



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

**Year ended June 30, 2017
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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SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2017.

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.





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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which is required to be reported in accordance with the Guidelines, and which is described in the accompanying Summary of Findings and Management's Comments as Finding #2017-001. Our opinion on each EZ Transit Pass Regional Program Participant is not modified with respect to these matters.

The Participant's response to the noncompliance finding identified in our audit is described in the accompanying Summary of Findings and Management's Comments. The Participant's response was 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
January 31, 2018

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, 2017

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>23,658</u>	<u>23,658</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		<u>\$ 0.8080</u>	<u>\$ 0.9090</u>	<u>\$ 0.1010</u>
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		<u>\$ 19,116</u>	<u>\$ 21,505</u>	<u>\$ (2,389)</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u><u>\$ 19,116</u></u>	<u><u>\$ 21,505</u></u>	<u><u>\$ (2,389)</u></u>

Note:

The under-billing in EZ Transit Pass reimbursement caused by the actual average fare being higher than the average fare used to bill LACMTA. Beach Cities 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.

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, 2017

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		14,353	14,353	-
Metrolink Pass		74,255	74,255	-
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		\$ 14,353	\$ 14,353	\$ -
Metrolink Pass		74,255	74,255	-
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 88,608	\$ 88,608	\$ -

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, 2017

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings				
LACMTA EZ Transit Pass [a]	Adult	230,356	230,356	-
	Senior	110,053	110,053	-
	Silver Streak Adult	22,590	22,590	-
	Silver Streak Senior	13,497	13,497	-
	Commuter Express	63,303	63,303	-
	Metrolink EZ Pass [b]	42,407	42,407	-
Average Fare Billed				
LACMTA EZ Transit Pass [c]	Adult	\$ 1.55	\$ 1.22	\$ 0.33
	Senior	1.55	0.49	1.06
	Silver Streak Adult	1.55	2.43	(0.88)
	Silver Streak Senior	1.55	1.23	0.32
	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	\$ 357,052	\$ 281,034	\$ 76,018
	Senior	170,582	53,926	116,656
	Silver Streak Adult	35,015	54,894	(19,879)
	Silver Streak Senior	20,920	16,601	4,319
	Commuter Express	98,120	270,304	(172,184)
		681,689	676,759	4,930
	Metrolink EZ Pass [b x d=f]	44,527	44,527	-
Less: EZ Transit Pass Sales Revenue [g]		-	-	-
Total EZ Transit Pass Reimbursement [e + f - g]		\$ 726,216	\$ 721,286	\$ 4,930

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 over-billing in EZ Transit Pass reimbursement was caused by the actual average fare being lower 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 amount owed back to LACMTA will be submitted after the issuance of the 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, 2017

			<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings					
EZ Transit Pass	[a]		9,739	9,739	-
Metrolink Pass	[b]	Routes 1 to 7	37,181	37,181	-
		Routes 11 to 12	104,192	104,192	-
			<u>141,373</u>	<u>141,373</u>	<u>-</u>
Average Fare Used					
EZ Transit Pass	[c]		\$ 0.64	\$ 0.64	\$ -
Metrolink Pass	[d1]	Routes 1 to 7	0.50	0.50	-
	[d2]	Routes 11 to 12	1.00	1.00	-
			<u>1.00</u>	<u>1.00</u>	<u>-</u>
EZ Transit Pass Fare Reimbursement					
EZ Transit Pass	[a x c]=[e]		\$ 6,233	\$ 6,233	\$ -
Metrolink Pass	[b x d1]=[f1]	Routes 1 to 7	18,591	18,591	-
	[b x d2]=[f2]	Routes 11 to 12	104,192	104,192	-
			<u>122,783</u>	<u>122,783</u>	<u>-</u>
Less: EZ Transit Pass Sales Revenue [g]					
			<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement [e+f1+f2-g]			<u>\$ 129,016</u>	<u>\$ 129,016</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, 2017

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		753,576	753,576	-
Average Fare Used	[b]	\$ 0.96	\$ 0.96	\$ -
EZ Transit Pass				
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		\$ 723,433	\$ 723,433	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	(598,688)	(598,688)	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 124,745	\$ 124,745	\$ -

LOS ANGELES DEPARTMENT OF TRANSPORTATION (LADOT)
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, 2017

		Reported Amount	Audited Amount	Over (Under) Reported
<u>LADOT Community DASH</u>				
Passenger Boardings	[a]			
EZ Transit Pass		228,888	228,888	-
Average Fare Billed	[b]			
EZ Transit Pass		\$ 0.42	\$ 0.42	\$ -
EZ Transit Pass Reimbursement	[a x b=c]			
EZ Transit Pass		\$ 96,133	\$ 96,133	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 96,133	\$ 96,133	\$ -
<u>LADOT Commuter Express</u>				
Passenger Boardings	[e]			
EZ Transit Pass		187,789	187,789	-
Average Fare Billed	[f]			
EZ Transit Pass		\$ 2.29	\$ 2.29	\$ -
EZ Transit Pass Reimbursement	[e x f=g]			
EZ Transit Pass		\$ 430,037	\$ 430,037	\$ -
Less: EZ Transit Pass Sales Revenue	[h]	(251,870)	(251,870)	-
Total EZ Transit Pass Reimbursement	[g-h]	\$ 681,907	\$ 681,907	\$ -

LOS ANGELES DEPARTMENT OF TRANSPORTATION (LADOT)
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, 2017

(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		<u>278,012</u>	<u>278,012</u>	<u>-</u>
Average Fare Billed	[b]			
EZ Transit Pass		\$ <u>0.46</u>	\$ <u>0.46</u>	\$ <u>-</u>
EZ Transit Pass Reimbursement	[a x b=c]			
EZ Transit Pass		\$ 127,886	\$ 127,886	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u>\$ 127,886</u>	<u>\$ 127,886</u>	<u>\$ -</u>
<u>LADOT Commuter EXPRESS - Metrolink Pass</u>				
Passenger Boardings	[e]			
EZ Transit Pass		<u>142,378</u>	<u>142,378</u>	<u>-</u>
Average Fare Billed	[f]			
EZ Transit Pass		\$ <u>2.03</u>	\$ <u>2.03</u>	\$ <u>-</u>
EZ Transit Pass Reimbursement	[e x f=g]			
EZ Transit Pass		\$ 289,027	\$ 289,027	\$ -
Less: EZ Transit Pass Sales Revenue	[h]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[g-h]	<u>\$ 289,027</u>	<u>\$ 289,027</u>	<u>\$ -</u>
Total - All LADOT		<u>\$ 1,194,953</u>	<u>\$ 1,194,953</u>	<u>\$ -</u>

LOS ANGELES WORLD AIRPORTS (LAWA)
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, 2017

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		9,362	9,362	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 8.22	\$ 8.22	-
EZ Transit Pass Fare Reimbursement	[a x b =c]			
EZ Transit Pass		\$ 76,956	\$ 76,956	-
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	<u>\$ 76,956</u>	<u>\$ 76,956</u>	<u>-</u>

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, 2017

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		48,556	48,554	2
Metrolink Pass		5,119	5,119	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.2258	\$ 0.2418	\$ (0.0160)
Metrolink Pass		<u>0.2258</u>	<u>0.1900</u>	<u>0.0358</u>
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		\$ 10,964	\$ 11,740	\$ (776)
Metrolink Pass		1,156	973	183
Less: EZ Transit Pass Sales Revenue [d]		<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement [c-d]		<u>\$ 12,120</u>	<u>\$ 12,713</u>	<u>\$ (593)</u>

Note:

The under-billing in EZ pass reimbursement and the over-billing in Metrolink pass reimbursement was due to the fact that the City initially submitted one combined invoice for both EZ pass and Metrolink to LACMTA . The City performed the year-end reconciliation to determine the actual average fare for the year for both the EZ pass and Metrolink services appropriately; however, the City was not aware that LACMTA wanted each service to be billed separately. At the time when the City re-submitted the invoice to LACMTA, the City applied an average rate for the combined services. This resulted in an-overbiling of the EZ pass and underbilling of Metrolink. The net underbilling is the remaining portion of EZ pass, which has not been billed to date. The City will submit the final invoice to LACMTA subsequent to the issuance of this audit report. This is not a finding.

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, 2017

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		61,683	61,683	-
Metrolink Pass		29,831	29,831	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.98	\$ 0.98	\$ -
Metrolink Pass		0.98	0.98	-
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		\$ 60,449	\$ 60,449	\$ -
Metrolink Pass		29,234	29,234	-
Less: EZ Transit Pass Sales Revenue [d]		-	-	-
Total EZ Transit Pass Reimbursement [c-d]		\$ <u>89,683</u>	\$ <u>89,683</u>	\$ <u>-</u>

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, 2017

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>5,050</u>	<u>5,162</u>	<u>(112)</u>
Average Fare Used	[b]			
EZ Transit Pass		<u>\$ 1.76</u>	<u>\$ 1.83</u>	<u>\$ (0.07)</u>
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		8,888	9,446	(558)
Less: EZ Transit Pass Sales Revenue [d]		<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement [c-d]		<u>\$ 8,888</u>	<u>\$ 9,446</u>	<u>\$ (558)</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, 2017.

See Finding #2017-001.

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, 2017

		Reported Amount	Audited Amount	Over (Under) Reported
Passenger Boardings	[a]			
EZ Transit Pass		24,548	24,548	-
Metrolink Pass		9,180	9,180	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.65	\$ 0.65	-
Metrolink Pass		0.65	0.65	-
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		\$ 15,956	\$ 15,956	-
Metrolink Pass		5,967	5,967	-
Less: EZ Transit Pass Sales Revenue [d]		-	-	-
Total EZ Transit Pass Reimbursement [c-d]		\$ <u>21,923</u>	\$ <u>21,923</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, 2017

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
LACMTA EZ Pass Commuter		21,397	21,397	-
LACMTA EZ Pass Local		16,327	16,327	-
Metrolink EZ Pass Local		80,714	80,714	-
Average Fare Used	[b]			
LACMTA EZ Pass Commuter		\$ 2.93	\$ 2.93	\$ -
LACMTA EZ Pass Local		0.98	1.07	(0.09)
Metrolink EZ Pass Local		0.96	1.07	(0.11)
EZ Transit Pass Fare Reimbursement	[a x b=c]			
LACMTA EZ Pass Commuter		\$ 62,693	\$ 62,693	\$ -
LACMTA EZ Pass Local		16,000	17,470	(1,470)
Metrolink EZ Pass Local		77,485	86,364	(8,879)
Total Transit Fare Reimbursement		156,178	166,527	(10,349)
Less: EZ Transit Pass Sales Revenue	[d]	(23,870)	(23,870)	-
Total EZ Transit Pass Reimbursement	[c - d]	<u>\$ 132,308</u>	<u>\$ 142,657</u>	<u>\$ (10,349)</u>

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, 2017

		<u>Reported</u> <u>Amount</u>	<u>Audited</u> <u>Amount</u>	<u>Over (Under)</u> <u>Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		132,130	132,130	-
Metrolink Pass		<u>3,699</u>	<u>3,699</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.77	\$ 0.79	\$ (0.02)
Metrolink Pass		<u>0.77</u>	<u>0.79</u>	<u>(0.02)</u>
EZ Transit Pass Fare Reimbursement [a x b =c]				
EZ Transit Pass		\$ 101,740	\$ 104,383	\$ (2,643)
Metrolink Pass		2,848	2,922	(74)
Less: EZ Transit Pass Sales Revenue [d]		<u>(24,946)</u>	<u>(24,946)</u>	<u>-</u>
Total EZ Transit Pass Reimbursement [c-d]		<u>\$ 79,642</u>	<u>\$ 82,359</u>	<u>\$ (2,717)</u>

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 #2017-001 – 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, PVPTA 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 2017 reimbursement was under reported by \$558. This is a repeat finding from the prior fiscal year.

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 \$558.

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:

In August 2017, the PVPTA did calculate an average fare for EZ Pass Boarding for FY 2017. This was done by requesting from Cubic a P100 report showing EZ Pass boarding for the entire fiscal year. We did not, however, invoice LACMTA for the actual boarding shown on the P100 form for FY 2017, which was slightly higher than the total of monthly EZ Pass invoices submitted to LACMTA.

For Fiscal Year 2018, PVPTA will calculate the average EZ Pass fare and invoice LACMTA for any variances in the total number of EZ Pass boarding compared to the individual monthly invoices submitted to LACMTA during the previous year.