

SECRET

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April 28, 1978

Board of Directors
Administration, Efficiency and
Economy Committee
Southern California Rapid Transit District
425 South Main Street
Los Angeles, California 90013

Dear Committee Members:


Enclosed is a report of findings resulting from an external reporting requirements compliance evaluation of the District (Segment C in our work program). The purpose of this evaluation was to determine whether or not the District has responded to the reporting requirements contained in applicable Federal, state and locally directed legislation.

We would be pleased to discuss any questions or comments you may have regarding this material.

Very truly yours,

ARTHUR ANDERSEN & CO.

By


Robert C. Bruning

X. EXTERNAL REPORTING REQUIREMENTS COMPLIANCE EVALUATION

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INTRODUCTION AND SUMMARY

Objectives

SCRTD's reporting requirements are expressly stated and/or implied in various forms of Federal, state, and local legislation.

The purpose of the work performed in this segment of the management audit was to identify Federal and state legislation which defines the reporting requirements for SCRTD and to determine the District's compliance with these reporting requirements.

Summary of Work Performed

We first reviewed various legislative documents to identify those reporting requirements which directly or indirectly affect the District. We then interviewed appropriate staff personnel to discuss specific reporting practices and examined samples of actual reports and other documents prepared by the District. Finally, we summarized the results of this work.

The major regulations included in the reporting requirements matrix and the reporting responsibilities placed upon SCRTD are summarized below.

Principal Regulations/Impact

Federal

Urban Mass Transportation Act of 1964, as amended:

Authorized the Secretary of Transportation to provide assistance for the development of comprehensive and coordinated mass transportation systems, both public and private. To qualify for these funds, the Urban Mass Transit Administration (UMTA) requires evidence of comprehensive planning and effective use of funding. Reporting requirements include environmental impact statements, project reports, and financial plans.

FHWA/UMTA Joint Planning Regulations:

Identified the certification requirements which are a prerequisite for receipt of Federal funding. Requires the District to cooperate with Los Angeles County Transportation Commission (LACTC) and Southern California Association of Governments (SCAG) to prepare the Transportation System Management Element (TSME) and the Transportation Improvement Program (TIP).

State-Wide

Transportation Development Act (TDA) of 1971:

Established rules and regulations concerning methods of funding transportation systems and prioritizing the allocation of funds to transportation planning agencies (TPA's) and operating transit systems. Requires the District to prepare financial statements and plans, operational statistics, and an annual claim for TDA funds.

Regional

SCRTD Enabling Legislation, 1964:

Created SCRTD. The intent of the legislation was to create an agency with "sufficient power and authority to solve transportation problems in the Southern California area and to provide the needed mass rapid transit system."

AB 69, 1972:

Recognized SCAG as the TPA for Southern California, with the responsibility for preparing annual regional transportation plans. The District prepares near- and long-term plans and programs which are submitted to SCAG for coordination with plans and programs submitted by other operators in the region.

AB 1246, 1976:

Created LACTC with the responsibility of coordinating transit service, approving transit and highway plans, and preparing an annual short-range transportation improvement plan. The District prepares short-range improvement programs which are submitted to LACTC for coordination with plans and programs submitted by other operators in the county.

Summary of Findings

We found the District to be in compliance with all of the legislative requirements identified in the reporting requirements matrix presented in the body of this report. For each reporting requirement, the District either prepares a required report or document or cooperates with LACTC or SCAG in the preparation of the report or document.

Recommendations

Since the District is in compliance with the reporting requirements identified, we have no recommendations in this area.

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - General

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Urban Mass Transportation Act of 1964, as amended, authorizing the Secretary of Transportation to provide assistance for the development of comprehensive and coordinated mass transportation systems, both public and private.</p>	<p>A. To assist in the development of improved mass transportation facilities, equipment, techniques and methods.</p> <p>B. To encourage the planning and establishment of area-wide urban mass transportation systems needed for economical and desirable urban development.</p> <p>C. To provide assistance to state and local governments in financing such systems.</p>	<p>UMTA requires quarterly (and in some cases monthly) progress reports on the status of each project being funded by a current grant to SCRTD.</p>	<p>Yes</p>	<p>The Federal affairs section of the Administration Department has overall responsibility for insuring that project progress reporting is made as required by UMTA. Individual departments typically prepare the reports for projects within their organizational jurisdiction.</p>

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 3

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Section of Urban Mass Transportation Act of 1964, as amended, which provides for Federal financial assistance in the form of grants or loans to states or local agencies for use in mass transportation capital projects.</p>	<p>To provide state or local agencies with funds for financing the acquisition and improvement of facilities and equipment for use in mass transportation service (capital projects). These projects must be under the control of a public agency or district.</p>	<p>A. After July 1, 1976, no project can be approved unless it is based on a continuing comprehensive transportation planning process, with the objective of developing multi-modal transportation systems that will efficiently and effectively serve the state and local communities.</p>	<p>Yes</p>	<p>A. This criterion is addressed in the District's annual reapplication for UMTA certification. (See UMTA certification requirement in Paragraph B. below.)</p>
<p>The Federal grant for any such project to be assisted under Section 3 shall not exceed 80 percent of the net project cost.</p>	<p>B. Any application for grants or loans to finance capital projects shall include certification that the applicant has:</p>	<p>1. Afforded adequate opportunity for public hearings (a copy of the hearing transcript should be submitted with the application).</p> <p>2. Considered the economic and social effects of the project and its environmental impact.</p> <p>3. Found the project to be consistent with plans for comprehensive development of the urban area.</p>	<p>Yes</p>	<p>B. The District President formally certifies for all capital projects that:</p> <ol style="list-style-type: none"> 1. Public hearings have been held. (Transcripts are included with application.) 2. Environmental impact statements have been prepared. (Reports are included with application.) 3. The project is consistent with plans for the comprehensive development of the urban area.

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 3 (Continued)

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>C. To make any purchase relating to a private mass transit company, or to provide for the operation of mass transit facilities or equipment in competition with an existing mass transit company, SCRTD must show that:</p> <ol style="list-style-type: none"> 1. Assistance is essential to a program for a unified transportation system as part of a comprehensive program for the planned development of the urban area. 2. The program provides for participation of private mass transportation companies and requires that adequate compensation be paid to such companies. 3. The program complies with Section 13(c) of the Urban Mass Transportation Act, as certified by the Secretary of Labor. 	<p>Yes</p>	<p>C. The project review process addresses these requirements for each individual project. Comprehensive project plans are submitted, public hearings are held, and protective labor agreements are approved by the unions involved.</p>		
<p>D. Agreements are necessary to receive assistance:</p> <ol style="list-style-type: none"> 1. For purchase or operation of buses, to insure that applicant will not engage in charter bus operations outside the urban area. 	<p>Yes</p>	<p>D. The District includes with the application a certification statement from the District General Manager stating that SCRTD will not engage in charter or school bus operations.</p>		

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 3 (Continued)

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
		2. For any public mass transportation service, to insure that the applicant will not engage in school bus operations in competition with private school bus operators.		

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 5

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Section of the Urban Mass Transportation Act of 1964, as amended, which provides a six-year (1975-1980) mass transportation assistance program for urbanized areas, apportioned on the basis of a statutory formula.</p>	<p>Urbanized areas may use Section 5 funds for up to 80 percent of the cost of specific capital assistance projects and for up to 50 percent of the cost of operating assistance projects.</p>	<p>A. In order to receive funds, the District must provide evidence of adequate planning.</p>	<p>Yes</p>	<p>A. The criterion is addressed in the District's annual reapplication for UMTA certification.</p>
		<p>B. Annual program of projects shall include evidence of progress in implementation of energy conservation and transit efficiency improvement plans.</p>	<p>Yes</p>	<p>B. The Short-Range Transit Plan describes the District's energy conservation and efficiency and effectiveness improvement programs. Examples of programs formally approved by the Board of Directors include the "Service Evaluation Program" and the "Level of Service Policy Guidelines."</p>
			<p>Yes</p>	<p>C. The general requirements for capital and operating projects are as follows: 1. Analysis of environmental impact.</p>
			<p>Yes</p>	<p>C. 1. Environmental impact statements are prepared for each project according to Section 14 requirements.</p>

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 5 (Continued)

General Description	Purpose	Requirements Impacting SCRFD Reporting	Compliance	Findings
<p>2. Submission to UMTA of a notice of public hearing that describes the proposed project, a transcript of the public hearing, and the final report on the environmental, social and economic impacts of the project, with plans, specifications and cost estimates.</p>				<p>2. See UMTA Section 3(B) requirements.</p>
<p>3. Description of procedures for implementation of an elderly and handicapped half-fare policy.</p>				<p>3. When submitting an application for Section 5 funds, the District includes a statement regarding elderly and handicapped fare policy.</p>
<p>4. Compliance with Section 13(c) labor requirements.</p>				<p>4. The District exhibits its compliance by submitting a signed labor agreement to the unions. Representatives of the labor unions must then sign the agreement before UMTA can approve funds.</p>

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 5 (Continued)

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
		D. SCRTD must comply with additional specific reporting requirements as specified in UMTA Circular C 9050.1.	Yes	D. The Federal affairs section of the Administration Department prepares additional reports for grant applications, using a binder of standard forms and certifications which has been prepared in accordance with UMTA Circular C 9050.1.

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 9

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
Section of the Urban Mass Transportation Act of 1964, as amended, relating to grants for technical studies.	Grants to state and local public agencies for the planning, engineering, design and evaluation of urban mass transportation projects and for other technical studies, to be included in a program for a unified urban transportation system as part of the comprehensively planned development of the urban area.	<p>A. SCRTD must submit technical study project progress reports.</p> <p>B. SCRTD must submit a technical study final report.</p> <p>C. One year after completion of study, the responsible department shall submit a report to UMTA indicating implementation steps taken as a result of the study. If no implementation steps were taken, the report should include an explanation and the future planned course of action.</p>	Yes	<p>A. The Federal affairs section of the Administration Department of SCRTD provides monthly progress reports to SCAG, describing the status of each project/task. SCAG submits quarterly reports to UMTA.</p> <p>B. The project managers prepare final reports and the Federal affairs section sends them to UMTA at the completion of each project.</p> <p>C. Project managers submit post-study reports as required.</p>

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 13(c)

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
Section of the Urban Mass Transportation Act of 1964, as amended, regarding labor standards.	To establish criteria for assistance under Sections 3 and 5, based on fair and equitable arrangements to protect the interests of employees affected by such assistance.	As a condition of assistance under Sections 3 and 5, SCRTD is responsible for labor standards agreements regarding: A. Employee benefits. B. Continuation of collective bargaining rights. C. Assurance of continuous employment. D. Paid training or retraining.	Yes	Prior to applying for UMTA grants, SCRTD provides the appropriate labor unions with a written statement covering these issues.

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 14

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
Section of the Urban Mass Transportation Act of 1964, as amended, regarding environmental protection.	To establish guidelines and criteria for evaluating transportation projects funded under Section 3, as they relate to the environment.	The project application must include an environmental impact statement including any adverse effects on the environment that cannot be avoided, alternatives to the proposed project, and any irreversible impacts.	Yes	An environmental impact report is prepared for each project or purchase funded by an UMTA grant.

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 15

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Section of the Urban Mass Transportation Act of 1964, as amended, regarding a uniform reporting system of accounts and records for transit industry operators and MPO's.</p>	<p>A. To provide a uniform system of accounts and records and reporting system (operators). B. To provide data for monitoring and reporting of urban development and transportation indicators. C. To provide bases for classification, standardization and correlation of more detailed data reported by transportation and planning organizations.</p>	<p>SCRTD must report the public transit data required for urban transportation policy analysis. This reporting requirement becomes effective July 1, 1978, and the first set of reports are due after the fiscal year ending June 30, 1979.</p>	<p>N/A</p>	<p>Although the reporting requirements are not yet in effect, SCRTD has already designed and implemented financial reports which are in accordance with the "required" level for reporting financial results by major functions. A project to design and implement the operating statistics reports required by Section 15 is currently in process.</p>

Reporting Requirements Matrix

Federal Regulation: Urban Mass Transportation Act - Section 16

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Section of the Urban Mass Transportation Act of 1964, as amended, regarding special requirements for transportation facilities to meet the needs of the elderly and handicapped.</p>	<p>To provide elderly and handicapped persons with mass transportation facilities and services.</p>	<p>For UMTA project approval, SCRTD must show that:</p> <ul style="list-style-type: none"> A. The planning process provides for mass transportation facilities for the elderly and handicapped ("special efforts" requirement). B. The annual element of TIP contains projects to benefit these persons. C. After September 30, 1977, reasonable progress has been demonstrated in implementation of the projects. 	<p>Yes</p>	<p>Appendix C of the District's November 29, 1977 draft five-year financial plan and the 1977-78 transit capital element of the TIP show positive actions taken by the District to provide public transportation for elderly and handicapped persons. In 1974, the District Board of Directors adopted a policy that all new buses purchased would be accessible to elderly and handicapped persons.</p>

Reporting Requirements Matrix

Federal Regulation: FHWA/UMTA Joint Planning Regulations

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Federal Register of September 17, 1975, in which the Department of Transportation issued final regulations implementing certain provisions of Title 23, USC, and UMTA (Sections 3, 4 and 5), concerning urban transportation planning under the Federal Highway Administration and Urban Mass Transportation Administration programs.</p>	<p>To unify the individual planning requirements of the Federal Health and Welfare Association (FHWA) and UMTA (superseding certain operating procedures) and to clarify the certification process. In order to receive capital or operating assistance, each urban area must have a continuing, cooperative and comprehensive transportation planning process resulting in plans and programs consistent with the comprehensively planned development of the urban area.</p>	<p>A. These regulations require cooperative agreements among the MPO, the applicable state agencies, and transit operators, regarding responsibilities for transportation planning and programming of the comprehensively planned development of the urban area.</p> <p>B. The District must cooperate with the MPO (SCAG) in preparing the TIP by preparing the SCRTD portion of the element.</p>	<p>Yes</p>	<p>A. The District's participation in the coordination of a comprehensively planned urban area consists of the preparation of an annual short-range transit plan which is submitted to SCAG and LACTC.</p> <p>B. The Federal affairs section of the Administration Department prepares the SCRTD annual transit element which is submitted to LACTC.</p>

Reporting Requirements Matrix

Federal Regulation: FHWA/UMTA Certification Support Documentation

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
Annual documentation required by FHWA/UMTA joint regulations; due by October of each year.	To provide assurance to FHWA and UMTA that the MFO and transit operators are meeting Federal regulations regarding the planning process.	The transit operator must cooperate with the MFO (SCAG) in the preparation of documentation to be submitted to UMTA for certification. Specifically, the transit operator must prepare:	Yes	<p>A. The Federal affairs section of the Administration Department annually prepares and submits the transit capital element of the TIP to LACTC and SCAG.</p> <p>B. The Planning and Marketing Department annually prepares and submits a detailed short-range transit plan to LACTC and SCAG. The plan addresses topics such as present and projected levels of service and operational and capital costs, with appropriate justification.</p>
		A. The transit capital element of the TIP.	Yes	
		B. A short-range transit plan.	Yes	

Reporting Requirements Matrix

Federal Regulation: Transportation Improvement Program

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Part 450 of the Federal Register of September 17, 1975, Department of Transportation, established the requirement for a transportation improvement program (TIP). The TIP must be a staged, multi-year program of transportation improvements. It consists of projects recommended from the TSME and the long-range element of the Regional Transportation Plan.</p>	<p>To establish guidelines for the development, content and processing of a cooperatively developed program in urbanized areas and to prescribe guidelines for the selection, by implementing agencies, of annual programs of projects.</p>	<p>A. Cooperate with SCAG to develop a TIP and update it annually. B. Provide SCAG with environmental impact documents in accordance with Sections 3, 5 and 14 of the Act for each project in the program.</p>	<p>Yes</p>	<p>A. SCRTD annually prepares a transit capital element for inclusion by SCAG in the TIP. B. See UMTA regulations, Section 14.</p>

Reporting Requirements Matrix

Federal Regulation: Transportation System Management Element

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Appendix to the Federal Register of September 17, 1975, Department of Transportation, containing information on the development of the transportation system management elements under the joint regulations of FHWA and UMTA.</p>	<p>To provide definitions and explanations of the intent and scope of transportation system management requirements. The objective is to coordinate individual transportation elements (e.g., automobiles, public transit, etc.) through operating, regulatory and service policies to achieve maximum efficiency and productivity for the system.</p>	<p>SCRTD must assist SCAG in the development and updating of the TSME, as part of the Regional Transportation Plan (RTP). The District's primary responsibility concerns actions to improve transit service and to increase internal management efficiency.</p>	<p>Yes</p>	<p>SCRTD prepares and submits to LACTC and SCAG an annual short-range plan which addresses actions to improve transit service and improve management efficiency. LACTC reviews the SCRTD plan, then combines it with plans submitted by other operators in Los Angeles County. SCAG then reviews the plans from several counties and prepares an RTP which includes the TSME.</p>

Reporting Requirements Matrix

Federal Regulation: Williams-Steiger Occupational Safety and Health Act (OSHA), 1973

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
Williams-Steiger Occupational Safety and Health Act of 1970, known as OSHA, permitted states to assume responsibility for development and enforcement of occupational safety and health standards for cities and states. The California Occupational Safety and Health Act of 1973 defines these standards for California.	"To assure so far as possible every working man and woman in the Nation safe and healthful working conditions and to preserve our human resources."	<p>A. The District must maintain a Public Agency Log of Occupational Injuries and Illnesses (Form CAL/OSHA No. 100A).</p> <p>B. The District must maintain a Supplemental Record of Occupational Injuries and Illnesses (Form CAL/OSHA 102A).</p>	Yes	<p>A. Each division maintains its own log. In addition, summaries of all injuries are kept by the Safety Department.</p> <p>B. This summary record is maintained by the Safety Department. A Form 102A is sent to the regional office of OSHA (California) at the end of each year, summarizing accidents for the entire District.</p>

Reporting Requirements Matrix

State Regulation: Transportation Development Act of 1971 (SB 325) (Continued)

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>C. Sections 1632, 1633 and 1634 of the Administrative Code require transit operators to submit the following:</p> <p>1. Financial information-</p> <p>a. Capital needs and financial plan for ensuing five years.</p> <p>b. Proposed budget for ensuing fiscal year.</p> <p>c. Financial statements for preceding and current fiscal year.</p>			Yes	<p>C. The District provides LACTC and SCAG with financial information in the Five-Year Financial Projections Report, the annual budget, which includes capital requirements, and the annual financial statements. Operating statistics and analytical information are contained in an appendix in the short-range transit plan. A Public Transportation Claim is prepared annually as a means for requesting state funds.</p>
<p>2. Operational statistics--route, timetable, and fare information, and any other required by the applicable TPA.</p>				
<p>3. Analytical information--miles, passengers, and typical weekday information; statement of efforts to coordinate services with other operators; statement of any substantial increase or decrease in scope; and any other required by the TPA.</p>				
<p>4. An annual TPA claim in the suggested form set forth in Rule 1663.</p>				

Reporting Requirements Matrix

State Regulation: SB 759 (Amendment to SB 325)

General Description	Purpose	Requirements Impacting SCRTRD Reporting	Compliance	Findings
California Senate Bill No. 759, which in 1977 amended certain sections and added others to the Public Utilities Code of the TDA.	To revise the required systems implementation date for the State Controller's uniform system of accounts and records; to establish a funding guideline for the TPA's; and to make TPA's responsible for overseeing financial and performance audits of the operators.	<p>A. The State Controller's system of accounts and records is to be implemented by July 1, 1978, not January 1, 1978, as previously indicated.</p> <p>B. Within 180 days after the end of the fiscal year, all operators receiving TDA funds would have to submit to the TPA a certified financial audit report.</p>	N/A	<p>A. SCRTRD has already developed financial statements which conform to the Unit Act uniform system of accounts.</p> <p>B. The District presently arranges for a financial audit by an independent firm of certified public accountants and submits audited financial statements to LACTC and SCAG. These will be reformatted to comply with the State Controller's system of accounts for fiscal 1978-1979.</p>

Reporting Requirements Matrix

State Regulation: Proposition 5

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
<p>Proposition 5 of Article 26 of the California Constitution, ratified in June, 1974, concerning funding of fixed guideway projects.</p>	<p>Makes funds in highway users' tax account available for public mass transit guideway research, planning and construction, in addition to highway purposes.</p>	<p>As a requirement for receiving Proposition 5 funds, SCRTD must:</p> <p>A. Prepare a work program showing proposed use of funding.</p>	<p>Yes</p>	<p>A. SCRTD prepared a proposed work program for Element IV of The Regional Transit Development Program and submitted it to CALTRANS and to UMTA.</p>
		<p>B. Prepare quarterly reports showing progress for each project funded from the highway users' tax account.</p>	<p>Yes</p>	<p>B. SCRTD prepares quarterly progress reports and submits them to CALTRANS.</p>

Reporting Requirements Matrix

State (Regional) Regulation: SCRTD Enabling Legislation, 1964

General Description	Purpose	Requirements Impacting SCRTD Reporting	Compliance	Findings
State legislation which created SCRTD.	To satisfy the "imperative need for a comprehensive mass rapid transit system in the Southern California area, and particularly in Los Angeles County. Diminution of congestion on the streets and highways in Los Angeles will facilitate passage of all Californians through the most populous area of this state and will especially benefit domiciliaries of that county who reside both within and without the Rapid Transit District."	<p>A. Section 30259 requires that an annual audit be made of all books and accounts of the District by an independent certified public accountant.</p> <p>B. Section 30260 requires that annual financial reports be prepared and distributed as appropriate.</p> <p>C. Section 30507 requires that an annual budget be prepared and made available to those interested.</p> <p>D. Section 30644 requires that all proceedings and testimony before the District Board of Directors related to hearings on reasonableness of rates and location of facilities be recorded.</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p> <p>Yes</p>	<p>A. An annual audit is made of all books and accounts of the District by an independent firm of certified public accountants.</p> <p>B. An annual report, including financial statements and the independent certified public accountants' opinion, is published and made available on request.</p> <p>An annual budget, approved by the District Board of Directors, is published and made available on request.</p> <p>D. All public hearings are recorded, certified by a notary public, and retained on file at SCRTD offices.</p>