



**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, 2023



Simpson & Simpson, LLP
Certified Public Accountants

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Consolidated Audit Report
Fiscal Year Ended June 30, 2023**

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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
PROPOSTION A AND PROPOSITION C LOCAL RETURN GUIDELINES**

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

Report on Compliance

Opinion

We have audited the compliance of the forty-nine (49) Cities (the Cities) identified in the List of Package B Jurisdictions, with the types of compliance requirements described in the Proposition A and Proposition C Ordinances enacted through a Los Angeles County voter-approved law in November 1980 and November 1990, respectively; Proposition A and Proposition C Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by Metro, the respective Cities for the year ended June 30, 2023 (collectively, the Requirements). Compliance with the above noted Guidelines and Requirements by the Cities are identified in the accompanying Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the Cities complied, in all material respects, with the Guidelines and 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, 2023.

Basis for Opinion

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

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





Responsibilities of Management for Compliance

Management is responsible for the Cities' compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to 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 Cities' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Cities' compliance with the requirements of the Guidelines as a whole.

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

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

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



Other Matters

The results of our auditing procedures disclosed 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 #2023-001 through #2023-030. Our opinion is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be 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 #2023-006, #2023-009 and #2023-024, that we consider 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 #2023-004, #2023-005, #2023-007, #2023-012, #2023-013, #2023-017, #2023-018, #2023-019, and #2023-029, that we consider to be significant deficiencies.

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



Government Auditing Standards requires the auditor to perform limited procedures on the Cities' responses to the internal control over compliance findings identified in our audits 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.

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

Los Angeles, California
December 29, 2023

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
List of Package B Jurisdictions
Fiscal Year Ended June 30, 2023

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

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Compliance Area Tested
Fiscal Year Ended June 30, 2023

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, 2023

The audit of the 49 cities identified in the List of Package B Jurisdictions have resulted in 30 findings. The table below summarizes those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Funds were expended with Metro's approval and were not substituted for property tax.	7	Alhambra (#2023-001) Artesia (#2023-006) Bradbury (#2023-007) Downey (#2023-011) La Habra Heights (#2023-016) Rolling Hills (#2023-025) Rolling Hills Estates (#2023-027)	\$ 1,160,382 - - 215,316 15,036 58,400 15,686	\$ - 29,105 604 - - - -	\$ 1,160,382 29,105 604 215,316 15,036 58,400 15,686
Timely use of funds.	3	El Segundo (#2023-013) Palmdale (#2023-022) Palos Verdes Estates (#2023-024)	470,845 - -	- 496,812 198,744	470,845 496,812 198,744
Administrative expenses are within the 20% cap.	2	Arcadia (#2023-003) Burbank (#2023-010)	3,848 -	58,789 305,448	62,637 305,448
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	2	Alhambra (#2023-002) La Habra Heights (#2023-017)	None None	None -	None None
Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	1	Bradbury (#2023-008)	None	None	None

(Continued)

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year Ended June 30, 2023**

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the Audit
			PALRF	PCLRF	
Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	5	Artesia (#2023-004) Bradbury (#2023-009) La Habra Heights (#2023-018) Palos Verdes Estates (#2023-023) Rolling Hills (#2023-026)	None None None None None	None None None None None	None None None None None
Recreational transit form was submitted on time.	8	Artesia (#2023-005) El Segundo (#2023-012) Glendora (#2023-014) Long Beach (#2023-020) Los Angeles (#2023-021) San Dimas (#2023-028) Signal Hill (#2023-029) Temple City (#2023-30)	None None None None None None None None	- - - - - - - -	None None None None None None None None
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	1	La Habra Heights (#2023-019)	-	None	None
Accounting procedures, record keeping and documentation are adequate.	1	Glendora (#2023-015)	None	-	None
Total Findings and Questioned Cost	30		\$ 1,939,513	\$ 1,089,502	\$ 3,029,015

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023**

PALRF Finding #2023-001	City of Alhambra
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds."
Condition	<p>The expenditures for the PALRF Project Code 210, 2021-2022 Purchase of two ACT Transit Buses, in the total amount of \$1,160,382 were incurred prior to Metro's approval.</p> <p>However, the City subsequently received an approved budget in the amount of \$1,160,375 from Metro on October 5, 2023.</p>
Cause	The City assumed that the project was previously approved by Metro prior to expenditures being incurred.
Effect	The City did not comply with the Guidelines as expenditures for the PALRF project were incurred prior to Metro's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Proposition A Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City's expenditures of Proposition A Local Return Funds are in accordance with Metro's approval and the Guidelines.
Management's Response	The City agrees with this finding. The City will closely monitor that all of the projects are approved and ensure that the expenditures are not incurred prior to Metro's approval.
Corrected During the Audit	Metro Program Manager granted a retroactive budget approval in the amount of \$1,160,375 for the said project on October 5, 2023. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)

PALRF & PCLRF Finding #2023-002	City of Alhambra
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C) Project Description Form (Form A), "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects."
Condition	<p>The City exceeded more than 25 percent of Metro's approved budget on the following projects:</p> <ul style="list-style-type: none"> a) PALRF's Project Code 610, Direct Administration, in the amount of \$173,027. b) PCLRF's Project Code 620, Direct Administration, in the amount of \$64,301. <p>However, the City submitted a request to increase the budget and was approved by Metro in the amount of \$262,776 for the PALRF's Direct Administration Project Code 610 on December 5, 2023.</p> <p>Likewise, the City submitted a request to increase the budget and was approved by Metro in the amount of \$185,285 for the PCLRF's Direct Administration Project Code 620 on December 5, 2023.</p>
Cause	The City has in prior years included administration costs directly related to the projects within the budget and actuals of the projects. However, this is the first year this was brought to the City's attention by the auditors that all administration costs should be included in Direct Administration Project.
Effect	The City's PALRF and PCLRF project expenditures exceeded 25 percent of Metro's approved budget prior to Metro's approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the Metro's approved budget and any projects exceeding the 25 percent or greater change are identified and updated in the Local Return Managements System (LRMS) to obtain Metro's approval for the change in project budget prior to the expenditures of funds.
Management's Response	The City agrees with this finding. In future years, the City will ensure administration costs are budgeted and actuals are reported within the Direct Administration Project.
Corrected During the Audit	Metro Program Manager granted retroactive budget approvals of the said projects on December 5, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)**

PALRF & PCLRF Finding #2023-003	City of Arcadia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.15, “The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on year-end expenditures, and will be subject to an audit finding if the figure exceeds 20 percent;” and “The annual expenditure figure will be reduced by fund trades to other cities and/or funds set aside for reserves; conversely, the annual expenditure figure will be increased by expenditure of reserves or LR funds received in fund exchanges.”
Condition	The City’s administrative expenditures exceeded more than 20 percent of its total PALRF and PCLRF annual expenditures in the amount of \$3,848 and \$58,789, respectively, or a total of \$62,637. The amount of \$62,637 represents an excess of over 20 percent of the PALRF and PCLRF’s total annual expenditures.
Cause	This was due to an oversight on the part of the City.
Effect	The City’s Proposition A and Proposition C respective Administration Project Codes 610 and 620 expenditures exceeded 20 percent of its PALRF and PCLRF total annual expenditures. Therefore, the City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend the City establish procedures to ensure that administrative expenditures are within the 20 percent cap of the PALRF’s and PCLRF’s total annual expenditures.
Management’s Response	The finding was due to staff turnover, which was responsible for communicating the 20 percent administrative cap to the relevant staff. The staff have since addressed this matter with Metro. A one-time waiver by Metro has been granted.
Corrected During the Audit	The City requested a one-time waiver of the 20% administrative cap from Metro for Proposition A and Proposition C. Metro granted the waiver on December 12, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)**

PALRF & PCLRF Finding #2023-004	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
Condition	The City did not meet the October 15, 2023 deadline for submitting the Form C in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on December 13, 2023. This is a repeat finding from fiscal year 2022.
Cause	This was an oversight on the part of the City due to understaffed.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring that Form C is entered in the LRMS before the due date so that the City is in compliance with Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City is understaffed due to employee turnover. In the future, management will ensure that Form C is submitted before the deadline.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on December 18, 2023. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)

PALRF Finding #2023-005	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2023 deadline for submitting the Recreational Transit Form to Metro. However, the City submitted the Recreational Transit Form on December 18, 2023. This is a repeat finding from fiscal year 2022.
Cause	This was an oversight on the part of the City due to understaffed.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring the timely submission of all required forms and documentation.
Management's Response	The City is understaffed due to employee turnover. In the future, management will ensure that the Recreational Transit Form is submitted before the deadline.
Corrected During the Audit	The City's Recreational Transit Form was submitted to Metro on December 18, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)**

PCLRF Finding #2023-006	City of Artesia
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds."
Condition	The City incurred expenditures prior to receiving approval from Metro for PCLRF Project Code 705, ATP Cycle 3, in the amount of \$29,105. However, the City subsequently received an approved budget in the amount of \$29,105 from Metro for the PCLRF project on December 18, 2023. This is a repeat finding from fiscal years 2021 and 2022.
Cause	This was an oversight on the part of the City due to understaffed.
Effect	The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to the expenditure of funds.
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring that it obtains approval from Metro prior to implementing any Proposition C Local Return projects, properly enters the budgeted amount for each project into the LRMS and submits it before the requested due date so that the City's expenditures of Proposition C Local Return Funds are in accordance with Metro's approval and Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City is understaffed due to employee turnover. The City will establish procedures to ensure that it obtains Metro's approval before expenditures incurred.
Corrected During the Audit	Metro Program Manager granted retroactive budget approval of the said project on December 18, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)**

PCLRF Finding #2023-007	City of Bradbury
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project.”
Condition	The City expended a total of \$604 for the Wild Rose Project in FY2022/23 prior to receiving approval from Metro. This is a repeat finding from fiscal year 2022.
Cause	It was due to the change in personnel in the City’s finance department.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to the expenditure of funds.
Recommendation	We recommend that the City establish procedures to ensure that all expenditures are approved by Metro prior to expending the funds including procedures to ensure that new personnel are properly trained in the Proposition A and Proposition C Local Return Guidelines.
Management’s Response	The City accepts the finding and will ensure to establish procedures to ensure that expenditures are approved by Metro prior to expending the funds and new personnel are made aware of the procedures.
Corrected During the Audit	The City received a retroactive approval from Metro on November 16, 2023 on the budget for Wild Rose Project, in the amount of \$604. 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, 2023
(Continued)**

PALRF & PCLRF Finding #2023-008	City of Bradbury
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Project Update (Form B), "On or before August 1st of each fiscal year, the Jurisdictions shall submit an Annual Project Update to provide current information on all approved on-going and carryover LR projects."
Condition	The City did not meet the August 1, 2022 deadline for submitting Form B in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on November 14, 2023.
Cause	It was due to the change in personnel in the City's finance department.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that Form B is submitted in the LRMS before the due date so that the City is in compliance with Proposition A and Proposition C Local Return Guidelines including procedures to ensure that new personnel are properly trained in the Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City accepts the finding and has established calendar notifications to remind the finance department to submit Form B before the due date.
Corrected During the Audit	The City subsequently submitted the required information in the LRMS on November 14, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)**

PALRF & PCLRF Finding #2023-009	City of Bradbury
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
Condition	The City did not meet the October 15, 2023 deadline for submitting Form C in the LRMS. Instead, the City submitted the information in the LRMS on November 14, 2023. This is a repeat finding from fiscal years 2021 and 2022.
Cause	It was due to the change in personnel in the City's finance department.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that Form C is submitted in the LRMS before the due date so that the City is in compliance with Proposition A and Proposition C Local Return Guidelines including procedures to ensure that new personnel are properly trained in the Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City accepts the finding and has established calendar notifications to remind the finance department to submit Form C before the due date.
Corrected During the Audit	The City subsequently submitted the required information in the LRMS on November 14, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2023
 (Continued)**

PCLRF Finding #2023-010	City of Burbank
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.15, "The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on year-end expenditures, and will be subject to an audit finding if the figure exceeds 20 percent."
Condition	The City's administrative expenditures exceeded more than 20 percent of its total Proposition C Local Return Fund (PCLRF) annual expenditures in the amount of \$305,448. The amount of \$305,448 represents an excess of over 20 percent of the PCLRF's total local return annual expenditures.
Cause	It was due to an oversight by the City.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that administrative expenditures are within the 20 percent cap of the PCLRF's total annual expenditures.
Management's Response	In the future, the City will monitor the administrative expenditures so that they will not exceed more than 20 percent cap of PCLRF's total expenditures.
Corrected During the Audit	Metro Program Manager granted the City a waiver to reimburse its PCLRF account for the questioned cost of \$305,448 on December 12, 2023. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)

PALRF Finding #2023-011	City of Downey
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds."
Condition	<p>The City incurred expenditures prior to Metro's approval on the following projects:</p> <ul style="list-style-type: none"> a. Administrative Overhead for Senior/Handicapped Transit Program Project Code 610, in the amount of \$214,576. b. Administrative Overhead for Downey Depot Maintenance Project Code 610 in the amount of \$740. <p>However, the budgets for the projects above were subsequently approved by Metro on November 17, 2023, for the same amounts expended.</p>
Cause	The request for budget approvals from Metro for these projects was overlooked in fiscal year 2022-23.
Effect	The City did not comply with the Guidelines as expenditures for the PALRF projects were incurred prior to Metro's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Proposition A Local Return projects, properly enters the budgeted amount for each project into the Local Return Management System (LRMS) and submits it before the requested due date so that the City's expenditures of Proposition A Local Return Funds are in accordance with Metro's approval and the Guidelines.
Management's Response	The City's management agrees with the finding. In the future, the City will review all Administrative Overhead costs and ensure to request the appropriate Metro approved budget prior to incurring the expenditures.
Corrected During the Audit	Metro Program Manager granted retroactive budget approvals for the said projects on November 17, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)**

PALRF Finding #2023-012	City of El Segundo
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, A.1.3 Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2023 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on December 5, 2023. This is a repeat finding from fiscal year 2022.
Cause	This was an oversight by the City for not submitting the Recreational Transit Form by the due date.
Effect	The City did not comply with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15 to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City accepts the finding and the Finance Department has reminded staff about the due date and set-up annual reminder to ensure that the Recreational Transit Form is submitted before the due date of October 15.
Corrected During the Audit	The City's Recreational Transit Form was submitted on December 5, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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Fiscal Year Ended June 30, 2023
(Continued)**

PALRF Finding #2023-013	City of El Segundo
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section IV, E.1-3 Timely Use of Funds, “Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds.”
Condition	The City’s fiscal year 2020 lapsed fund balance in the amount of \$470,845 was not fully expended within 3 years as of June 30, 2023 and it was not reserved for capital projects as required by the Proposition A and Proposition C Local Return Guidelines. This is a repeat finding from fiscal year 2022.
Cause	This was an oversight by the City for not tracking the timely use of funds.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish a procedure where the City staff review the estimated annual fund balance so that funds are expended timely, or a capital reserve account can be established.
Management’s Response	The City accepts the finding and has reminded staff to work to identify eligible operational and capital objectives during the budget development process each year to ensure there are sufficient encumbrances within the Proposition A fund to fully spend down the City's Proposition A allocations.
Corrected During the Audit	On December 5, 2023, Metro granted the City an extension on the usage of the lapsed funds until June 30, 2024.

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

PALRF Finding #2023-014	City of Glendora
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, “Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2023 deadline for submission of the Listing of Recreational Transit Services (listing). However, the City submitted the listing on December 20, 2023.
Cause	It came to the City’s attention during the audit that the listing was not submitted to Metro by the deadline of October 15th. This was due to an oversight. The City’s Accounting Manager who worked on the Metro project with little to no assistance from staff left in September 2023, prior to the deadline of the form submission. Upon her exit, the employee who was working on the audit received the form but only provided the listing to the Metro auditor and not to Metro due to lack of training. As a result, the listing was submitted to Metro not until December 20, 2023.
Effect	The City’s Listing of Recreational Transit Services was not submitted in a timely manner as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with Metro’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from Metro to verify the form was submitted in a timely manner.
Management’s Response	Moving forward, this task has been placed on the City’s yearly task calendar, as well as a reminder set in the outlook calendar to submit the listing by October 15th of each year. The City has reevaluated the process to ensure that the form will be submitted in a timely manner. The City is confident that this will not be a finding in the future.
Corrected During the Audit	The City subsequently submitted the Listing of Recreational Transit Services on December 20, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2023
 (Continued)**

PALRF Finding #2023-015	City of Glendora
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II: Project Eligibility, “A proposed expenditure of funds shall be deemed to be for public transit purposes to the extent that it can reasonably be expected to sustain or improve the quality and safety of and/or access to public transit services by the general public or those requiring special public transit assistance,” and Section V: Audit Section, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation...”
Condition	<p>During our payroll testing, the City provided both the timesheets and the Special Funding Time Certification (Certification), a supplemental form for the timesheet. The pay periods tested were as follows:</p> <ul style="list-style-type: none"> a) September 4, 2022 b) January 22, 2023 c) May 28, 2023 <p>We noted salary discrepancies amounting to \$749 in nine (9) out of twelve (12) payroll transactions tested. The differences were noted between the amounts recorded on the general ledger and those calculated from the hours shown in the Certification, when multiplied by the employees’ hourly rates.</p> <p>However, since the net effect of the payroll discrepancies resulted in an under allocation to the local return fund, these discrepancies will not be questioned.</p>
Cause	Upon reviewing the Certification and timecards, it was discovered that the employees did not fill out their timecards properly by breaking out the number of hours reported on the Certification and the rest of the working hours to the General Fund. In this discovery, it was determined that the General Fund paid for hours that should have been charged to PALRF resulting in an under allocation of salaries to the local return funds.
Effect	Payroll discrepancies resulting from improper timecard management and limited HR data access can lead to misallocation of the local return funds.
Recommendation	We recommend that the City strengthen its controls to ensure accuracy of hours allocated to the local return fund’s projects. This includes verifying that all supporting documentation, such as the timesheets and Certifications, consistently reflects the hours worked.

**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, 2023
 (Continued)**

<p align="center">PALRF Finding #2023-015 (Continued)</p>	<p align="center">City of Glendora</p>
<p>Management's Response</p>	<p>The City is implementing a new finance system that will require electronic entry, thereby eliminating manual entry, in which the proper funds will be charged for the time worked on projects and will be better managed by the City. However, in order to resolve this issue at the present time, the employees will now be required to attach and submit the Certification with the timecard to the supervisor for validation that the hours are listed accurately and broken down according to the appropriate funds to be charged. Furthermore, the City plans to have a discussion meeting on providing access to HR files to the Finance department employees for any payroll-related documents that is requested so they can be provided to the Metro auditor during the audit.</p>

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

PALRF Finding #2023-016	City of La Habra Heights
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): "Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds."
Condition	The City incurred expenditures prior to receiving approval from Metro for Proposition A Local Return Fund (PALRF) Project Code 107, Dial-A-Ride, in the amount of \$15,036. However, the City subsequently received an approved budget in the amount of \$15,036 from Metro for the PALRF project on November 20, 2023.
Cause	This was an oversight by the City due to recent turnover among administrative staff and management.
Effect	The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to the expenditure of funds.
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements so that the City can obtain approval from Metro before implementing any Proposition A Local Return projects. Additionally, the City should properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit it before the requested due date. This ensures that the City's expenditures align with Metro's approval and adhere to the Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City will establish procedures to ensure that it obtains Metro's approval before expenditures incurred.
Corrected During the Audit	Metro Program Manager granted a retroactive budget approval of the said project on November 20, 2023. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
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(Continued)

PALRF Finding #2023-017	City of La Habra Heights
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects.”
Condition	The City exceeded Metro's approved budget for PALRF Project Code 410, Prop A Fund Trade, by more than 25 percent, amounting to an excess of \$30,000. Subsequently, the City submitted a request for an increase in the budget from \$40,000 to \$80,000 to Metro, which was approved on December 19, 2022. This is a repeat finding from fiscal year 2022.
Cause	This was an oversight by the City due to the recent turnover among administrative staff and management.
Effect	The City’s PALRF project expenditures exceeded 25 percent of Metro’s approved budget. The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring project expenditures are within the 25 percent cap of the Metro’s approved budget and any projects exceeding the 25 percent or greater change are identified and updated in the LRMS to obtain Metro’s approval for any budget change prior to the expenditures of funds.
Management’s Response	In the future, the City staff will review all of the budget approvals for all of the projects before submitting them to Metro to ensure that the proper budget amounts are requested.
Auditor’s Additional Comment	Metro Program Manager granted a retroactive budget approval of said project to \$80,000 on November 20, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
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(Continued)**

PALRF & PCLRF Finding #2023-018	City of La Habra Heights
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
Condition	The City did not meet the October 15, 2023 deadline for submitting the Annual Expenditure Report in the LRMS. Instead, the City submitted the information in the LRMS on November 20, 2023. This is a repeat finding from fiscal year 2022.
Cause	This was an oversight by the City due to the recent turnover among administrative staff and management.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring the annual actual expenditures are entered in the LRMS before the due date so that the City is in compliance with the Proposition A and Proposition C Local Return Guidelines.
Management's Response	In the future, management will ensure the Annual Expenditure Report is submitted before the deadline.
Corrected During the Audit	The City subsequently entered the required information in the LRMS on November 20, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
 Proposition A and Proposition C Local Return Funds
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2023
 (Continued)**

PCLRF Finding #2023-019	City of La Habra Heights
Compliance Reference	<p>According to Proposition A and Proposition C Local Return Guidelines, Section 11.C.7, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems when proposing "Street Repair and Maintenance "or "Bikeway" projects."</p> <p>PMS must include the following:</p> <ul style="list-style-type: none"> • Inventory of existing pavements including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Inventory of existing Class I bikeways, reviewed and updated triennially; • Assessment of pavement condition including, as a minimum, arterial and collector routes, reviewed and updated triennially; • Identification of all pavement sections needing rehabilitation/replacement; and • Determination of budget needs for rehabilitation or replacement of deficient sections of pavement for current and following triennial period(s). <p>Self-certifications (included in Appendix III) executed by the Jurisdiction’s Engineer or designated, registered civil engineer, must be submitted with a Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy “Street Repair and Maintenance” and “Bikeway” project eligibility criteria”.</p> <p>A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro for project codes 705, 710, 715, and 765.</p>
Condition	<p>A PMS Certification Form was due for the fiscal year 2023 since the City incurred PCLRF expenditures for the following two projects: (1) Project Code 715, 20/21 Street Improvements - Various Roads Overlay; and (2) Project Code 715, 21/22 Street Improvements - Various Roads Overlay. However, the City did not submit a PMS Certification Form during the fiscal year 2023. The City submitted the PMS Certification Form on November 20, 2023.</p> <p>This is a repeat finding from fiscal year 2022.</p>
Cause	<p>This was an oversight by the City due to the recent turnover of administrative staff and management.</p>
Effect	<p>The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines.</p>

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

PCLRF Finding #2023-019 (Continued)	City of La Habra Heights
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring that if the City incurs expenditures for projects with codes 705, 710, 715, or 765, a PMS Certification Form is properly certified and executed by the City’s Engineer or designated registered Civil Engineer and submitted to Metro within the third year from the last submission date to be in compliance with the Guidelines.
Management’s Response	The City is aware that the current PMS Certification on file should have been updated and submitted in fiscal year 2023.
Corrected During the Audit	The City has submitted the PMS Certification Form on November 20, 2023. No follow-up is required.

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

PALRF Finding #2023-020	City of Long Beach
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2023 deadline for submission of the Listing of Recreational Transit Services (listing). However, the City submitted the listing on December 5, 2023.
Cause	The City submitted the report to Metro seven weeks late even though the report was completed over two months in advance. The delayed transmittal to Metro was due to staff attrition and lack of management oversight between the City departments.
Effect	The City's Listing of Recreational Transit Services was not submitted in a timely manner as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15 th so that the City's expenditures of the Proposition A Local Return Fund will be in accordance with Metro's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from Metro to verify the form was submitted in a timely manner.
Management's Response	The Public Works Department (Department) will ensure staff are properly trained on the preparation, review, and timely submission of forms to the Los Angeles County Metropolitan Transportation Authority. The Department will also improve internal guidelines and communication between City Departments to obtain necessary information in advance of filing deadlines. The expected completion date for implementation of these planned actions is No later than December 31, 2023.
Corrected During the Audit	The City subsequently submitted the Listing of Recreational Transit Services on December 5, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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PALRF Finding #2023-021	City of Los Angeles
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2023 deadline for submission of the Listing of Recreational Transit Services (listing). However, the City submitted the listing on November 16, 2023.
Cause	This was an oversight by the City.
Effect	The City's Listing of Recreational Transit Services was not submitted in a timely manner as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15 th so that the City's expenditures of the Proposition A Local Return Fund will be in accordance with Metro's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from Metro to verify the form was submitted in a timely manner.
Management's Response	The City will ensure staff are made aware of the timely submission of the recreational transit form to Metro. The City will also improve internal procedures and guidelines to obtain necessary information in advance of filing deadlines.
Corrected During the Audit	The City subsequently submitted the Listing of Recreational Transit Services on November 16, 2023. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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PCLRF Finding #2023-022	City of Palmdale
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines Section IV. E. Timey Use of Funds, "...Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City's fiscal year 2020 PCLRF ending fund balance in the amount of \$496,812 was not fully expended within 3 years as of June 30, 2023, and it was not reserved for capital projects as required by the Proposition A and Proposition C Local Return Guidelines
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted.
Management's Response	The City will establish procedures to ensure that all funds are appropriately expended or reserved according to the Proposition A and Proposition C Local Return Guidelines.
Corrected During the Audit	On December 20, 2023, Metro granted the City an extension on the usage of the lapsed funds until June 30, 2024. No follow-up is required.

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

PALRF & PCLRF Finding #2023-023	City of Palos Verdes Estates
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), "On or before October 15th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures."
Condition	The City did not meet the October 15, 2023 deadline for submitting the Form C in the Local Return Management System (LRMS). Instead, the City submitted the information in the LRMS on December 1, 2023.
Cause	This was an oversight by the City due to administrative staff and management turnover for not submitting the Form C by the due date.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring that the Form C is entered in the LRMS before the due date so that the City is in compliance with Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City is understaffed due to employee turnover. In the future, management will ensure the Form C is submitted before the deadline.
Corrected During the Audit	The City subsequently entered Form C in the LRMS on December 1, 2023. No follow up is required.

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

PCLRF Finding #2023-024	City of Palos Verdes Estates
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines Section IV. E. Timely Use of Funds, "...Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City's fiscal year 2020 ending fund balance of Proposition C Local Return Fund (PCLRF) in the amount of \$198,744 was not fully expended within 3 years as of June 30, 2023, and it was not reserved for capital projects as required by the Proposition A and Proposition C Local Return Guidelines. However, on December 21, 2023, Metro granted the City an extension on the usage of lapsed funds until June 30, 2024. This is a repeat finding from fiscal years 2021 and 2022.
Cause	This was an oversight by the City due to administrative staff and management turnover for not tracking the timely use of funds.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
Recommendation	In order to avoid future lapsed funds, we recommend that the City take the necessary steps to ensure that new administrative staff and management are fully aware of compliance requirements. This includes ensuring that the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted.
Management's Response	Executive, Management, and administrative staff in the Finance Department have had significant turnover during the past 12 months. All staff that would have been involved in the production of, or had institutional knowledge of, the timely use of funds left the City. In the future, management will ensure the fund is fully expended within 3 years.
Corrected During the Audit	On December 21, 2023, Metro granted the City an extension on the usage of the lapsed funds until June 30, 2024. No follow up is required.

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(Continued)**

PALRF Finding #2023-025	City of Rolling Hills
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Project Description Form (Form A), “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project.”
Condition	The City did not submit the Form A prior to the fund exchange with the City of Beverly Hills in the amount of \$58,400. Instead, the City submitted the information in the Local Return Management System (LRMS) on October 31, 2023.
Cause	This was an oversight on the part of the City.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form A is entered in the LRMS before the expenditure of funds so that the City is in compliance with the Proposition A and Proposition C Local Return Guidelines.
Management’s Response	The City acknowledges the oversight and will ensure to submit the Form A before the expenditure of funds.
Corrected During the Audit	The City subsequently received approval for the fund exchange in the LRMS on October 31, 2023. No follow-up is required.

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

PALRF & PCLRF Finding #2023-026	City of Rolling Hills
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I. C, Proposition A and Proposition C Forms and Submittal Requirements – Annual Expenditure Report (Form C), “On or before October 15 th of each fiscal year, the Jurisdictions shall submit an Annual Expenditure Report to provide an update on previous year LR fund receipts and expenditures.”
Condition	The City did not meet the October 15, 2023 deadline for submitting the Form C in the LRMS. Instead, the City submitted the information in the LRMS on October 31, 2023.
Cause	This was due to an oversight on the part of the City.
Effect	The City did not comply with the Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Form C is entered in the LRMS before the due date so that the City is in compliance with the Proposition A and Proposition C Local Return Guidelines.
Management’s Response	The City acknowledges the oversight and will ensure to submit the Form C on or before October 15 th .
Corrected During the Audit	The City subsequently entered the required information in the LRMS on October 31, 2023. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
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(Continued)

PALRF Finding #2023-027	City of Rolling Hills Estates
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I ©, Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds.”
Condition	The City incurred expenditures prior to receiving approval from Metro for PALRF Project Code 610, Personnel Admin Costs, in the amount of \$15,686. However, the City subsequently received approval from Metro for this project on November 06, 2023.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with the Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to the expenditure of funds.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Proposition A Local Return projects, properly enters the budgeted amount for each project in the Local Return Management System (LRMS) and submits it before the requested due date so that the City’s expenditures of Proposition A Local Return Funds are in accordance with Metro’s approval and the Proposition A and Proposition C Local Return Guidelines.
Management’s Response	The City will establish procedures to ensure that it obtains Metro's approval before expenditures incurred.
Corrected During the Audit	Metro Program Manager granted a retroactive budget approval of the said project on November 06, 2023. No follow-up action is required.

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

PALRF Finding #2023-028	City of San Dimas
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, “Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year.”
Condition	The City did not meet the October 15, 2023 deadline for submission of the Listing of Recreational Transit Services (listing). However, the City submitted the listing on October 24, 2023.
Cause	The new City staff was unfamiliar with the submittal of the listing and did not follow-up with Metro on the reporting requirement deadline.
Effect	The City’s Listing of Recreational Transit Services was not submitted in a timely manner as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City’s expenditures of the Proposition A Local Return Fund will be in accordance with Metro’s approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from Metro to verify the form was submitted in a timely manner.
Management’s Response	The new City staff is now aware of the submittal process of the listing and will ensure that in the future, the form will be submitted to Metro in a timely manner.
Corrected During the Audit	The City subsequently submitted the Listing of Recreational Transit Services on October 24, 2023. No follow-up is required.

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(Continued)**

PALRF Finding #2023-029	City of Signal Hill
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II, A.1.3 Recreational Transit Service, "Jurisdictions shall submit a listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2023 deadline for submission of the Recreational Transit Form. However, the City submitted the Recreational Transit Form on November 6, 2023. This is a repeat finding from fiscal year 2022.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
Recommendation	We recommend that the City strengthen internal control procedures to ensure that the Recreational Transit Form is properly prepared and submitted before the due date of October 15 to meet Proposition A and Proposition C Local Return Guidelines.
Management's Response	The City submitted the Recreational Transit Form on November 6, 2023 due to oversight. In the future, the City will make sure to submit the Recreational Transit Form by the October 15 deadline to ensure compliance with the requirements.
Corrected During the Audit	The City's Recreational Transit Form was submitted on November 6, 2023. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2023
(Continued)

PALRF Finding #2023-030	City of Temple City
Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section II.A.1.3, Recreational Transit Service, "Jurisdictions shall submit a Listing of Recreational Transit Services no later than October 15 after the fiscal year."
Condition	The City did not meet the October 15, 2023 deadline for submission of the Listing of Recreational Transit Services (listing). However, the City submitted the listing on November 15, 2023.
Cause	The late submission of the listing to Metro was due to an oversight by the City staff.
Effect	The City's Listing of Recreational Transit Services was not submitted in a timely manner as required by the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that the Recreational Transit Services Listing is properly prepared and submitted before the due date of October 15th so that the City's expenditures of the Proposition A Local Return Fund will be in accordance with Metro's approval and the Guidelines. Furthermore, we recommend that the City retain a confirmation of receipt from Metro to verify the form was submitted in a timely manner.
Management's Response	The City plans to create a checklist to keep track of the deadline dates for submission of the forms, including the listing, as required by Metro for all local return funds.
Corrected During the Audit	The City subsequently submitted the Listing of Recreational Transit Services on November 15, 2023. No follow-up is required.