

*Los Angeles County*  
**Metropolitan Transportation Authority**

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**Independent Auditor's Report  
On Schedule of Revenues and Expenditures  
For  
Proposition A and Proposition C  
Special Revenue Funds**

**For the Fiscal Year Ended June 30, 2021  
(With Comparative Totals For 2020)**



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**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C**  
**Special Revenue Funds**

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## **Independent Auditor's Report**

Independent Citizens' Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

### **Report on the Schedules of Proposition A and Proposition C Revenues and Expenditures**

We have audited the accompanying Schedules of Proposition A ("Ordinance No. 16") and Proposition C ("Ordinance No. 49") Revenues and Expenditures (the Schedules) of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2021, and the related notes to the Schedules, which collectively comprise LACMTA's basic Schedules as listed in the table of contents.

#### ***Management's Responsibility for the Schedules of Proposition A and Proposition C Revenues and Expenditures***

LACMTA's management is responsible for the preparation and fair presentation of these Schedules in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedules that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these Schedules based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedules are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, the Schedules referred to above present fairly, in all material respects, the Proposition A and Proposition C Revenues and Expenditures of LACMTA for the fiscal year ended June 30, 2021, in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matter***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 10 and 11 be presented to supplement the Schedules. Such information, although not a part of the basic Schedules, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic Schedules in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic Schedules, and other knowledge we obtained during our audit of the basic Schedules. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

As discussed in Note 3 to the Schedules, the accompanying Schedules of the Proposition A and Proposition C Special Revenue Funds are intended to present the revenues and expenditures attributable to the Special Revenue Funds. They do not purport to, and do not, present fairly the financial position of the LACMTA, as of June 30, 2021, and the changes in its financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### ***Prior-Year Comparative Information***

We have previously audited the Schedules of Proposition A and Proposition C Revenues and Expenditures of LACMTA, and we expressed an unmodified audit opinion in our report dated November 16, 2020. In our opinion, the summarized comparative information presented herein for the fiscal year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2021, on our consideration of LACMTA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering LACMTA's internal control over financial reporting and compliance.

*BCA Watson Rice, LLP*

Torrance, CA  
November 8, 2021

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A Special Revenue Fund**  
**Schedule of Revenues and Expenditures**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Totals for 2020)**  
**(Amounts expressed in thousands)**

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	<u>2021</u>	<u>2020</u>
Revenues		
Sales tax	\$ 911,302	\$ 824,569
Investment income	849	811
Net appreciation in fair value of investments	951	599
	<hr/>	<hr/>
Total revenues	913,102	825,979
	<hr/>	<hr/>
Expenditures		
Transportation subsidies	349,623	322,705
	<hr/>	<hr/>
Total expenditures	349,623	322,705
	<hr/>	<hr/>
Excess of revenues over expenditures	563,479	503,274
	<hr/>	<hr/>
Other financing sources (uses)		
Transfers in	635	
Transfers out	(229,343)	(501,752)
	<hr/>	<hr/>
Total other financing sources (uses)	(228,708)	(501,752)
	<hr/>	<hr/>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 334,771</u>	<u>\$ 1,522</u>

The Notes to the Schedule of Revenues and Expenditures are an integral part of this Schedule.

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Special Revenue Fund**  
**Schedule of Revenues and Expenditures**  
**For the Fiscal Year Ended June 30, 2021**  
**(With Comparative Totals for 2020)**  
**(Amounts expressed in thousands)**

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	<b>2021</b>	<b>2020</b>
Revenues		
Sales tax	\$ 911,310	\$ 824,567
Intergovernmental	20,535	52,019
Investment income	1,965	3,229
Net appreciation (decline) in fair value of investments	(1,067)	1,936
	<u>932,743</u>	<u>881,751</u>
Total revenues		
Expenditures		
Administration and other	38,583	97,983
Transportation subsidies	451,398	475,872
	<u>489,981</u>	<u>573,855</u>
Total expenditures		
Excess of revenues over expenditures	<u>442,762</u>	<u>307,896</u>
Other financing sources (uses)		
Transfers in	69,065	40,451
Transfers out	(277,200)	(390,860)
	<u>(208,135)</u>	<u>(350,409)</u>
Total other financing sources (uses)		
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 234,627</u>	<u>\$ (42,513)</u>

The Notes to the Schedule of Revenues and Expenditures are an integral part of this Schedule.

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Special Revenue Funds**  
**Notes to the Schedule of Revenues and Expenditures**  
**June 30, 2021**

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The Notes to the Schedule of Revenues and Expenditures are summaries of significant accounting policies and other disclosures considered necessary for a clear understanding of the accompanying schedule of revenues and expenditures.

Unless otherwise stated, all dollar amounts are expressed in thousands.

**1. Organization**

**General**

The Los Angeles County Metropolitan Transportation Authority (LACMTA) is governed by a Board of Directors composed of the five members of the County Board of Supervisors, the Mayor of the City of Los Angeles, three members appointed by the Mayor, and four members who are either mayors or members of a city council and have been appointed by the Los Angeles County City Selection Committee to represent the other cities in the County, and a non-voting member appointed by the Governor of the State of California.

LACMTA is unique among the nation's transportation agencies. It serves as transportation planner and coordinator, designer, builder and operator for one of the country's largest and most populous counties. More than 10 million people, nearly one-third of California's residents - live, work, and play within its 1,433-square-mile service area. LACMTA employs approximately 10,000 people full-time and part-time in a broad range of technical specialties and services.

**Proposition A**

The Proposition A Fund is a special revenue fund used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on August 20, 1980. Revenues collected are required to be allocated in the following manner: 25% to local jurisdictions for local transit; 35% for transit-related construction projects, debt service payments and operation of rail rapid transit systems; and 40% for public transit purposes at the discretion of LACMTA.

**Proposition C**

The official name of this special revenue fund is the "Los Angeles Anti-Gridlock Transit Improvement Fund". This fund is used to account for the proceeds of the voter-approved one-half percent sales tax that became effective on August 8, 1990. Revenues collected are required to be allocated in the following manner: 5% to improve and expand rail and bus security; 10% for Commuter Rail and construction of Transit Centers, Park-and-Ride lots and Freeway Bus Stops; 20% to local jurisdictions for public transit and related services; 25% for essential County-wide transit related improvements to freeways and state highways; and 40% to improve and expand rail and bus transit County-wide.



**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Special Revenue Funds**  
**Notes to the Schedule of Revenues and Expenditures**  
**June 30, 2021**

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**2. Summary of Significant Accounting Policies**

The Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the recognized standard-setting body for establishing governmental accounting and financial reporting principles for governments. The most significant of LACMTA's accounting policies with regard to the special revenue fund type are described below:

**Fund Accounting**

LACMTA utilizes fund accounting to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Governmental Funds are used to account for most of LACMTA's governmental activities. The measurement focus is a determination of changes in financial position, rather than a net income determination. LACMTA uses governmental fund type Special Revenue Funds to account for Proposition A and Proposition C sales tax revenues and expenditures. Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Basis of Accounting**

The modified accrual basis of accounting is used for the special revenue fund type. Under the modified accrual basis of accounting, revenues (primarily from sales tax) are recorded when susceptible to accrual, which means measurable (amount can be determined) and available (collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period).

**Budgetary Accounting**

The established legislation and adopted policies and procedures provide that the LACMTA's Board approves an annual budget. Annual budgets are adopted on a basis consistent with Generally Accepted Accounting Principles in the United States of America for all governmental funds.

Prior to the adoption of the budget, the Board conducts public hearings for discussion of the proposed annual budget and at the conclusion of the hearings, but no later than June 30, adopts the final budget. All appropriations lapse at fiscal year-end. The budget is prepared by fund, project, expense type, and department. The legal level of control is at the fund level and the Board must approve additional appropriations. By policy, the Board has provided procedures for management to make revisions within operational or project budgets only when there is no net dollar impact to the total appropriations at the fund level. Budget amendments are made when needed.

Annual budgets are adopted by LACMTA on the modified accrual basis of accounting for the special revenue fund types, on a basis consistent with GAAP as reflected in the Schedules.

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Special Revenue Funds**  
Notes to the Schedule of Revenues and Expenditures  
June 30, 2021

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**2. Summary of Significant Accounting Policies (Continued)**

**Investment Income and Net Appreciation (Decline) in Fair Value of Investments**

Investment income and the net appreciation (decline) in fair value of investments are shown on the Schedule of Revenues and Expenditures. LACMTA maintains a pooled cash and investments account that is available for use by all funds, except those restricted by state statutes. For the fiscal year ended June 30, 2021, Proposition A and Proposition C Special Revenue Funds had investment income of \$849 and \$1,965, respectively, and a net appreciation in fair value of investments of \$951 for Proposition A and a net decline in fair value of investments of \$1,067 for Proposition C. The net appreciation/decline in fair value of investments were mainly due to an increase/decrease in the fair market value of the investment portfolios mostly invested in bonds, which are sensitive to changes in interest rates.

**Use of Estimates**

The preparation of the Schedules in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Comparative Financial Data**

The amounts shown for 2020 in the accompanying Schedules are included only to provide a basis for comparison with 2021 and are not intended to present all information necessary for a fair presentation in accordance with Generally Accepted Accounting Principles.

**3. Schedules of Revenues and Expenditures for Proposition A and Proposition C Special Revenue Funds**

The Schedules are intended to reflect the revenues and expenditures of Proposition A and Proposition C funds only. Accordingly, the Schedules do not purport to, and do not, present fairly the financial position of the LACMTA and changes in financial position thereof for the years then ended in conformity with Generally Accepted Accounting Principles in the United States of America.

**4. Intergovernmental Transactions**

Any transaction conducted with a governmental agency outside the complete jurisdiction of LACMTA will be recorded in an account designated as Intergovernmental.

**5. Operating Transfers**

Amounts reflected as operating transfers represent permanent, legally authorized transfers from a fund receiving revenue to the fund through which the resources are to be expended. All operating transfers in/out of the Proposition A and Proposition C Special Revenue Funds have been made in accordance with all expenditure requirements of both Proposition A and Proposition C Ordinances.

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A and Proposition C Special Revenue Funds**  
Notes to the Schedule of Revenues and Expenditures  
June 30, 2021

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**6. Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses**

The Proposition A Fund at June 30, 2021 had an excess of revenues and other financing sources over expenditures and other financing uses of \$334,771, mainly due to higher than budgeted sales tax revenue in 2021 and operating transfers out being lower than projected. The \$334,771 positive change in fund balance during the current year resulted in an increase in the Proposition A Fund balance from \$139,813 to \$474,584 as of June 30, 2021.

The Proposition C Fund at June 30, 2021 had an excess of revenues and other financing sources over expenditures and other financing sources and uses of \$234,627 mainly due to higher than budgeted sales tax revenue in 2021 and transfers out for transportation subsidies being lower than projected. The \$234,627 increase in fund balance during the current year resulted in an increase in the Proposition C Fund balance from \$237,396 to \$472,023 as of June 30, 2021.

**7. Audited Financial Statements**

The audited financial statements for Proposition A and Proposition C Special Revenue Funds for the fiscal year ended June 30, 2021 are included in LACMTA's Audited Annual Comprehensive Financial Report (ACFR).

**8. Contingent Liabilities**

LACMTA is aware of potential claims that may be filed against them. The outcome of these matters is not presently determinable, but the resolution of these matters is not expected to have a significant impact on the financial condition of LACMTA.

**9. COVID-19 Impact and Considerations**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around its duration. LACMTA expects this matter to negatively impact its operating environment; however, the related financial impact and duration cannot be reasonably estimated at this time.

**10. Subsequent Events**

In preparing the Schedules of Proposition A and Proposition C Revenues and Expenditures, LACMTA has evaluated events and transactions for potential recognition or disclosure through November 8, 2021, the date the schedules were issued. No subsequent events occurred that require recognition or additional disclosure in the schedules.

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition A Special Revenue Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
(Amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues				
Sales tax	\$ 778,100	\$ 778,100	\$ 911,302	\$ 133,202
Investment income	-	-	849	849
Net appreciation in fair value of investments	-	-	951	951
Total revenues	<u>778,100</u>	<u>778,100</u>	<u>913,102</u>	<u>135,002</u>
Expenditures				
Transportation subsidies	314,597	314,597	349,623	(35,026)
Total expenditures	<u>314,597</u>	<u>314,597</u>	<u>349,623</u>	<u>(35,026)</u>
Excess of revenues over expenditures	<u>463,503</u>	<u>463,503</u>	<u>563,479</u>	<u>99,976</u>
Other financing sources (uses)				
Transfers in	-	-	635	635
Transfers out	(324,638)	(324,638)	(229,343)	95,295
Total other financing sources (uses)	<u>(324,638)</u>	<u>(324,638)</u>	<u>(228,708)</u>	<u>95,930</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	<u>\$ 138,865</u>	<u>\$ 138,865</u>	<u>\$ 334,771</u>	<u>\$ 195,906</u>

**Los Angeles County Metropolitan Transportation Authority**  
**Proposition C Special Revenue Fund**  
**Schedule of Revenues and Expenditures – Budget and Actual**  
**For the Fiscal Year Ended June 30, 2021**  
(Amounts expressed in thousands)

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
Revenues				
Sales tax	\$ 778,100	\$ 778,100	\$ 911,310	\$ 133,210
Intergovernmental	17,620	17,620	20,535	2,915
Investment income	-	-	1,965	1,965
Net decline in fair value of investments	-	-	(1,067)	(1,067)
<b>Total revenues</b>	<b>795,720</b>	<b>795,720</b>	<b>932,743</b>	<b>137,023</b>
Expenditures				
Administration and other	65,020	66,933	38,583	28,350
Transportation subsidies	482,322	481,638	451,398	30,240
<b>Total expenditures</b>	<b>547,342</b>	<b>548,571</b>	<b>489,981</b>	<b>58,590</b>
<b>Excess of revenues over expenditures</b>	<b>248,378</b>	<b>247,149</b>	<b>442,762</b>	<b>195,613</b>
Other financing sources (uses)				
Transfers in	141,564	141,564	69,065	(72,499)
Transfers out	(409,261)	(409,261)	(277,200)	132,061
<b>Total other financing sources (uses)</b>	<b>(267,697)</b>	<b>(267,697)</b>	<b>(208,135)</b>	<b>59,562</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>\$ (19,319)</b>	<b>\$ (20,548)</b>	<b>\$ 234,627</b>	<b>\$ 255,175</b>

**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***

Independent Citizens' Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the Schedules of Revenues and Expenditures (the Schedules) for Proposition A and Proposition C Special Revenue Funds of the Los Angeles County Metropolitan Transportation Authority (LACMTA) for the fiscal year ended June 30, 2021, and the related notes to the Schedules, which collectively comprised LACMTA's basic Schedules, and have issued our report thereon dated November 8, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the 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 the LACMTA's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the LACMTA's Schedules 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 the LACMTA's Schedules 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 the amounts on the Schedules. 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 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.

*BCA Watson Rice, LLP*

Torrance, California  
November 8, 2021

**Independent Auditor’s Report on Compliance with Requirements  
Applicable to Proposition A and Proposition C Revenues and Expenditures in  
Accordance with the MTA Reform and Accountability Act of 1998,  
Ordinance No. 16 and Ordinance No. 49**

Independent Citizens’ Advisory and Oversight Committee  
Los Angeles County Metropolitan Transportation Authority

**Report on Compliance**

We have audited the Los Angeles County Metropolitan Transportation Authority (LACMTA) compliance of the Proposition A and Proposition C revenues and expenditures with the compliance requirements described in the *MTA Reform and Accountability Act of 1998* (the Act), *Ordinance No. 16 (Proposition A)* and *Ordinance No. 49 (Proposition C)* for the fiscal year ended June 30, 2021.

***Management’s Responsibility***

LACMTA’s management is responsible for compliance with the requirements of laws and regulations applicable to the Proposition A and Proposition C revenues and expenditures.

***Auditor’s Responsibility***

Our responsibility is to express an opinion on LACMTA’s compliance with Proposition A and Proposition C revenues and expenditures based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on Proposition A and Proposition C revenues and expenditures occurred. An audit includes examining, on a test basis, evidence about the 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 the Proposition A and Proposition C revenues and expenditures. However, our audit does not provide a legal determination of LACMTA’s compliance.

***Opinion on Proposition A and Proposition C Revenues and Expenditures***

In our opinion, LACMTA complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C revenues and expenditures for the fiscal year ended June 30, 2021.



## Report on Internal Control over Compliance

Management of the LACMTA 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 LACMTA's internal control over compliance with the requirements that could have a direct and material effect on the Proposition A and Proposition C revenues and expenditures as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the *MTA Reform and Accountability Act of 1998, Ordinance No. 16 (Proposition A)* and *Ordinance No. 49 (Proposition C)*, 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 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 compliance requirement 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 compliance requirement 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 compliance requirement of the Proposition A and Proposition C revenues and expenditures 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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.



Torrance, California  
November 8, 2021

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Summary of Current Year Audit Findings  
For the Fiscal Year Ended June 30, 2021

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None noted.

**Los Angeles County Metropolitan Transportation Authority**  
Proposition A and Proposition C Special Revenue Funds  
Status of Prior Year Audit Findings

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None noted.