

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY

SINGLE AUDIT REPORT

Fiscal year ended June 30, 2019

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY Los Angeles, California

SINGLE AUDIT REPORT Fiscal year ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Los Angeles County Metropolitan Transportation Authority
Los Angeles, California

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Los Angeles County Metropolitan Transportation Authority (LACMTA) as of and for the fiscal year ended June 30, 2019, and the related notes to the basic financial statements, which collectively comprise LACMTA's basic financial statements, and have issued our report thereon dated December 17, 2019. Our report includes a reference to other auditors who audited the financial statements of the defined benefit pension plan financial statements of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans, as described in our report on LACMTA's financial statements. The financial statements of the defined benefit pension plan of the Los Angeles County Metropolitan Transportation Authority Retirement Income Plans were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered LACMTA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of LACMTA's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACMTA's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Los Angeles, California December 17, 2019



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors Los Angeles County Metropolitan Transportation Authority Los Angeles, California

Report on Compliance for Each Major Federal Program

We have audited Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LACMTA's major federal programs for the fiscal year ended June 30, 2019. LACMTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LACMTA's major federal programs based on our audit of the types of compliance requirements referred to above. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about LACMTA's 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 for each major federal program. However, our audit does not provide a legal determination of LACMTA's compliance.

Opinion on Each Major Federal Program

In our opinion, LACMTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2019.

Report on Internal Control over Compliance

Management of LACMTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LACMTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 LACMTA'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 with a type of compliance requirement of a federal program 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 with a type of compliance requirement of a federal program 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 a type of compliance requirement of a federal program 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal and State Awards Required by Uniform Guidance

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of LACMTA as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 17, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Crowe LLP

Crowe LLP

Los Angeles, California December 17, 2019

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Fiscal year ended June 30, 2019

Federal grantor/cluster title/program title/pass-through grantor/project title	CFDA	Direct Program and Pass- through Grant Identifying	Total Award	Totalexp	ended under federa Federal Share	Total expended under federal/state/bcal for the fiscal year ended June 30, 2019 Federal Share Dassed Inrouch State Share Loca	cal year ended June State Share	30, 2019 Local Share
Federal Grants								
o.s. Departificiti of Italisportation Federal Transit Administration								
Passed through State of California Department of Transportation:								
Highw ay Planning and Construction Cluster								
Highway Planning and Construction						•		
Exclusion of francts was one 410 to bow thow it A	20.205	EA 07-278008	\$ 6,272,631	\$ 195,914	\$ 81,343	·	•	114,571
Union station waster man; Alameda Esplanade Freight Advanced Traveler Information System (FRATIS)	20.205	07-5055F15-F022 ATCMTDL-6065(218)	3.000.000	505,967	744.286			744.285
Direct Programs:					1			!
Reconstruct Cabrillo Mole Terminal	20.205	CA-70-X017	2,400,000	194,218	155,374	155,374	•	38,844
Highw ay Flanning and Construction Cluster Total			13,822,631	2,384,670	1,205,721	155,374		1,178,949
Direct Programs:								
Transportation infrastructure Finance and Innovation Act (TIFIA) Program								
Transportation hirastructure Finance and Innovation Act (TIFA) Program - Westside Purple Line Extension - Section 1	20.223	2013-1009A	856.000.000	150.122.372	150.122.372	•	į	•
Transportation Infrastructure Finance and Innovation Act (TIFIA) Program - Regional Connector	20.223	2013-1008A	160,000,000	17,950,900	17,950,900	ı	ı	•
TFIA Program Total			1,016,000,000	168,073,272	168,073,272			
Direct Hogians:								
rectal reason Cubics								
Federal itans Captain inprovement Grants.	0	000	000	000	,			000
werro kapid system cap dosure	20.500	CA-03-0/96	000,007,91	2,437,738	1,584,530	- 0	ē	853,208
Hed./pass enhan & 22 all. Fuel bus	20.500	CA-03-0783	1,214,721	122,100	089'76	089'/6	•	24,420
Trans Cir / Bus Park & Shelters	20.500	CA-04-0088	5,570,560	246,569	197,255	197,255	•	493,134
Transif Centers & Expansion Buses	20.500	CA-04-0161	2,819,500	195,176	156,294	156,294	•	38,881
Regional Connector Transit Corridor	20.500	CA-2016-046	300,000,000	100,058,150	30,671,525	•	į	69,386,624
Passenger and Pedestrian Enhancements	20.500	CA-04-0067	2,502,232	373,972	299,177	299,177	•	74,794
Westside Purple Line Ext Section 1	20.500	CA-2016-017-03	400,000,000	157,230,768	73,238,734	•	•	83,992,034
VMshire Blvd Bus-Only Lane	20.500	CA-03-0815	23,317,000	3,096,829	2,146,593	i	į	950,236
Westside Purple Line Ext Section 2 OWAQ	20.500	CA-2016-045	169,000,000	61,811,950	51,709,664	•	į	10,102,286
Westside Purple Line Extension 2 -FFGA	20.500	CA-2016-047-03	400,000,000	176,727,348	81,905,483	•	•	94,821,865
Los Angeles Union Station/Cesar Chavez Bus Stop	20.500	CA-2016-123	1,668,557	174,859	139,887	•	•	34,972
West Santa Ana Branch Transit Corridor TOD Strategic Implementation Plan	20.500	CA-2017-044	2,000,000	1,174,087	939,270	•	•	234,817
Federal Transit - Capital Improvement Grants Total			1,324,792,570	503,649,546	243,086,094	750,407	•	261,007,271
Federal Transit - Formula Grants:								
Subgrantee Vehicles/Transit facilities	20.507	CA-90-Y114	5,985,469	1,283,810	1,027,048	1,027,048	•	256,762
Metro Rapid Bus Stations/Signal Priority	20.507	CA-90-Y261	28,919,529	234,998	234,998		ė	•
Metro Rapid Bus Program	20.507	CA-90-Y457	11,081,700	129,236	129,236	i	į	•
Regional Connector - Construction	20.507	CA-95-X251	64,000,000	641,294	615,487	•	٠	25,807
Systemwide Light Rail Vehicles	20.507	CA-2016-026-01	68,730,000	79,840,613	67,396,082	ı	ė	12,444,530
P3010 Systemwide Light Rail Vehicles Acquisition (CMAQ)	20.507	CA-2018-093-01	000'986'99	72,060,422	62,639,538	i	į	9,420,884
Pass / Ped. Enhancements and Improvements	20.507	CA-95-X227	2,996,000	441,391	353,113	353,113	•	88,278
Glendale Beeline CNG Mrtc/Adm. Facility	20.507	CA-95-X061	3,650,000	1,118,017	894,414	894,414	į	223,603
Willow brook/Rosa Parks Pedestrian Promenade & Bike Mobility Hub	20.507	CA-2018-012	2,909,000	4,820,879	2,560,936	•	•	2,259,943
Signage and Lighting for Bus Stops	20.507	CA-2016-025	733,533	339,306	271,445	•	•	67,861
Metro Gold Line Foothi∎ Extension Operating Assistance	20.507	CA-2016-029-01	41,400,000	15,195,565	12,156,452	•	į	3,039,113
Metro EXPO Line Phase II Operating Assistance	20.507	CA-2016-029-03	43,099,032	15,734,332	12,587,466	•	٠	3,146,866
LA0G1162 Airport Metro Connector and Crenshaw /LAX Accommodations near 96th Street/Aviation Blvd	20.507	CA-2016-062	35,649,778	1,054,889	1,054,889	ı	ė	•
FY 18/19 Section 5307 for Bus Preventive Maintenance and Bus Acquisition	20.507	CA-2019-134	166,573,833	207,625,886	166,100,709	•	•	41,525,177
5337 & 5307/5340 LA Metro FY19 Rail Preventive Maintenance	20.507	CA-2019-128	8,712,652	10,890,815	8,712,652		٠	2,178,163
Federal Transit - Formula Grants Total			551,426,526	411,411,453	336,734,464	2,274,575	ı	74,676,987
State of Good Repair Grants Program								
5337 L Metro Rail Vehicle Mulfie Overhauls	20.525	CA-2018-031	86,251,460	16,174,377	12,939,502	•	•	3,234,875
5337 & 530/5340 LA Metro PT-17 Real Presentive Maintenance	20.525	CA-2019-128	115,000,000	143,750,000	115,000,000			28,750,000
טמול טי שטטע הפאמו שי חימווים דיטן מווו זיטמו			JOE, 1 04, 104	10,149,100	100,000,121	Ţ	ı	2.0,100,10

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Fiscal year ended June 30, 2019

Federal grantorioluster ittle/program title/pass-through grantor/project title	OFDA	Direct Program and Pass- through Grant Identifying	Total Aw ard	Total exp Total	ended under federa Federal Share	Total expended under federal/state/local for the fiscal year ended June 30, 2019 Federal share Federal Share Loca A Federal Share Loca	cal year ended June 3	0, 2019 Local Share
Bus and Bus Facilities Formula Program Section 5339 Bus Overhaubs FY 16/17 Section 5339 Bus Acquisitions, CNG Lease, Workforce Dev/Training, and Preventive Maintenance Bus and Bus Facilities Formula Program Total	20.526	CA-2019-056 CA-2018-062	34,547,870 43,491,979 78,039,849	35,692,183 23,987,383 59,679,566	32,593,513 11,163,092 43,756,605		3,182,303 992,697 4,175,000	(83,633) 11,831,594 11,747,961
Federal Transit Cluster Total			2,155,510,405	1,134,664,942	751,516,665	3,024,982	4,175,000	379,417,094
Transit Services Programs Cluster Enhanced Mobility of Seniors and Individual with Disabilities Enhanced Mobility of Seniors and Individuals with Disability Program 5310 AI L.A. County Section 5310 Program Administration L.A. County Section 5310 A Subrecipients PY 17 Enhanced Mobility of Seniors and Individual with Disabilities Total	20.513 20.513 20.513	CA-16-X066 CA-2018-029 CA-2018-065	6,092,451 1,043,894 9,207,811 16,344,156	1,206,092 204,685 1,847,990 3,258,767	901,540 204,685 1,634,209 2,740,434	901,540 1,634,209 2,535,749		304,552 213,781 518,333
Job Access and Reverse Commute Program L A County Job Access and Reverse Commute Program. Administration. FY 06-12 Job Access and Reverse Commute Program. Project - LA County Job Access and Program Project Job Access and Reverse Commute. Capital/Operating Assist. LA County, Job Access and Program Project. Capital/Operating Assist. Job Access and Reverse Commute Program	20.516 20.516 20.516 20.516	CA-37-X071 CA-37-X100 CA-37-X123 CA-37-X171	5,032,849 10,343,881 13,878,024 7,711,637 36,966,391	208,328 534,610 692,773 870,982 2,306,692	208,328 332,399 491,817 870,982 1,903,525	332,399 491,817 870,982 1,695,198		202,211 200,956 403,167
New Freedom Program Adm. PY 06-12 New Freedom - Program Adm. PY 06-12 New Freedom - Capital & Operating. Assistance New Freedom - Capital & Operating. Assistance New Freedom Program Total	20.521 20.521 20.521	CA-57-X003 CA-57-X084 CA-57-X100	2,152,346 8,702,026 7,354,678 18,209,050	155,062 1,577,265 517,655 2,249,982	155,062 1,474,283 258,827 1,888,172	1,474,283 258,827 1,733,110		102,982 258,828 361,810
Transit Services Programs Cluster Total			71,519,597	7,815,441	6,532,131	5,964,057		1,283,310
Research and Development Cluster Public Transportation Research, Technical Assistance, and Training FY16 Demonstration of Collison Avoidance and Milgation Technologies on Los Angeles Metro Bus Service Platform Track Intusion Detection Demo Platform Track Intusion Detection Demo LA County and Pugget Sound First I. Last Me Partnership with Lyft LA County and Pugget Sound First I. Last Me Partnership with Lyft Public Transportation Research, Technical Assistance, and Training Total	20.514 20.514 20.514	CA-2017-055 CA-26-7015 CA-2017-018	1,450,000 1,722,400 1,350,000 4,522,400	35,171 290,540 698,448 1,024,159	25,499 152,701 327,662 505,862			9,672 137,839 370,786 518,297
Research and Development Guster Total			4,522,400	1,024,159	505,862			518,297
Federal Transit Administration Total			3,261,375,033	1,313,962,483	927,833,651	9,144,413	4,175,000	382,397,650
Office of the Secretary National Infrastructure Investments Willow brook/Rosa Parks Station Improvements	20.933	CA-2016-010	10,250,000	18,573,748	7,746,263	,		10,827,485
Office of the Secretary Total			10,250,000	18,573,748	7,746,263	,		10,827,485
U.S. Department of Transportation Total			3,271,625,033	1,332,536,231	935,579,914	9,144,413	4,175,000	393,225,135
U.S. Department of Homeland Security: Direct Programs Rala and Transit Security Grant Program Transit Security Grant Program Transit Security Grant Program U.S. Department of Homeland Security Total	97.075 97.075	EMN-2016-RA-00024-S01 EMN-2017-RA-00027-S01	1,130,800 675,000 1,805,800	226,543 674,986 901,529	226,543 674,986 901,529	.		
Total Federal Grants			\$3,273,430,833	\$1,333,437,760	\$ 936,481,443	\$ 9,144,413	\$ 4,175,000	\$ 393,225,135

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Fiscal year ended June 30, 2019

				Total exp	ended under fede	al/state/local for the	Total expended under federal/state/local for the fiscal year ended June 30, 2019	0, 2019
	OFDA	Direct Program and Pass-				Federal share		
Federal grantor/cluster title/program title/pass-through grantor/project title	Number	through Grant Identifying	Total Aw ard	Total	Federal Share	passed through	State Share	Local Share
State Grants:								
Pop 1B Security - FY 09-10		6261-0002 FIPS#037-91170	\$ 16,103,043	\$ 11,059	69	69	\$ 6,777	4,282
Crenshaw / LAX Transit Corridor Project		STIP 07A0034-13 A4	36,600,000	173,822,839	•	•	27,520,000	146,302,839
Prop 1B Security - FY 11-12		6461-0002	16,103,043	1,132,054	•	٠	1,132,054	٠
Alternative & Renew able Fuel & Vehicle Technology Program		ARV-13-054	492,000	13,998	٠	•	730	13,268
Permeable Pavement and Bioretention Plot Program, LACMTA Division 4 Maintenance Facility		14-440-550	752,000	1,498,212	•	•	562,274	935,938
Regional Transportation Hanning and Program Development		STP-PPM16-6065 (204)	3,098,000	(430,186)	•	٠	(188,735)	(241,451)
Blue Line Light Rail Signal Improvement Project		07LACMTAPS-01-A1	38,494,000	33,297,639	•	٠	21,204,926	12,092,713
STP PPM (State Transportation Improvement Program) - Planning, Programming & Monitoring Program		STIP-PPM17-6065 (212)	6,136,000	6,796,204	•	•	5,224,901	1,571,303
LCTOP_Metro Exposition (Expo) Phase 2 Operations		17-18-D07-113	12,359,825	12,359,825	•	٠	12,359,825	•
LCTOP_Metro Gold Line Foothill Extension Phase 2A Operations		17-18-D07-114	12,359,824	12,359,824	•	•	12,359,824	٠
Division 20 Turnback and Portal Widening		07LACMTAPS-02	5,009,000	50,473,250	•	•	2,111,975	48,361,275
Los Angeles - San Fernando Va∎ey North-South Bus Transit		07A00034-05 A11	27,000,000	2,903,510	•	٠	2,903,510	•
F710 Livability Initiative for Complete Streets & Active Transportation		74A0912	200,000	293,162	•	٠	175,339	117,823
ROSA PARKS-MEZZANINE		07A0034-17 A1	14,808,000	13,109,781	•	•	8,214,578	4,895,203
West Santa Ana Branch Transit Corridor (WSAB)		07A0034-18	18,500,000	12,266,621	•	٠	3,837,212	8,429,409
TAP FAREBOX UPGRADE		07A0034-19	22,500,000	20,254,157	•	٠	10,127,078	10,127,079
Greenhouse Gas Reduction Funds (GGRF)		ATPL-6065(221)	2,287,000	1,143,452	•	•	1,143,452	٠
Rosecrans/Marquardt Grade Separation Project		HSR17-19	76,665,000	21,917,738	•		11,521,562	10,396,176
Total State Grants			\$ 309,766,735	\$ 363,223,139	φ	€	\$ 120,217,282	\$ 243,005,857

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Fiscal year ended June 30, 2019

NOTE 1 - GENERAL

The accompanying schedule of expenditures of federal and state awards (the Schedule) presents the grant activity of all expenditures of federal and state award programs of the Los Angeles County Metropolitan Transportation Authority (LACMTA) in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule. The Schedule also includes state grants that do not participate in the federal awards. LACMTA is the reporting entity as defined in Note 1 to the financial statements of LACMTA's basic financial statements.

NOTE 2 – BASIS OF PRESENTATION

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments or the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. LACMTA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - STATE AND LOCAL FUNDS REIMBURSEMENT

LACMTA utilizes state and local funds when federal funds are not received in a timely manner. Upon receipt of federal funds, LACMTA reimburses state and local funds that were utilized for expenditures for federal programs. Reimbursements are shown as credit balances in the Schedule. Expenditures incurred during the current fiscal year, but before a federal grant is executed are included as state or local on the Schedule in the year the expenditures are incurred and are reported as federal on the Schedule in the year the grant was executed.

NOTE 4 - FEDERAL FINANCIAL ASSISTANCE

Pursuant to the Single Audit Act and Uniform Guidance Compliance Supplement, the federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

NOTE 5 – MAJOR PROGRAMS

The Single Audit Act and Uniform Guidance establish criteria to be used in defining major federal financial assistance programs. Major programs for LACMTA are those programs selected for testing by the auditor using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS Fiscal year ended June 30, 2019

NOTE 6 - TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA) PROGRAM LOANS

LACMTA has entered into four Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreements with the United States Department of Transportation for a total amount not to exceed \$1,868,900,000 to finance portions of the Crenshaw/LAX Corridor Project, Regional Connector Transit Corridor Project, and Westside Purple Line Extension Sections 1 and 2 Projects. Total TIFIA loan draws during the fiscal year ended June 30, 2019 totaled \$168,073,272. As of June 30, 2019, the amount outstanding including principal and interest on all TIFIA loans was \$1,465,629,786.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY SCHEDULE OF FINDINGS AND QUESTIONED COSTS Fiscal year ended June 30, 2019

SUMMARY OF AUDITORS' RESULTS

Auditee qualified as low-risk auditee?

Financial Statements:	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	Yes <u>X</u> No
Significant deficiency(ies) identified?	YesX None reported
Noncompliance material to financial statements noted?	Yes <u>X</u> No
Federal Awards:	
Internal control over major federal programs:	
Material weakness(es) identified?	Yes <u>X</u> No
Significant deficiency(ies) identified?	Yes X None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes <u>X</u> No
Identification of major federal programs:	
CFDA 20.500 / 20.507 / 20.525 / 20.526	Federal Transit Cluster
CFDA 20.933	National Infrastructure Investments
Dollar threshold used to distinguish type A and B programs:	<u>\$ 3,000,000</u>

_____X Yes _____ No