



Los Angeles County Metropolitan Transportation Authority

FY24 Annual Financial and Compliance Audits | March 20, 2025



Audit Deliverables

Financial Audits

- Annual Comprehensive Financial Report (ACFR)
- Service Authority for Freeway Emergencies (SAFE)
- State Transit Assistance fund (STA)

Compliance and Other Audits

- Single Audit for Federal Funds
- Transportation Development Act Compliance
 - California Code of Regulations Section 6667
 - California Code of Regulations Section 6640-6662
 - Low Carbon Transit Operations Program (LCTOP)
- National Transit Database Report on Federal Funding Allocation Statistics Form (NTD FFA-10)

Audit Results

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|---|--|
| Opinions on Financial Statements | • Unmodified |
| Opinion on Uniform Guidance Compliance for Major Programs | • Unmodified |
| New Accounting Pronouncements | • No significant new accounting pronouncements |
| Corrected Misstatements | • One posted adjustment – transfer in the amount of \$5M to record acquisition in the correct fund |
| Uncorrected Misstatements | • Two passed adjustments – total net position understated by \$31M * |

* Repeated from prior years: One passed adjustment is related to not recording Low Carbon Fuel Standard credits at their estimated fair value. As a result, approximately \$31M will be recognized when the credits are sold. The second passed adjustment is related to Regional Tap Service Center (RTAP) cash and accounts payable that should be reported in the fiduciary fund instead of the enterprise fund. As a result, the enterprise fund net position should be approximately \$7M lower and the fiduciary fund net position should be \$7M higher.

Audit Results

Control deficiency requiring written communication:

Preparation of the Schedule of Expenditures of Federal Awards (SEFA) - Significant Deficiency

Condition: During our review of the SEFA provided by management, we noted errors relating to incorrect clustering of programs and incorrect presentation of passed through vs direct expenditures.

Cause: Management's review of the SEFA was not conducted at a precision sufficient to identify errors in presentation of the amounts presented.

Recommendation: We recommend that management strengthen their review process over the SEFA to ensure that all expenditures are appropriately and accurately reflected and that all minimum requirements as noted in 2 CFR 200.510 (b) are met.

Management's Response: Management agrees with the recommendation and corrected the FY24 SEFA. Management will strengthen the review process by performing 100 percent review of the grants for proper cluster classification. Management will also review the subrecipient expenditures for proper inclusion. Finally, Management will work closely with the SEFA contributors to identify any expenditures that should be presented as passed through to subrecipients.

Required Communications

- Significant Accounting Policies: Those Charged with Governance should be informed of the initial selection of and changes in significant accounting policies or their application. Management has disclosed the summary of significant accounting policies in footnote I of the Annual Comprehensive Financial Report (ACFR).
- Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments.

Our values



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Required Communications

We did not note:

- Significant Accounting Policies in Controversial or Emerging Areas
- Significant Unusual Transactions
- Significant Difficulties Encountered during the Audit
- Disagreements with Management
- Consultations with Other Accountants
- Significant Related Party Findings and Issues
- Independence matters

Our values



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Questions?

Thank You

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