



## **NOTICE OF PUBLIC HEARING**

### **Los Angeles County Metropolitan Transportation Authority**

The Measure R Independent Taxpayers Oversight Committee of Metro (Oversight Committee) will hold a public hearing at 10 a.m., April 2, 2013, in the Los Angeles County Metropolitan Transportation Authority (Metro) Boardroom located at One Gateway Plaza, Los Angeles.

The Oversight Committee was appointed under Measure R, also known as the Traffic Relief and Rail Expansion Ordinance, that imposed an additional 1/2 of one percent transactions and use tax to fund transportation improvements in the County, approved by voters in 2008. The Oversight Committee and oversight process has been established to ensure that Metro and local subrecipients complies with the terms of the Ordinance. The oversight process requires that an annual audit be conducted to determine compliance with the provisions of the Ordinance related to the receipt and expenditure of sales tax revenues during the fiscal year. The audits must be provided to the Oversight Committee so it can make findings on whether Metro and local subrecipients have complied with the Measure R requirements. In compliance with the Ordinance, Metro contracted with Bazilio Cobb and Associates (BCA) to perform the independent audit of the Measure R Special Revenue Fund and contracted with Vasquez & Company, LLP and Simpson & Simpson to audit the compliance of the 87 cities (Cities) and the County of Los Angeles (County).

The purpose of this hearing is to receive public comments on the results of the independent audits conducted on the Schedule of Revenues and Expenditures for Measure R Special Revenue Fund and Compliance with Requirements Applicable to Measure R Local Return Guidelines from July 1, 2011 to June 30, 2012, and the Committee's annual report on these audits.

### **INDEPENDENT AUDITORS' REPORTS**

#### **Measure R Special Revenue Fund Audit**

BCA conducted the audit of compliance in accordance with 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. Those standards require that BCA plan and perform the audit to obtain reasonable assurance about whether the Schedules of Measure R revenues and expenditures are free of material misstatement. The audit found that Metro complied, in all material respects, with the requirements applicable to the Measure R revenues and expenditures for the year ended June 30, 2012. However, BCA found that more timely

follow-up with Local Return recipients is needed to resolve prior audit findings. Management will make a more coordinated effort to ensure that follow-up actions are taken in a timely manner.

### **Measure R Compliance Audits of Cities and the County**

Vasquez & Company, LLP and Simpson & Simpson conducted the audits of compliance with the Local Return Guidelines in accordance with auditing standards generally accepted in the United States of America and the standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that Vasquez & Company, LLP and Simpson & Simpson plan and perform the audits to obtain reasonable assurance about whether noncompliance with the requirements in the Ordinance occurred which could have a direct and material effect on the Measure R Local Return program. Vasquez & Company, LLP conducted the audit of 49 cities, and Simpson & Simpson conducted the audit of the other 38 cities and the County. The auditors found that the cities and the County complied in all material respects with the requirements in the Measure R Ordinance that are applicable to the Measure R Local Return program for the year ended June 30, 2012. The audits found 24 deficiencies in internal control over compliance, none of which were deemed material. Only one of those deficiencies was deemed a material weakness.

### **Measure R Independent Taxpayers Oversight Committee Annual Report**

The Committee reviewed the three independent audit reports and based on this review, developed an annual report. The annual report describes the audit results and makes several findings. The report finds that: 1) the audits were performed in accordance with the Ordinance that the voters approved in 2008; 2) Metro complied, in all material respects, with the requirements applicable to the Measure R revenues and expenditures for the year ended June 30, 2012; 3) the cities and the County complied with the requirements in the Measure R Ordinance that are applicable to the Measure R Local Return program for the year ended June 30, 2012, however, the audits found 24 deficiencies in internal control over compliance, none of which were deemed material; and 4) more timely follow-up with Local Return recipients is needed to resolve prior audit findings.

**Written comments on this matter will be accepted through April 2, 2013. All comments should be addressed to Board Administration, LACMTA, One Gateway Plaza, Mail Stop 99-3-1, Los Angeles, CA 90012-2952. Copies of the Independent Auditors' Reports and the Oversight Committee's Annual Report are available from Metro's Records Management Center at the LACMTA Plaza Level at (213) 922-2342. These documents will also be made available to every library located within Los Angeles County for public review. Members of the public who wish to provide public comment in person during the public hearing on April 2 are encouraged to contact the Board Secretary's Office, at (213) 922-4600.**