



**Metro**

Los Angeles County  
Metropolitan Transportation Authority

One Gateway Plaza  
Los Angeles, CA 90012-2952

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**Item 12**

**MEASURE R INDEPENDENT TAXPAYERS  
OVERSIGHT COMMITTEE  
March 7, 2014**

**SUBJECT: PUBLIC HEARING NOTICE ON MEASURE R AUDITS AND ANNUAL  
REPORT**

**ACTION: APPROVE NOTICE OF PUBLIC HEARING ON AUDITS AND ANNUAL  
REPORT FOR PUBLICATION**

**RECOMMENDATION**

Approve Notice of Public Hearing on Measure R Audits and Annual Report (Attachment A) and authorize Metro staff to publish the Notice in local newspapers.

**ISSUE**

Section 8(d) of the Measure R Ordinance requires that the Oversight Committee "shall hold a public hearing on each audit and annual report and shall report the comments of the public to Metro." Staff has prepared a public hearing notice for the Committee's review (Attachment A).

**DISCUSSION**

The Ordinance requires that a summary of the Annual Report be published in local newspapers, and the Report and audits be made available in public libraries located within Los Angeles County. In compliance with these requirements, the attached Public Hearing notice includes a summary of the three independent audits completed on FY13 Measure R expenditures, as well as a summary of the Committee's Annual Report.

**FINANCIAL IMPACTS**

There are no financial impacts related to this action.

## **NEXT STEPS**

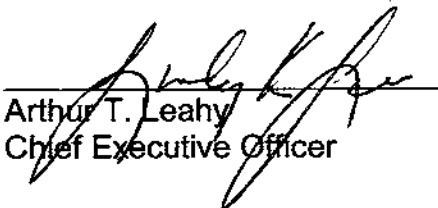
Staff will publish the Public Hearing Notice in various local newspapers.


## **ATTACHMENTS**

A. Notice of Public Hearing

Prepared by: Ann Kerman, Interim Deputy Executive Officer, Community Relations  
(213) 922-7671

  
Noelia Rodriguez  
Chief Communications Officer

  
Arthur T. Leahy  
Chief Executive Officer





## 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 on XX, April XX, 2014, 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 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, 2012 to June 30, 2013, 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, 2013.

### **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, 2013. The audits found 36 deficiencies in internal control over compliance, none of which were deemed material. Fourteen were considered by the auditors as significant deficiencies.

### **Measure R Independent Taxpayer 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, 2013; 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, 2013, however, the audits found 36 deficiencies in internal control over compliance, none of which were deemed material.

**Written comments on this matter will be accepted through April XX, 2014. 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' Reports and the Oversight Committee 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 XX are encouraged to contact Michele Jackson, Board Secretary, at (213) 922-4605.**