

**FISCAL YEAR 2025  
MEASURE R  
REVENUES AND EXPENDITURES AUDIT  
WITH  
INTERNAL CONTROLS AND COMPLIANCE REPORT**

**P R E S E N T A T I O N T O**

**MEASURE R INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE**

**MARCH 9, 2026**



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# Responsibilities

- LACMTA Management Responsibilities:
  - Preparation of the Schedule of Measure R Revenues and Expenditures
  - Design, implementation and maintenance of internal control – free from material misstatement, whether due to fraud or error.
- Auditor’s Responsibilities:
  - Express an opinion on the fair presentation on the Schedule of Measure R Revenues and Expenditures based on our audit.
  - Express an opinion on compliance with the *Traffic Relief and Rail Expansion Ordinance 08-01* (Measure R Ordinance).

# Summary of Audit Results

- Schedule of Measure R Revenues and Expenditures Audit
  - Unmodified opinion
- No internal control material weaknesses or significant deficiencies over financial reporting were identified.
- No significant internal control deficiencies over compliance were identified.
- LACMTA complied with the *Traffic Relief and Rail Expansion Ordinance 08-01 (Measure R Ordinance)*

# Financial Highlights

- Sales tax revenue decreased by \$13.1 million compared to prior year (1.2% change from prior year). The decrease was mainly due to a decrease in consumer spending during FY 2024-2025.
- Actual expenditures decreased by \$85.4 million compared to prior year (11.6% change from prior year) due primarily to a decrease in spending in administration and other expenditures by \$59.6 million and by a decrease in transportation subsidies by \$40.6 million.
- Transfers-in decreased by \$52.1 million from the previous year (43.4% change from prior year). Decrease was mainly attributed to zero billings for the Sepulveda Transit Corridor project.
- Transfers-out increased by \$471.2 million compared to prior year (76.3% change from prior year). Increase was due primarily to lower than anticipated expenditures for various transit capital projects.

# Financial Highlights (Continued)

- Actual sales tax revenue was less than budgeted by \$76.2 million.
- Actual expenditures were less than budgeted by \$377.6 million, mainly due to actual amounts for professional and technical services for capital projects and transportation subsidies coming in less than the budgeted amount.
- Actual transfers in were less than budgeted by \$213.3, mainly due to the actual amount received from other funds being less than the anticipated amount for the South Bay Transit Invest Program and the Sepulveda Transit Corridor.
- Actual transfers out were more than budgeted by \$32.2 million, mainly due to operating expenditures (bus and rail) being more than the budgeted amount during FY 2025.
- Measure R fund at June 30, 2025, had a deficiency of revenues and other financing sources over expenditures and other financing uses of \$422.0 million, decreasing Measure R fund balance from \$977.9 million to \$555.9 million at June 30, 2025.

# Required Communications

with Those Charged with Governance

## Items to be Communicated

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

- To express an opinion on the Schedule of Measure R Revenues and Expenditures.
- To provide reasonable, not absolute, assurance of detecting material misstatements.
- To gain a basic understanding of the internal control policies and procedures to design an effective and efficient audit approach.
- To inform LACMTA of any illegal acts that we become aware of.
  - None

# Required Communications (Continued)

- Adoption/Change in accounting
  - None
- Significant or unusual transactions
  - None
- Alternative treatments discussed with management
  - None
- Significant issues discussed with management
  - None
- Difficulties encountered in performing the audit
  - We encountered no significant difficulties in dealing with management in performing and completing conducting our audit.

# Required Communications (Continued)

- Management consultations with other independent accountants
  - To our knowledge, there were no such consultations with other accountants.
- Discussions held prior to retention
  - No major issues were discussed as a condition to our retention.
- Disagreements with management
  - Professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the Schedule of Measure R Revenues and Expenditures or the auditor's report.
    - No such disagreements occurred during the audit.
- Management representation
  - We requested certain representations from management which are included in the management representation letter dated December 2, 2025.

## Management Letter Comments

- There are no management letter comments.

## Audited Financial Statements for Measure R Special Revenue Fund

- Included in LACMTA's June 30, 2025 Annual Comprehensive Financial Report (ACFR)

# BCA Watson Rice LLP

## Audit Engagement Team

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# QUESTIONS AND ANSWERS