



Metro[®]

**PRESENTATION TO THE MEASURE M
INDEPENDENT TAXPAYER
OVERSIGHT COMMITTEE
MEASURE M LOCAL RETURN FUNDS
March 1, 2023**

/ AGENDA

- ❑ Scope of the Audits
- ❑ Levels of Assurance, Compliance Criteria and Auditing Standards Utilized
- ❑ Revenue and Expenditures of the County of Los Angeles and 39 Cities
- ❑ Overview of the Audit Results
- ❑ Details of Audit Results
- ❑ Material Weaknesses and Significant Deficiencies in Internal Control over Compliance
- ❑ Required Communications to the Measure M Oversight Committee
- ❑ Q&A
- ❑ Contact Information

SCOPE OF THE AUDITS

/ SCOPE OF THE AUDITS

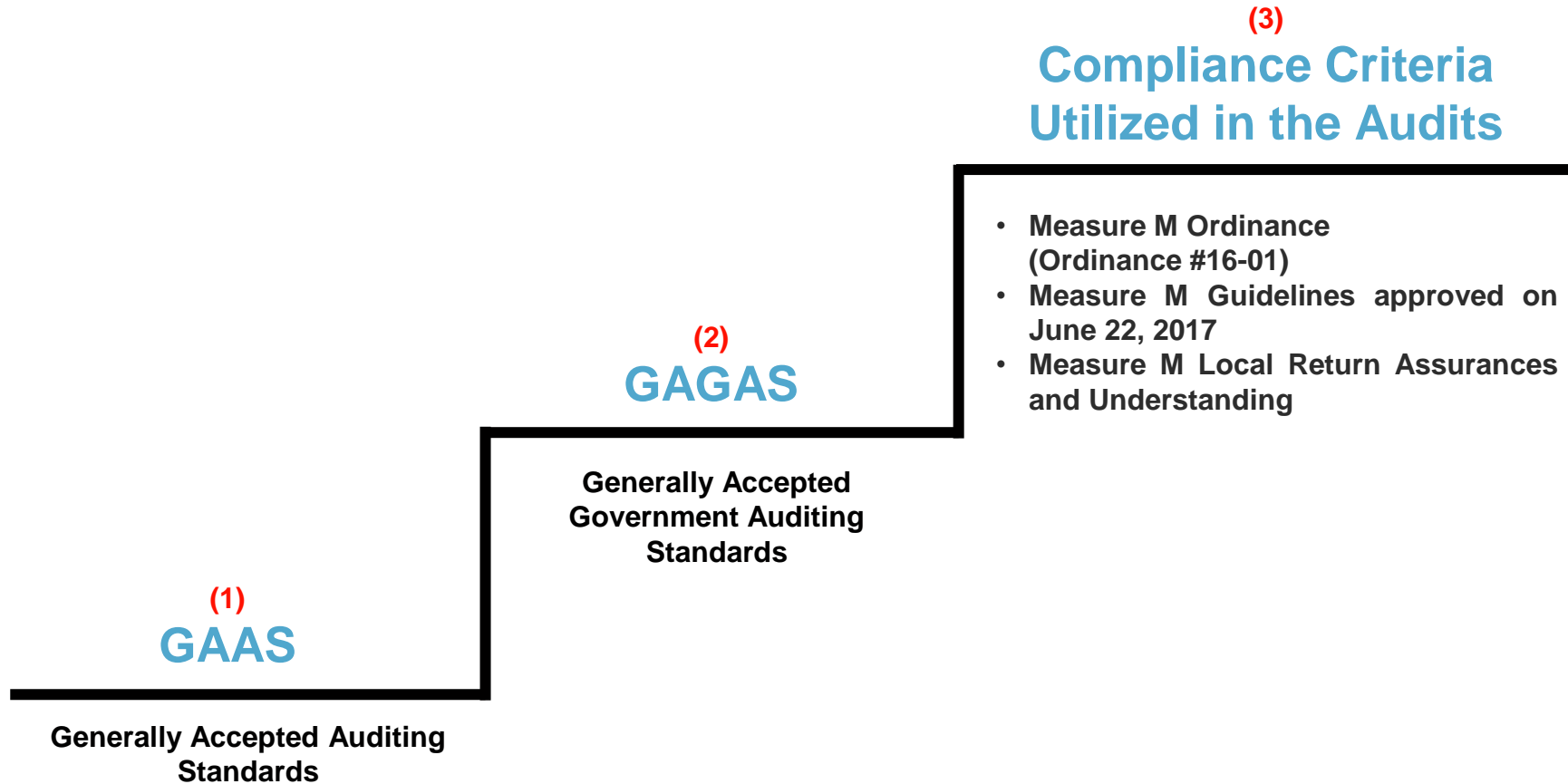
Financial and Compliance Audits of Measure M Local Return Funds held by the County of Los Angeles and 39 Cities under Package A

- | | | | |
|--------------------------|---------------------|-------------------|----------------------|
| 1. County of Los Angeles | 11. Compton | 21. Irwindale | 31. Rosemead |
| 2. Agoura Hills | 12. Cudahy | 22. La Puente | 32. San Fernando |
| 3. Azusa | 13. Culver City | 23. Lawndale | 33. Santa Fe Springs |
| 4. Baldwin Park | 14. El Monte | 24. Lynwood | 34. Santa Monica |
| 5. Bell | 15. Gardena | 25. Malibu | 35. South El Monte |
| 6. Bell Gardens | 16. Hawthorne | 26. Maywood | 36. South Gate |
| 7. Beverly Hills | 17. Hidden Hills | 27. Montebello | 37. Vernon |
| 8. Calabasas | 18. Huntington Park | 28. Monterey Park | 38. Walnut |
| 9. Carson | 19. Industry | 29. Pico Rivera | 39. West Hollywood |
| 10. Commerce | 20. Inglewood | 30. Pomona | 40. Westlake Village |



LEVELS OF ASSURANCE, COMPLIANCE CRITERIA AND AUDITING STANDARDS UTILIZED

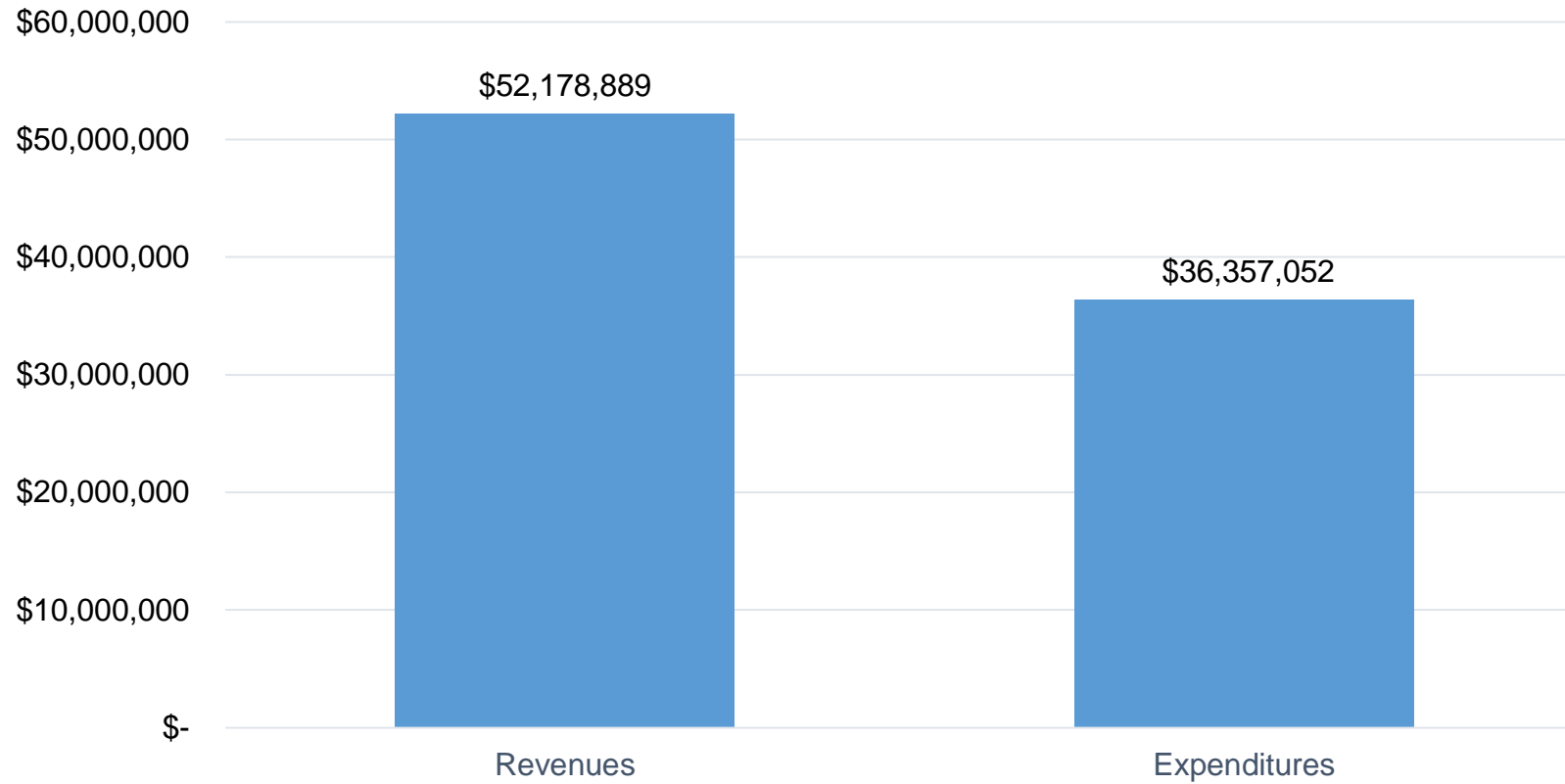
/ LEVELS OF ASSURANCE, COMPLIANCE CRITERIA AND AUDITING STANDARDS UTILIZED



REVENUE AND EXPENDITURES OF THE COUNTY OF LOS ANGELES AND 39 CITIES

REVENUE AND EXPENDITURES OF THE COUNTY OF LOS ANGELES AND 39 CITIES

FY 2022 Revenues and Expenditures



OVERVIEW OF THE AUDIT RESULTS

/ OVERVIEW OF THE AUDIT RESULTS

FY 2022 Summary of Audit Results

- Dollars associated with the findings have increased from \$397,549 in FY2021 to \$938,374 in FY2022 audit.
- **This represents** about 2.6% of the total Measure M FY2022 allocations of \$36,357,052 to the County of Los Angeles and the 39 cities under Package A.

Questioned Costs

- The questioned cost of \$938,374 relates to Measure M funds expended on eligible projects prior to Metro's approval.

All of these were resolved during the audit.

DETAILS OF AUDIT RESULTS

/ DETAILS OF AUDIT RESULTS

Our findings are as follows:

A. Funds were expended prior to Metro’s approval.

- Compliance Reference: Section XXV of the Measure M Local Return Program Guidelines, Administrative, Expenditure Plan (Form M-One or electronic equivalent) states that, “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1st of each year”.
- Number of cities involved: 4 of 39 cities
- Questioned costs for 2022:

	Total Expenditures Claimed for 2022	Questioned	Resolved During the Audit	Report Reference
1. Bell	\$ 46,847	\$ 30,428	\$ 30,428	Finding #2022-001, Page 8
2. Calabasas	249,934	41,656	41,656	Finding #2022-003, Page 10
3. Compton	844,843	813,333	813,333	Finding #2022-004, Page 12
3. Montebello	2,398,739	52,957	52,957	Finding #2022-005, Page 14
	<u>\$ 3,540,363</u>	<u>\$ 938,374</u>	<u>\$ 938,374</u>	

/ DETAILS OF AUDIT RESULTS

B. Expenditure Plan (Form M-One or electronic equivalent was not submitted timely.)

- Compliance Reference: Section XXV of the Measure M Local Return Program Guidelines, Administrative, Expenditure Plan (Form M-One or electronic equivalent) states that, “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form M-One), annually, by August 1st of each year”.
- Number of cities involved: 3 of 39 cities
 - **City of Bell Gardens (Finding #2022-002, Page 9)**
 - **City of South Gate (Finding #2022-006, Page 16)**
 - **City of Vernon (Finding #2022-007, Page 17)**
- Questioned costs for 2022: **None**

MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

/ MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

(1) Material Weakness (repeat finding)

City of Calabasas

Finding #2022-003

- The City claimed expenditures under MMLRF Project Code 640, Direct Administration, totaling \$41,656 prior to Metro's approval.
- This is a repeat finding from prior years' audit.

/ MATERIAL WEAKNESSES AND SIGNIFICANT DEFICIENCIES IN INTERNAL CONTROL OVER COMPLIANCE

(2) Significant Deficiencies (Repeat Findings):

City of Compton

Finding #2022-004

- The City claimed expenditures under MMLRF Project Code 715, Bond Payment for Street Road Improvements, totaling \$813,333 prior to Metro's approval.
- This is a repeat finding from prior year's audit in relation to the prior period adjustment to recognize the bond payment of \$207,115.

City of Montebello

Finding #2022-005

- The City claimed expenditures of \$52,957 under the following MMLRF project prior to Metro's approval.
 - a. Project code 490, Sales Tax Revenue Bonds, totaling \$1,605; and
 - b. Project code 640, Administrative Overhead, totaling \$51,352
- This is a repeat finding from prior year's audit

REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE

/ REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE

Professional standards require independent accountants to discuss with those in charge of governance matters of importance which arise during the course of their audit as well as significant matters concerning the audited jurisdictions' internal controls and the preparation and composition of the financial statements. We therefore present the following information required to be communicated to the Measure M Oversight Committee based upon the results of our audit of the Measure M Local Return Funds of the County of Los Angeles and the 39 cities.

/ REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE, CONTINUED

Management's Responsibility

Management of the jurisdictions has primary responsibility for the accounting principles used, their consistency, application and clarity.

Consultations with Other Accountants

We are not aware of any consultations by management of the jurisdictions with other accountants about accounting or auditing matters.

Difficulties with Management

We did not encounter any difficulties with management of the jurisdictions while performing our audit procedures.

/ REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE, CONTINUED

Disagreements with Management

We encountered no disagreements with management of the jurisdictions on financial accounting and reporting matters.

Significant Accounting Policies

The jurisdictions' significant accounting policies are appropriate and were consistently applied.

Controversial Issues

No significant or unusual transactions or accounting policies in controversial or emerging areas for which there is lack of authoritative guidance or consensus were identified.

/ REQUIRED COMMUNICATIONS TO THE MEASURE M OVERSIGHT COMMITTEE, CONTINUED

Irregularities, Fraud or Illegal Acts

No irregularities, fraud or illegal acts came to our attention as a result of our audit procedures.

Management Representations

The jurisdictions provided us with a signed copies of the management representation letters prior to issuance of our auditor's opinions.

QUESTIONS

/ CONTACT INFORMATION

Vasquez + Company LLP has over 50 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, governmental entities, and publicly traded companies. Vasquez is a member of the RSM US Alliance.

RSM US Alliance provides its members with access to resources of RSM US LLP. RSM US Alliance member firms are separate and independent businesses and legal entities that are responsible for their own acts and omissions, and each are separate and independent from RSM US LLP. RSM US LLP is the U.S. member firm of RSM International, a global network of independent audit, tax, and consulting firms.

Members of RSM US Alliance have access to RSM International resources through RSM US LLP but are not member firms of RSM International. Visit rsmus.com/about us for more information regarding RSM US LLP and RSM International. **The RSM™ logo is used under license by RSM US LLP. RSM US Alliance products and services are proprietary to RSM US LLP.**



Cristy Canieda, CPA, CGMA
213-873-1720 OFFICE
ccanieda@vasquezcpa.com

Roger Martinez, CPA
213-873-1703 OFFICE
ram@vasquezcpa.com

Marialyn Labastilla, CPA, CGMA
213-873-1738 OFFICE
mlabastilla@vasquezcpa.com

www.vasquez.cpa

Los Angeles \ San Diego \ Irvine \ Sacramento \
Fresno \ Phoenix \ Las Vegas \ Manila, PH

\ 213-873-1700
\ solutions@vasquezcpa.com

Thank you for your time and attention.