

**MINUTES**

**Independent  
Citizens'  
Advisory and  
Oversight  
Committee**

**INDEPENDENT CITIZENS' ADVISORY  
AND OVERSIGHT COMMITTEE MEETING**

**Metro Headquarters  
3rd Floor - Board Room  
One Gateway Plaza  
Los Angeles**

One Gateway  
Plaza  
Los Angeles, CA  
90012

**Wednesday, January 4, 2012 - 11:00 a.m.**

Called to order at: 11:01 a.m.

213-922-4600

**Members Present:**

Dwight Ham, Chair  
Russ Lesser, Vice Chair  
Emina Darakjy

1. **APPROVED minutes** of Regular Board meeting held **January 18, 2011.**
2. **RECEIVED AND FILED FY 2011 Audit of Propositions A & C Revenues and Expenditures.**

A representative from Thompson, Cobb, Bazilio & Associates (TCBA) indicated that 3 reports were created during the audit of Propositions A & C Revenues and Expenditures. One is the Opinion Report and one is an independent auditor report on Internal Controls and Financial Reporting. Those are required under Government Auditing Standards. The last report is on compliance with requirements applicable to the Prop A & C Accountability Act.

With the first report, an unqualified opinion was given on the Schedule of Revenue and Expenditures for Prop A & C. This simply means that the revenues and expenditures are fairly stated.

The second report, Internal Controls on Financial Reporting and Compliance and Other Matters, no deficiencies were identified in any internal controls over financial reporting and there were no findings of any instances of non-compliance. That is similar to years past.

In the third report, an opinion is given that MTA did comply with all compliance requirements of the MTA Reform and Accountability Act of 1998. The report then lists revenues and expenditures for Prop A & C, showing budget to actual amounts. There are also notes to the Schedule of Revenues and Expenditures to further explain the transactions within the schedule. There are no current year findings to report. Last year there were no audit findings for follow up.

Last year a management letter was issued, separate from the report, and the comment made was that there needed to be a mechanism for follow up for local return audit findings. A follow up was done this year and management did implement a follow up of the local audit findings. Letters are sent out to the cities of the audit findings and a database summarizing all audit findings is maintained to insure there is closure of those findings for the cities.

Chair Ham questioned whether TCBA has been the auditor for the life of Propositions A & C since 1998 and if they have, have the auditors that are working on this audit ever been changed.

The TCBA representative answered that TCBA was the original auditing firm and then the file was moved to another firm and is now back with TCBA. He also assured the members that the internal auditors are changed every 3-4 years to keep fresh eyes looking at the revenues and expenditures.

Ms. Holden added that every 5 years they recompetete the contract and the law requires it to be awarded to the lowest proposer.

Terry Matsumoto presented two slides regarding sales tax revenue. The information shown indicates that there has been growth to Prop A & C in relation to the last two fiscal years of decline. In addition, sales tax revenues have increased slightly from FY10 to FY11.

Chair Ham stated that last year, Mr. Matsumoto had reported that 7% of the money from the federal government stimulus package had been actually received or utilized. He asked if over the past year Metro has been able to receive the balance of those funds.

Mr. Matsumoto clarified that it wasn't really a matter of receiving the balance; it is a matter of spending it. He saw a report that we have spent over 90% of all the money that we have received from the inception to now. There are some monies that have been passed through to other cities in Los Angeles County and they perhaps are in the 80% range for spending.

Chair Ham inquired whether any City projects have been held up or halted due to lack of sales tax revenue.

Mr. Matsumoto responded that he has not heard of anything substantial being stopped due to low sales revenue monies. If there was a shortfall in local revenues, the stimulus kept those projects moving. That was the intention. Overall, in LA County, we've done a really good job of making sure that each City spent their money and if they couldn't, it was reallocated.

Chair Ham asked that the Long Range Transportation Plan list of current Metro construction projects estimated in Prop A & C funding be included in the Minutes:

Project	Proposition A	Proposition C
Orange Line Canoga Extension		84.2
Crenshaw/LAX	4.9	148.9
Expo Phase I	28.5	40.8
Expo Phase II	238.0	115.3
Gold Line Foothill Extension	75.6	
El Monte Transit Center Improvements		21.2
Patsaouras Plaza Improvements		2.5
Wilshire Bus Lane		4.5
Congestion Reduction Demonstration Project		31.4
Total (\$ in millions)	347.0	448.8

Emina Darakjy requested an update on the Goldline and asked if an email can be sent regarding what projects the Cities are spending their Prop A & C money on. Of particular interest is La Canada/Flintridge.

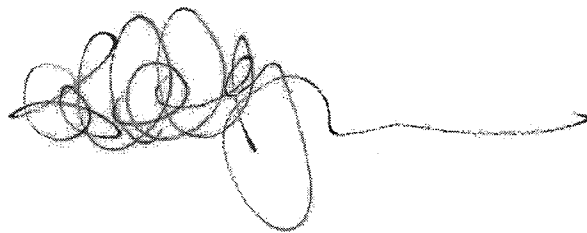
Mr. Matsumoto informed the Committee that due to the current developments regarding Redevelopment Agencies, there is a possibility that the current planned location for the maintenance facility may not be the final location.

3. APPROVED:

- A. **Notice of Intent to Hold Public Hearing;** and
- B. SCHEDULED a **Public Hearing** for Monday, April 9, 2012 at 11:00 a.m. ~~2:30 p.m.~~ to receive input on FY 2011 Audit of Propositions A & C Revenues and Expenditures.

4. Public Comment - none.

ADJOURNED at 11:29 a.m.

A handwritten signature in black ink, appearing to be 'Collette Langston', with a long horizontal line extending to the right.

Prepared by: Collette Langston  
Board Specialist