

AUDIT OVERSIGHT COMMITTEE MEETING FOR THE  
METROPOLITAN TRANSIT SYSTEM (MTS),  
SAN DIEGO TRANSIT CORPORATION (SDTC),  
AND SAN DIEGO TROLLEY, INC. (SDTI)

November 29, 2007

MTS  
1255 Imperial Avenue, Suite 1000, San Diego

MINUTES

A. ROLL CALL

1. Chairman Ewin called the meeting to order at 9:06 a.m. A roll call sheet listing Audit Oversight Committee member attendance is attached.

2. APPROVAL OF MINUTES

Mr. Mathis moved approval of the minutes of the November 1, 2007, Audit Oversight Committee meeting. Mr. Rindone seconded the motion, and the vote was 3 to 0 in favor.

B. AUDIT OVERSIGHT COMMITTEE DISCUSSION ITEMS

1. MTS: Fiscal Year 2007 Comprehensive Annual Financial Report (CAFR)  
(ADM 110.12)

Chairman Ewin stated that he appreciated all 94 pages of the CAFR including the supplemental material showing year-to-year comparisons. He stated that the new format is a lot easier to follow. Mr. Cliff Telfer, MTS Chief Financial Officer, stated that the new format is possible because MTS has transitioned from a planning and development agency to an operating agency.

Mr. Ken Pun, of Caporicci & Larson, reviewed the structure of the report as outlined in the Table of Contents. Mr. Pun confirmed for Chairman Ewin that the auditors were issuing an unqualified opinion. He also reported that the exit meeting has not been scheduled because there is a single audit left to be completed. He anticipated that everything would be completed on schedule by December 15, 2007, which is within in the six-week mandatory period. He stated that information that SANDAG is providing is required before the single audit can be completed, and SANDAG is aware of MTS's deadline. Mr. Rindone suggested that the CAFR be reviewed at the Board meeting prior to the Board meeting that occurs just before the deadline.

Ms. Linda Musengo, MTS Finance Manager, reported that the Fairfield project does not appear in the report because there has been very little MTS activity with regard to this project and because no revenue stream has started yet. Chairman Ewin requested that any information added to the report be provided to Committee members prior to the December 13, 2007, Board meeting, when the CAFR will be presented to the full Board.

In response to a question from Mr. Roberts, the Committee was referred to page A-58, and staff confirmed that the SDTI fund through CalPers is funded at 88.6 percent, and the SDTC fund is funded at 90.6 percent. Mr. Telfer reported that the actuarial valuation for FY 2007 should be ready for presentation at the Board's January 17, 2007, meeting and added that the numbers included in the CAFR represent FY 2006. In response to a question from Mr. Ewin, staff reported that MTS's contribution may be higher if the CalPers plan is underperforming. Mr. Roberts stated that he would like to see both plans funded at over 90 percent.

Mr. Telfer reported, in response to a comment by Mr. Roberts, that part of SDTC's plan is on a 40-year amortization schedule, as specified by the Transportation Development Act at the time the plan was implemented, while the newer benefits are on a 30-year amortization schedule. Mr. Roberts stated that he would like to see statistics on how the plan would be positioned if all benefits were amortized for 30 years. Mr. Ewin directed staff to present that information. Mr. Telfer stated that he would have the actuary make these calculations and present the results at the January 17, 2008, Board meeting. Mr. Roberts requested that the second paragraph on page A-54, which discusses actuarial assumptions, be rewritten to clarify the information provided there. Mr. Telfer informed Mr. Ewin that there is no MTS committee that monitors the SDTC pension plan but that there is an SDTC committee that reviews pension-related issues.

#### Action Taken

Mr. Mathis moved to receive the Fiscal Year 2007 Comprehensive Annual Financial Report and forward the report to the Board for it to take action to receive the report. Mr. Rindone seconded the motion, and the vote was 4 to 0 in favor.

#### C. COMMITTEE MEMBER COMMUNICATIONS AND OTHER BUSINESS

There were no Committee member communications or other business.

#### D. PUBLIC COMMENTS

There were no public comments.

#### E. NEXT MEETING DATE:

The next meeting will be held as needed.

#### F. ADJOURNMENT

Chairman Ewin adjourned the meeting at 9:35 a.m.

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Chairman