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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 THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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

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

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

Report on Compliance

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

Management's Responsibility

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

Auditor's Responsibility

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

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



Opinion

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

Other Matters

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

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

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-003 and #2020-020 to be material weaknesses.



A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2020-005, #2020-006 and #2020-007 to be significant deficiencies.

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

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

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

**Glendale, California
December 31, 2020**

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

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

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

Details of the findings are in Schedule 2.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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Finding #2020-001: PALRF and PCLRF	City of Azusa
Compliance Reference	Section I(C) Annual Project Update (Form B) of the Proposition A and C Local Return Guidelines state that, "Jurisdiction shall submit on or before August 1st of each fiscal year an Annual Project Update (Form B) to provide current information on all approved on-going and carryover LR projects. LACMTA will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year."
Condition	The City submitted its Annual Project Update (Form B) on October 1, 2019, 60 days after the due date of August 1, 2019.
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 (Form B) is submitted by August 1st as required by the Guidelines.
Management's Response	The City will ensure the Proposition A & C Form B is submitted in a timely manner by the August 1 for each fiscal year.
Finding Corrected During the Audit	The City subsequently submitted the Annual Project Update (Form B). No follow up is required.

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Finding #2020-002: PCLRF	City of Azusa
Compliance Reference	Under Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C) of the Proposition A and Proposition C Local Return Guidelines, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C, no later than October 15 after the fiscal year".
Condition	The Recreational Transit Service Form was submitted on October 19, 2020, 4 days beyond the due date of October 15, 2020.
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 Recreational Transit Service Form is submitted by October 15 th as required by the Guidelines.
Management's Response	The City will ensure the Recreational Transit Form and Certification is submitted in a timely manner by the October 15 for each fiscal year.
Finding Corrected During the Audit	The City subsequently submitted the Recreational Transit Service form. No follow up is required.

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Finding #2020-003: PALRF and PCLRF	City of Baldwin Park
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 the following projects with no prior approval from LACMTA.</p> <p>The City claimed expenditures under the following projects with no prior approval from LACMTA.</p> <ul style="list-style-type: none"> a. PALRF Project code 170-01, Bus Shelter Maintenance, totaling \$6,826; b. PALRF Project code 180-01, CNG Station, totaling \$13,712; c. PALRF Project code 270-02, Commuter Express Trolley Program Planning, totaling \$10,595; d. PALRF Project code 430-03, Complete Streets - Maine Phase II, totaling \$72,100; e. PALRF Project code 430-05, Walnut Creek NP Restoration, totaling \$13,079; f. PALRF Project code 450-01, SB1 Street Improvements and Rehabilitation, totaling \$42,454; g. PALRF Project code 470-02, Pavement Management Updates, totaling \$29,000; h. PCLRF Project code 120-01, Dial A Ride Service, totaling \$28,554; i. PCLRF Project code 220-01, Graffiti Removal, totaling \$55,529 j. PCLRF Project code 230-02, Park/Ride Lot - Utilities, totaling \$2,135; k. PCLRF Project code 270-03, SGVCOG Dues, totaling \$12,292; l. PCLRF Project code 300-05, Transit Center/Pedestrian Bridge, totaling \$34,212; m. PCLRF Project code 440-08, Street Name/Roadway Signs, totaling \$75,566; and

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

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Finding #2020-004: PALRF	City of Bell Gardens
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 the PALRF Project Code 260-01, Vehicles, totaling \$14,743 with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from LACMTA.</p>
Cause	The finding was caused by an oversight by City staff.
Effect	Proposition A LR funds were expended towards project expenditures without prior approval by LACMTA.
Recommendation	We recommend the City establish procedures and implement internal controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects by submitting a Project Description Form (Form A).
Management's Response	<p>The City concurs with the finding that a Form A should have been submitted to LACMTA for approval for Project code 260-01, Vehicles.</p> <p>The City continues to reevaluate the processes that are in place to ensure that budgets for new projects are approved by LACMTA prior to expending the funds.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of project's budget on September 24, 2020. No follow up is required.

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Finding #2020-005: PALRF	City of Bell Gardens
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 LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PALRF's Project Code 120-01, General Public Transit project. Amount in excess of 25 percent of the approved budget was \$405,277.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on September 24, 2020.</p> <p>This is a repeat finding from prior year's audit.</p>
Cause	The City revised the direct cost reporting for the General Public transit project. In previous years, all (100%) direct cost was reported in General Public Transit project. In the last two years, the City allocated 20% of the direct cost to Fixed Route Transit project since the direct cost applies to both Fixed Route Transit and General Public Transit. The finding was caused by an oversight by City staff.
Effect	The City's PALRF project expenditures exceeded 25 percent of the project budget approved by LACMTA without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.

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

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

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

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Finding #2020-008: PCLRF	City of Carson
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 LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PCLRF's Project Code 240-03, Emergency Lyft Services project. Amount in excess of 25 percent of the approved budget was \$1,324.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a revised Project Description Form (Form A).</p>
Cause	This condition was caused by staff oversight.
Effect	The City's PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval which resulted in the City's noncompliance with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.
Management's Response	<p>The City will obtain LACMTA approval prior to spending LACMTA funded projects.</p> <p>The City requested to increase the budget and was granted a retroactive approval on the amended budget for this project on October 14, 2020.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted retroactive approval of said project on October 14, 2020. No additional follow up is required.

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Finding #2020-009: PALRF	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 amounting to \$20,000 under PALRF Project code 280-30, Compton Station Transit Oriented Development (TOD) Specific Plan, with no prior approval from LACMTA.</p> <p>Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from LACMTA.</p>
Cause	This condition was caused by insufficient communication between the Budget Office, Grants Department, and LACMTA.
Effect	Proposition A funds were expended towards project expenditures without prior approval by the LACMTA. 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 LACMTA prior to spending on any Local Return-funded projects.
Management's Response	<p>The City will obtain LACMTA approval prior to spending LACMTA funded projects. The City received a retroactive approval for this project on November 10, 2020.</p> <p>The City is also preparing a new grants policy by December 31, 2020, which will address the areas of communication, so this will not occur again.</p>
Finding Corrected During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on November 10, 2020. No follow up is required.

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

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Finding #2020-011: PCLRF	City of La Puente
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 LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for PCLRF's Project Code 480-02, Administration. Amount in excess of 25 percent of the approved budget was \$3,680.</p> <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on November 12, 2020.</p>
Cause	City staff became primarily engaged in disaster management and Emergency Operations Center (EOC) activities in March 2020 due to the COVID-19 Pandemic. As priorities in local government shifted towards protecting the community from this emergent threat, an oversight was made in monitoring expenditures in the Administration project.
Effect	The City's PCLRF project expenditures exceeded 25 percent of the approved project budget without LACMTA's prior approval, which resulted in the City's noncompliance with the Guidelines.
Recommendation	We recommend that the City submit a revised Form A to obtain LACMTA's approval for the change in project budget and implement internal controls to ensure compliance with this requirement at all times.

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

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

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Finding #2020-013: PCLRF	City of Lawndale
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 \$88,280 under PCLRF Project code 440-01, Street Maintenance and Repairs Project, with no prior approval from LACMTA. Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from LACMTA.
Cause	The City had submitted its budget under project code 480-03 totaling to \$297,904 for FY 2019/20 including both administration costs and street maintenance and repairs costs.
Effect	Proposition C funds were expended towards project expenditures without prior approval by the LACMTA. The City did not comply with the Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on any Local Return-funded projects.
Management's Response	The City will submit future proposals with the two costs, street maintenance and repairs and administration expenses, in separate project codes.
Findings Resolved During the Audit	LACMTA Program Manager granted a retroactive approval of projects' budget on November 2, 2020. No follow up is required.

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Finding #2020-014: PALRF and PCLRF	City of Maywood
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 LACMTA's approved budget by more than 25 percent without obtaining approval through a revised Form A for the following projects:</p> <ul style="list-style-type: none"> a. PALRF's Project code 405-03, Fund Exchange-Manhattan Beach Project. Amount in excess of 25 percent of the approved budget was \$23,973; and b. PCLRF's Project code 120-01, Maywood Dial-A-Ride project. Amount in excess of 25 percent of the approved budget was \$94,718. <p>Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A).</p> <p>The City submitted a Form A to the LACMTA Program Manager and obtained a retroactive approval of the project on October 21, 2020.</p>
Cause	<p>The City is under the impression that the total of the project budgets of \$550,000 for the PALRF fund exchanges with the City of West Hollywood and City of Manhattan Beach was not exceeded. However, the actual fund exchange with the City of West Hollywood was lower than the budget and the fund exchange with the City of Manhattan Beach was higher than the budget but total fund exchange is the same as the budget.</p> <p>The former Finance Director was planning to use other funding source for the City's Dial-A-Ride project but the City ended up just using PCLRF.</p>

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

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Finding #2020-015: 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) 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's issuance of the Proposition C Limited Tax Bonds and the use of the proceeds of the bonds for Paving the Way Project was approved by LACMTA before the issuance of the bonds in December 7019. Accordingly, the debt service payments were also approved as an eligible expense under PCLRF. However, to comply with LACMTA's annual budget approval process and reporting requirement, the City is required to submit Form A and include the annual budgets for both bond proceeds project expenditures and debt service payment for approval by LACMTA. Debt service payments of \$165,324 were not included in Form A.
Cause	The City had received approval for the bond issuance from LACMTA, but did not know that separate approvals were required for underlying annual project expenditures including debt service payments through Form B or Form A.
Effect	The City claimed debt service payments totaling \$165,324 without prior approval from LACMTA. Lack of prior approval results in noncompliance.
Recommendation	We recommend the City establish procedures and controls to ensure that approval is obtained from LACMTA prior to spending on Proposition C-funded projects.
Management's Response	The City submitted Form A to the LACMTA Program Manager and obtained a retroactive approval of the said project on October 29, 2020.
Findings Resolved During the Audit	LACMTA Program Manager granted retroactive approval of the said project on October 29, 2020. No additional follow up is required.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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(Continued)

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

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(Continued)**

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



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