



**LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY**

SINGLE AUDIT REPORT

Fiscal year ended June 30, 2021

LOS ANGELES COUNTY METROPOLITAN
TRANSPORTATION AUTHORITY
Los Angeles, California

SINGLE AUDIT REPORT
Fiscal year ended June 30, 2021

CONTENTS

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
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 AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	5
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS.....	8
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10

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, 2021, 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 23, 2021. 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) 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002 that we consider to be significant deficiencies.

(Continued)

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 Responses to Findings

LACMTA's responses to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. LACMTA's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 23, 2021

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, 2021. 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, 2021.

(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, 2021, and the related notes to the financial statements, which collectively comprise LACMTA's basic financial statements. We issued our report thereon dated December 23, 2021, 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
February 11, 2022

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Fiscal year ended June 30, 2021

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Award	Total	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
Federal Grants								
U.S. Department of Transportation								
Federal Transit Administration								
Passed through State of California Department of Transportation:								
Highway Planning and Construction Cluster								
Highway Planning and Construction								
Extension of Transitway on 1-110 to Downtown LA	20.205	EA#07-278008L	\$ 6,272,631	\$ 215,464	\$ 172,371	\$ -	\$ -	\$ 43,093
Union Station Master Plan: Alameda Esplanade	20.205	07-6065F15-F022	2,150,000	2,463,608	1,792,414	-	-	671,194
Freight Advanced Traveler Information System (FRATIS)	20.205	ATCMDL-6065(218)	3,000,000	1,154,596	577,298	-	-	577,298
I-605/SR-91 Interchange Improvements	20.205	07-5186	26,000,000	4,815,034	4,262,750	-	552,284	-
Direct Programs:								
Reconstruct Cabrillo Mole Terminal	20.205	CA-70-X017	2,400,000	96,137	76,910	76,910	-	19,227
Highway Planning and Construction Cluster Total			<u>39,822,631</u>	<u>8,744,839</u>	<u>6,881,743</u>	<u>76,910</u>	<u>552,284</u>	<u>1,310,812</u>
Passed through California High-Speed Rail Authority								
High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants								
SC Regional Interconnector Pro	20.319	HSR15-170	18,726,102	7,135,404	5,897,823	-	-	1,237,581
High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants Total			<u>18,726,102</u>	<u>7,135,404</u>	<u>5,897,823</u>	<u>-</u>	<u>-</u>	<u>1,237,581</u>
Direct Programs:								
Federal Transit Cluster:								
Federal Transit Capital Improvement Grants:								
Metro Rapid System	20.500	CA-03-0796	12,697,426	876,606	515,712	-	-	360,894
Trans Ctr / Bus Park & Shelters	20.500	CA-04-0088	5,570,560	918,746	734,997	734,997	-	183,749
Regional Connector Transit Corridor	20.500	CA-2016-046	504,900,000	200,766,323	137,417,161	-	-	63,349,162
Westside Purple Line Ext. - Section 1	20.500	CA-2016-017	597,710,967	213,803,412	88,019,625	-	-	125,783,787
Westside Purple Line Ext. - Section 2 CMAQ	20.500	CA-2016-045	169,000,000	44,964,266	39,089,552	-	-	5,874,714
Westside Purple Line Extension 2 -FFGA	20.500	CA-2016-047	500,000,000	201,725,964	106,797,509	-	-	94,928,455
Westside Purple Line Extension 3 -FFGA	20.500	CA-2019-170	397,710,967	295,609,839	168,621,478	-	-	126,988,361
Los Angeles Union Station/Cesar Chavez Bus Stop	20.500	CA-2016-123	1,668,557	412,775	330,220	-	-	82,555
Federal Transit - Capital Improvement Grants Total			<u>2,189,258,477</u>	<u>959,077,931</u>	<u>541,526,254</u>	<u>734,997</u>	<u>-</u>	<u>417,551,677</u>
Federal Transit - Formula Grants:								
Metro Rapid Bus Stations/Signal Priority	20.507	CA-90-Y261	24,195,370	3,243	1,626	-	-	1,617
Crenshaw/LAX Transit Project - CMAQ	20.507	CA-2020-018	33,100,000	37,388,456	33,100,000	-	-	4,288,456
Regional Connector - Construction	20.507	CA-95-X251	64,000,000	294,244	260,494	-	-	33,750
Systemwide Light Rail Vehicles	20.507	CA-2016-026	94,930,000	41,207,455	4,230,921	-	-	36,976,534
Pass / Ped. Enhancements and Improvements	20.507	CA-95-X227	2,996,000	58,727	46,982	46,982	-	11,745
Glendale Beeline CNG Mntc/Adm. Facility	20.507	CA-2018-095	2,267,538	270,063	266,311	266,311	-	3,752
FY2020 CMAQ and RSTP Bus Acquisition	20.507	CA-2020-139	150,500,000	160,827,413	105,861,043	-	-	54,966,370
COVID-19 - LACMTA FFY20 5307-06 CARES Act Grant - Operating Assistance and Preventive Maintenance	20.507	CA-2020-184	861,910,265	861,910,265	861,910,265	-	-	-
5307 LA Metro FY21 Rail Preventive Maintenance Vehicles	20.507	CA-2021-002	12,923,447	12,923,447	12,923,447	-	-	-
Federal Transit - Formula Grants Total			<u>1,246,822,620</u>	<u>1,114,883,313</u>	<u>1,018,601,089</u>	<u>313,293</u>	<u>-</u>	<u>96,282,224</u>
State of Good Repair Grants Program								
5337 LA Metro Rail Vehicle Midlife Overhauls	20.525	CA-2018-031	86,251,460	11,788,639	9,430,911	-	-	2,357,728
State of Good Repair Grants Program Total			<u>86,251,460</u>	<u>11,788,639</u>	<u>9,430,911</u>	<u>-</u>	<u>-</u>	<u>2,357,728</u>
Bus and Bus Facilities Formula Program								
Section 5339 Bus Overhauls	20.526	CA-2019-056	96,632,212	28,869,696	22,925,239	-	4,400,000	1,544,457
FY16/17 Section 5339 Bus Acquisitions, CNG Lease, Workforce Dev/Training, and Preventive Maintenance	20.526	CA-2018-062	43,491,979	1,475,967	654,754	-	-	821,213
Bus and Bus Facilities Formula Program Total			<u>140,124,191</u>	<u>30,345,663</u>	<u>23,579,993</u>	<u>-</u>	<u>4,400,000</u>	<u>2,365,670</u>
Federal Transit Cluster Total			<u>3,662,456,748</u>	<u>2,116,095,546</u>	<u>1,593,138,247</u>	<u>1,048,290</u>	<u>4,400,000</u>	<u>518,557,299</u>

(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Fiscal year ended June 30, 2021

Federal grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Award	Total	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
Direct Programs:								
Transit Services Programs Cluster								
Enhanced Mobility of Seniors and Individual with Disabilities								
Enhanced Mobility of Seniors and Individuals with Disability Program 5310 All	20.513	CA-16-X066	6,092,451	340,089	269,538	269,538	-	70,551
L.A. County Section 5310 Program Administration	20.513	CA-2018-029	1,043,894	285,784	285,784	-	-	-
LA County Section 5310 All Subrecipients FY17	20.513	CA-2018-065	9,207,811	692,697	586,117	584,692	-	106,580
L.A. County Section 5310 All Subrecipients - FY19	20.513	CA-2020-167	<u>9,787,049</u>	<u>1,280,244</u>	<u>1,028,073</u>	<u>1,028,073</u>	-	<u>252,171</u>
Enhanced Mobility of Seniors and Individual with Disabilities Total			<u>26,131,205</u>	<u>2,598,814</u>	<u>2,169,512</u>	<u>1,882,303</u>	-	<u>429,302</u>
Job Access and Reverse Commute Program								
L A County Job Access and Reverse Commute Program. Administration. FY 06-12	20.516	CA-37-X071	5,032,849	854,860	854,860	-	-	-
Job Access and Reverse Commute Program. Project - LA County Job Access and Program Project	20.516	CA-37-X100	10,343,881	147,366	73,683	73,683	-	73,683
Job Access and Reverse Commute - Capital/Operating Assist.	20.516	CA-37-X123	13,878,024	570,227	570,227	570,227	-	-
LA County Job Access and Program Project - Capital/Operating Assist.	20.516	CA-37-X171	<u>7,711,637</u>	<u>156,456</u>	<u>156,456</u>	<u>156,456</u>	-	-
Job Access and Reverse Commute Program			<u>36,966,391</u>	<u>1,728,909</u>	<u>1,655,226</u>	<u>800,366</u>	-	<u>73,683</u>
New Freedom Program:								
New Freedom - Program Adm. FY06-12	20.521	CA-57-X003	2,152,346	331,205	331,205	-	-	-
New Freedom - Capital & Operating. Assistance	20.521	CA-57-X100	7,354,678	447,604	223,802	223,802	-	223,802
New Freedom - Capital/Opertng Assist.	20.521	CA-57-X048	1,755,553	37,144	18,572	18,572	-	18,572
New Freedom - Capital & Operating. Assistance	20.521	CA-57-X084	<u>8,702,026</u>	<u>916,845</u>	<u>893,881</u>	<u>893,881</u>	-	<u>22,964</u>
New Freedom Program Total			<u>19,964,603</u>	<u>1,732,798</u>	<u>1,467,460</u>	<u>1,136,255</u>	-	<u>265,338</u>
Transit Services Programs Cluster Total			<u>83,062,199</u>	<u>6,060,521</u>	<u>5,292,198</u>	<u>3,818,924</u>	-	<u>768,323</u>
Direct Programs:								
Research and Development Cluster								
Public Transportation Research, Technical Assistance, and Training								
FY16 Demonstration of Collision Avoidance and Mitigation Technologies on Los Angeles Metro Bus Service	20.514	CA-2017-055	1,450,000	392,163	284,318	-	-	107,845
LA County and Puget Sound First / Last Mile Partnership with Lyft	20.514	CA-2017-018	<u>1,350,000</u>	<u>3,054,085</u>	<u>106,396</u>	-	-	<u>2,947,689</u>
Public Transportation Research, Technical Assistance, and Training Total			<u>2,800,000</u>	<u>3,446,248</u>	<u>390,714</u>	-	-	<u>3,055,534</u>
Federal Transit Administration Total			<u>3,806,867,680</u>	<u>2,141,482,558</u>	<u>1,611,600,725</u>	<u>4,944,124</u>	<u>4,952,284</u>	<u>524,929,549</u>
Direct Programs:								
Office of the Secretary								
National Infrastructure Investments								
Eastside Access Improvements	20.933	CA-79-0005	11,800,000	6,437,055	6,437,055	-	-	-
TIGER VII Rail to Rail Active Transportation Corridor Connector	20.933	CA-2017-103	<u>15,000,000</u>	<u>8,813,709</u>	<u>465,817</u>	-	<u>8,000,000</u>	<u>347,892</u>
National Infrastructure Investments Total			<u>26,800,000</u>	<u>15,250,764</u>	<u>6,902,872</u>	-	<u>8,000,000</u>	<u>347,892</u>
U.S. Department of Transportation Total			<u>3,833,667,680</u>	<u>2,156,733,322</u>	<u>1,618,503,597</u>	<u>4,944,124</u>	<u>12,952,284</u>	<u>525,277,441</u>
U.S. Department of Homeland Security:								
Direct Programs								
Rail and Transit Security Grant Program								
Transit Security Grant Program	97.075	EMW-2018-RA-0007	6,204,960	367,855	367,855	-	-	-
Transit Security Grant Program	97.075	EMW-2019-RA-0019	<u>7,208,108</u>	<u>98,799</u>	<u>98,799</u>	-	-	-
Transit Security Grant Program			<u>13,413,068</u>	<u>466,654</u>	<u>466,654</u>	-	-	-
U.S. Department of Homeland Security Total			<u>13,413,068</u>	<u>466,654</u>	<u>466,654</u>	-	-	-
Total Federal Grants			<u>\$3,847,080,748</u>	<u>\$2,157,199,976</u>	<u>\$1,618,970,251</u>	<u>\$ 4,944,124</u>	<u>\$ 12,952,284</u>	<u>\$ 525,277,441</u>

(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
 SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
 Fiscal year ended June 30, 2021

Grantor/cluster title/program title/pass-through grantor/project title	Assistance Listing Number	Direct Program and Pass-through Grant Identifying Number	Total Award	Total	Federal Share	Federal share passed through to subrecipients	State Share	Local Share
State Grants:								
I-405 Car Pool Lane		I-405 07-4826A-7_State_TCRP	\$ 62,000,000	\$ 945,818	\$ -	\$ -	\$ 2,145,021	\$ (1,199,203)
Prop 1B Security - FY 08-09		6161-0002	16,155,640	613,248	-	-	605,426	7,822
Prop 1B Security - FY 09-10		6261-0002	16,201,368	894,381	-	-	867,712	26,669
Green Line Extension (Redondo Beach - Torrance)		07A0034-21	9,000,000	7,453,010	-	-	2,303,881	5,149,129
Prop 1B Security - FY 11-12		6461-0002	16,103,043	6,316,070	-	-	9,688,265	(3,372,195)
Regional Rail Planning		HSR 14-28	750,000	4,640	-	-	4,640	-
Prop 1B Security - FY 12-13		6561-0002	16,103,043	16,103,039	-	-	16,103,039	-
Prop 1B Security - FY 13-14		6661-0002	18,984,186	18,984,186	-	-	18,984,186	-
Prop 1B Security - FY 14-15		6761-0002	16,103,043	2,289,797	-	-	2,289,797	-
Willow brook/Rosa Parks Station Improvements		AB2766 MS16090	2,500,000	2,500,000	-	-	2,500,000	-
LCTOP_Metro Exposition (Expo) Phase 2 Operations		17-18-D7-113	197,322	197,322	-	-	197,322	-
LCTOP_Metro Gold Line Foothill Extension Phase 2A Operations		17-18-D7-114	197,322	197,322	-	-	197,322	-
LCTOP_Metro Exposition (Expo) Phase 2 Operations		18-19-D07-128	141,835	141,835	-	-	141,835	-
LCTOP_Metro Gold Line Foothill Extension Phase 2A Operations		18-19-D07-129	209,242	209,242	-	-	209,242	-
West Santa Ana Branch Transit Corridor (WSAB)		07A0034-18	18,500,000	12,224,632	-	-	4,373,226	7,851,406
TAP FAREBOX UPGRADE		07A0034-19	8,201,000	241,778	-	-	120,889	120,889
TAP FAREBOX UPGRADE		07A0034-19 A1	14,299,000	1,219,804	-	-	609,902	609,902
TAP FAREBOX UPGRADE		07A0034-20 A1	5,000,000	2,502,034	-	-	1,251,017	1,251,017
Greenhouse Gas Reduction Funds (GGRF)		ATPL-6065(222)	259,000	94,189	-	-	94,189	-
Rosecrans/Marquardt Grade Separation Project		HSR17-19	76,665,000	11,998,697	-	-	11,874,943	123,754
STIP PFM19-6065(233)		STIP PFM 2018-2019 19-6065 (233)	2,309,000	3,525,390	-	-	2,309,000	1,216,390
SR-57/60 Confluence Choke Point		07-5124	22,000,000	9,505,342	-	-	6,463,291	3,042,051
Metro Electric Bus Charging Infrastructure Project		19-20-D07-113	39,098,039	8,452,680	-	-	8,452,680	-
New or Expanded Service by the Metro Freeway Service Patrol		FSP18SB1-6065(228)	8,643,658	3,272,385	-	-	3,272,385	-
STIP PFM20-6065(242)		STIP PFM 2019-2020 20-6065 (242)	2,308,000	53,807	-	-	53,807	-
Total State Grants			<u>\$ 371,928,741</u>	<u>\$ 109,940,648</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,113,017</u>	<u>\$ 14,827,631</u>

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, 2021

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, 2021

NOTE 6 – PRIOR YEAR EXPENDITURES

In accordance with Government Accounting Standards Board (GASB) guidance, expenditure-driven grant provisions are determined to be a stipulation that is considered to be an eligibility requirement and as such, revenue cannot be recognized until the agreement has been executed. As a result, \$650,643,167 of expenditures reported on the Schedule were incurred in fiscal year 2020.

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2021

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 20.319

High-Speed Rail Corridors and Intercity Passenger Rail Service – Capital Assistance Grants

ALN 20.500 / 20.507 / 20.525 / 20.526

Federal Transit Cluster

ALN 20.513 / 20.516 / 20.521

Transit Services Programs Cluster

Dollar threshold used to distinguish type A and B programs:

 \$ 4,856,911

Auditee qualified as low-risk auditee?

 X Yes _____ No

(Continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

Finding 2021-001 – Accounting for Acquisition Expenditure Accruals (Significant Deficiency)

Criteria

Generally accepted accounting principles require entities to record liabilities and related expenses that result from exchange transactions when goods or services have been received in exchange for a promise to compensate the vendor or service provider. Liabilities are defined as present obligations to sacrifice resources that the government has little or no discretion to avoid. Management should have internal controls in place to ensure that such liabilities and expenses are fairly stated.

Condition

During our testing of account payable, we identified two payments made in July 2021 and accrued as of June 30, 2021 to the State of California Condemnation Fund relating to 3 parcels of land. Based on supporting documentation, the two payments were deposits initiated at the discretion of LACMTA in order to begin the process of acquiring the properties, and therefore did not represent obligations of LACMTA as of June 30, 2021.

Cause

Management did not properly identify the date at which the expenditure became an obligation of LACMTA, causing the expenditure to be recorded in the improper period. The payment was accrued in fiscal year 2021 based on the date of the related internal legal memoranda. However, since the expenditure related to a condemnation deposit and not typical goods or services, the expenditure was not an obligation to LACMTA prior to payment, nor had LACMTA acquired the properties prior to June 30, 2021.

Effect

Liabilities and expenditures of the Measure R fund were overstated by \$53.7 million. Management posted an audit adjustment to correct the error.

Recommendation

We recommend that the accounts payable department only accrue invoices for goods or services that have already been received or for other present obligations that the government has little or no discretion to avoid. We also recommend additional layers of review over material balance accruals, especially during the year-end closing process, to ensure that cutoff of accounts payable is appropriate.

Management's Response

We concur with the recommendation. Management will ensure to only accrue invoices for goods or services that have already been received or for other present obligations that the government has little or no discretion to avoid. Also, additional layers of review will be implemented over material balance accruals during the year-end closing process to ensure that cutoff of accounts payable is appropriate.

(Continued)

LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Fiscal year ended June 30, 2021

Finding 2021-002 – Accounting for Unavailable Revenue (Significant Deficiency)

Criteria

The modified accrual basis of accounting requires that revenues are recognized in the accounting period in which they become susceptible to accrual, defined as when they become both measurable and available to finance expenditures of the fiscal period. LACMTA's accounting policy considers revenues to be available if they are collected within 90 days of the end of the current fiscal period.

Condition

Our testing of intergovernmental revenue and receivables identified 5 invoices that were recognized as revenue in the fiscal year but were not collected within 90 days of the fiscal year end. The errors we totaled \$1.8 million for the general fund, \$4.6 million for the Measure M fund, and \$9.6 million for the Measure R fund. After initially communicating the error, management identified an additional \$0.5 million error in the general fund.

Cause

Management's process for identifying and analyzing balances for revenue deferral solely included the balances of billed receivables. Unbilled receivable balances were not reviewed.

Effect

Revenue was overstated and deferred inflows of resources for deferred revenue were understated by \$2.3 million in the general fund. Management posted an adjustment to correct the error in the general fund. Revenue is overstated and deferred inflows of resources for deferred revenue are understated by \$4.6 million in the Measure M fund and \$9.6 million in the Measure R fund.

Recommendation

We recommend that management review the collection dates for balances for both billed and unbilled receivables as of fiscal year end to identify deferred revenues for adjustment. Management should ensure that these post-closing adjustments are reviewed and approved for both accuracy and completeness.

Management's Response

We concur with the recommendations. Management will ensure a more thorough process is established to review the collection dates for balances for both billed and unbilled receivables as of fiscal year end to identify deferred revenues for adjustment. Management will also ensure that these post-closing adjustments are reviewed and approved for both accuracy and completeness.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted.