



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER 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, 2024

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO PROPOSITION A
AND PROPOSITION C ORDINANCES AND PROPOSITION A
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**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Consolidated Audit Report
Fiscal Year Ended June 30, 2024**

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

**To the 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, 2024 (collectively, the Requirements). Compliance area tested and related findings are identified in the accompanying Compliance Area Tested and 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, 2024.

Basis for Opinion

We conducted our audits 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 audits. 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

Managements of the County and the Cities are responsible for their 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 grant 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 #2024-001 through #2024-015. Our opinion is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the responses to the noncompliance findings identified in our compliance audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The 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 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 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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2024-004 and #2024-009 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 #2024-002, #2024-008 and #2024-010 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 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.



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.

Vasquez & Company LLP

**Glendale, California
December 31, 2024**

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2024**

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 LAWNSDALE
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, 2024

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, 2024**

The audits of the County of Los Angeles and the 39 cities have resulted in 15 findings. The table below summarizes these findings:

Compliance Areas	# 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.	6	Baldwin Park (See Finding #2024-001)	\$ -	\$ 151,000	\$ 151,000
		Culver City (See Finding #2024-006)	-	29,962	29,962
		Lynwood (See Finding #2024-010)	188,157	-	188,157
		Montebello (See Finding #2024-011)	-	20,343	20,343
		Santa Monica (See Finding #2024-012)	5,818	-	5,818
		South Gate (See Finding #2024-013)	-	441,633	441,633
Timely use of funds.	1	Westlake Village (See Finding #2024-015)	-	25,362	25,362
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	4	Baldwin Park (See Finding #2024-002)	-	None	None
		Calabasas (See Finding #2024-003)	None	-	None
		Hidden Hills (See Finding #2024-007)	-	None	None
		South Gate (See Finding #2024-014)	-	None	None
Recreational transit form was submitted on time.	2	Cudahy (See Finding #2024-005)	None	None	None
		Huntington Park (See Finding #2024-008)	None	-	None
Accounting procedures, record keeping and documentation are adequate.	2	Compton (See Finding #2024-004)	None	None	None
		Huntington Park (See Finding #2024-009)	None	None	None
Total Findings and Questioned Costs	15		\$ 193,975	\$ 668,300	\$ 862,275

Details of the above findings are presented 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, 2024**

Finding #2024-001: PCLRF	City of Baldwin Park
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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 prior to approval from Metro.</p> <p>a. Project code 105, Existing Fixed Route Service, totaling \$60,000; and</p> <p>b. Project code 107, Dial-A-Ride Service, totaling \$91,000.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro.</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, 2024.
Effect	The City claimed expenditures totaling \$151,000 of Proposition C LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.
Management's Response	The City submitted a budget request via LRMS and obtained retroactive approval of the budgets for said projects on August 1, 2024.
Finding Corrected During the Audit	Retroactive approval of the said projects was obtained via LRMS on August 1, 2024. 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, 2024
 (Continued)**

Finding #2024-002: PCLRF	City of Baldwin Park
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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 exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a budget request via LRMS for the PCLRF's Project code 705, Street Maintenance. The amount in excess of 25 percent of the approved budget was \$24,821.</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 via LRMS.</p> <p>The City submitted the budget request through LRMS and obtained retroactive approval of the project from Metro Program Manager.</p> <p>This is a repeat finding from the prior year.</p>
Cause	The City did not anticipate incurring eligible expenditures for more than the approved budget for this project. The City was not able to submit a request to increase the budget for Metro's approval until after June 30, 2024.
Effect	The City's PCLRF project expenditure exceeded 25 percent of the approved project budget 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, 2024
(Continued)

Finding #2024-002: PCLRF (Continued)	City of Baldwin Park
Recommendation	We recommend the City submit a revised Form A or submit a budget request via LRMS to obtain Metro’s approval for the change in the project budget 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 a revised budget via LRMS prior to the end of the fiscal year to obtain Metro’s approval for the change in the 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 retroactive approval of the budget for said project on July 30, 2024.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the said project on July 30, 2024. 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, 2024
 (Continued)**

Finding #2024-003: PALRF	City of Calabasas
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and Proposition 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 exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a budget request via LRMS for PALRF's Project code 110 Public Transit Fueling. The amount in excess of 25 percent of the approved budget was \$21,801.</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 via LRMS.</p> <p>The City submitted the budget request through LRMS and obtained retroactive approval of the project from the Metro Program Manager.</p>
Cause	The City did not anticipate incurring eligible expenditures for more than the approved budget for this project. The City was not able to submit a request to increase the budget for Metro's approval until after June 30, 2024.
Effect	The City's PALRF project expenditure exceeded 25 percent of the approved project budget 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 via LRMS to obtain Metro's approval for changes in project budgets and implement internal controls to ensure compliance with this requirement at all times.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2024
(Continued)

Finding #2024-003: PALRF (Continued)	City of Calabasas
Management's Response	<p>The City agrees with the finding and will submit a revised budget via LRMS prior to the end of the fiscal year to obtain Metro's approval for the change in the project budget and implement internal controls to ensure compliance with this requirement at all times. The City submitted a budget request to the Metro Program Manager and obtained retroactive approval of the budget for said project on November 20, 2024.</p>
Finding Corrected During the Audit	<p>Metro Program Manager granted retroactive approval of the said project on November 20, 2024. No additional follow-up is required.</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, 2024
 (Continued)**

Finding #2024-004: PALRF and PCLRF	City of Compton
Compliance Reference	Proposition A and Proposition C Local Return Guidelines Section V, states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".
Condition	<p>As of the date of the audit on December 24, 2024, the City's year-end closing process was still ongoing. We noted the following critical observations:</p> <ul style="list-style-type: none"> • Reconciliations of major balance sheet accounts including bank accounts were not yet completed. • Cut-off procedures relating to year-end accruals were inadequate to ensure the recording of transactions in the proper period. This resulted in the City's adjustments which affected the prior period's account balances. • Beginning fund balances were not reconciled with the prior year's audited reports. <p>The audits of the City's financial statements for the fiscal years 2023 and 2024 had not yet been completed because of the clean-up and closing process currently being done.</p> <p>Further, we noted that the separate local return fund bank accounts were combined into the City's pooled cash and investments accounts during FY2024. This violated Metro's mandate to maintain separate bank accounts for local return funds.</p>
Cause	During the fiscal years 2017 through 2021, the City lost several key employees in the Finance and Accounting department. As such, there were delays in the closing of the City's books for the fiscal year 2024 and prior years. As of December 24, 2024, the accounting personnel and support staff were working towards closing the books and providing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
Effect	The City was not in compliance with the audit requirements of the Local Return 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, 2024
 (Continued)**

Finding #2024-004: PALRF and PCLRF (Continued)	City of Compton
Recommendation	<p>We recommend the City implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing the procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The timing of specific procedures could be coordinated with the timing of management's or the auditor's need for the information. These reconciliations will provide assurance that financial statements are complete and accurate.</p> <p>We further recommend that the City reinstate the maintenance of individual bank accounts for its local return funds to comply with Metro's mandate. This will also help in monitoring and tracking the activities and balances of local return funds.</p>
Management's Response	<p>The City is in the process of catching up on all accounting processes that have not been completed due to staff turnover and various other reasons. The new management team in the Finance and Accounting Department is putting procedures in place to ensure monthly and annual year-end closing processes are well documented and occur on time.</p> <p>The City acknowledges the finding and will recommend to the City Council to reinstate the maintenance of individual bank accounts for its local return funds to comply with Metro's mandate.</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, 2024
(Continued)**

Finding #2024-005: PALRF and PCLRF	City of Cudahy
Compliance Reference	Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C or Actuals Entry) 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 Actuals Entry, no later than October 15 after the fiscal year".
Condition	The City submitted its Recreational Transit Certification on November 21, 2024, 37 days after the due date of October 15, 2024.
Cause	Due to changes in Public Works department staffing, there was a transition period that affected the changeover of communication of required reporting with Metro.
Effect	The City was not in compliance with the reporting requirements of the Proposition A and Proposition C 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 October 15 th for each fiscal year.
Finding Corrected During the Audit	The City subsequently submitted the Recreational Transit Certification on November 21, 2024. 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, 2024
(Continued)**

Finding #2024-006: PCLRF	City of Culver City
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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 expenditure under Proposition C Project code 303, Network-wide Signal System Synch, totaling \$29,962, prior to approval from Metro.</p> <p>Although we found the expenditure to be eligible for Local Return funding, this project had no prior approval from Metro.</p>
Cause	The project was inadvertently not included in the submitted budget request.
Effect	The City claimed expenditure totaling \$29,962 of Proposition C LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.
Management's Response	The City submitted a budget request via LRMS and obtained retroactive approval of the budget for said project.
Finding Corrected During the Audit	Retroactive approval of the said project was obtained via LRMS on December 18, 2024. 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, 2024
(Continued)**

Finding #2024-007: PCLRF	City of Hidden Hills
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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 exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a budget request via LRMS for PCLRF's Project code 806 Round Meadow Road and Mureau Road Landscape Maintenance. The amount in excess of 25 percent of the approved budget was \$5,421.</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 via LRMS.</p> <p>The City submitted the budget request through LRMS and obtained retroactive approval of the project from the Metro Program Manager.</p>
Cause	The City did not anticipate incurring eligible expenditures for more than the approved budget for this project. The City was not able to submit a request to increase the budget for Metro's approval until after June 30, 2024.
Effect	The City's PCLRF project expenditure exceeded 25 percent of the approved project budget 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 via LRMS to obtain Metro's approval for changes in project budgets and implement internal controls to ensure compliance with this requirement at all times.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2024
(Continued)

Finding #2024-007: PCLRF (Continued)	City of Hidden Hills
Management's Response	The City agrees with the finding and will submit a revised budget via LRMS prior to the end of the fiscal year to obtain Metro's approval for the change in the project budget and implement internal controls to ensure compliance with this requirement at all times. The City submitted a budget request to the Metro Program Manager and obtained retroactive approval of the budget for said project on July 9, 2024.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the said project on July 9, 2024. 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, 2024
(Continued)**

Finding #2024-008: PALRF	City of Huntington Park
Compliance Reference	Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C or Actuals Entry) 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 Actuals Entry, no later than October 15 after the fiscal year".
Condition	The City submitted its Recreational Transit Certification for PALRF on December 11, 2024, 57 days after the due date of October 15, 2024. This is a repeat finding from prior year.
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 October 15 th for each fiscal year.
Finding Corrected During the Audit	The City subsequently submitted the Recreational Transit Certification on December 11, 2024. 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, 2024
(Continued)**

Finding #2024-009: PALRF and PCLRF	City of Huntington Park
Compliance Reference	Proposition A and Proposition C Local Return Guidelines Section V, states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".
Condition	<p>As of the date of audit fieldwork on December 24, 2024, the City's year-end closing process was still ongoing for fiscal year 2024. The following critical observations were identified:</p> <ul style="list-style-type: none"> • Cut-off procedures relating to year-end accruals were inadequate to ensure the recording of transactions in the proper period. This resulted in the City's adjustments which affected the prior period's account balances. • The beginning fund balances were not reconciled with the prior year's audited reports. • A system issue was discovered, causing balances to not roll over correctly. <p>Accordingly, the audit of the City's financial statements for the fiscal year 2024 was started late because of the ongoing clean-up and closing process.</p> <p>This is a repeat finding from prior year.</p>
Cause	During the fiscal years 2021 through 2024, the City lost several key employees, particularly in the Finance and Accounting Department. This resulted in delays in closing the City's books for the fiscal year 2024 and prior years. As of December 24, 2024, the accounting personnel and support staff were working towards closing the books and providing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
Effect	The City was not in compliance with the audit requirements of the Local Return 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, 2024
(Continued)

Finding #2024-009: PALRF and PCLRF (Continued)	City of Huntington Park
Recommendation	<p>We recommend the City implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing the procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who will perform each procedure and when completion of each procedure is due and is accomplished. The timing of specific procedures should be coordinated with the timing of management's or the auditor's need for the information. These reconciliations will provide assurance that financial statements are updated and provided timely to the users.</p>
Management's Response	<p>The City is in the process of catching up on all accounting processes that have not been completed due to staff turnover and various other reasons. The new management team in the Finance and Accounting Department is putting procedures in place to ensure monthly and annual year-end closing processes are well documented and occur on time.</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, 2024
(Continued)**

Finding #2024-010: PALRF	City of Lynwood
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and Proposition 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 Proposition A Project code 610, Liability Insurance, totaling \$188,157, prior to approval from Metro.</p> <p>Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro.</p> <p>This is a repeat finding from prior year.</p>
Cause	The City did not anticipate incurring eligible expenditures for this project. The City was not able to submit a budget request for Metro's approval until after June 30, 2024.
Effect	The City claimed expenditures totaling \$188,157 of Proposition A 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.
Management's Response	The City submitted a budget request to Metro Program Manager and obtained a retroactive approval of the budget for said project on November 13, 2024.
Finding Resolved During the Audit	Metro Program Manager granted a retroactive approval of the said project on November 13, 2024. 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, 2024
(Continued)**

Finding #2024-011: PCLRF	City of Montebello
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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	The City claimed expenditure prior to approval from Metro under Project code 620, Administrative Overhead, totaling \$20,343. Although we found the expenditure to be eligible for Local Return funding, this project had no prior approval from Metro.
Cause	The City did not anticipate incurring eligible expenditure for this project. The City was not able to submit a budget request for Metro's approval until after June 30, 2024.
Effect	The City claimed expenditure totaling \$20,343 of Proposition C LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending it on Local Return-funded projects.
Management's Response	The City submitted a budget request to Metro Program Manager and obtained retroactive approval of the budget for said project on September 3, 2024.
Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the budget for said project on September 3, 2024. 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, 2024
(Continued)**

Finding #2024-012: PALRF	City of Santa Monica
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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 prior to approval from Metro under Project code 610, Direct Administration – Prop A, totaling \$5,818.</p> <p>Although we found the expenditure to be eligible for Local Return funding, this project had no prior approval from Metro.</p>
Cause	The City did not anticipate incurring eligible expenditures for this project. The City was not able to submit a budget request for Metro's approval until after June 30, 2024.
Effect	The City claimed expenditure totaling \$5,818 of Proposition A LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending it on Local Return-funded projects.
Management's Response	The City submitted a budget request via LRMS and obtained retroactive approval of the budget for said project on July 30, 2024.
Finding Corrected During the Audit	Retroactive approval of the said project was obtained via LRMS on July 30, 2024. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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Fiscal Year Ended June 30, 2024
(Continued)**

Finding #2024-013: PCLRF	City of South Gate
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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 Proposition C projects prior to approval from Metro.</p> <p>c. Project code 302, Replacement of Damaged Traffic Signal Poles at the Intersections, totaling \$194,198; and</p> <p>d. Project code 705, Citywide Roadway Maintenance by City Forces, totaling \$247,435.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro.</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, 2024.
Effect	The City claimed expenditures totaling \$441,633 of Proposition C LR funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.
Management's Response	The City submitted budget requests via LRMS and obtained retroactive approval of the budgets for said projects on October 15, 2024.
Finding Corrected During the Audit	Retroactive approval of the said projects was obtained via LRMS on October 15, 2024. 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, 2024
 (Continued)**

Finding #2024-014: PCLRF	City of South Gate
Compliance Reference	Section 1(C) Project Description Form (Form A) of the Proposition A and Proposition 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 exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a budget request via LRMS for the PCLRF's Project code 715, Illuminated Street Name Sign Replacement. The amount in excess of 25 percent of the approved budget was \$24,139.</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 via LRMS.</p> <p>The City submitted the budget request through LRMS and obtained a retroactive approval of the project via LRMS.</p>
Cause	The City did not anticipate incurring eligible expenditures for more than the approved budget for this project. The City was not able to submit a request to increase the budget for Metro's approval until after June 30, 2024.
Effect	The City's PCLRF project expenditure exceeded 25 percent of the approved project budget 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 via LRMS to obtain Metro's approval for the changes in project budget and implement internal controls to ensure compliance with this requirement at all times.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2024
(Continued)

Finding #2024-014: PCLRF (Continued)	City of South Gate
Management's Response	The City agrees with the finding and will submit a revised budget via LRMS 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 via LRMS and obtained retroactive approval of the budget for said project.
Finding Corrected During the Audit	Retroactive approval of the said project was obtained via LRMS on November 7, 2024. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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Fiscal Year Ended June 30, 2024
(Continued)**

Finding #2024-015: PCLRF	City of Westlake Village
Compliance Reference	Section I(B) Timely Use of Funds of the Proposition A and Proposition 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 \$25,362 which lapsed as of June 30, 2024.
Cause	The City programmed Prop C funding as part of the street work project for FY 2023-24. That work was advertised for bids on February 12, 2024. However, the bid was unsuccessful and the project had to be re-bid on April 24, 2024. This project has subsequently been completed at the beginning of FY 2024-25 and is currently in a close-out process.
Effect	The City did not comply with Proposition C LR 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 already expended these Proposition C funds during FY 2024/25 after the successful re-bid was completed. The City requested and obtained an extension for the use of the funds from the LA Metro Program Manager.
Finding Corrected During the Audit	On November 21, 2024, Metro granted an extension of the use of the funds remaining with the City through June 30, 2025. No follow-up is required.



www.vasquez.cpa

655 N Central Avenue, Suite 1550 • Glendale, California 91203-1437 • +1.213.873.1700