



**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**

SINGLE AUDIT REPORT

Fiscal year ended June 30, 2019

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
Los Angeles, California

SINGLE AUDIT REPORT
Fiscal year ended June 30, 2019

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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, 2019, 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 17, 2019. 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*.

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) 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 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. However, material weaknesses may exist that have not been identified.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether LACMTA's financial statements 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 financial statement amounts. 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 over financial reporting 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.

A handwritten signature in black ink that reads "Crowe LLP". The letters are cursive and fluid.

Crowe LLP

Los Angeles, California
December 17, 2019

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

We have audited Los Angeles County Metropolitan Transportation Authority's (LACMTA) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of LACMTA's major federal programs for the fiscal year ended June 30, 2019. LACMTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of LACMTA's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 compliance for each major federal program. However, our audit does not provide a legal determination of LACMTA's compliance.

Opinion on Each Major Federal Program

In our opinion, LACMTA complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2019.

(Continued)

Report on Internal Control over Compliance

Management of LACMTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered LACMTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 type of compliance requirement of a federal program 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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, 2019, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 17, 2019, 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

Crowe LLP

Los Angeles, California
December 17, 2019

**LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Fiscal year ended June 30, 2019**

Federal grantor/cluster title/program title/pass-through grantor/project title	CFDA Number	Direct Program and Pass-through Grant Identifying	Total Award	Total expended under federal/state/local for the fiscal year ended June 30, 2019				
				Total	Federal Share	Federal share passed through	State Share	Local Share
Bus and Bus Facilities Formula Program								
Section 5339 Bus Overhauls	20.526	CA-2019-056	34,547,870	35,692,183	32,593,513	-	3,182,303	(83,633)
FY16/17 Section 5339 Bus Acquisitions, O&M Lease, Workforce Dev/Training, and Preventive Maintenance	20.526	CA-2018-062	43,491,979	23,987,383	11,183,092	-	992,687	11,851,994
Bus and Bus Facilities Formula Program Total			78,039,849	59,679,566	43,776,605	-	4,175,000	11,747,987
Federal Transit Cluster Total			2,155,510,405	1,134,664,942	751,516,665	3,024,982	4,175,000	379,417,094
Transit Services Programs Cluster								
Enhanced Mobility of Seniors and Individual with Disabilities	20.513	CA-16-X066	6,092,451	1,206,092	901,540	901,540	-	304,552
Enhanced Mobility of Seniors and Individuals with Disabilities Program 5310 AI	20.513	CA-2018-029	1,043,894	204,685	204,685	-	-	-
LA County Section 5310 Program Administration	20.513	CA-2018-065	9,207,811	1,847,990	1,634,209	1,634,209	-	213,781
LA County Section 5310 AI Subrecipients FY17			16,344,156	3,256,767	2,740,434	2,535,749	-	518,333
Enhanced Mobility of Seniors and Individual with Disabilities Total			26,688,112	5,315,534	4,770,878	4,171,558	-	1,037,116
Job Access and Reverse Commute Program	20.516	CA-37-X071	5,032,849	208,328	208,328	-	-	-
LA County Job Access and Reverse Commute Program Administration, FY 06-12	20.516	CA-37-X100	10,343,881	534,610	332,399	332,399	-	202,211
Job Access and Reverse Commute Program Project - LA County Job Access and Program Project	20.516	CA-37-X123	13,878,024	692,773	491,817	491,817	-	200,956
Job Access and Reverse Commute - Capital/Operating Asset.	20.516	CA-37-X171	7,711,637	870,982	870,982	870,982	-	-
LA County Job Access and Reverse Commute Program Project - Capital/Operating Asset.			36,966,391	2,306,692	1,903,525	1,695,198	-	403,167
Job A ccess and Reverse Commute Program Total			62,970,781	3,518,783	3,416,042	3,416,042	-	606,334
New Freedom Program	20.521	CA-57-X003	2,152,346	155,062	155,062	-	-	-
New Freedom - Program Adm. FY06-12	20.521	CA-57-X084	8,702,026	1,577,265	1,474,283	1,474,283	-	102,962
New Freedom - Capital & Operating, Assistance	20.521	CA-57-X100	7,354,678	517,655	258,627	258,627	-	288,828
New Freedom Program Total			18,209,050	2,249,982	1,888,172	1,733,110	-	361,810
Transit Services Programs Cluster Total			71,519,597	7,815,441	6,532,131	5,964,057	-	1,283,310
Research and Development Cluster								
Public Transportation Research, Technical Assistance, and Training	20.514	CA-2017-055	1,450,000	35,171	25,499	-	-	9,672
FY16 Demonstration of Collision Avoidance and Mitigation Technologies on Los Angeles Metro Bus Service	20.514	CA-26-7015	1,722,400	290,540	152,701	-	-	137,839
Platform Track Intrusion Detection Demo	20.514	CA-2017-018	1,350,000	695,448	327,662	-	-	370,786
LA County and Puget Sound First / Last Mile Partnership with Lyft			4,522,400	1,024,159	505,862	-	-	518,297
Public Transportation Research, Technical Assistance, and Training Total			5,044,800	1,055,318	505,862	-	-	518,297
Research and Development Cluster Total			5,044,800	1,055,318	505,862	-	-	518,297
Federal Transit Administration Total			3,261,375,033	1,313,965,463	927,893,651	9,144,413	4,175,000	382,387,650
Office of the Secretary								
National Infrastructure Investments	20.933	CA-2016-010	10,250,000	18,573,748	7,746,263	-	-	10,827,485
Willowbrook/Rosa Parks Station Improvements			10,250,000	18,573,748	7,746,263	-	-	10,827,485
Office of the Secretary Total			3,271,625,033	1,332,539,231	935,579,914	9,144,413	4,175,000	393,225,135
U.S. Department of Homeland Security:								
Direct Programs								
Rail and Transit Security Grant Program	97.075	EMM-2016-RA-00024-S01	1,130,800	226,543	226,543	-	-	-
Transit Security Grant Program	97.075	EMW-2017-RA-00027-S01	675,000	674,986	674,986	-	-	-
Transit Security Grant Program			1,805,800	901,529	901,529	-	-	-
U.S. Department of Homeland Security Total			\$3,273,430,833	\$1,333,437,760	\$936,481,443	\$9,144,413	\$4,175,000	\$393,225,135

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Fiscal year ended June 30, 2019

State Grants:	Federal grantor/cluster title/program title/pass-through grantor/project title	CFDA Number	Direct Program and Pass-through Grant Identifying	Total Award	Total expended under federal/state/local for the fiscal year ended June 30, 2019		
					Federal Share	State Share	Local Share
	Prop 1B Security - FY 08-10		6261-0002 FFS#037-91170	\$ 16,103,043	\$ 11,059	\$ -	\$ -
	Crenshaw /LAX Transit Corridor Project		STP 07A0034-13 A4	\$ 36,600,000	\$ 173,822,839	\$ -	\$ -
	Prop 1B Security - FY 11-12		6461-0002	16,103,043	1,132,054	-	6,777
	Alternative & Renewable Fuel & Vehicle Technology Program		ARV-13-054	492,000	13,988	-	27,520,000
	Permeable Pavement and Bioretention Pilot Program, LACMTA Division 4 Maintenance Facility		14-446-550	752,000	1,498,212	-	1,132,054
	Regional Transportation Planning and Program Development		07LA-CMTA-FS-01-A1	3,098,000	(430,186)	-	562,274
	Blue Line Light Rail Signal Improvement Project		07LA-CMTA-FS-01-A1	38,494,000	33,297,639	-	(188,735)
	STP FPM (State Transportation Improvement Program) - Planning, Programming & Monitoring Program		STP-FPM17-6065 (212)	6,136,000	6,796,204	-	21,204,926
	LCTOP_Metro Exposition (Expo) Phase 2 Operations		17-16-D07-113	12,359,825	12,359,825	-	5,224,901
	LCTOP_Metro Gold Line Foothill Extension Phase 2A Operations		17-16-D07-114	12,359,824	12,359,824	-	12,359,825
	Division 20 Turnback and Portal Widening		07LA-CMTA-FS-02	5,009,000	50,473,250	-	12,359,824
	Los Angeles - San Fernando Valley North-South Bus Transit		07A00034-05 A11	27,000,000	2,903,510	-	2,111,975
	F-710 Livability Initiative for Complete Streets & Active Transportation		74A0912	500,000	293,162	-	2,903,510
	ROSA PARKS-MEZZANINE		07A0034-17 A1	14,808,000	13,109,781	-	175,339
	West Santa Ana Branch Transit Corridor (WSAB)		07A0034-18	18,500,000	12,266,621	-	8,214,578
	TAP PAREDOX UPGRADE		07A0034-19	22,500,000	20,254,157	-	3,837,212
	Greenhouse Gas Reduction Funds (GGRF)		ATPL-6065(221)	2,287,000	1,143,452	-	10,127,078
	Rosecrans/Marquardt Grade Separation Project		HSR17-19	76,665,000	21,917,738	-	1,143,452
				\$ 309,766,735	\$ 363,223,139	\$ -	\$ 243,005,857
	Total State Grants			\$ 309,766,735	\$ 363,223,139	\$ -	\$ 243,005,857

See accompanying notes to the schedule of expenditures of federal and state awards.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Fiscal year ended June 30, 2019

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.

(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Fiscal year ended June 30, 2019

**NOTE 6 – TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA)
PROGRAM LOANS**

LACMTA has entered into four Transportation Infrastructure Finance and Innovation Act (TIFIA) loan agreements with the United States Department of Transportation for a total amount not to exceed \$1,868,900,000 to finance portions of the Crenshaw/LAX Corridor Project, Regional Connector Transit Corridor Project, and Westside Purple Line Extension Sections 1 and 2 Projects. Total TIFIA loan draws during the fiscal year ended June 30, 2019 totaled \$168,073,272. As of June 30, 2019, the amount outstanding including principal and interest on all TIFIA loans was \$1,465,629,786.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal year ended June 30, 2019

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?

_____ Yes X 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:

CFDA 20.500 / 20.507 / 20.525 / 20.526

Federal Transit Cluster

CFDA 20.933

National Infrastructure Investments

Dollar threshold used to distinguish type A and B programs:

 \$ 3,000,000

Auditee qualified as low-risk auditee?

 X Yes _____ No