



NOTICE OF PUBLIC HEARING

Los Angeles County Metropolitan Transportation Authority

The Independent Citizen's Advisory and Oversight Committee (ICAOC) will hold a public hearing on July 11, 2018 at 2:00 p.m. in the Los Angeles County Metropolitan Transportation Authority Boardroom located at One Gateway Plaza, Los Angeles.

The ICAOC was appointed under the Metropolitan Transportation Authority (LACMTA) Reform and Accountability Act of 1998, approved by voters in November 1998. The hearing is being held in conformance with federal public hearing requirements outlined in Section 9 (e) (3) (H) of the Surface Transportation Assistance Act of 1982, as amended, and public hearing guidelines adopted by the LACMTA's Board of Directors in 1993, as amended.

The purpose of this hearing is to receive public comments on the result of the independent audit conducted on LACMTA's accountability of sales tax revenues and expenditures under Proposition A and Proposition C ordinances from July 1, 2016 - to June 30, 2017.

BACKGROUND

Proposition A and Proposition C are voter approved ordinances that provide for a one-half percent sales tax in the County of Los Angeles, the proceeds of which are to be used for transportation purposes as specified in the two ordinances.

The Los Angeles County voters approved the Metropolitan Transportation Authority (LACMTA) Reform and Accountability Act of 1998 (the Act) in November of 1998. The purpose of the Act was to provide accountability in the expenditure of Proposition A and Proposition C sales tax revenues through annual independent audits of transportation sales tax expenditures, the creation of an Independent Citizen's Advisory and Oversight Committee, and public hearings on the independent audit reports. The Act requires an annual independent audit of the Propositions A and C Sales Taxes Revenues and Expenditures.

The Independent Citizen's Advisory Oversight Committee in accordance with the Act provides this summary of the independent audit for fiscal year ending June 30, 2017.

INDEPENDENT AUDITOR’S REPORT

The Independent Auditor's Report provides schedules of revenues and expenditures for Propositions A and C for fiscal year ending June 30, 2017, showing amounts of transportation sales tax revenues received and expended by the LACMTA. These Propositions A and C schedules were prepared by the LACMTA and audited by the independent accounting firm of BCA Watson Rice, LLP (BCA). BCA conducted the audit of the Propositions A and C’s financial schedules in accordance with generally accepted auditing standards in the United States of America.

Based on the results of the audit, the Independent Auditor’s Report provides:

- the independent auditor’s opinion on whether the Proposition A and C financial schedules present fairly, in all material respects, the revenues and expenditures of Proposition A and C sales tax revenues;
- the explanatory notes to the schedules of revenues and expenditures;
- the independent auditor's report on compliance and internal control over financial reporting of Propositions A and C;

Auditor’s Opinion on Financial Schedule Presentation

The Independent Auditor’s Report provides the opinion that for fiscal year ending June 30, 2017, the LACMTA’s schedules of revenues and expenditures for Propositions A and C present fairly, in all material respects, the revenues and expenditures of Propositions A and C sales tax revenue.

LACMTA’s Schedules of Proposition A and C Revenues and Expenditures

(Amounts expressed in thousands)

	<u>Revenues</u>	<u>Expenditures</u>
Proposition A	\$ 789,980	\$ 305,986
Proposition C	<u>846,427</u>	<u>793,039</u>
Total	\$1,636,407	\$ 1,099,025

Explanatory Notes to Schedules of Revenues and Expenditures

The explanatory notes provide background information on the LACMTA, Propositions A and C, and the LACMTA’s accounting policies.

Auditor’s Report on Compliance With Propositions A and C Provisions

The report on compliance states that the independent audit included tests of compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of the revenue and expenditure amounts within the Schedules. The results of tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Auditor's Report on Internal Controls Over Financial Reporting

The report on internal controls over financial reporting states that as part of the audit, BCA considered the LACMTA's internal control over financial reporting in order to determine auditing procedures that are appropriate in the circumstances for the purpose of expressing their opinion on the financial statements. BCA noted that they did not identify any deficiencies in internal control over financial reporting that they consider to be material weaknesses.

Written comments on this matter will be accepted through June 15, 2018. All comments should be addressed to Board Administration, LACMTA, One Gateway Plaza, Mail Stop 99-3-39, Los Angeles, CA 90012-2952. Copies of the Independent Auditors Report on Schedule of Revenues and Expenditures for Proposition A Sales Tax Revenue and Proposition C Sales Revenue are available from Records Management Center at the LACMTA Plaza Level at (213) 922-2342.