



**“Package B” EZ Transit Pass Regional Program Participants
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Pass Program Reimbursements**

**Year ended June 30, 2016
with Independent Auditor’s Report on Compliance**



Simpson & Simpson, LLP
Certified Public Accountants

**“Package B” EZ Transit Pass Regional Program Participants
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements**

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Independent Auditor's Report On Compliance

To the Los Angeles County
Metropolitan Transportation Authority

Report on Compliance

We have audited the compliance of EZ Transit Pass Passenger Boardings, Average Fare Used, and EZ Transit Pass Fare Reimbursements of Beach Cities Transit, Burbank Local Transit, Foothill Transit, Glendale Beeline, Long Beach Transit, Los Angeles Department of Transportation, Los Angeles World Airports, County of Los Angeles Department of Public Works, Norwalk Transit, Palos Verdes Peninsula Transit Authority, Pasadena Area Rapid Transit System, Santa Clarita Transit and Torrance Transit (Package B EZ Transit Pass Regional Program Participants) for the year ended June 30, 2016.

Management's Responsibility

Management of the Package B EZ Transit Pass Regional Program Participants is responsible for the respective Participants' compliance with those guidelines.

Auditor's Responsibility

Our responsibility is to express an opinion on these schedules based on our audits.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Los Angeles County EZ Transit Pass Regional Program Guidelines for Participating Agencies (Guidelines). Those standards and Guidelines require that we plan and perform the audit 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 EZ Transit Pass Regional Program occurred. An audit includes examining, on a test basis, evidence about the Participants' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance. Our audit does not provide a legal determination of the Participants' compliance with those requirements.



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Opinion on EZ Transit Pass Passenger Boardings, Average Fare Used and EZ Transit Pass Fare Reimbursements

In our opinion, the Schedules of EZ Transit Pass Passenger Boardings, Average Fare Used, and EZ Transit Pass Fare Reimbursements of Beach Cities Transit, Burbank Local Transit, Foothill Transit, Glendale Beeline, Long Beach Transit, Los Angeles Department of Transportation, Los Angeles World Airports, County of Los Angeles Department of Public Works, Norwalk Transit, Palos Verdes Peninsula Transit Authority, Pasadena Area Rapid Transit System, Santa Clarita Transit and Torrance Transit are materially correct and the EZ Transit Pass Regional Program Participants complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Los Angeles County EZ Transit Pass Regional Program for the fiscal year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines, and which are described in the accompanying Summary of Findings and Management's Comments as Findings #2016-001 and #2016-002. Our opinion on each EZ Transit Pass Regional Program Participant is not modified with respect to these matters.

The Participants' responses to the noncompliance findings identified in our audit are described in the accompanying Summary of Findings and Management's Comments. The Participants' 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 the Package B EZ Transit Pass Regional Program Participants is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered each Participant's internal control over compliance with the Requirements that could have a direct and material effect on the EZ Transit Pass Regional Program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the 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 Participant's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance under the Requirements on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in



internal control over compliance, such that there is a reasonable possibility that material noncompliance under the Requirements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Requirements that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The 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 requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads 'Simpson & Simpson'.

Los Angeles, California
January 30, 2017

BEACH CITIES TRANSIT
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		23,020	23,020	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.84	\$ 0.84	\$ -
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		19,337	19,337	-
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 19,337	\$ 19,337	\$ -

BURBANK LOCAL TRANSIT
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		55,531	55,531	-
Metrolink Pass		81,810	81,810	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 1.00	\$ 1.00	\$ -
Metrolink Pass		1.00	1.00	-
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		\$ 55,531	\$ 55,531	\$ -
Metrolink Pass		81,810	81,810	-
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement [c-d]		\$ 137,341	\$ 137,341	\$ -

FOOTHILL TRANSIT
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	(Under) Reported
Passenger Boardings				
LACMTA EZ Transit Pass [a]	Adult	258,969	258,969	-
	Senior	103,443	103,443	-
	Silver Streak Adult	29,011	29,011	-
	Silver Streak Senior	12,501	12,501	-
	Commuter Express	64,579	64,579	-
	Metrolink EZ Pass [b]	468,503	468,503	-
Average Fare Billed				
				-
LACMTA EZ Transit Pass [c]	Adult	\$ 1.55	\$ 1.21	\$ 0.34
	Senior	1.55	0.49	1.06
	Silver Streak Adult	1.55	2.52	(0.97)
	Silver Streak Senior	1.55	1.27	0.28
	Commuter Express	1.55	4.27	(2.72)
	Metrolink EZ Pass [d]	1.05	1.05	-
EZ Transit Pass Fare Reimbursement				
LACMTA EZ Transit Pass [a x c=e]	Adult	\$ 401,402	\$ 314,388	\$ 87,014
	Senior	160,337	50,273	110,063
	Silver Streak Adult	44,967	73,137	(28,170)
	Silver Streak Senior	19,377	15,876	3,500
	Commuter Express	100,097	275,494	(175,397)
		726,180	729,169	(2,989)
	Metrolink EZ Pass [b x d=f]	491,928	491,928	-
Less: EZ Transit Pass Sales Revenue [g]				
		-	-	-
Total EZ Transit Pass Reimbursement [e + f - g]				
		\$ 1,218,108	\$ 1,221,097	\$ (2,989)

Notes:

1. In accordance with the Guidelines, Foothill Transit used the average fare of each EZ transit pass media (i.e., Adult, Senior, Silver Streak Adult, Silver Streak Senior, and Commuter Express) to request reimbursement from LACMTA.
2. For Metrolink EZ Pass, Foothill Transit used the average fare of local routes only consistent with the MOU, to request reimbursement from LACMTA.
3. The under-billing in EZ Transit Pass reimbursement was caused by the actual average fare being higher than the average fare used to bill LACMTA. Foothill Transit prepared the average fare reconciliation to determine the actual average fare at the end of the fiscal year as required by the Guidelines. The final invoice will be submitted to the LACMTA after the issuance of this report. This is not a finding.

GLENDALE BEELINE
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

			Reported Amount	Audited Amount	Over (Under) Reported
			<u> </u>	<u> </u>	<u> </u>
Passenger Boardings					
	EZ Transit Pass	[a]	11,179	11,179	-
	Metrolink Pass	[b]			
		Routes 1 to 7	49,038	49,038	-
		Routes 11 to 12	95,857	95,857	-
			<u>144,895</u>	<u>144,895</u>	<u>-</u>
Average Fare Used					
	EZ Transit Pass	[c]	\$ 0.60	\$ 0.60	\$ -
	Metrolink Pass	[d1]			
		Routes 1 to 7	0.50	0.50	-
		[d2] Routes 11 to 12	1.00	1.00	-
			<u> </u>	<u> </u>	<u> </u>
EZ Transit Pass Fare Reimbursement					
	EZ Transit Pass	(a x c)=e	\$ 6,741	\$ 6,741	\$ -
	Metrolink Pass	(b x d1)=f1			
		Routes 1 to 7	24,519	24,519	-
		(b x d2)=f2	95,857	95,857	-
			<u>120,376</u>	<u>120,376</u>	<u> </u>
Less: EZ Transit Pass Sales Revent [g]			<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement [e+f1+f2-g]			<u>\$ 127,117</u>	<u>\$ 127,117</u>	<u>\$ -</u>

LONG BEACH TRANSIT
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		835,096	835,096	-
Average Fare Used	[b]	\$ 0.95	\$ 0.95	\$ -
EZ Transit Pass				
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		793,341	793,341	-
Less: EZ Transit Pass Sales Revenue	[d]	(668,055)	(668,055)	-
Total EZ Transit Pass Reimbursement [c-d]		\$ 125,286	\$ 125,286	\$ -

LOS ANGELES DEPARTMENT OF TRANSPORTATION
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
<u>LADOT Commuter Express</u>				
Passenger Boardings	[a]			
EZ Transit Pass		223,507	223,507	-
Average Fare Billed	[b]			
EZ Transit Pass		\$ 2.26	\$ 2.26	\$ -
EZ Transit Pass Reimbursement	[a x b=c]			
EZ Transit Pass		\$ 505,126	\$ 505,126	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 505,126	\$ 505,126	\$ -
<u>LADOT Community DASH</u>				
Passenger Boardings	[e]			
EZ Transit Pass		258,511	258,511	-
Average Fare Billed	[f]			
EZ Transit Pass		\$ 0.45	\$ 0.45	\$ -
EZ Transit Pass Reimbursement	[e x f=g]			
EZ Transit Pass		\$ 116,330	\$ 116,330	\$ -
Less: EZ Transit Pass Sales Revenue	[h]	-	-	-
Total EZ Transit Pass Reimbursement	[g-h]	\$ 116,330	\$ 116,330	\$ -

LOS ANGELES DEPARTMENT OF TRANSPORTATION
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

(Continued)		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
<u>LADOT Community DASH - Metrolink Pass</u>				
Passenger Boardings	[a]			
EZ Transit Pass		338,974	338,974	-
Average Fare Billed	[b]			
EZ Transit Pass		\$ 0.46	\$ 0.46	\$ -
EZ Transit Pass Reimbursement	[a x b=c]			
EZ Transit Pass		\$ 155,589	\$ 155,589	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 155,589	\$ 155,589	\$ -
<u>LADOT Commuter EXPRESS - Metrolink Pass</u>				
Passenger Boardings	[e]			
EZ Transit Pass		180,925	180,925	-
Average Fare Billed	[f]			
EZ Transit Pass		\$ 2.03	\$ 2.03	\$ -
EZ Transit Pass Reimbursement	[e x f=g]			
EZ Transit Pass		\$ 367,278	\$ 367,278	\$ -
Less: EZ Transit Pass Sales Revenue	[h]	-	-	-
Total EZ Transit Pass Reimbursement	[g-h]	\$ 367,278	\$ 367,278	\$ -
Total - All LADOT		\$ 1,144,323	\$ 1,144,323	\$ -

LOS ANGELES WORLD AIRPORTS
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		6,962	6,962	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 7.29546	\$ 7.29546	\$ -
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		50,791	50,791	-
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 50,791	\$ 50,791	\$ -

COUNTY OF LOS ANGELES DEPARTMENT OF PUBLIC WORKS
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		125,628	132,351	(6,723)
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.24	\$ 0.25	\$ (0.01)
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		30,450	32,798	(2,347)
Less: EZ Transit Pass Sales Revenue [d]		-	-	-
Total EZ Transit Pass Reimbursemen [c-d]		\$ 30,450	\$ 32,798	\$ (2,347)

Note:

The County of Los Angeles Department of Public Works under billed the LACMTA EZ Pass program due to their use of a lower average fare than the actual average fare for the year ended June 30, 2016. See Finding #2016-001.

NORWALK TRANSIT
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		53,806	53,806	-
Metrolink Pass		24,740	24,740	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 1.02	\$ 1.02	\$ -
Metrolink Pass		1.02	1.02	-
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		\$ 54,882	\$ 54,882	\$ -
Metrolink Pass		25,235	25,235	-
Less: EZ Transit Pass Sales Revenue [d]		-	-	-
Total EZ Transit Pass Reimbursemen [c-d]		\$ 80,117	\$ 80,117	\$ -

PALOS VERDES PENINSULA TRANSIT AUTHORITY
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		4,868	5,626	(758)
Average Fare Used	[b]			
EZ Transit Pass		\$ <u>1.46</u>	\$ <u>1.71</u>	\$ <u>(0.25)</u>
EZ Transit Pass Fare Reimbursement	[a x b = c]			
EZ Transit Pass		<u>7,125</u>	<u>9,620</u>	<u>(2,496)</u>
Less: EZ Transit Pass Reimbursement to LACMTA	[d]	<u>1,653</u>	<u>1,653</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u><u>\$ 5,472</u></u>	<u><u>\$ 7,967</u></u>	<u><u>\$ (2,496)</u></u>

Note:

The Palos Verdes Peninsula Transit Authority under billed the LACMTA EZ Pass program due to their use of a lower average fare than the actual average fare for the year ended June 30, 2016. See Finding #2016-002.

PASADENA AREA RAPID TRANSIT SYSTEM
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		25,789	25,789	-
Metrolink Pass		7,861	7,861	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.6270	\$ 0.6270	-
Metrolink Pass		0.6262	0.6262	-
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		\$ 16,169	\$ 16,169	-
Metrolink Pass		4,923	4,923	-
Less: EZ Transit Pass Sales Revenue [d]				
Total EZ Transit Pass Reimbursen [c-d]		\$ <u>21,091</u>	\$ <u>21,091</u>	\$ <u>-</u>

SANTA CLARITA TRANSIT
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
LACMTA EZ Pass Commuter		25,852	25,923	(71)
LACMTA EZ Pass Local		18,696	19,045	(349)
Metrolink EZ Pass Local		69,904	70,830	(926)
Average Fare Used	[b]			
LACMTA EZ Pass Commuter		\$ 2.77	\$ 3.00	\$ (0.23)
LACMTA EZ Pass Local		1.03	1.05	(0.02)
Metrolink EZ Pass Local		1.03	1.05	(0.02)
EZ Transit Pass Fare Reimbursement	[a x b=c]			
LACMTA EZ Pass Commuter		\$ 71,610	\$ 77,769	\$ (6,159)
LACMTA EZ Pass Local		19,257	19,997	(740)
Metrolink EZ Pass Local		72,001	74,372	(2,370)
Total Transit Fare Reimbursement		162,868	172,138	(9,270)
Less: EZ Transit Pass Sales Revenue	[d]	(31,372)	(31,372)	-
Total EZ Transit Pass Reimbursement	[c - d]	\$ 131,496	\$ 140,766	\$ (9,270)

Note:

The under-billing in EZ Transit Pass reimbursement was caused by the actual average fare being higher than the average fare used to bill LACMTA. Santa Clarita Transit prepared the average fare reconciliation to determine the actual average fare at the end of the fiscal year as required by the Guidelines. The final invoice will be submitted to the LACMTA after the issuance of this report. This is not a finding.

TORRANCE TRANSIT
EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,
and EZ Transit Pass Fare Reimbursements
Years Ended June 30, 2016

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		149,586	149,586	-
Metrolink Pass		3,498	3,498	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.77203	\$ 0.79623	\$ (0.02)
Metrolink Pass		0.77203	0.79623	(0.02)
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		\$ 115,485	\$ 119,105	\$ (3,621)
Metrolink Pass		2,701	2,785	(85)
Plus: EZ Transit Pass Sales Revenue	[d]	21,923	21,923	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 96,262	\$ 99,968	\$ (3,705)

Note:

The under-billing in EZ Transit Pass reimbursement was caused by the actual average fare being higher than the average fare used to bill LACMTA. Torrance Transit prepared the average fare reconciliation to determine the actual average fare at the end of the fiscal year as required by the Guidelines. The final invoice will be submitted to the LACMTA after the issuance of this report. This is not a finding.

Finding #2016-001 – County of Los Angeles Department of Public Works (LADPW)

Condition:

County of Los Angeles Department of Public Works (LADPW) invoices LACMTA on a monthly basis using prior year's average fare. The LADPW recalculates average fare at the end of the fiscal year based on actual revenue and boardings for the fiscal year as required by the EZ Pass Guidelines. However, they did not reconcile the actual EZ Pass boardings for the year to the monthly EZ Pass boardings used to bill LACMTA. During the audit we noted that some of the EZ Pass boardings in the monthly billings were misclassified. Therefore, the EZ Pass boardings were incorrect for some billings. LADPW was unaware of the error in the monthly boardings and did not submit an adjusted invoice to LACMTA. As a result, fiscal year 2016 reimbursement was under reported by \$2,347.

Criteria:

Per EZ Pass Guidelines, Section D (3), it states that each agency will submit to LACMTA at the end of the current fiscal year actual boarding counts. At the end of the fiscal year, the agency will reconcile the average fare or average cash fare based on actual revenue and boardings. Payments will be adjusted based on the reconciled average fare or average cash fare. Alternatively, operators may choose to update the average each month using actual revenue and boardings data for that month's invoice.

Cause:

The LADPW did not correctly perform the year-end reconciliation process as required by the Guidelines.

Effect:

The LADPW under-billed LACMTA EZ Transit program by \$2,347.

Recommendation:

We recommend that the County of Los Angeles Department of Public Works establish procedures to ensure that it accurately reconciles the average fare or average cash fare based on actual revenue and boardings and submit an adjusted invoice to LACMTA at the end of each fiscal year.

Management's Comments:

Public Works agrees with the recommendation. The LADPW will establish procedures to reconcile average fare to actual revenue and boardings and submit an adjusted statement to LACMTA at the end of each fiscal year for payment or credit.

Finding #2016-002 – Palos Verdes Peninsula Transit Authority (PVPTA)

Condition:

The Palos Verdes Peninsula Transit Authority (PVPTA) invoices LACMTA on a monthly basis using prior year's average fare. The PVPTA recalculates average fare at the end of the fiscal year based on actual revenue and boardings for the fiscal year as required by the EZ Pass Guidelines. However, they did not reconcile the actual EZ Pass boardings for the year to the monthly EZ Pass boardings used to bill LACMTA. During the audit we noted some discrepancies in the monthly EZ Pass boardings, which were not correctly reconciled at year end. Therefore, the EZ Pass boardings were incorrect for some billings. As a result, fiscal year 2016 reimbursement was under reported by \$2,496.

Criteria:

Per EZ Pass Guidelines, Section D (3), it states that each agency will submit to LACMTA at the end of the current fiscal year actual boarding counts. At the end of the fiscal year, the agency will reconcile the average fare or average cash fare based on actual revenue and boardings. Payments will be adjusted based on the reconciled average fare or average cash fare. Alternatively, operators may choose to update the average each month using actual revenue and boardings data for that month's invoice.

Cause:

The PVPTA did not correctly perform the year-end reconciliation process as required by the Guidelines.

Effect:

The PVPTA under-billed LACMTA EZ Transit program by \$2,496.

Recommendation:

We recommend that the Palos Verdes Peninsula Transit Authority establish procedures to ensure that it accurately reconciles the average fare or average cash fare based on actual revenue and boardings and submit an adjusted invoice to LACMTA at the end of each fiscal year.

Management's Comments:

The Palos Verdes Peninsula Transit Authority has established procedures with the assistance of our finance staff to reconcile the average fare based on actual revenue and boardings and will submit an adjusted invoice to Metro at the end of each fiscal year.