



Board Report

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Agenda Number: 11.

FINANCE, BUDGET AND AUDIT COMMITTEE MARCH 16, 2022

SUBJECT: BASIC FINANCIAL STATEMENTS AND COMPONENT AUDITS

ACTION: RECEIVE AND FILE

RECOMMENDATION

RECEIVE AND FILE the Los Angeles County Metropolitan Transportation Authority's (Metro) basic financial statements and component financial statement audits completed by Crowe LLP (Crowe) as of and for the fiscal year ended June 30, 2021.

ISSUE

Metro is required to be audited annually by independent certified public accountants. The resulting reports include Metro's basic financial statements and following component audits for the fiscal year ended June 30, 2021 (FY21):

- Annual Comprehensive Financial Report for the Los Angeles County Metropolitan Transportation Authority;
- Independent Auditor's SAS 114 letter covering required communications related to the financial statement audit;
- Single Audit Report;
- Independent Accountant's Report on Applying Agreed-Upon Procedures on Federal Funding Allocation Data for the Transportation Operating Agency (ID# 90154);
- Independent Auditor's Report on Compliance with the California Code of Regulations (Section 6667); Report on Internal Control over Compliance; and Report on 50% Expenditure Limitation Schedule for Transportation Development Act Operations Agency;
- Independent Auditor's Report on Compliance with the California Code of Regulations (Sections 6640-6662); Report on Internal Control over Compliance; and Report on Schedule of Revenues, Expenditures, and Changes in Fund Balances for Transportation Development Act;
- Independent Auditor's Report on the Los Angeles County Metropolitan Transportation Authority State Transit Assistance Special Revenue Fund's basic financial statements for the fiscal years ended June 30, 2021, and 2020.
- Independent Auditor's Report on the Service Authority for Freeway Emergencies (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) financial

statements; and

- Independent Auditor's Report on Compliance with Rules and Regulations of the Low Carbon Transit Operations Program (LCTOP) and Report on Internal Control over Compliance for the Los Angeles County Metropolitan Transportation Authority's compliance with the LCTOP Guidelines.

DISCUSSION

Metro's basic financial statements include its audited financial statements, supplemental information and unmodified audit opinion from the independent external auditor. The independent auditor issued unmodified opinions on all audit reports for FY21. Receiving an unmodified opinion indicates that all financial statements for FY21 were fairly presented and that Metro complied in all material respects with the applicable financial reporting framework and compliance requirements. Crowe identified two findings in the Single Audit Report related to timing issues in accordance with generally accepted accounting principles. Although Metro management agreed with the recommendations, management believes that Metro's presentation of the financial statements was appropriate as the statements followed the Current Financial Resources Measurement Focus and are transparent to the taxpayers.

Due to the considerable size of the document, the Annual Comprehensive Financial Report is accessible on Metro's website at http://libraryarchives.metro.net/DB_Attachments/220301_1.%20FY21%20-%20LA%20Metro%20ACFR%2012232021-FINAL.pdf.

EQUITY PLATFORM

There are no equity impacts or concerns from audit services conducted to complete the Annual Financial Comprehensive Report.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

Approval of this item supports Metro Vision 2028 Goal #5: Provide responsive, accountable, and trustworthy governance within the Metro organization.

ATTACHMENTS

Attachment A - SAS 114 Letter Covering Required Communications

Attachment B - Single Audit Report for FY21

Attachment C - Federal Funding Allocation Data for the Transportation Operating Agency (ID# 90154) for FY21

Attachment D - Transportation Development Act Operations Agency for FY21

Attachment E - Transportation Development Act Schedule of Revenues, Expenditures and Changes in Fund Balances for FY21

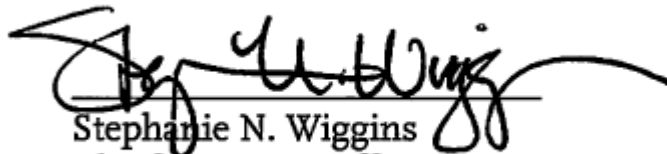
Attachment F - State Transit Assistance Special Revenue Fund's Financial Statements as of FY21 and FY20

Attachment G - Service Authority for Freeway Emergencies (A Component Unit of the Los Angeles County Metropolitan Transportation Authority) Financial Statements for FY21

Attachment H - Low Carbon Transit Operations Program (LCTOP) and Report on Internal Control
over Compliance for FY21

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