



**Metro<sup>®</sup>**

**“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, 2018**

**With Independent Auditor’s Report on Compliance**



Simpson & Simpson, LLP  
Certified Public Accountant

**“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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***FINANCIAL SECTION***

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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, 2018.

### ***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, 2018.



## **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 #2018-001. 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 the 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 &amp; Simpson".

Los Angeles, California  
January 15, 2019

**BEACH CITIES TRANSIT**  
EZ Transit Pass Regional Program  
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,  
and EZ Transit Pass Fare Reimbursements  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>18,617</u>	<u>18,617</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ <u>0.8784</u>	\$ <u>0.8100</u>	\$ <u>0.0684</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ <u>16,353</u>	\$ <u>15,080</u>	\$ <u>1,273</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u>\$ 16,353</u>	<u>\$ 15,080</u>	<u>\$ 1,273</u>

Note:

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. 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  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		11,868	11,868	-
Metrolink Pass		<u>69,021</u>	<u>69,021</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ 1.00	\$ 1.00	\$ -
Metrolink Pass		<u>1.00</u>	<u>1.00</u>	<u>-</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 11,868	\$ 11,868	\$ -
Metrolink Pass		<u>69,021</u>	<u>69,021</u>	<u>-</u>
Less: EZ Transit Pass Sales Revenue [d]		<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbusemen [c-d]		<u>\$ 80,889</u>	<u>\$ 80,889</u>	<u>\$ -</u>

**FOOTHILL TRANSIT**  
EZ Transit Pass Regional Program  
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,  
and EZ Transit Pass Fare Reimbursements  
Year Ended June 30, 2018

	Reported Amount	Audited Amount	Over (Under) Reported
<b>Passenger Boardings</b>			
LACMTA EZ Transit Pass [a]			
Adult	214,219	214,219	-
Senior	128,621	128,621	-
Silver Streak Adult	19,992	19,992	-
Silver Streak Senior	17,756	17,756	-
Commuter Express	62,953	62,953	-
MetroLink EZ Pass [b]	39,448	39,448	-
<b>Average Fare Billed</b>			
LACMTA EZ Transit Pass [c]			
Adult	\$ 1.55	\$ 1.41	\$ 0.14
Senior	1.55	0.56	0.99
Silver Streak Adult	1.55	2.68	(1.13)
Silver Streak Senior	1.55	1.38	0.17
Commuter Express	1.55	4.57	(3.02)
MetroLink EZ Pass [d]	1.05	1.19	(0.14)
<b>EZ Transit Pass Reimbursement</b>			
LACMTA EZ Transit Pass [a x c = e]			
Adult	\$ 332,039	\$ 302,049	\$ 29,990
Senior	199,363	72,028	127,334
Silver Streak Adult	30,988	53,579	(22,590)
Silver Streak Senior	27,522	24,503	3,018
Commuter Express	97,577	287,695	(190,118)
Total of EZ Pass	687,489	739,854	(52,365)
MetroLink EZ Pass [b x d = f]	41,420	46,943	(5,522)
Less: EZ Transit Pass Sales Revenue [g]	(522,667)	(522,667)	-
<b>Total EZ Transit Pass Reimbursement [e + f - g]</b>	<b>\$ 206,242</b>	<b>\$ 264,130</b>	<b>\$ (57,887)</b>

Notes:

1. In accordance with the Guideline, 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 amount underbilled to LACMTA will be invoiced 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  
Year Ended June 30, 2018

			<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings					
EZ Transit Pass	[a]		11,410	11,410	-
Metrolink Pass	[b]	Routes 1 to 7	37,186	37,186	-
		Routes 11 to 12	<u>84,372</u>	<u>84,372</u>	<u>-</u>
Average Fare Used					
EZ Transit Pass	[c]		\$ 0.62	\$ 0.62	\$ -
Metrolink Pass	[d1]	Routes 1 to 7	0.50	0.50	-
	[d2]	Routes 11 to 12	<u>1.00</u>	<u>1.00</u>	<u>-</u>
EZ Transit Pass Reimbursement					
EZ Transit Pass	[a x c] = [e]		\$ 7,074	\$ 7,074	\$ -
Metrolink Pass	[b x d1] = [f1]	Routes 1 to 7	18,593	18,593	-
	[b x d2] = [f2]	Routes 11 to 12	<u>84,372</u>	<u>84,372</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>\$ 110,039</u>	<u>\$ 110,039</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  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>652,560</u>	<u>652,560</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ <u>0.96</u>	\$ <u>0.96</u>	\$ <u>-</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ <u>626,458</u>	\$ <u>626,458</u>	\$ <u>-</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>(507,361)</u>	<u>(507,361)</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	\$ <u>119,097</u>	\$ <u>119,097</u>	\$ <u>-</u>

**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

Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
<b><u>LADOT Community DASH</u></b>				
Passenger Boardings	[a]			
EZ Transit Pass		<u>190,580</u>	<u>190,580</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ <u>0.45</u>	\$ <u>0.45</u>	\$ <u>-</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 85,761	\$ 85,761	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	\$ <u>85,761</u>	\$ <u>85,761</u>	\$ <u>-</u>
<b><u>LADOT Commuter Express</u></b>				
Passenger Boardings	[a]			
EZ Transit Pass		<u>173,109</u>	<u>173,109</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ <u>2.31</u>	\$ <u>2.31</u>	\$ <u>-</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 399,882	\$ 399,882	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	<u>(257,052)</u>	<u>(257,052)</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	\$ <u>142,830</u>	\$ <u>142,830</u>	\$ <u>-</u>

**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  
Year Ended June 30, 2018

<b>(Continued)</b>		Reported Amount	Audited Amount	Over (Under) Reported
<b><u>LADOT Community DASH - Metrolink Pass</u></b>				
Passenger Boardings	[a]			
EZ Transit Pass		300,242	300,242	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.45	\$ 0.45	\$ -
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 135,109	\$ 135,109	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 135,109	\$ 135,109	\$ -
<b><u>LADOT Commuter Express - Metrolink Pass</u></b>				
Passenger Boardings	[a]			
EZ Transit Pass		184,959	184,959	-
Average Fare Used	[b]			
EZ Transit Pass		\$ 2.07	\$ 2.07	\$ -
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 382,865	\$ 382,865	\$ -
Less: EZ Transit Pass Sales Revenue	[d]	-	-	-
Total EZ Transit Pass Reimbursement	[c-d]	\$ 382,865	\$ 382,865	\$ -
Total - All LADOT		\$ 746,565	\$ 746,565	\$ -

**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  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>26,417</u>	<u>25,563</u>	<u>854</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ <u>8.22</u>	\$ <u>8.20</u>	\$ <u>0.02</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ <u>217,148</u>	\$ <u>209,617</u>	\$ <u>7,531</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u>\$ 217,148</u>	<u>\$ 209,617</u>	<u>\$ 7,531</u>

Note:

The over-billing in EZ Transit Pass reimbursement was mainly due to their use of an incorrect EZ Pass boarding record than the actual EZ Pass boardings for the year ended June 30, 2018.  
See Finding #2018-001.

**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  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>6,242</u>	<u>6,242</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		<u>\$ 0.19</u>	<u>\$ 0.19</u>	<u>\$ -</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		<u>\$ 1,186</u>	<u>\$ 1,186</u>	<u>\$ -</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursemen	[c-d]	<u>\$ 1,186</u>	<u>\$ 1,186</u>	<u>\$ -</u>

Note:

The Agency is in the process of changing its billing system. Starting FY2018-19 all EZ transit pass reimbursements will be processed on a monthly basis by Regional TAP paid directly to Public Works and invoices are not required to be submitted to LACMTA. Due to changes in the agency's internal procedures, the billing submitted during FY2017-18 is for ridership which occurred in FY2016-17 that was not invoiced during FY2016-17. The agency plans to submit the FY2017-18 billing in the next fiscal year which will be the last invoice submitted to LACMTA.

**NORWALK LOCAL TRANSIT**  
EZ Transit Pass Regional Program  
Schedule of EZ Transit Pass Passenger Boardings, Average Fare Used,  
and EZ Transit Pass Fare Reimbursements  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		56,467	56,467	-
Metrolink Pass		<u>35,190</u>	<u>35,190</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.88	\$ 0.88	\$ -
Metrolink Pass		<u>0.88</u>	<u>0.88</u>	<u>-</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 49,691	\$ 49,691	\$ -
Metrolink Pass		<u>30,869</u>	<u>30,869</u>	<u>-</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>(32,410)</u>	<u>(32,410)</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u>\$ 48,150</u>	<u>\$ 48,150</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  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>4,465</u>	<u>4,479</u>	<u>(14)</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ <u>1.83</u>	\$ <u>1.75</u>	\$ <u>0.08</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ <u>8,171</u>	\$ <u>7,838</u>	\$ <u>333</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u>\$ 8,171</u>	<u>\$ 7,838</u>	<u>\$ 333</u>

Note:

The Palos Verdes Peninsula Transit Authority over-billed the LACMTA EZ Pass program due to their use of a higher average fare than the actual average fare for the year ended June 30, 2018.

In addition, the under-reported passenger boardings were caused by a calculation error which resulted in under-billing to the program. This is not a finding.



**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  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over (Under) Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		22,233	22,233	-
Metrolink Pass		<u>8,347</u>	<u>8,347</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.63	\$ 0.63	-
Metrolink Pass		<u>0.63</u>	<u>0.63</u>	<u>-</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 14,007	\$ 14,007	-
Metrolink Pass		<u>5,259</u>	<u>5,259</u>	<u>-</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>-</u>	<u>-</u>	<u>-</u>
Total EZ Transit Pass Reimbursement	[c-d]	<u>\$ 19,266</u>	<u>\$ 19,266</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  
Year Ended June 30, 2018

	Reported Amount	Audited Amount	Under Reported
Passenger Boardings [a]			
LACMTA EZ Pass Commuter	19,859	19,859	-
LACMTA EZ Pass Local	15,933	15,933	-
Metrolink EZ Pass Local	<u>90,632</u>	<u>90,632</u>	<u>-</u>
Average Fare Used [b]			
LACMTA EZ Pass Commuter	\$ 2.82	\$ 3.00	\$ (0.18)
LACMTA EZ Pass Local	0.91	1.09	(0.18)
Metrolink EZ Pass Local	<u>1.06</u>	<u>1.09</u>	<u>(0.03)</u>
EZ Transit Pass Reimbursement [a x b = c]			
LACMTA EZ Pass Commuter	\$ 56,002	\$ 59,577	\$ (3,575)
LACMTA EZ Pass Local	14,499	17,367	(2,868)
Metrolink EZ Pass Local	<u>96,070</u>	<u>98,789</u>	<u>(2,719)</u>
Total Transit Fare Reimbursement	166,571	175,733	(9,162)
Less: EZ Transit Pass Sales Revenue [d]	<u>(18,879)</u>	<u>(18,879)</u>	<u>-</u>
Total EZ Transit Pass Reimbursement [c-d]	<u>\$ 147,692</u>	<u>\$ 156,854</u>	<u>\$ (9,162)</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 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  
Year Ended June 30, 2018

		<u>Reported Amount</u>	<u>Audited Amount</u>	<u>Over Reported</u>
Passenger Boardings	[a]			
EZ Transit Pass		120,627	120,627	-
Metrolink Pass		<u>2,915</u>	<u>2,915</u>	<u>-</u>
Average Fare Used	[b]			
EZ Transit Pass		\$ 0.74	\$ 0.69	\$ 0.05
Metrolink Pass		<u>0.73</u>	<u>0.69</u>	<u>0.04</u>
EZ Transit Pass Reimbursement	[a x b = c]			
EZ Transit Pass		\$ 89,264	\$ 83,233	\$ 6,031
Metrolink Pass		<u>2,128</u>	<u>2,011</u>	<u>117</u>
Less: EZ Transit Pass Sales Revenue	[d]	<u>(17,414)</u>	<u>(17,414)</u>	<u>-</u>
Total EZ Transit Pass Reimbursements	[c-d]	<u>\$ 73,978</u>	<u>\$ 67,830</u>	<u>\$ 6,148</u>

Note:

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. 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 #2018-001 – Los Angeles World Airports (LAWA)**

***Condition:***

The Los Angeles World Airports (LAWA) invoices LACMTA on a monthly basis using the average fare per every passenger boarding with an EZ Transit Pass as required by the EZ Pass Guidelines. However, the EZ pass boardings used in their billing to LACMTA was incorrectly reported due to incorrect EZ Pass ridership numbers provided by the agency's bus operators. Additionally, LAWA did not reconcile the actual EZ Pass boardings as per A102 Reports provided by LACMTA 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 reconciled at year end. Therefore, the EZ Pass boardings were incorrect for some billing months. As a result, fiscal year 2018 reimbursement was over reported by \$7,532.

***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 LAWA did not correctly perform the year-end reconciliation process as required by the Guidelines.

***Effect:***

The LAWA over-billed LACMTA EZ Transit program by \$7,532.

***Recommendation:***

We recommend that the Los Angeles World Airports establish procedures to ensure that it accurately reconciles the actual boardings and submit an adjusted invoice to LACMTA at the end of each fiscal year.

***Management's Comments:***

LAWA used A102 reports for EZ Pass counts for Van Nuys and Union Station routes (Pacific Coast). However, for Hollywood, Long Beach, and Westwood routes (MV Transportation), LAWA used operator's reports for EZ Pass counts for reimbursements since the operator did not utilize 12 BMVs until December 2017. Since the operator manually counted the number of EZ Pass users, it is possible that the discrepancies exist between the reports until December 2017. Starting from January 2018, LAWA has been completely relying on A102 reports provided by Metro for reimbursements which should mitigate potential discrepancies moving forward.