



**LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY**

**SINGLE AUDIT REPORT**

Fiscal year ended June 30, 2024

LOS ANGELES COUNTY METROPOLITAN  
TRANSPORTATION AUTHORITY  
Los Angeles, California

SINGLE AUDIT REPORT  
Fiscal year ended June 30, 2024

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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, 2024, 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 18, 2024. 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*.

### Report on 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) as a basis for designing 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. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001, that we consider to be a significant deficiency.

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(Continued)

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether LACMTA's financial statements are free from 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 financial statements. 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*.

### **LACMTA's Response to Finding**

Government Auditing Standards requires the auditor to perform limited procedures on the LACMTA's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The LACMTA's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **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.

  
Crowe LLP

Los Angeles, California  
December 18, 2024

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**

***Opinion on Each Major Federal Program***

We have audited Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of LACMTA's major federal programs for the year ended June 30, 2024. LACMTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, LACMTA complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of LACMTA and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of LACMTA's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to LACMTA's federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on LACMTA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about LACMTA's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding LACMTA's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of LACMTA's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 LACMTA's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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(Continued)

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, 2024, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 18, 2024, 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

Los Angeles, California  
December 18, 2024

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Fiscal year ended June 30, 2024

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
<b>Federal Grants</b>								
U.S. Department of Transportation								
Federal Highway Administration								
Passed through State of California Department of Transportation:								
Highway Planning and Construction Cluster								
Highway Planning and Construction								
Extension of Transit way on 1-110 to Downtown LA	20.205	EA 07-278008	\$ 6,272,632	\$ 238,907	\$ 180,964	\$ -	\$ -	\$ 57,944
I-5 Chokepoint Relief Project	20.205	07-5187	247,000,000	52,870,940	6,606,637	-	12,872,862	33,391,442
Freight Advanced Traveler Information System (FRATIS)	20.205	ATCMTDL-6065(218)	3,000,000	67,860	33,930	-	-	33,930
605/South Street	20.205	HIPL-6065(253)	15,791,000	568,761	(110,807)	-	-	679,569
605/Beverly	20.205	HIPL-6065(262)	16,976,220	127,288	43,087	-	-	84,201
Soundwall Package#10	20.205	HIPL-6065(251)	48,649,000	28,363,712	26,186,974	-	-	2,176,738
SR-57/60 CONFLUENCE CHOKE POINT	20.205	07-5244	99,000,000	53,783,087	35,222,711	35,222,711	-	18,560,376
07-LA-091-R11.8 to R13.2	20.205	07-5258	29,000,000	4,456,700	1,742,011	-	-	2,714,689
I-605/SR-91 Interchange Improvements	20.205	07-5186	29,100,000	451,588	(183,070)	-	150,587	484,071
Highway Planning and Construction Cluster Total			<u>494,788,852</u>	<u>140,928,843</u>	<u>69,722,437</u>	<u>35,222,711</u>	<u>13,023,449</u>	<u>58,182,960</u>
The Nationally Significant Multimodal Freight and Highway Projects								
SR-57/60 Confluence Choke Point	20.934	INFRAL-6065 (254)	27,000,000	15,260,236	15,095,448	15,095,448	-	164,789
Federal Highway Administration Total			<u>521,788,852</u>	<u>156,189,079</u>	<u>84,817,885</u>	<u>50,318,159</u>	<u>13,023,449</u>	<u>58,347,749</u>
<b>Federal Transit Administration</b>								
Direct Programs:								
Federal Transit Cluster:								
Federal Transit Capital Improvement Grants:								
Sec 5309 Westside Purple Line Ext. - Section 1 New Starts	20.500	CA-2016-017	1,085,000,000	483,855,009	139,144,883	-	-	344,710,126
Sec 5309 Westside Purple Line Ext Section 2 New Starts	20.500	CA-2016-047	1,021,983,701	258,362,393	88,835,456	-	-	169,526,937
Sec 5309 Westside Purple Line Extension 3 New Starts	20.500	CA-2019-170	821,983,701	140,419,289	49,006,249	-	-	91,413,040
Sec 5309 Westside Purple Line Ext Section 3 CIG-Section 165	20.500	CA-2024-061	59,583,554	59,583,554	59,583,554	-	-	-
Federal Transit - Capital Improvement Grants Total			<u>2,988,550,956</u>	<u>942,220,245</u>	<u>336,570,142</u>	<u>-</u>	<u>-</u>	<u>605,650,103</u>
Federal Transit - Formula Grants:								
Sec 5307 RAIL TO RAIL ATC (SEGMENT A-1) - ATP	20.507	CA-2022-206	8,326,000	42,482,494	4,455,522	-	-	38,026,972
Sec 5307 Westside Purple Line Ext Section 3 CMAQ & STBG	20.507	CA-2022-144	115,000,000	38,516,510	36,494,953	-	-	2,021,557
Sec 5307 Systemwide Light Rail Vehicles	20.507	CA-2016-026	149,430,000	33,290,122	21,916,824	-	-	11,373,298
Sec 5307 Bus Preventive Maintenance & ATI Project	20.507	CA-2024-065	320,030,833	338,461,043	270,768,834	-	-	67,692,209
Federal Transit - Formula Grants Total			<u>592,786,833</u>	<u>452,750,169</u>	<u>333,636,133</u>	<u>-</u>	<u>-</u>	<u>119,114,036</u>
State of Good Repair Grants Program								
5337 LA Metro Rail Vehicle Midlife Overhauls	20.525	CA-2018-031	222,000,000	264,277,534	211,422,027	-	-	52,855,507
Sec 5337 FY22-23 Rail Preventive Maintenance	20.525	CA-2023-163	151,251,460	36,633,492	33,563,558	-	-	3,069,934
State of Good Repair Grants Program Total			<u>373,251,460</u>	<u>300,911,026</u>	<u>244,985,585</u>	<u>-</u>	<u>-</u>	<u>55,925,441</u>
Bus and Bus Facilities Formula Program								
Section 5339 Bus Overhauls	20.526	CA-2019-056	146,810,553	42,214,677	24,549,578	-	-	17,665,099
Bus and Bus Facilities Formula Program Total			<u>146,810,553</u>	<u>42,214,677</u>	<u>24,549,578</u>	<u>-</u>	<u>-</u>	<u>17,665,099</u>
Federal Transit Cluster Total			<u>4,101,399,802</u>	<u>1,738,096,117</u>	<u>939,741,438</u>	<u>-</u>	<u>-</u>	<u>798,354,679</u>

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2024

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
<b>Direct Programs:</b>								
<b>Transit Services Programs Cluster</b>								
<b>Enhanced Mobility of Seniors and Individual with Disabilities</b>								
Sec 5310 L.A. County Section 5310 All Subrecipients - FY19	20.513	CA-2020-167	9,787,049	1,604,451	1,170,142	1,044,626	-	434,308
Sec 5310 LA County Section 5310 All Subrecipients FY17	20.513	CA-2018-065	9,207,811	338,396	254,572	197,507	-	83,824
Sec 5310 Program Administration FFY19	20.513	CA-2021-226	1,115,715	461,187	461,187	-	-	-
Sec 5310 Enhanced Mobility of Senior and Individuals with Disability- ARPA	20.513	CA-2022-142	1,254,836	236,659	236,659	236,659	-	-
Sec 5310 Enhanced Mobility of Senior and Individuals with Disability	20.513	CA-2022-143	7,959	7,959	7,959	7,959	-	-
Sec 5310 Enhanced Mobility of Senior and Individuals with Disability- CRRSAA	20.513	CA-2022-141	1,254,817	595,496	595,496	595,496	-	-
Sec 5310 FY 2022-2023 FTA L.A. County Subrecipient Projects	20.513	CA-2023-236	13,891,798	631,228	552,177	552,177	-	79,051
Enhanced Mobility of Seniors and Individual with Disabilities Total			36,519,985	3,875,376	3,278,192	2,634,424	-	597,184
<b>Job Access and Reverse Commute Program</b>								
Sec 5316 L A County Job Access and Reverse Commute (JARC) Program Administration. FY06-12	20.516	CA-37-X071	5,032,849	160,244	160,244	-	-	-
Sec 5316 Job Access and Reverse Commute Program. Project - LA County Job Access and Program Project	20.516	CA-37-X100	10,343,881	1,921,195	960,510	358,126	-	960,685
Job Access and Reverse Commute Program			15,376,730	2,081,439	1,120,754	358,126	-	960,685
<b>New Freedom Program:</b>								
Sec 5317 New Freedom - Capital & Operating. Assistance	20.521	CA-57-X100	7,354,678	137,555	68,778	68,778	-	68,778
Sec 5317 New Freedom - Capital & Operating. Assistance	20.521	CA-57-X048	1,755,553	170,147	85,074	85,074	-	85,074
Sec 5317 New Freedom - Capital & Operating. Assistance	20.521	CA-57-X084	8,702,026	60,407	60,407	60,407	-	-
New Freedom Program Total			17,812,257	368,110	214,259	214,259	-	153,852
Transit Services Programs Cluster Total			69,708,972	6,324,925	4,613,205	3,206,809	-	1,711,721
<b>Research, Development, Demonstration and Deployment Program</b>								
Sec 5312 FY20 AIM Travel Rewards Research Pilot	20.530	CA-2021-012	700,000	130,332	80,332	-	-	50,000
Research, Development, Demonstration and Deployment Program Total			700,000	130,332	80,332	-	-	50,000
<b>Community Project Funding Congressionally Directed Spending</b>								
Sec 22-CMPJ-1 Inglewood Transi Connector ROW Propoerty Acquisition	20.534	CA-2023-228	5,000,000	6,250,000	5,000,000	5,000,000	-	1,250,000
Community Project Funding Congressionally Directed Spending Total			5,000,000	6,250,000	5,000,000	5,000,000	-	1,250,000
<b>Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program</b>								
Executed SMART Grant agreement	20.941	95-4401975	2,000,000	151,420	151,420	-	-	-
Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program Total			2,000,000	151,420	151,420	-	-	-
<b>Public Transportation Emergency Relief Program</b>								
Sec 5324 FY2023 Emergency Relief, Metro Division 21 RockFall Recovery	20.527	CA-2024-011	1,200,000	1,200,000	1,200,000	-	-	-
Public Transportation Emergency Relief Program Total			1,200,000	1,200,000	1,200,000	-	-	-
Federal Transit Administration Total			4,180,008,774	1,752,152,793	950,786,395	8,206,809	-	801,366,399
U.S. Department of Transportation Total			4,701,797,626	1,908,341,872	1,035,604,280	58,524,968	13,023,449	859,714,148

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
 Fiscal year ended June 30, 2024

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Federal Award	Total Expenditures	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
U.S. Department of Homeland Security:								
Direct Programs								
Rail and Transit Security Grant Program								
Transit Security Grant Program	97.075	EMW-2019-RA-00019	7,208,108	3,568,245	3,568,245	-	-	-
Video Management System/Security Intelligence	97.075	EMW-2020-RA-00029	12,180,025	1,210,385	1,210,385	-	-	-
Rail and Transit Security Grant Program Total			19,388,133	4,778,630	4,778,630	-	-	-
Passed through State of California Department of Transportation:								
Disaster Grants - Public Assistance								
COVID-19 - FEMA-4482-DR-CA	97.036	FEMA-4482-DR-CA	4,550,598	4,550,598	4,550,598	-	-	-
U.S. Department of Homeland Security Total								
			23,938,731	9,329,228	9,329,228	-	-	-
Total Federal Grants			<u>\$ 4,725,736,357</u>	<u>\$ 1,917,671,100</u>	<u>\$ 1,044,933,508</u>	<u>\$ 58,524,968</u>	<u>\$ 13,023,449</u>	<u>\$ 859,714,148</u>

Grantor/cluster title/program title/pass-through grantor/project title	Total State Award	Total Expenditures	State Share	Local Share		
State Grants:						
75GS6132 Rosecrans/Marquardt Grade Separation Project	\$ 15,000,000	\$ 686,461	\$ 686,461	\$ -		
HSR 17-19 Rosecrans/Marquardt Grade Separation Project	76,665,000	17,439,568	17,109,530	330,038		
ACCESS FOR ALL	-	7,373,124	7,373,124	-		
AIRPORT METRO CONNECT 96th Street transit Station	150,000,000	206,907,284	(11,903,452)	218,810,736		
CRENSHAW PRE-REVENUE	51,241,974	32,056,833	31,121,945	934,888		
Extension of the Green Line	9,000,000	6,016,633	911,019	5,105,614		
07A5025 FY21-24 FSP	3,000,000	2,523	2,523	-		
Metro Electric Bus Charging Infrastructure Project	39,098,039	570,844	(824,212)	1,395,056		
Metro Red Line and Purple Line Core Capacity Improvements	93,671,000	114,629,335	37,731,496	76,897,839		
NETWORK INTEGRATION	7,000,000	508,282	508,282	-		
M-004-22 A03 Regional Early Action Planning (REAP) Grant REAP Grant SCS	500,684	317,541	52,492	265,049		
SOUTHERN CALIFORNIA OPTIMIZED RAIL EXPANSION (LINK US PHASE A)	227,420,000	15,036,027	10,578,598	4,457,429		
STIP PPM22-6065(257)	4,002,000	4,002,000	4,002,000	-		
VMT MITIGATION PROGRAM (CALTRANS)	700,000	501,921	384,582	117,339		
VERMONT TRANSIT CORR	5,000,000	6,250,613	998,223	5,252,390		
NEXTGEN BUS IMPROVEMENTS	25,000,000	6,977,109	6,374,904	602,205		
MGL FOOTHILL EXT PHASE 2B	249,200,000	249,200,000	249,200,000	-		
FY23/24 Agreement #FSP24SB1-6065(268)	6,700,712	6,700,712	6,700,712	-		
M-008-24 LA04 -Regional Early Action Planning Grants Program of 2021 (REAP 2.0) Traffic Reduction Study (LA04)	1,000,000	194,679	158,286	36,393		
State Only Funds (From Caltrans)	18,185,151	18,185,151	18,185,151	-		
Regional Early Action Planning Grants Program of 2021 (REAP 2.0) Mobility Wallet (LA08) : City of Los Angeles (CARB/STEP)	4,023,750	1,847,349	1,847,349	-		
Total State Grants			<u>\$ 986,408,310</u>	<u>\$ 695,403,988</u>	<u>\$ 381,199,013</u>	<u>\$ 314,204,975</u>

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS  
Fiscal year ended June 30, 2024

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**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.

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LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Fiscal year ended June 30, 2024

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**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**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      X   No

Significant deficiency(ies) identified?

  X   Yes    \_\_\_\_\_ None reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

**Federal Awards:**

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes      X   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      X   No

Identification of major federal programs:

ALN 20.500 / 20.507 / 20.525 / 20.526 – Federal Transit Cluster

ALN 20.513 / 516 / 521 – Transit Services Programs Cluster

ALN 20.934 – Nationally Significant Freight and Highway Projects

ALN 20.534 – Community Project Funding

ALN 97.036 – FEMA Disaster Grants – Public Assistance

Dollar threshold used to distinguish type A and B programs:

\$   3,134,801  

Auditee qualified as low-risk auditee?

  X   Yes    \_\_\_\_\_ No

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2024

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

**Finding 2024-001 – Preparation of the Schedule of Expenditures of Federal Awards (Significant Deficiency)**

Criteria

2 CFR 200.510 (b) requires "...the auditee to prepare a schedule of expenditures of federal awards (SEFA) for the period covered by the financial statements which must include the total federal awards expended. At a minimum, the schedule must.... (1). For a cluster of programs, the non-Federal entity must provide the cluster name, a list of individual Federal programs within the cluster, and provide the Federal agency name and the applicable Assistance Listing number(s)... (3) provide total federal awards expended for each individual federal program and the [related] Assistance Listings Number... (4) include the total amount provided to subrecipients from each Federal Program." In addition, the auditee should ensure they have proper internal controls to ensure that the SEFA is fairly stated in relation to the financial statements.

Condition

During our review of the SEFA provided by management, we noted the following errors:

1. Two programs (Public Transportation Innovation and the Community Project Funding Congressionally Directed Spending) totaling \$5,080,332 in federal expenditures were incorrectly clustered with the Federal Transit Cluster (FTC Cluster).
2. One program (Strengthening Mobility and Revolutionizing Transportation (SMART) Grants Program) totaling \$151,420 in federal expenditures was incorrectly included with the Transit Services Program Cluster (TSP Cluster).
3. One grant within the Transit Services Cluster incorrectly presented expenditures in the amount of \$461,187 as pass through to subrecipient when they were direct internal payroll costs.
4. The expenditures for one grant, the Nationally Significant Multimodal Freight & Highway Projects Program, in the amount of \$15,095,448, were not presented as passed through to subrecipients.

Cause

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

Effect

1. As a result of the two programs being incorrectly included with the FTC Cluster, the Public Transportation Innovation Program was understated by \$80,332 and the Community Project Funding Congressionally Directed Spending Program was understated by \$5,000,000 while the FTC Cluster was overstated by \$5,080,332.
2. The TSP Cluster was overstated by \$151,420 while the SMART Program was understated by the same amount.
3. \$461,187 in Transit Services Cluster expenditures were incorrectly classified as subrecipient expenditures.
4. The expenditures presented as passed through to subrecipients for the Nationally Significant Multimodal Freight & Highway Projects Program were understated by \$15,095,448.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Fiscal year ended June 30, 2024

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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

We agree with the recommendation and had already corrected the FY24 SEFA. We will strengthen our review process by performing 100 percent review of the grants for proper Cluster classification. We will also review the subrecipient expenditures for any inclusion of direct internal payroll costs. Finally, we will work closely with the other SEFA contributors to identify any expenditures that should be presented as passed through to subrecipients.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None noted in current year.