

**FISCAL YEAR 2025  
MEASURE M  
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 M INDEPENDENT TAXPAYER OVERSIGHT COMMITTEE**

**MARCH 4, 2026**



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# Responsibilities

## ☐ LACMTA Management Responsibilities

- Preparation of the Schedule of Measure M Revenues and Expenditures.
- Design, implementation and maintenance of internal control – free from material misstatement, whether due to fraud or error.

## ☐ Auditor's Responsibilities

- To express an opinion on the fair presentation on the Schedule of Measure M Revenues and Expenditures based on our audit.
- To express an opinion on compliance with the *Los Angeles County Traffic Improvement Plan* (Measure M Ordinance).

# Summary of Audit Results

- Schedule of Measure M Revenues and Expenditures Audit
  - Unmodified opinion or clean 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 *Los Angeles County Traffic Improvement Plan (Measure M Ordinance)*

# Financial Highlights

- Sales tax revenue decreased by \$10.9 million compared to prior year (1.0% change from prior year). The decrease was mainly due to a decrease in consumer spending during FY 2024-2025.
- Actual expenditures increased by \$91.1 million compared to prior year (19.2% change from prior year) due primarily to an increase in administration and other transportation projects expenditures specifically related to the I-105 ExpressLanes construction, BRT Connector Red/Orange Line and Vermont Transit Corridor projects. Increase in capital project expenditures were offset by a decrease in transportation subsidies due to lower subsidy claims for certain highway construction projects and bus operation subsidies.
- Transfers-in increased by \$43.2 million compared to prior year (132.9% change from prior year). Increase was mainly due to the billing for the I-105 ExpressLanes project expenditures.
- Transfers-out increased by \$644.6 million compared to prior year (94.1% change) due to higher funding allocation to several transit capital projects and to ongoing transit construction projects. Increase is also attributed to increase in Transit Operating and Maintenance transfers to Enterprise Fund.

# Financial Highlights (Continued)

- Actual sales tax revenue was less than budgeted by \$75.9 million.
- Actual expenditures were less than budgeted by \$159.7 million, mainly due to less professional and technical services compared to budgeted amounts for the I-105 ExpressLanes and K Line Northern Extension projects. Additionally, actual claims on planning projects such as I-405 Sepulveda ExpressLanes, HDC Intercity Rail, Highway Efficiency Program, and LARVT Waterways System Bike Path came lower than budgeted.
- Actual transfers-in were less than budgeted by \$28.2 million, mainly due to budgeted transfer-in for HDC Intercity Rail project not occurring.
- During fiscal year 2024-2025, the Measure M fund had a deficiency of revenues over expenditures and other financing uses of \$599.5 million. This resulted in a decrease in the Measure M fund balance from \$1.17 billion to \$571.2 million as of June 30, 2025.

# Required Communications

## Items to be Communicated

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

- To express an opinion on the Schedule of Measure M 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 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 M 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 M 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