



MetroTM

**Schedule of EZ Transit Pass Passenger Boarding,
Average Fare Used and EZ Pass Program Reimbursements of
Package A EZ Transit Pass Regional Program Participating Agencies**

*Year Ended June 30, 2018
with Report of Independent Accountants*

**Package A EZ Transit Pass Regional Program Participating Agencies
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Transit Pass Program Reimbursements
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Report of Independent Auditors on Compliance

To the Los Angeles County Metropolitan Transportation Authority and Package A EZ Transit Pass Regional Program Participating Agencies

Report on Compliance

We have audited the compliance of the Antelope Valley Transit Authority (AVTA), City of Carson (Carson Circuit), City of Culver City (Culver City Municipal Bus Lines), City of Gardena (Gardena Municipal Bus Lines), City of Montebello (Montebello Bus Lines), City of Monterey Park (Monterey Park Spirit Bus) and City of Santa Monica (Santa Monica's Big Blue Bus) (Package A EZ Transit Pass Regional Program Participating Agencies) with their respective Memorandum of Understanding (MOU) with the Los Angeles County Metropolitan Transportation Authority (LACMTA) and the Los Angeles County EZ Transit Pass Regional Program Guidelines for Participating Agencies (collectively referred to as Guidelines) for the year ended June 30, 2018.

Management's Responsibility

Management of each Participating Agencies is responsible for the respective agency's compliance with those requirements.

Auditors' Responsibility

Our responsibility is to express an opinion on the Participating Agencies' compliance based on our audits. We conducted our audits of compliance in accordance with the 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. Those standards and the 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 Participating Agencies' 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 with the Guidelines. However, our audit does not provide a legal determination of the Participating Agencies' compliance with the Guidelines.



Opinion

In our opinion, the Package A EZ Transit Pass Regional Program Participating Agencies complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance with the Guidelines, which are described in the accompanying schedule of findings and questioned costs as Findings #2018-001 through #2018-002. Our opinion on compliance is not modified with respect to these matters.

The responses by the respective Package A EZ Transit Pass Regional Program Participating Agencies to the noncompliance findings identified in our audit are described in the accompanying schedule of findings, recommendations and management responses. The 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

Management of the respective Package A EZ Transit Pass Regional Program Participating Agencies is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the respective Participating Agencies' internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, 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 respective Participating Agencies' 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. 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 requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.



Report on Schedules of EZ Transit Pass Passenger Boarding, Average Fare Used and EZ Transit Pass Program Reimbursements

We have audited the compliance of the Package A EZ Transit Pass Regional Program Participating Agencies with the Guidelines for the year ended June 30, 2018. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines. The Schedules of EZ Transit Pass Passenger Boarding, Average Fare Used, and EZ Transit Pass Program Reimbursements are presented for purposes of additional analysis as required by the Guidelines.

The Schedules of EZ Transit Pass Passenger Boarding, Average Fare Used and EZ Transit Pass Program Reimbursements are the responsibility of management. Such information has been subjected to the auditing procedures applied to the audit of compliance with the Guidelines, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records, in accordance with auditing standards generally accepted in the United States of America. In our opinion the accompanying Schedules present fairly the Package A EZ Transit Pass Regional Program Participating Agencies' Passenger Boarding, Average Fare Used, and EZ Transit Pass Program Reimbursements, in all material respects for the year ended June 30, 2018 in conformity with the Guidelines.

**Glendale, California
December 28, 2018**

EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Transit Pass Program Reimbursements – Antelope Valley Transit Authority
(AVTA)
Year ended June 30, 2018

	<u>Audited</u>	<u>Billed</u>	<u>Over (Under)</u> <u>Billing</u>
Passenger Boardings [a]			
EZ Transit Pass	87,506	87,506	-
Metrolink EZ Pass	<u>48,179</u>	<u>48,179</u>	<u>-</u>
Average Fare Billed [b]			
EZ Transit Pass	\$ 3.20	\$ 3.20	-
Metrolink EZ Pass	<u>\$ 3.20</u>	<u>\$ 3.20</u>	<u>-</u>
EZ Transit Pass Reimbursement [a x b]			
EZ Transit Pass	\$ 280,019	\$ 280,019	-
Metrolink EZ Pass	<u>154,173</u>	<u>154,173</u>	<u>-</u>
Total	<u>\$ 434,192</u>	<u>\$ 434,192</u>	<u>\$ -</u>

**EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Transit Pass Program Reimbursements – City of Carson
(Carson Circuit)
Year ended June 30, 2018**

		<u>Audited</u>	<u>Billed</u>	<u>Over (Under) Billing</u>
Passenger Boardings	[a]			
EZ Transit Pass		<u>6,225</u>	<u>6,225</u>	<u>-</u>
Average Fare Billed	[b]			
EZ Transit Pass		\$ <u>0.95</u>	\$ <u>0.97</u>	\$ <u>0.02</u>
EZ Transit Pass Reimbursement	[a x b]			
EZ Transit Pass		\$ <u><u>5,914</u></u>	\$ <u><u>6,038</u></u>	\$ <u><u>125</u></u>

Note: Refer to Schedule of Findings and Questioned Costs.

**EZ Transit Pass Regional Program
 Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
 and EZ Transit Pass Program Reimbursements – City of Culver City
 (Culver City Municipal Bus Lines)
 Year ended June 30, 2018**

	<u>Audited</u>	<u>Billed</u>	<u>Over (Under) Billing</u>
Passenger Boardings [a]			
EZ Transit Pass	<u>256,452</u>	<u>256,452</u>	<u>-</u>
Average Fare Billed [b]			
EZ Transit Pass	\$ <u>0.77</u>	\$ <u>0.77</u>	\$ <u>-</u>
EZ Transit Pass Reimbursement [a x b]			
EZ Transit Pass	\$ <u><u>197,468</u></u>	\$ <u><u>197,468</u></u>	\$ <u><u>-</u></u>

**EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Transit Pass Program Reimbursements – City of Gardena
(Gardena Municipal Bus Lines)
Year ended June 30, 2018**

	<u>Audited</u>	<u>Billed</u>	<u>Over (Under) Billing</u>
Passenger Boardings [a]			
EZ Transit Pass	107,162	107,162	-
Metrolink EZ Pass	<u>2,494</u>	<u>2,494</u>	<u>-</u>
Average Fare Billed [b]			
EZ Transit Pass	\$ 0.83	\$ 0.83	-
Metrolink EZ Pass	<u>\$ 0.83</u>	<u>\$ 0.83</u>	<u>-</u>
EZ Transit Pass Reimbursement [a x b]			
EZ Transit Pass	\$ 88,944	\$ 88,944	-
Metrolink EZ Pass	<u>2,070</u>	<u>2,070</u>	<u>-</u>
Total	<u>\$ 91,014</u>	<u>\$ 91,014</u>	<u>\$ -</u>

**EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Transit Pass Program Reimbursements – City of Montebello
(Montebello Bus Lines)
Year ended June 30, 2018**

	<u>Audited</u>	<u>Billed</u>	<u>Over (Under) Billing</u>
Passenger Boardings [a]			
EZ Transit Pass	230,623	230,623	-
Metrolink EZ Pass	<u>69,636</u>	<u>69,636</u>	<u>-</u>
Average Fare Billed [b]			
EZ Transit Pass	\$ 0.80	\$ 0.66	\$ (0.14)
Metrolink EZ Pass	<u>\$ 1.10</u>	<u>\$ 1.10</u>	<u>\$ -</u>
EZ Transit Pass Reimbursement [a x b]			
EZ Transit Pass	\$ 184,498	\$ 152,418	\$ (32,080)
Metrolink EZ Pass	<u>76,600</u>	<u>76,600</u>	<u>-</u>
Total	<u>\$ 261,098</u>	<u>\$ 229,018</u>	<u>\$ (32,080)</u>

Note: Refer to Schedule of Findings and Questioned Costs.

**EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Transit Pass Program Reimbursements – City of Monterey Park
(Monterey Park Spirit Bus)
Year ended June 30, 2018**

	<u>Audited</u>	<u>Billed</u>	<u>Over (Under) Billing</u>
Passenger Boardings [a]			
EZ Transit Pass	<u>3,257</u>	<u>3,257</u>	-
Metrolink EZ Pass	<u>10,803</u>	<u>10,803</u>	-
Average Fare Billed [b]			
EZ Transit Pass	\$ <u>0.17</u>	\$ <u>0.17</u>	\$ -
Metrolink EZ Pass	\$ <u>0.50</u>	\$ <u>0.50</u>	\$ -
EZ Transit Pass Reimbursement [a x b]			
EZ Transit Pass	\$ <u>554</u>	\$ <u>554</u>	\$ -
Metrolink EZ Pass	<u>5,402</u>	<u>5,402</u>	-
Total	<u>\$ 5,956</u>	<u>\$ 5,956</u>	<u>\$ -</u>

**EZ Transit Pass Regional Program
Schedule of EZ Transit Pass Passenger Boarding, Average Fare Used
and EZ Transit Pass Program Reimbursements – City of Santa Monica
(Santa Monica’s Big Blue Bus)
Year ended June 30, 2018**

	Audited	Billed	Over (Under) Billing
July 1, 2017 - September 20, 2017			
Passenger Boardings			
	[a]		
EZ Transit Pass - Adult Regular Routes	125,519	125,519	-
EZ Transit Pass - Adult Route 10	8,011	8,011	-
EZ Transit Pass - Senior/Disabled - Regular Routes	42,607	42,607	-
EZ Transit Pass - Senior/Disabled - Route 10	2,720	2,720	-
Average Fare Billed			
	[b]		
EZ Transit Pass - Adult Regular Routes	\$ 1.03	\$ 1.03	\$ -
EZ Transit Pass - Adult Route 10	\$ 2.07	\$ 2.07	\$ -
EZ Transit Pass - Senior/Disabled - Regular Routes	\$ 0.41	\$ 0.41	\$ -
EZ Transit Pass - Senior/Disabled - Route 10	\$ 0.83	\$ 0.83	\$ -
EZ Transit Pass Reimbursement			
	[a x b]		
EZ Transit Pass - Adult Regular Routes	\$ 129,285	\$ 129,285	\$ -
EZ Transit Pass - Adult Route 10	16,583	16,583	-
EZ Transit Pass - Senior/Disabled - Regular Routes	17,469	17,469	-
EZ Transit Pass - Senior/Disabled - Route 10	2,258	2,258	-
Less: Transit Access Pass (TAP) Sales	(42,724)	(42,724)	-
Total	\$ 122,871	\$ 122,871	\$ -
October 1, 2017 - June 30, 2018			
Passenger Boardings			
	[a]		
EZ Transit Pass - Adult Regular Routes	379,049	379,049	-
EZ Transit Pass - Adult Route 10	8,130	8,130	-
EZ Transit Pass - Senior/Disabled - Regular Routes	126,121	126,121	-
EZ Transit Pass - Senior/Disabled - Route 10	2,705	2,705	-
Average Fare Billed			
	[b]		
EZ Transit Pass - Adult Regular Routes	\$ 1.09	\$ 1.09	\$ -
EZ Transit Pass - Adult Route 10	\$ 2.18	\$ 2.18	\$ -
EZ Transit Pass - Senior/Disabled - Regular Routes	\$ 0.44	\$ 0.44	\$ -
EZ Transit Pass - Senior/Disabled - Route 10	\$ 0.87	\$ 0.87	\$ -
EZ Transit Pass Reimbursement			
	[a x b]		
EZ Transit Pass - Adult Regular Routes	\$ 413,163	\$ 413,163	\$ -
EZ Transit Pass - Adult Route 10	17,723	17,723	-
EZ Transit Pass - Senior/Disabled - Regular Routes	55,493	55,493	-
EZ Transit Pass - Senior/Disabled - Route 10	2,353	2,353	-
Less: Transit Access Pass (TAP) Sales	(136,981)	(136,981)	-
Total	\$ 351,751	\$ 351,751	\$ -
Year ended June 30, 2018			
Passenger Boardings			
EZ Transit Pass - Adult Regular Routes	504,568	504,568	-
EZ Transit Pass - Adult Route 10	16,141	16,141	-
EZ Transit Pass - Senior/Disabled - Regular Routes	168,728	168,728	-
EZ Transit Pass - Senior/Disabled - Route 10	5,425	5,425	-
EZ Transit Pass Reimbursement			
EZ Transit Pass - Adult Regular Routes	\$ 542,448	\$ 542,448	\$ -
EZ Transit Pass - Adult Route 10	34,306	34,306	-
EZ Transit Pass - Senior/Disabled - Regular Routes	72,962	72,962	-
EZ Transit Pass - Senior/Disabled - Route 10	4,611	4,611	-
Less: Transit Access Pass (TAP) Sales	(179,705)	(179,705)	-
Total	\$ 474,622	\$ 474,622	\$ -

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**EZ Transit Pass Regional Program
Schedule of Findings and Questioned Costs – City of Carson
(Carson Circuit)
Year ended June 30, 2018**

Finding #2018-001: City of Carson (Carson Circuit)

Criteria	Section D (1) of the Los Angeles County EZ Transit Pass Regional Program Guidelines for Participating Agencies (Guidelines) states that, “Operator boardings shall be reimbursed at the higher of average fare or average cash fare”.
Condition	The participating agency utilized preliminary unadjusted total revenue instead of final revenue net of adjustments, which resulted in a difference in revenue of \$1,703. Utilizing the unadjusted revenue resulted in an overbilling of average fare by \$0.02 per boarding, for a total overbilling of \$125.
Cause	The participating agency had a change in accounting systems during June 2018, which resulted in lapses in reconciliation, and the variance noted in total adjusted revenues used in the average fare calculation.
Effect	The participating agency overbilled LACMTA for \$125.
Recommendation	We recommend for the participating agency to ensure that its cut-off reconciliations are prepared timely and any corresponding under or over payments are addressed following the receipt of final boarding numbers in July of the following year for June 30 year end.
Management’s Response	Discrepancy between the audited and billed amount is due to rounding-off. We will ensure future billing is done accurately and properly.

**EZ Transit Pass Regional Program
Schedule of Findings and Questioned Costs – City of Montebello
(Montebello Bus Lines)
Year ended June 30, 2018**

Finding #2018-002: City of Montebello (Montebello Bus Line)

Criteria	Section D (1) of the Los Angeles County EZ Transit Pass Regional Program Guidelines for Participating Agencies (Guidelines) states that, “Operator boardings shall be reimbursed at the higher of average fare or average cash fare”.
Condition	The participating agency did not consider all the components in the formula as stated in the Guidelines to properly compute the average fare. Montebello Bus Lines (MBL) did not exclude the fare revenue and ridership for students; instead MBL subtracted all unclassified revenue for all fare types from the total monthly collected fare revenue. This yields a much lower average fare ratio for the participating agency.
Cause	Since the EZ Transit Pass Regional program started in July 2007, Montebello Bus Lines (MBL) has utilized a calculation methodology for average fare which was ultra-conservative. MBL excluded its unclassified revenue (all fare types) from the total monthly collected fare revenue.
Effect	The participating agency miscalculated its average fare which resulted in under billing of \$32,080.
Recommendation	We recommend for the participating agency to revisit and revise the average fare calculation to reflect the correct amount of reimbursement from LACMTA.
Management’s Response	The calculation methodology used by MBL was accepted by LACMTA and has been in use since the inception of the program. The major reason for applying this method is that it provided MBL a financial cushion and a very conservative average fare calculating ratio which meant MBL would only worry about the possibility of under billing and never over billing. There are many factors for this conservative approach as the data becomes available on the month basis, MBL submits the most accurate data at that time. Per the EZ Pass agreement Attachment B, all agencies may utilize the year end reconciliation to capture any and all unclaimed differences and submit additional invoice to LACMTA. This is performed through the audit findings every year.



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