

**FISCAL YEAR 2024  
MEASURE M  
REVENUES AND EXPENDITURES AUDIT  
WITH  
INTERNAL CONTROLS AND COMPLIANCE REPORT**

**P R E S E N T A T I O N T O**

**MEASURE M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

**MARCH 5, 2025**



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# Responsibilities

## ☐ LACMTA Management Responsibilities

- Preparation of the Schedule of Measure M Revenues and Expenditures.
- Design, implementation and maintenance of internal control – free from material misstatement, whether due to fraud or error.

## ☐ Auditor's Responsibilities

- To express an opinion on the fair presentation on the Schedule of Measure M Revenues and Expenditures based on our audit.
- To express an opinion on compliance with the *Los Angeles County Traffic Improvement Plan* (Measure M Ordinance).

# Summary of Audit Results

- Schedule of Measure M Revenues and Expenditures Audit
  - Unmodified opinion or clean opinion.
- No internal control material weaknesses or significant deficiencies over financial reporting were identified.
- No significant internal control deficiencies over compliance were identified.
- LACMTA complied with the *Los Angeles County Traffic Improvement Plan (Measure M Ordinance)*

# Financial Highlights

- Sales tax revenue decreased by \$15.1 million compared to prior year (1.4% change from prior year).
- Actual expenditures increased by \$63.4 million compared to prior year (15.4% change from prior year) due primarily to an increase in transportation subsidies.
- Total other financing uses decreased by \$31.6 million compared to prior year (4.6% change from prior year). Decrease was mainly attributed to grant subsidies billed for the Commuter Rail project.
- Actual sales tax revenue was less than budgeted by \$108.9 million.
- Actual expenditures were less than budgeted by \$154.7 million mainly due to less professional and technical services compared to budgeted amounts for the I-105 ExpressLanes and K Line Northern Extension projects. Additionally, actual claims on planning projects such as LA River Bike Path and Transit Construction programs (Sepulveda Transit Corridor, East San Fernando Valley, Metro G Line BRT Improvements) came in lower than budgeted.
- Actual transfers out was more than budgeted by \$27.2 million mainly due to capital project costs coming in more than budgeted amounts.
- During fiscal year 2023-2024, the Measure M fund reported a surplus, with revenues exceeding expenditures and other financial uses by \$19.8 million. This resulted in an increase in the Measure M fund balance, growing from \$1.15 billion to \$1.17 billion as of June 30, 2024.

# Required Communications

## Items to be Communicated

### Auditor's Responsibilities Under Generally Accepted Auditing Standards

- To express an opinion on the Schedule of Measure M Revenues and Expenditures.
- To provide reasonable, not absolute, assurance of detecting material misstatements.
- To gain a basic understanding of the internal control policies and procedures to design an effective and efficient audit approach.
- To inform LACMTA of any illegal acts that we become aware of.
  - None

# Required Communications (Continued)

- Adoption/Change in accounting
  - None
- Significant or unusual transactions
  - None
- Alternative treatments discussed with management
  - None
- Significant issues discussed with management
  - None
- Difficulties encountered in performing the audit
  - We encountered no significant difficulties in dealing with management in performing and completing our audit.

# Required Communications (Continued)

- Management consultations with other independent accountants
  - To our knowledge, there were no such consultation with other accountant.
- Discussions held prior to retention
  - No major issues were discussed as a condition to our retention.
- Disagreements with management
  - Professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Schedule of Measure M Revenues and Expenditures or the auditor's report.
    - No such disagreements occurred during the audit.
- Management representation
  - We requested certain representations from management, which are included in the management representation letter dated December 2, 2024.

## Management Letter Comments

- There are no management letter comments.

## Audited Financial Statements for Measure M Special Revenue Fund

- Included in LACMTA's June 30, 2024  
Annual Comprehensive Financial Report (ACFR)

# BCA Watson Rice LLP

## Audit Engagement Team

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# QUESTIONS AND ANSWERS