

FISCAL YEAR 2020  
MEASURE R  
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 R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE**

**APRIL 19, 2021**



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# Responsibilities

- LACMTA Management Responsibility
  - Preparation of the Schedule of Measure R Revenues and Expenditures
- Auditor's Responsibility
  - To express an opinion on the fair presentation on the Schedule of Measure R Revenues and Expenditures based on our audit.
  - To express an opinion on compliance with the *Traffic Relief and Rail Expansion Ordinance* (Measure R Ordinance).

# Summary of Audit Results

- Schedule of Measure R Revenues and Expenditures Audit
  - Unmodified opinion
- No internal control material weaknesses over financial reporting identified.
- No significant internal control deficiencies over compliance identified.
- LACMTA complied with the *Traffic Relief and Rail Expansion Ordinance (Measure R Ordinance)*

# Financial Highlights

- Sales tax revenue decreased by \$23.4 million compared to prior year (-2.8% change from prior year).
- Actual expenditures decreased by \$7.5 million compared to prior year (-1.5% change from prior year) due primarily to a decrease in bus transportation subsidies.
- Transfers out decreased by \$94.5 million compared to prior year (-19.9% change from prior year). Decrease was mainly attributed to decrease in funding for capital projects mostly related to Westside Subway Extension and Westside Subway Extension 2 project.
- Actual sales tax revenue was less than budgeted by \$49.6 million.
- Actual expenditures was less than budgeted by \$133.3 million mainly due to actual amounts for acquisition and professional and technical services costs of capital projects (Southern California Regional Interconnector Project, Rosecrans & Marquardt Grade Project, I-5 North Enhancement SR14/Kern County Project, West Santa Ana Branch Corridor Administration Project) coming in less than budgeted.
- Actual transfers out was less than budgeted by \$158.6 million mainly due to some capital projects costs (Westside Subway Extension and Westside Subway Extension 2 Projects) coming in less than budgeted.
- Measure R fund at June 30, 2020 had a deficiency of revenues over expenditures and other financing uses of \$5.3 million, decreasing Measure R fund balance from \$335.4 million to \$330.1 million at June 30, 2020.

# Required Communications

## Items to be Communicated

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

- To express an opinion on the Schedules of Measure R 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 policies
  - 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 difficulties in dealing with management in performing or conducting the audit.

# Required Communications (Continued)

- Consultations with other accountants
  - To our knowledge, no such consultation has occurred.
- 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 Schedules of Measure R Revenues and Expenditures or the auditor's report.
    - None
- Management representation
  - We requested certain representations from management which are included in the management representation letter.



## 2020 Management Letter Comments

There are no management letter comments.

## Audited Financial Statements for Measure R Special Revenue Fund

LACMTA's Comprehensive Annual Financial Report (CAFR)  
– pages 44 through 49

# QUESTIONS AND ANSWERS