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**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY'S
FUNDING AND ALLOCATION GUIDELINES FOR
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3
BICYCLE AND PEDESTRIAN FUNDS**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY'S
FUNDING AND ALLOCATION GUIDELINES FOR
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BICYCLE AND PEDESTRIAN FUNDS**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund Consolidated Audit Report
Fiscal Year Ended June 30, 2021**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY'S FUNDING AND ALLOCATION GUIDELINES FOR TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 BICYCLE AND PEDESTRIAN FUNDS	1
List of Package A Jurisdictions	4
Compliance Area Tested	5
Summary of Audit Results	
Schedule 1 – Summary of Compliance Findings	6
Schedule 2 – Schedule of Findings and Questioned Costs	7

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY'S FUNDING AND ALLOCATION GUIDELINES FOR
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 BICYCLE AND PEDESTRIAN FUNDS**

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority

Report on Compliance

We have audited the compliance of the County of Los Angeles (County) and thirty-eight (38) Cities identified in the List of Package A Jurisdictions, with the types of compliance requirements described in the Transportation Development Act (TDA) Statutes and California Codes of Regulations; issued by the California Department of Transportation Division of Mass Transportation (CalTrans) and the Los Angeles County Metropolitan transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds. Compliance with the above-noted Guidelines and Requirements by the County and the Cities are identified in the accompanying Summary of Audit Results, Schedule 1 and Schedule 2.

Management's Responsibility

Compliance with the Guidelines and Requirements is the responsibility of the respective management of the County and the Cities.

Auditor's Responsibility

Our responsibility is to express opinions on the County and each City's compliance with the Guidelines and Requirements referred to above based on our audits. We conducted our audits of compliance in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 TDA Article 3 program occurred. An audit includes examining, on a test basis, evidence about the County and each City's compliance with the Guidelines and Requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audits provide a reasonable basis for our opinions on compliance. However, our audits do not provide a legal determination of the County's and each City's compliance with the Guidelines and Requirements.



Opinion

In our opinion, the County and the Cities complied, in all material respects, with the Guidelines and Requirements referred to above that could have a direct and material effect on the TDA Article 3 program for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and Requirements and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2021-001 through #2021-003. Our opinion is not modified with respect to these matters.

Responses by the Cities to the noncompliance findings identified in our audits are described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' 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 County and each City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines and Requirements referred to above. In planning and performing our audits of compliance, we considered the County and each City's internal control over compliance with the Guidelines and Requirements that could have a direct and material effect on the TDA Article 3 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 Guidelines and 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 the County's and each City'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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance 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 might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control over compliance, described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2021-003, that we consider to be a material weakness.



The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The City's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing on internal control over compliance and the results of that testing based on the requirements of the Guidelines and Requirements. Accordingly, this report is not suitable for any other purpose.

Vacquez & Company LLP

**Glendale, California
December 30, 2021**

**Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2021**

1. COUNTY OF LOS ANGELES
2. CITY OF AGOURA HILLS
3. CITY OF AZUSA
4. CITY OF BALDWIN PARK
5. CITY OF BELL
6. CITY OF BELL GARDENS
7. CITY OF BEVERLY HILLS
8. CITY OF CALABASAS
9. CITY OF CARSON
10. CITY OF COMMERCE
11. CITY OF COMPTON
12. CITY OF CUDAHY
13. CITY OF CULVER CITY
14. CITY OF EL MONTE
15. CITY OF GARDENA
16. CITY OF HAWTHORNE
17. CITY OF HIDDEN HILLS
18. CITY OF HUNTINGTON PARK
19. CITY OF INGLEWOOD
20. CITY OF IRWINDALE
21. CITY OF LA PUENTE
22. CITY OF LAWNSDALE
23. CITY OF LYNWOOD
24. CITY OF MALIBU
25. CITY OF MAYWOOD
26. CITY OF MONTEBELLO
27. CITY OF MONTEREY PARK
28. CITY OF PICO RIVERA
29. CITY OF POMONA
30. CITY OF ROSEMEAD
31. CITY OF SAN FERNANDO
32. CITY OF SANTA FE SPRINGS
33. CITY OF SANTA MONICA
34. CITY OF SOUTH EL MONTE
35. CITY OF SOUTH GATE
36. CITY OF VERNON
37. CITY OF WALNUT
38. CITY OF WEST HOLLYWOOD
39. CITY OF WESTLAKE VILLAGE

**Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Compliance Area Tested
Fiscal Year Ended June 30, 2021**

1. Timely use of funds.
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.

SUMMARY OF AUDIT RESULTS

**Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2021**

The audits of the County of Los Angeles and the 38 cities have resulted in 3 findings. The table below summarizes those findings:

Finding	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Timely use of funds: Lapsed funds	1	Cudahy (See Finding #2021-002)	\$ 16,092	\$ 16,092
Timely use of funds: Unencumbered fund balance	2	Carson (See Finding #2021-001)	None	None
		Pomona (See Finding #2021-003)	None	None
Total Findings and Questioned Costs	3		\$ 16,092	\$ 16,092

Details of the findings are in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021**

Finding #2021-001	City of Carson
Compliance Reference	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, General Guidelines, Funding, Lapsing and Accounting states that, "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro to be placed on reserve for the City under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated".
Condition	The City has remaining unexpended and unencumbered funds of \$54,893 as of June 30, 2021.
Cause	Drawdown was made for the scheduled CIP PW1534-Carson Active Transportation project. However, the project was halted due to COVID-19 pandemic and staff shortage.
Effect	The City was not in compliance with the TDA Article 3 Guidelines and is required to return the amount of \$54,893 that was unexpended and unencumbered as of June 30, 2021.
Recommendation	We recommend the City establish procedures and internal controls to ensure that amount drawn during the fiscal year is spent and remaining unexpended and unencumbered funds be returned to Metro at the end of the fiscal year consistent with the TDA Article 3 Guidelines.
Management's Response	The City has requested Metro to extend the use of unexpended amount through June 30, 2022, since the City's Active Transportation Program will resume in fiscal year 2022.
Findings Resolved During the Audit	On August 9, 2021, Metro Program Manager granted an extension for the use of the remaining funds through June 30, 2022. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
 Transportation Development Act Article 3 Fund
 Schedule of Findings and Questioned Costs
 Fiscal Year Ended June 30, 2021
 (Continued)**

Finding #2021-002	City of Cudahy
Compliance Reference	TDA Article 3 Guidelines states that "TDA Article 3 local funds may be placed on reserve for up to three years. Agencies may accumulate three years worth of reserved TDA Article 3 local funds before being required to obligate them or return them to the TDA Article 3 fund. Any funds left on reserve by the local agency longer than three years are subject to lapse and future reallocation. For FY 2020/21, any TDA Article3 funds left on reserve for FY 2016/17 are subject to lapse if not claimed by the agency by June 30, 2021.
Condition	The City has remaining fund left on reserve amounting to \$16,092 from FY 2016/17 allocations that lapsed in FY2020/21.
Cause	The City was not aware of the lapsing fund amount.
Effect	The City was not in compliance with the TDA Article 3 Guidelines.
Recommendation	We recommend the City to establish procedures and internal controls to ensure that TDA3 funds allocation left on reserve be drawn and spent on eligible projects in a timely manner.
Management's Response	The City has requested Metro to extend the use of the FY 2016/17 allocations on reserve through June 30, 2022, since the City has an existing approved TDA Article 3 projects in FY 2021/22.
Findings Resolved During the Audit	On November 12, 2021, Metro Program Manager granted an extension for the use of the FY 2016/17 allocation on reserve through June 30, 2022. No follow up is required.

**Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2021
(Continued)**

Finding #2021-003	City of Pomona
Compliance Reference	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, General Guidelines, Funding, Lapsing and Accounting states that, "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro to be placed on reserve for the City under the fiscal year in which they were originally allocated. Agencies must also fully spend any interest accumulated by these funds by the end of the fiscal year in which the funds were allocated".
Condition	The City has unexpended and unencumbered fund balance amounting to \$364 as of June 30, 2021. This is a repeat finding from prior years' audit.
Cause	The City did not take into account the interest income on TDA Article 3 funds.
Effect	The City was not in compliance with the TDA Article 3 Guidelines and is required to return the amount of \$364 that is neither expended nor encumbered as of June 30, 2021.
Recommendation	We recommend that the City return the unexpended funds to Metro consistent with the TDA Article 3 Guidelines.
Management's Response	The City was made aware of the requirement thus requested and was granted an extension on use of the unexpended funds. The City will also work diligently to train and educate staff on all TDA Article 3 Guidelines.
Findings Resolved During the Audit	On December 2, 2021, Metro Program Manager granted the City an extension through June 30, 2022 to use the funds. No follow up is required.



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