allocates equipment rental charges based on a time study from fiscal year 2011-12, and the City believed the estimated percentage is still less than the actual costs incurred for the program.
- This is a repeat finding from the prior five fiscal years.
- With the effort to record expenses in PALRF that is allowable under the new CAP, the City transferred General Fund monies in the amount of \$73,208 to reimburse a portion of the questioned cost of \$126,690 for PALRF's Senior/Handicapped Transit Program Project Code 107, leaving a net questioned cost of \$53,482.

Material Weaknesses and Significant Deficiencies In Internal Control over Compliance (Cont.)

➤ Four (4) significant deficiencies:

City of Artesia (Finding #2022-003):

- The City's fiscal year 2019 ending fund balance for PALRF in the amount of \$160,899 was not fully expended within 3 years as of June 30, 2022, and it was not reserved for capital projects as required by the Proposition A and Proposition C Local Return Guidelines.
- This was an oversight on the part of the City.
- This is a repeat finding from the prior fiscal year.
- Resolved During the Audit: On December 16, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023. No follow-up is required.



Material Weaknesses and Significant Deficiencies In Internal Control over Compliance (Cont.)

➤ Four (4) significant deficiencies (continued):

City of Artesia (Finding #2022-006):

- The City incurred expenditures prior to receiving approval from Metro PCLRF Project Code 705, ATP Cycle 3, in the amount of \$31,333.
- This was an oversight on the part of the City.
- This is a repeat finding from the prior fiscal year.
- Resolved During the Audit: Metro Program Manager granted retroactive budget approval of the said project on December 23, 2022. No follow-up is required.



Material Weaknesses and Significant Deficiencies In Internal Control over Compliance (Cont.)

➤ Four (4) significant deficiencies (continued):

City of Bradbury (Finding #2022-009):

- The City did not meet the October 15, 2022 deadline for submitting the Annual Expenditure Report in the Local Return Management System (LRMS).
- This is a repeat finding from the prior fiscal year.
- The City has a new Finance Director during fiscal year 2022 and was unaware of the compliance requirement of Local Return Funds.
- Resolved During the Audit: The City subsequently entered the required information in the LRMS on November 4, 2022.



Material Weaknesses and Significant Deficiencies In Internal Control over Compliance (Cont.)

➤ Four (4) significant deficiencies (continued):

City of Palos Verdes Estates (Finding #2022-025):

- The City's fiscal year 2019 ending fund balance in the amount of \$12,972 was not fully expended within 3 years as of June 30, 2022, and it was not reserved for capital projects as required by the Prop C Local Return Guidelines.
- The lapse of funds was due to oversight by the City.
- This is a repeat finding from the prior fiscal year.
- Resolved During the Audit: On December 1, 2022, Metro granted the City an extension on the usage of lapsed funds until June 30, 2023

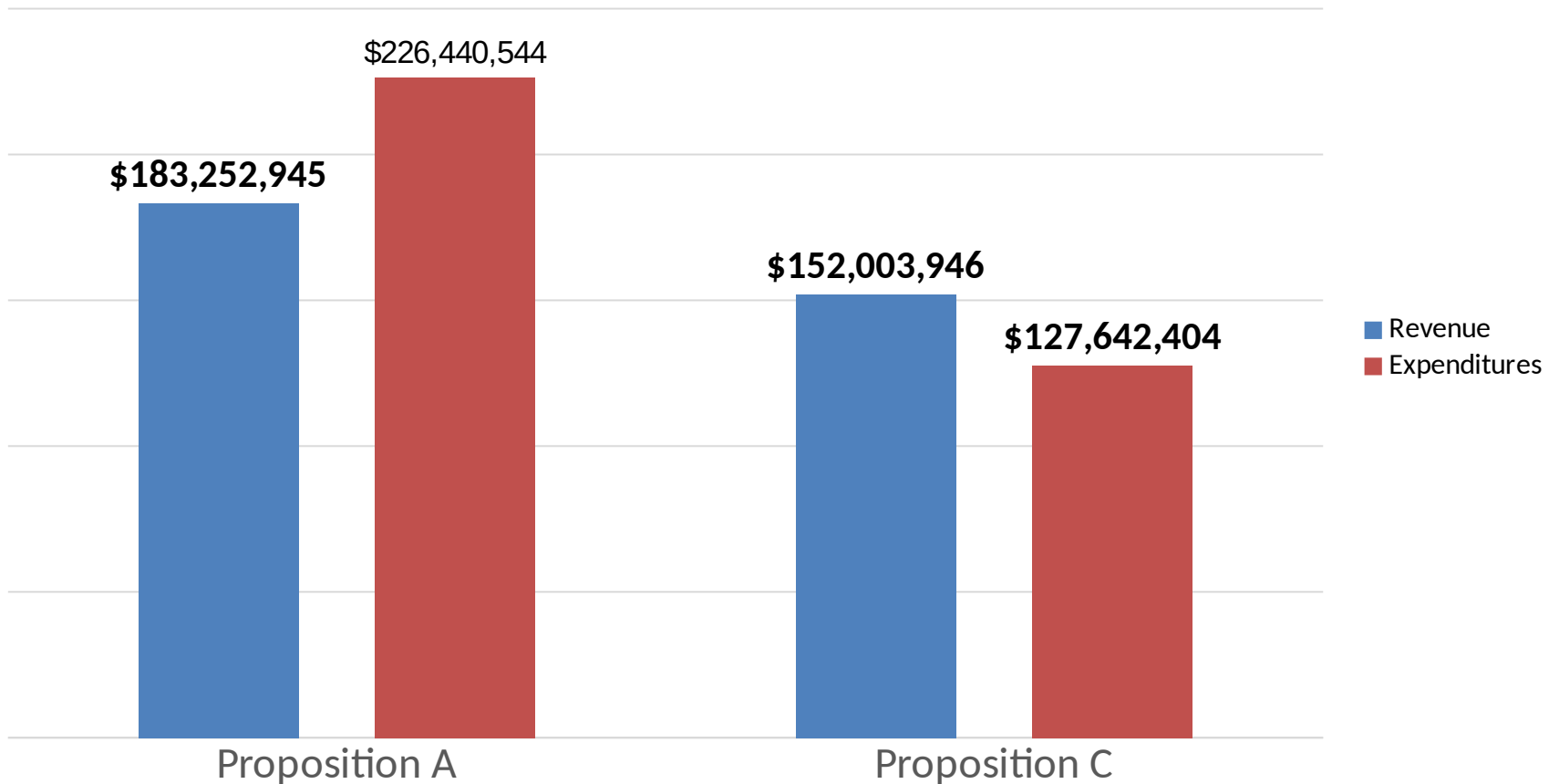


Analysis of Audit Results



Revenue and Expenditures of 49 Jurisdictions

FY 2022 Revenue and Expenditures – Proposition A & C



Simpson & Simpson CPAs

Contact information

| Team member | Contact information |
|---|---|
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Questions





Metro®

**PRESENTATION TO THE
INDEPENDENT CITIZEN'S
ADVISORY AND OVERSIGHT
COMMITTEE
PROPOSITION A AND C
LOCAL RETURN FUNDS**

March 13, 2023

/ AGENDA

- ☐ Scope of the Audits
- ☐ Levels of Assurance, Compliance Criteria and Auditing Standards Utilized
- ☐ Revenue and Expenditures of the County of Los Angeles and 39 Cities
- ☐ Overview of the Audit Results
- ☐ Details of Audit Results
- ☐ Material Weaknesses and Significant Deficiencies in Internal Control over Compliance
- ☐ Required Communications to the Independent Citizen's Advisory and Oversight Committee
- ☐ Q&A
- ☐ Contact Information

SCOPE OF THE AUDITS

/ SCOPE OF THE AUDITS

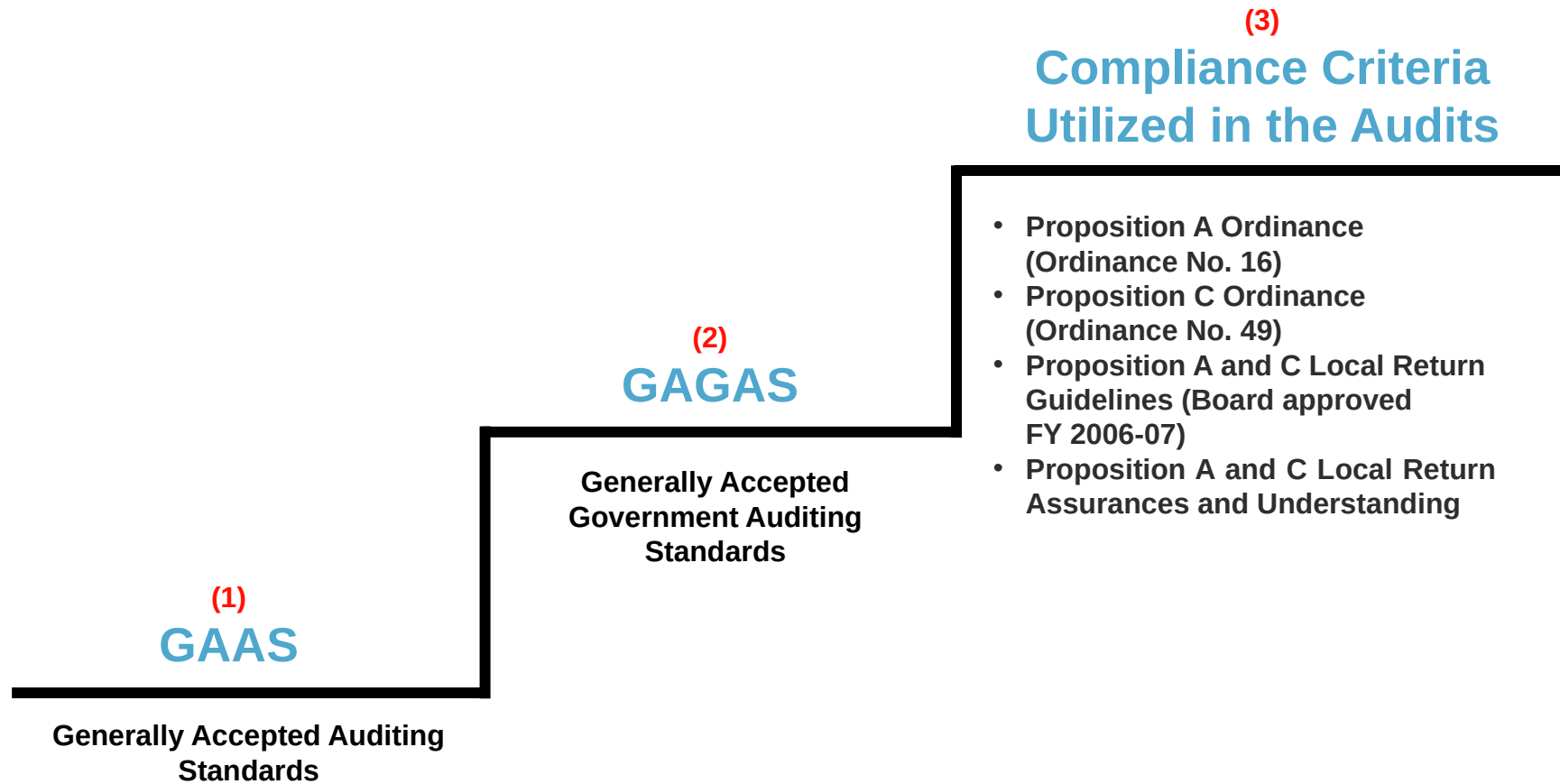
Financial and Compliance Audits of Proposition A and C Local Return Funds held by the County of Los Angeles and 39 Cities under Package A

- | | | | |
|--------------------------|---------------------|-------------------|----------------------|
| 1. County of Los Angeles | 11. Compton | 21. Irwindale | 31. Rosemead |
| 2. Agoura Hills | 12. Cudahy | 22. La Puente | 32. San Fernando |
| 3. Azusa | 13. Culver City | 23. Lawndale | 33. Santa Fe Springs |
| 4. Baldwin Park | 14. El Monte | 24. Lynwood | 34. Santa Monica |
| 5. Bell | 15. Gardena | 25. Malibu | 35. South El Monte |
| 6. Bell Gardens | 16. Hawthorne | 26. Maywood | 36. South Gate |
| 7. Beverly Hills | 17. Hidden Hills | 27. Montebello | 37. Vernon |
| 8. Calabasas | 18. Huntington Park | 28. Monterey Park | 38. Walnut |
| 9. Carson | 19. Industry | 29. Pico Rivera | 39. West Hollywood |
| 10. Commerce | 20. Inglewood | 30. Pomona | 40. Westlake Village |



LEVELS OF ASSURANCE, COMPLIANCE CRITERIA AND AUDITING STANDARDS UTILIZED

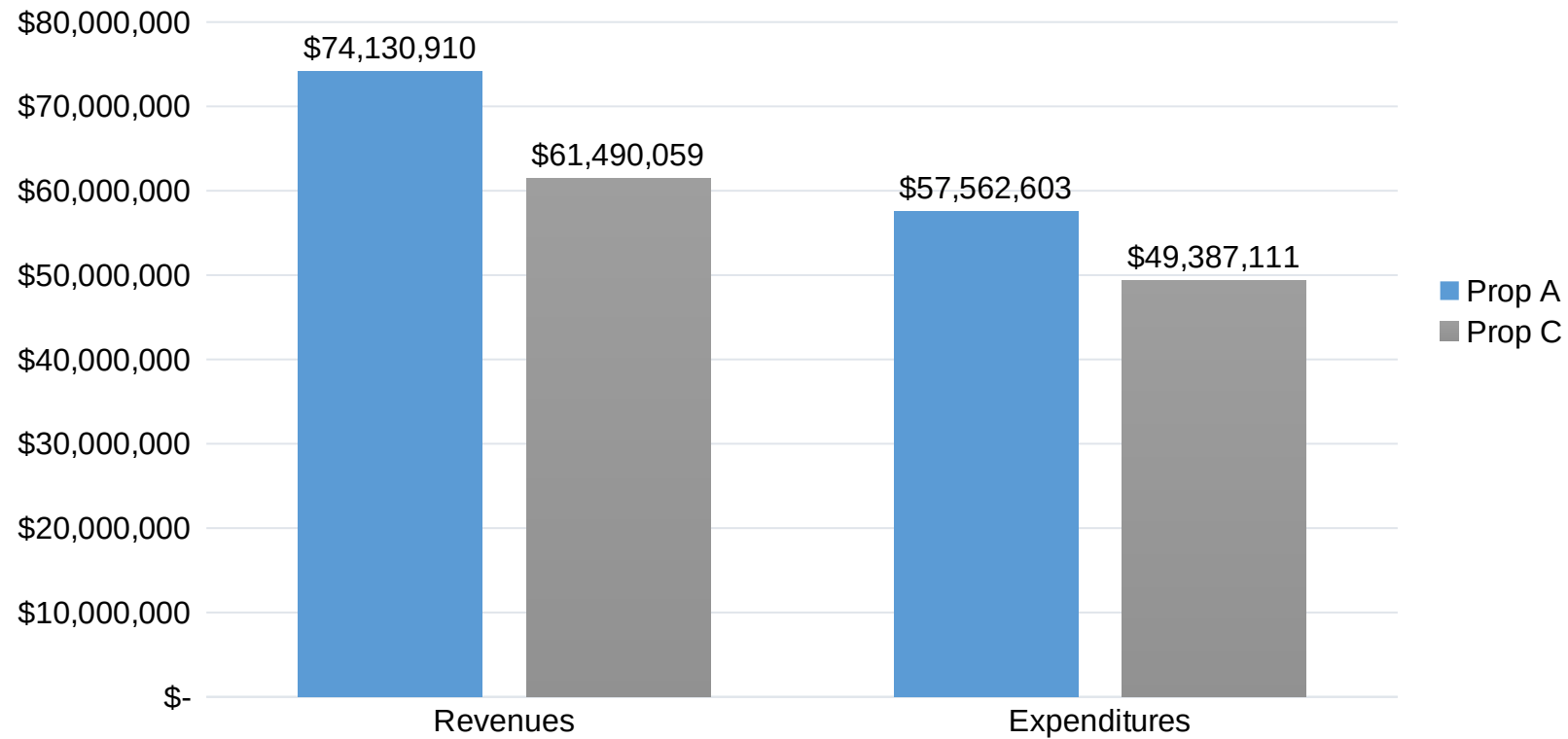
/ LEVELS OF ASSURANCE, COMPLIANCE CRITERIA AND AUDITING STANDARDS UTILIZED



REVENUE AND EXPENDITURES OF THE COUNTY OF LOS ANGELES AND 39 CITIES

/ REVENUE AND EXPENDITURES OF THE COUNTY OF LOS ANGELES AND 39 CITIES

FY 2022 Revenues and Expenditures



OVERVIEW OF THE AUDIT RESULTS

/ OVERVIEW OF THE AUDIT RESULTS

FY 2022 Summary of Audit Results

- Dollars associated with the findings have increased from \$ 1,029,450 in FY2021 to \$1,329,832 in FY2022 audit.
- This represents about 1% of the total Proposition A and Proposition C FY2022 allocations of \$135,620,969 to the County of Los Angeles and the 39 cities under Package A.

Questioned Costs

- \$532,643 of the questioned cost relates to unused funds which lapsed as of June 30, 2022. The cities received a one-year extension to use the lapsed funds.
- \$796,675 of the questioned cost relates to Proposition A and Proposition C funds expended on eligible projects prior to Metro's approval.
- \$514 of the questioned cost relates to administrative expenses that exceeded the 20% cap.

All of these were resolved during the audit.

DETAILS OF AUDIT RESULTS

/ DETAILS OF AUDIT RESULTS

Our findings are as follows:

A. Funds were expended prior to Metro's approval.

- Compliance Reference: Section I(C) of the Proposition A and C Local Return Guidelines. "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."
- Number of cities involved: 3 of 39 cities
- Questioned costs for 2022:

| | Fund | Total Expenditures Claimed for 2022 | Questioned | Resolved During the Audit | Report Reference |
|---------------|---------------|-------------------------------------|-------------------|---------------------------|----------------------------|
| 1. Compton | Proposition C | \$ 1,274,234 | \$ 730,043 | \$ 730,043 | Finding #2022-004, Page 12 |
| 2. Montebello | Proposition A | 133,683 | 9,324 | 9,324 | Finding #2022-008, Page 17 |
| | Proposition C | 980,127 | 56,008 | 56,008 | Finding #2022-008, Page 17 |
| 3. South Gate | Proposition C | 2,974,673 | 1,300 | 1,300 | Finding #2022-011, Page 22 |
| | | <u>\$ 5,362,717</u> | <u>\$ 796,675</u> | <u>\$ 796,675</u> | |

/ DETAILS OF AUDIT RESULTS, CONTINUED

B. Funds were not used in a timely manner.

- Compliance Reference: Section I(B) Timely Use of Funds of the Proposition A and C Local Return Guidelines states that, “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.”

Number of cities involved: 2 of 39 cities

Questioned costs for 2022:

| | | Fund Balance as of June 30, 2022 | Lapsed Amount | Report Reference |
|-------------|---------------|----------------------------------|-------------------|----------------------------|
| 1. Gardena | Proposition C | \$ 3,401,021 | \$ 58,639 | Finding #2022-005, Page 14 |
| 2. Lawndale | Proposition A | 2,815,189 | 474,004 | Finding #2022-006, Page 15 |
| | | <u>\$ 6,216,210</u> | <u>\$ 532,643</u> | |

The Cities were granted a one-year extension for the use of the lapsed funds.

/ DETAILS OF AUDIT RESULTS, CONTINUED

C. Administrative expenses exceeded the 20% cap.

- Compliance Reference: Proposition A and Proposition C Local Return Guidelines Section II(A)(15) states that, “The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on the year-end expenditures, and will be subject to an audit finding if the amount exceeds 20 percent”.

Number of cities involved: 1 of 39 cities

Questioned costs for 2022:

| | | Total Expenditures Claimed for | Questioned | Resolved During the Audit | Report Reference |
|---------------|---------------|--------------------------------|------------|---------------------------|-------------------------|
| 1. South Gate | Proposition A | \$ 1,694,144 | \$ 514 | \$ 514 | Finding #2022-012, Page |
| | | \$ 1,694,144 | \$ 514 | \$ 514 | |

/ DETAILS OF AUDIT RESULTS, CONTINUED

D. Project expenditures exceeded 25% of approved project budget.

- Compliance Reference: Sections I(C) of the Proposition A and C Local Return Guidelines, “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.”

Number of cities involved: 3 of 39 cities

- City of Calabasas (Finding #2022-003, page 10 of the report)
- City of Pico Rivera (Finding #2022-009, page 19 of the report)
- City of South Gate (Finding #2022-013, page 24 of the report)

Questioned costs for 2022: None

/ DETAILS OF AUDIT RESULTS, CONTINUED

E. Annual Project Update Report (8/1 Table) was not submitted on time.

- Compliance Reference: Section I (C) Annual Project Update (8/1 Table) of the Proposition A and C Local Return Guidelines state that, “Jurisdiction shall submit on or before August 1st of each fiscal year an Annual Project Update (8/1 Table) 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.”

Number of cities involved: 3 of 39 cities

- City of Bell Gardens (Finding #2022-001, page 8 of the report)
- City of South Gate (Finding #2022-014, page 25 of the report)
- City of Vernon (Finding #2022-015, page 26 of the report)

Questioned costs for 2022: None

/ DETAILS OF AUDIT RESULTS, CONTINUED

F. Annual Expenditure Report (Actual Entries) was not submitted on time.

- Compliance Reference: Section I(C) Annual Project Update of the Proposition A and C Local Return Guidelines states that, “On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report (Actual Entries) to provide an update on previous year LR fund receipts and expenditures.”

Number of cities involved: 1 of 39 cities

- [City of Westlake Village](#) (Finding #2022-016, page 27 of the report)

Questioned costs for 2022: None

/ DETAILS OF AUDIT RESULTS, CONTINUED

G. Annual Project Update Report (Form B) was not submitted on time.

- Compliance Reference: Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C or Actual Entries) of the Proposition A and Proposition C Local Return Guidelines states that, “For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C or Actual Entries, no later than October 15 after the fiscal year”.

Number of cities involved: 3 of 39 cities

- City of Bell Gardens (Finding #2022-002, page 9 of the report)
- City of Malibu (Finding #2022-007, page 16 of the report)
- City of South El Monte (Finding #2022-010, page 21 of the report)

Questioned costs for 2022: None

MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

/ MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

(1) Material Weakness (repeat finding)

City of Montebello
(Finding #2022-008)

The City claimed expenditures of \$65,332 for the following projects prior to Metro's approval:

1. PALRF Project code 280, Evan Brooks – Capital Reserve Proposition A Preparation, totaling \$6,038;
2. PALRF Project code 610, Administrative Overhead, totaling \$3,286;
3. PCLRF Project code 490, Sales Tax Revenue Bonds, totaling \$1,570; and
4. PCLRF Project code 620, Administrative Overhead, totaling \$54,438.

/ MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE, CONTINUED

(2) Two (2) Significant Deficiencies (repeat finding)

City of Calabasas
(Finding #2021-003)

The City claimed expenditures that exceeded 25% of approved project budget:

1. PALRF and PCLRF's Project code 110, Old Town Calabasas/Commons Trolley project, totaling \$5,707 and \$4,393, respectively;
2. PALRF and PCLRF's Project code 130, Dial-A-Ride project, totaling \$12,775 and \$17,591, respectively;
3. PALRF and PCLRF's Project code 180, Vehicle and Misc. Equipment project, totaling \$6,178 and \$8,701, respectively; and
4. PALRF and PCLRF's Project code 610 Direct Administration, totaling \$22,864 and \$16,137, respectively.

/ MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE, CONTINUED

(2) Two (2) Significant Deficiencies (repeat finding)

City of Compton
(Finding #2021-004)

The City claimed expenditures of \$730,043 for the following projects prior to Metro's approval:

1. Project code 720, Local Roadway Safety Plan, totaling \$19,750; and
2. Project code 715, Bond Payment for Street Road Improvements, totaling \$710,293.

REQUIRED COMMUNICATIONS TO THE INDEPENDENT CITIZEN'S ADVISORY AND OVERSIGHT COMMITTEE

/ REQUIRED COMMUNICATIONS TO THE INDEPENDENT CITIZEN'S ADVISORY AND OVERSIGHT COMMITTEE

Professional standards require independent accountants to discuss with those in charge of governance matters of importance which arise during the course of their audit as well as significant matters concerning the audited jurisdictions' internal controls and the preparation and composition of the financial statements. We therefore present the following information required to be communicated to the Independent Citizen's Advisory and Oversight Committee based upon the results of our audit of the Proposition A and C Local Return Funds of the County of Los Angeles and 39 cities.

/ REQUIRED COMMUNICATIONS TO THE PROPOSITION A AND C OVERSIGHT COMMITTEE

Management's Responsibility

Management of the jurisdictions has primary responsibility for the accounting principles used, their consistency, application and clarity.

Consultations with Other Accountants

We are not aware of any consultations by management of the jurisdictions with other accountants about accounting or auditing matters.

Difficulties with Management

We did not encounter any difficulties with management of the jurisdictions while performing our audit procedures.

/ REQUIRED COMMUNICATIONS TO THE PROPOSITION A AND C OVERSIGHT COMMITTEE, CONTINUED

Disagreements with Management

We encountered no disagreements with management of the jurisdictions on financial accounting and reporting matters.

Significant Accounting Policies

The jurisdictions' significant accounting policies are appropriate and were consistently applied.

Controversial Issues

No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.

/ REQUIRED COMMUNICATIONS TO THE PROPOSITION A AND C OVERSIGHT COMMITTEE, CONTINUED

Irregularities, Fraud or Illegal Acts

No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.

Management Representations

The jurisdictions provided us with a signed copies of the management representation letters prior to issuance of our auditor's opinions.

QUESTIONS

• / CONTACT INFORMATION

Vasquez + Company LLP has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

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**Thank you for your time and
attention.**



Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Board Report

File #: 2023-0147, **File Type:** Oral Report / Presentation

Agenda Number: 4.

**INDEPENDENT CITIZEN'S ADVISORY AND OVERSIGHT COMMITTEE
MARCH 13, 2023**

SUBJECT: ORAL REPORT ON COMPLETE STREETS AND HIGHWAYS

ACTION: ORAL REPORT

RECOMMENDATION

RECEIVE Oral Report on Complete Streets and Highways projects.

INDEPENDENT CITIZENS' ADVISORY AND OVERSIGHT COMMITTEE

Complete Streets & Highway Projects

Presented by Ernesto Chaves
Executive Officer, Complete Streets & Highways
March 13, 2023

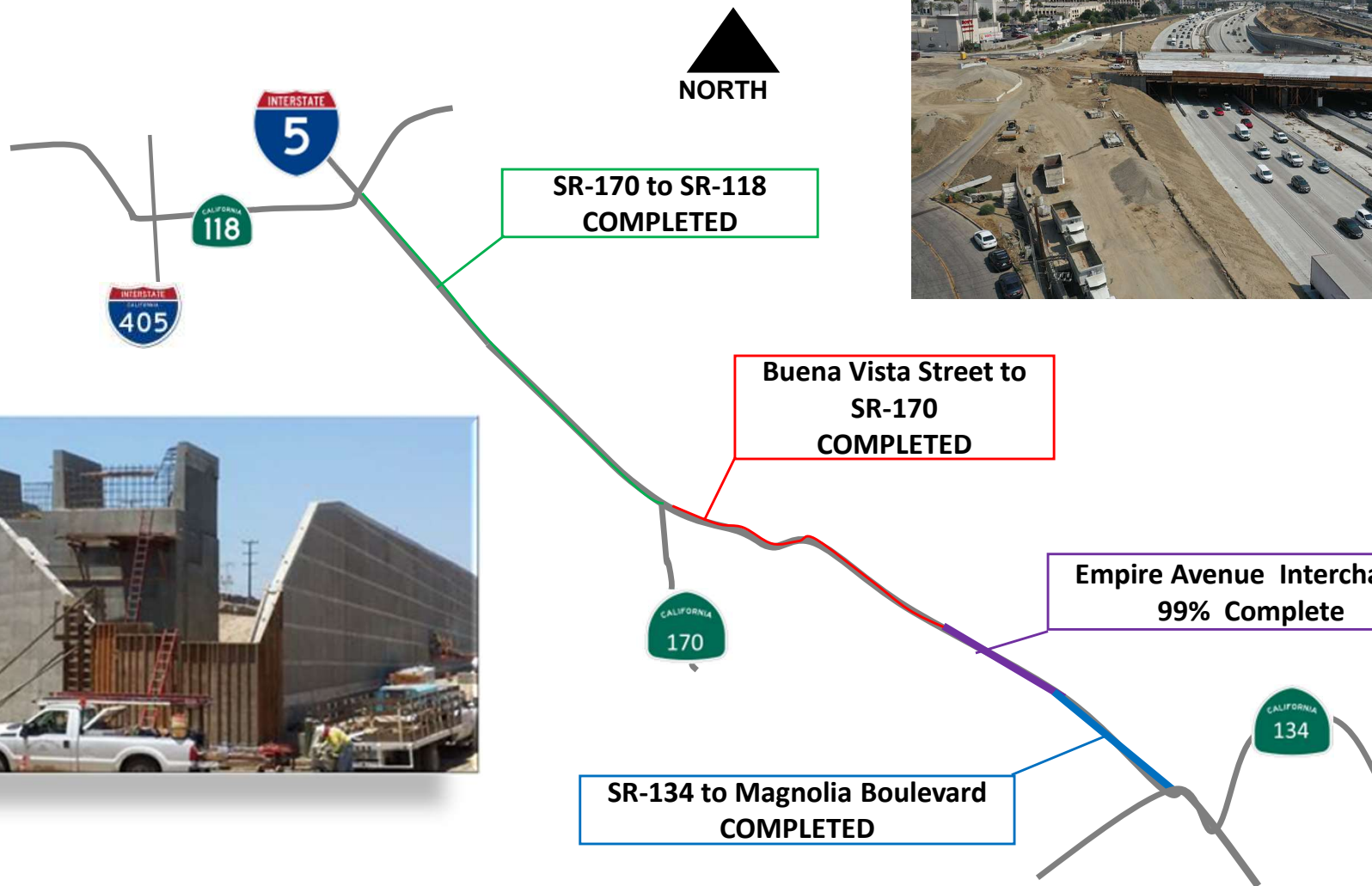
I-5 Construction Projects



I-5 NORTH: SR-118 TO SR-134



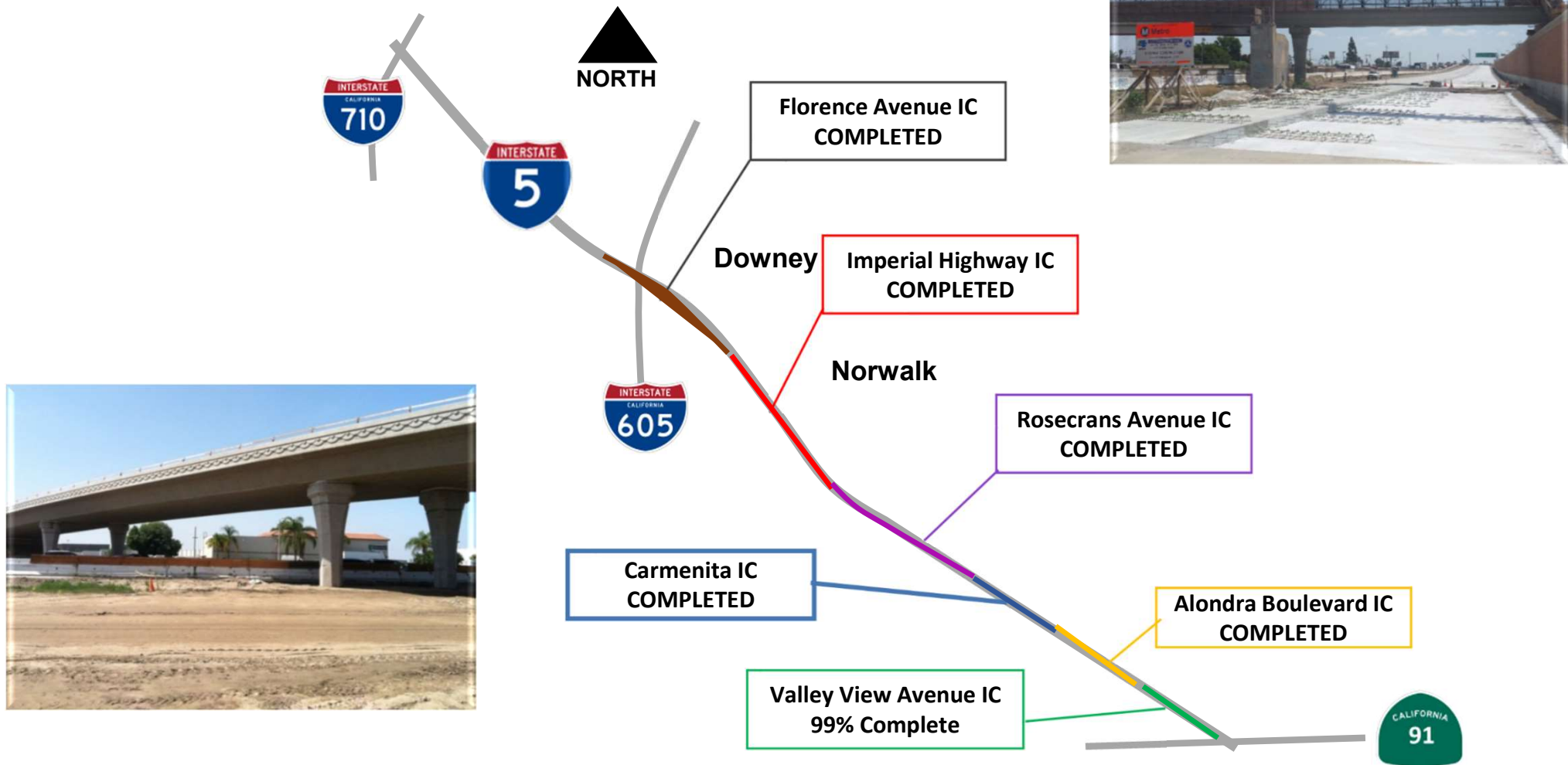
TOTAL CORRIDOR BUDGET: \$935.3M
SCHEDULE: Summer 2022



I-5 SOUTH: ORANGE COUNTY LINE TO I-605



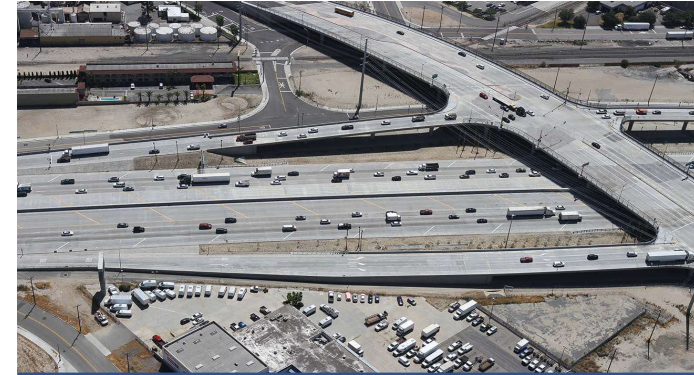
TOTAL CORRIDOR BUDGET: \$1.888B
SCHEDULE : Spring 2023



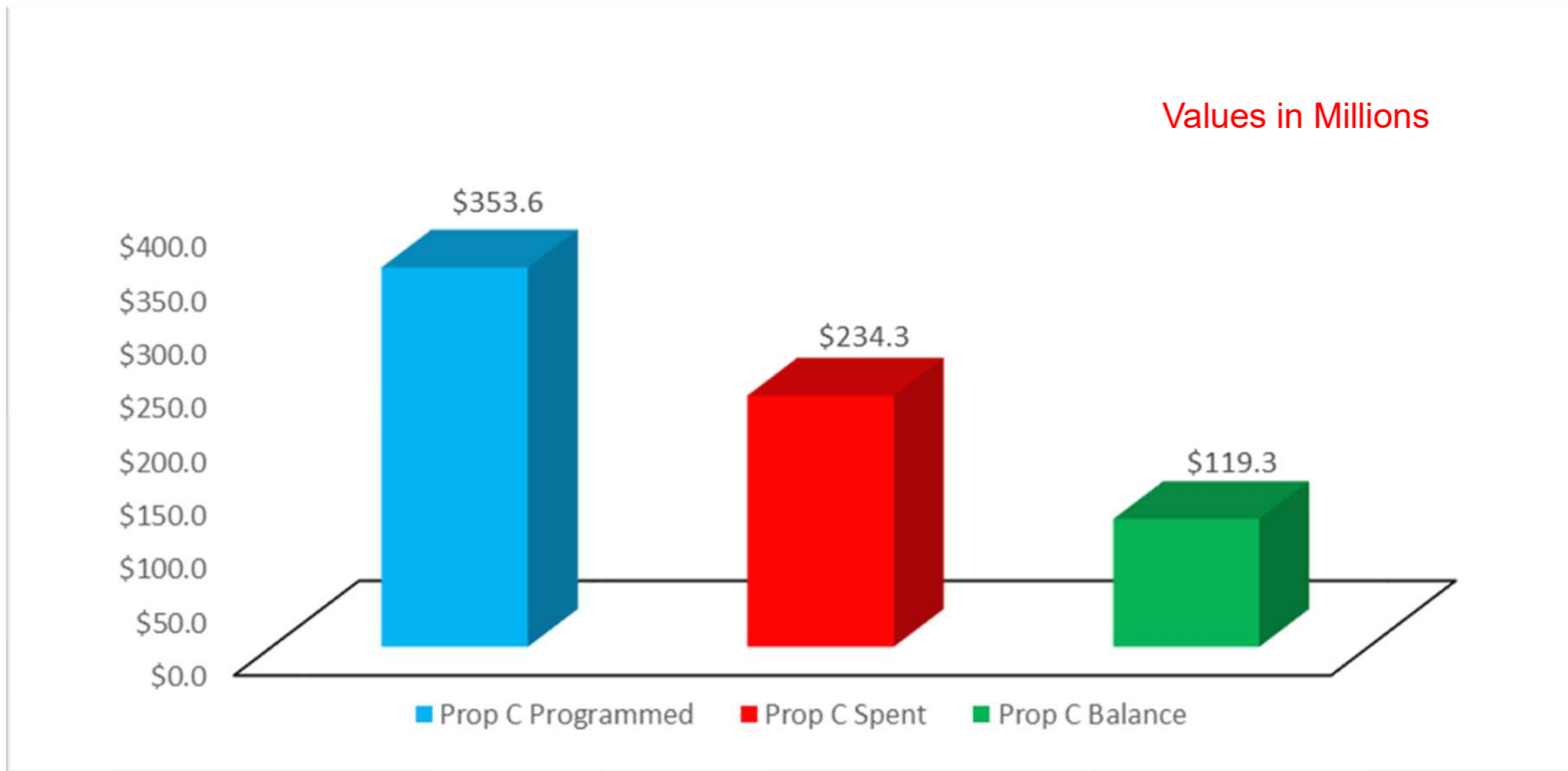
I-5 NORTH/SOUTH/CARMENITA — PROP C PROGRAMMING & EXPENDITURES



I-5 North – Empire Bridge



I-5 South/Carmenita Interchange



Supplemental Slides

Response to special request from
Director Ham
on current I-405 Corridor Projects
(non-Prop-C funded)

I-405 - Crenshaw Blvd On/Off Ramp Improvements



Purpose and Scope

- Mobility and safety improvements on arterials and I-405 by reducing conflicts at highly congested on/off ramp locations
- Northbound and Southbound Auxiliary lane improvements between Crenshaw Blvd and Western Ave on/off ramps
- Construct new Northbound and Southbound on-ramps and improve intersections and streets within the project area
- This project will support the mobility needs of local residents, businesses and interstate commerce

Multimodal Elements

- Updated sidewalks, ADA ramps, pedestrian crossings



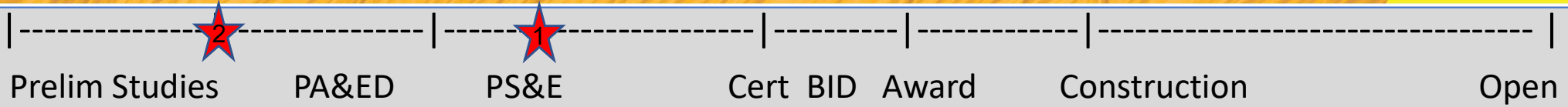
Status

- Construction started in August 2021 and is 54% complete.

Challenges

- Utilities relocation delays and construction easement time extensions

I-405 South Bay Curve Improvements

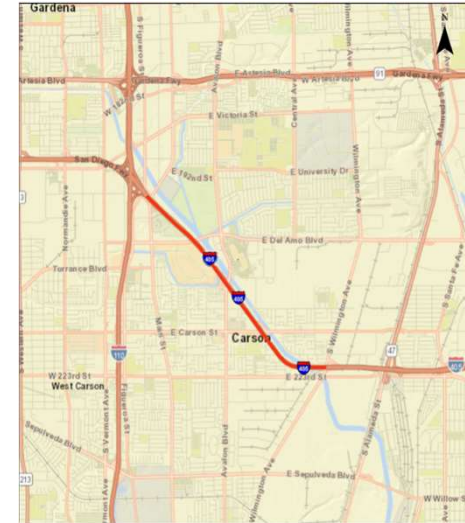


Purpose and Scope

- Improve safety and operations by reducing freeway conflicts at high congestion on/off ramp locations
- Northbound and Southbound Auxiliary lane improvements between freeway on/off ramps within Caltrans Right of Way

Multimodal Elements

- Project may include improvements to pedestrian/bicycle facilities and transit stops
- High visibility crosswalks
- Pedestrian flashing beacons
- Pedestrian and cyclist signage



Status

- 1. I-405 (I-105 to Artesia Blvd) Auxiliary Lanes - Final Design Phase
- 2. I-405 (I-110 to Wilmington Ave) Auxiliary Lanes – Environmental phase expected to start in Spring 2023

Challenges

- Leveraging local Measure R/M funds to fully fund construction
- All expenditures spent to date are from Measure R



Metro

Los Angeles County
Metropolitan Transportation
Authority
One Gateway Plaza
3rd Floor Board Room
Los Angeles, CA

Board Report

File #: 2023-0151, **File Type:** Oral Report / Presentation

Agenda Number: 5.

**INDEPENDENT CITIZEN'S ADVISORY AND OVERSIGHT COMMITTEE
MARCH 13, 2023**

SUBJECT: ORAL REPORT ON TRANSIT CAPITAL PROJECTS

ACTION: ORAL REPORT

RECOMMENDATION


RECEIVE Oral Report on Transit Capital projects.

INDEPENDENT CITIZENS' ADVISORY AND OVERSIGHT COMMITTEE



Program Management

(PROP A/C Capital Projects)

Crenshaw/LAX Closeout Project

| SCHEDULE | | | Revenue Operation | |
|----------|---------------------------------|---------------------|-------------------|---|
| | Original | Approved Rebaseline | Previous Period | Current Forecast* |
| | April 2024 | April 2024 | Spring 2024 | Spring 2024 |
| | Variance from Original: | | 0 | 0  |
| | Variance from Revised Schedule: | | NA | NA |

* Current Forecast is Contract dates for First Closeout contract C1217 (CLAX Punch-Out Work)

| BUDGET | | | |
|--------|-------------------------------|---------------|---|
| | | Approved LOP* | Current Forecast** |
| | | \$47M | \$57M |
| | Variance from Approved LOP: | \$0M | \$10M  |
| | Variance from Revised Budget: | \$0M | \$10M  |

* Board approved \$30M of LOP budget in 05/2020 and LOP budget increase (\$17M) approved in 06/2022

** Pending Board approval for LOP increase. Refer to 2023 Annual Program Evaluation (APE) for more details



Crenshaw/LAX Closeout Project

Safety

- C1217: Project Hours: TBD; Recordable Injury Rate: TBD
- C1221: Project Hours: TBD; Recordable Injury Rate: TBD

Updates

- C1217, C/LAX Punch Out Work, NTP issued on August 25, 2022.
 - Overall Project Progress is **36%** complete.
 - Milestone No. 1 scope in support of K-Line revenue service date was achieved (Palm tree trimming over tracks, radio fiber, signage and 6" waterline).
 - Project staff continues to work with Metro Operations track allocation for access as needed.
 - Major remaining work includes Left turn gates at 6 intersections, Traffic signal at Florence & West, 24" waterline at MLK station, Small transformer replacement at TPSS 8, Map cases and painting of emergency exit hatches.
 - Contract completion is planned for April 16, 2024.
- C1221, K-Line Paving & Improvements Contract#2 is currently in scope development and design phase.
 - Fairview Heights parking lot with CCTV and EV chargers, Paving & striping, guardrails, K rails, civil improvements and bird deterrent at stations including Operations Misc. items.
 - Additional scope is being developed.

Equity

- Scope of work is (100%) within or adjacent to Equity Focus Communities.





Trimming trees at WB Florence between High street/Prairie





Preparing & Installation of PVC pipe at Florence between Prairie/High Street



Airport Metro Connector (AMC) Project

| SCHEDULE | | | Revenue Operation | |
|----------|---------------------------------|---------------------|-------------------|--|
| | Original | Approved Rebaseline | Previous Period | Current Forecast* |
| | N/A | N/A | Fall 2024 | Fall 2024 |
| | Variance from Original: | | +0d (0%) | +0d (0%)  |
| | Variance from Revised Schedule: | | | N/A  |

* Current Forecast is Metro's August 2022 Schedule Update

| BUDGET | | | | |
|--------|-------------------------------|---------------|-----------------|---|
| | | Approved LOP* | Previous Period | Current Forecast |
| | | \$898.6M | \$898.6M | \$898.6M |
| | Variance from Approved LOP: | | \$0M (0%) | \$0M (0%)  |
| | Variance from Revised Budget: | | | \$0  |

* Approved April 2021 Board



Airport Metro Connector (AMC) Project

Safety

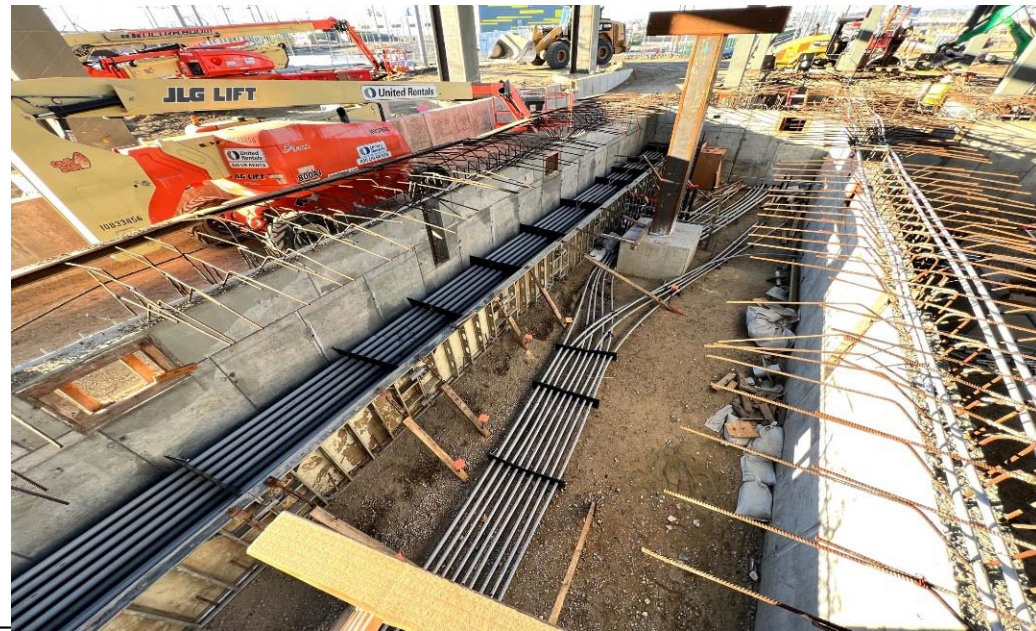
Project Hours: 280,039; Recordable Injury Rate: 2.14 vs.
The National Average: 2.4

Updates



- Overall project is 55% complete.
- Primary Station Construction (38%) has advanced with completing the steel structure in the LRT area and starting steel erection in the Metro Hub area. Station concrete platform, underground utilities, and procurement of long-lead material continues. Roof framing and installation of MEP supports has started in the LRT area. The construction of the ancillary buildings has started. The installation of LADWP underground infrastructure on Aviation Blvd for permanent power has started. Work within the Light Rail Transit (LRT) area has been accelerated.

Equity



- 100% of the project is located within or adjacent to Equity Focus Communities.



Metro Center Project (MCP)

| SCHEDULE | | | Substantial Completion | |
|----------|---------------------------------|---------------------|------------------------|---|
| | Original | Approved Rebaseline | Previous Period | Current Forecast* |
| | Winter 2022 | N/A | Winter 2023 | Winter 2023 |
| | Variance from Original: | | +0d (0%) | +347d (47%)  |
| | Variance from Revised Schedule: | | | N/A  |

* Current Forecast is Metro's December 2022 Schedule Update

| BUDGET | | | | |
|--------|-------------------------------|---------------|-----------------|---|
| | | Approved LOP* | Previous Period | Current Forecast** |
| | | \$130.7M | \$130.7M | \$143.7M |
| | Variance from Approved LOP: | | \$0M (0%) | \$13M (10%)  |
| | Variance from Revised Budget: | | | \$0  |

* Approved Oct 2020 Board

** Pending Board approval for LOP increase. Refer to 2023 Annual Program Evaluation (APE) for more details



Metro Center Project (MCP)

Safety

Project Hours: 73,966; Recordable Injury Rate: 0.0 vs.
The National Average: 2.4

Updates

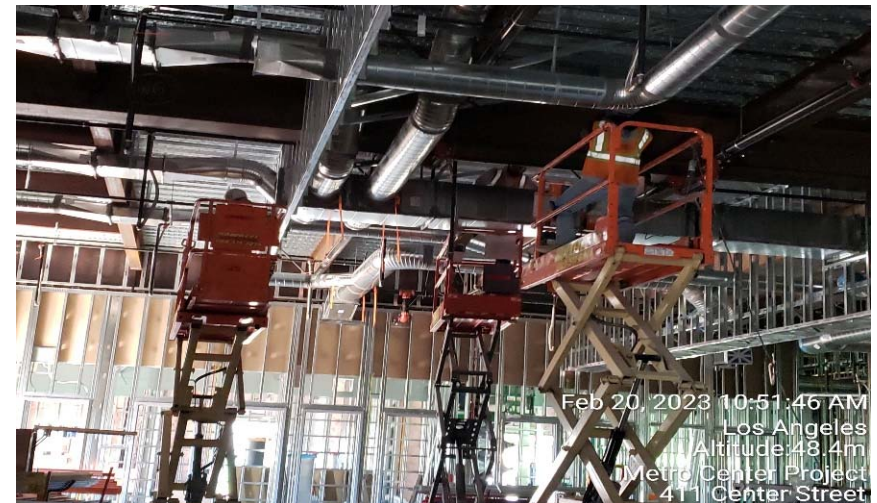
- Overall project progress is 67% complete.
- Structures, metal decking, roof deck concrete, exterior framing and sheathing completed
- To be continued through next quarter:
 - Exterior finish
 - Roofing weathertight
 - Interior Mechanical, Electrical and Plumbing (MEP) rough-ins
 - Interior drywalls
 - Site civil work for underground utilities

Equity

- This project is not located within or adjacent to Equity Focus Communities.



Exterior Finish – Weather Barrier & Sheet Metal



Interior MEP Rough-Ins & Metal Framing 1st Floor

