



Metro[®]

**PRESENTATION
TO THE MEASURE M
INDEPENDENT TAXPAYER
OVERSIGHT COMMITTEE
MEASURE M LOCAL
RETURN FUNDS
(Package A)**

March 5, 2025

/ Table of Contents

Scope of the Audits	2
Levels of Assurance, Compliance Criteria and Auditing Standards Utilized	4
Revenue and Expenditures of the County of Los Angeles and 39 Cities	6
Overview of the Audit Results	8
Details of Audit Results	10
Material Weaknesses in Internal Control over Compliance	14
Required Communications to the Measure M Independent Taxpayer Oversight Committee	17
Questions	22
Contact Information	23

/ 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

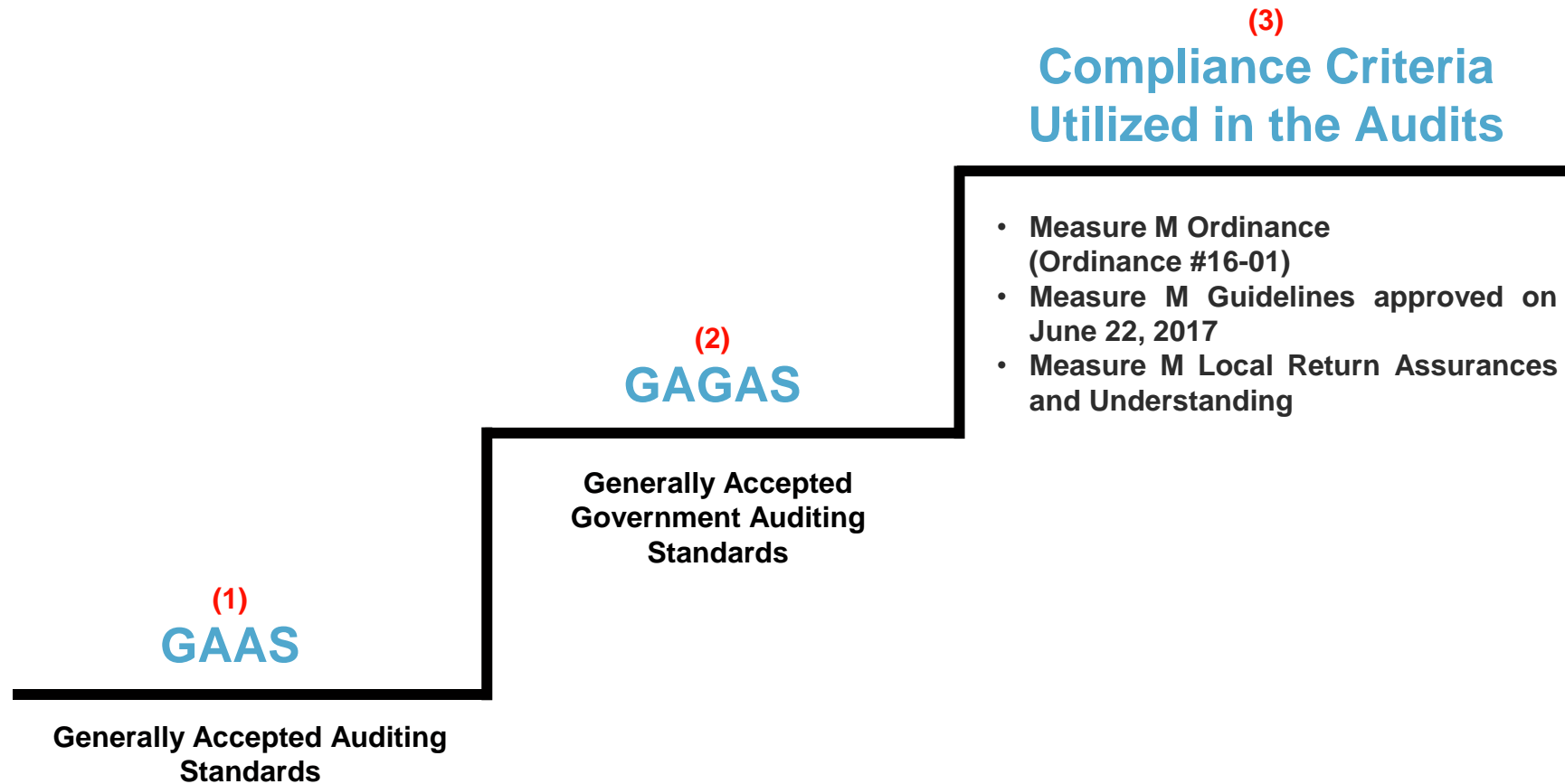
1. County of Los Angeles
2. Agoura Hills
3. Azusa
4. Baldwin Park
5. Bell
6. Bell Gardens
7. Beverly Hills
8. Calabasas
9. Carson
10. Commerce
11. Compton
12. Cudahy
13. Culver City
14. El Monte
15. Gardena
16. Hawthorne
17. Hidden Hills
18. Huntington Park
19. Industry
20. Inglewood
21. Irwindale
22.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



/ Levels of Assurance, Compliance Criteria and Auditing Standards Utilized



/ Levels of Assurance, Compliance Criteria and Auditing Standards Utilized

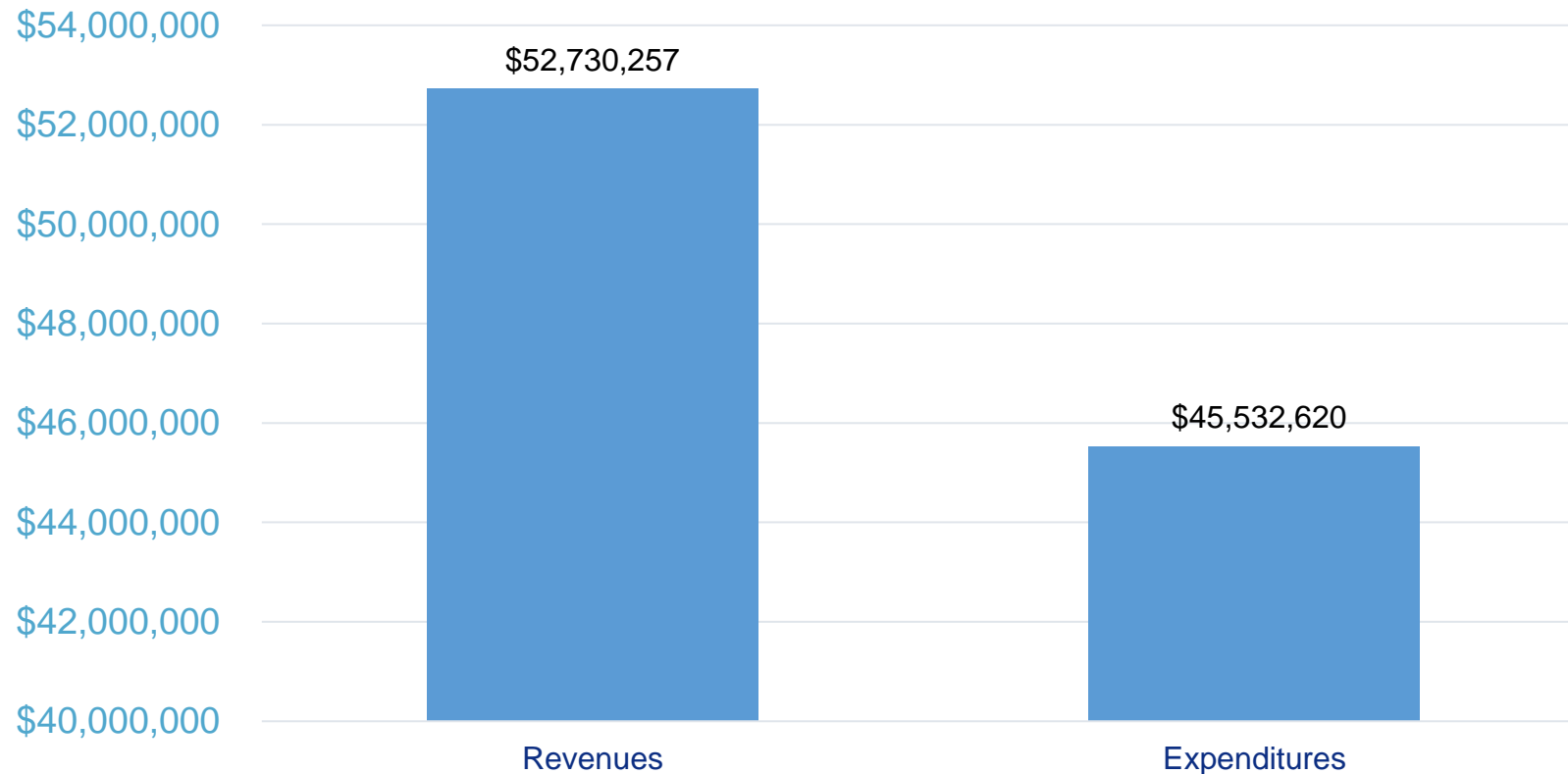


/ Revenue and Expenditures of the County of Los Angeles and 39 Cities



/ Revenue and Expenditures of the County of Los Angeles and 39 Cities

FY 2024 Revenues and Expenditures



/ Overview of the Audit Results



/ Overview of the Audit Results

FY 2024 Summary of Audit Results

- Dollars associated with the findings have increased from \$0 in FY2023 to \$462,487 in FY2024 audit.
- This represents about 0.88% of the total Measure M FY2024 allocations of \$52,730,257 to the County of Los Angeles and the 39 cities under Package A.

Questioned Costs

- \$323,361 of the questioned costs relates to Measure M funds expended on eligible projects prior to Metro's approval.
- \$139,126 of the questioned cost relates to unused funds which lapsed as of June 30, 2024. The cities received a one-year extension to use the lapsed funds.

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 Administrative, Reporting Requirements, Expenditure Plan (8/1 Table) of the Measure M Local Return Guidelines states that, “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (8/1 Table), annually, by August 1st of each year”.
- Number of cities involved: 3 of 39 cities
- Questioned costs for 2024:

	Total Expenditures Claimed for 2024	Questioned	Resolved During the Audit	Report Reference
1. Culver City	\$ 403,795	\$ 311,950	\$ 311,950	Finding #2024-003, Page 10
2. Maywood	1,300,200	2,288	2,288	Finding #2024-006, Page 14
3. South Gate	2,295,972	9,123	9,123	Finding #2024-007, Page 15
	\$ 3,999,967	\$ 323,361	\$ 323,361	

/ Details of Audit Results, continued

B. Funds were not used in a timely manner.

- Compliance Reference: Section XXV Lapsing Requirements of Measure M Local Return Guidelines states that “Measure M LR funds have five (5) years to be expended. Funds must be expended within five years of the last day of the fiscal year in which funds were originally allocated or received. A First- In-First-Out (FIFO) method of calculation will be used to determine any lapsing of funds. The Measure M LR allocation, interest income and other income earned from LR projects (such as revenues from advertising) which are not expended within the allocated time, will consequently lapse, and be returned to Metro upon request, for reallocation to Jurisdictions on a per capita basis.”

Number of cities involved: 2 of 39 cities

Questioned costs for 2024:

	Total Expenditures Claimed for 2024	Questioned	Resolved During the Audit	Report Reference
1. Cudahy	\$ 38,270	\$ 119,107	\$ 119,107	Finding #2024-002, Page 9
2. Hidden Hills	-	20,019	20,019	Finding #2024-004, Page 11
	<u>\$ 38,270</u>	<u>\$ 139,126</u>	<u>\$ 139,126</u>	

The Cities were granted a one-year extension for the use of the lapsed funds.

/ Details of Audit Results, continued

C. Accounting procedures, recordkeeping and documentation were not adequate.

- Compliance Reference: Measure M Local Return Guidelines Section XXV, states that, “It is each Jurisdiction’s responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines”.

Number of cities involved: 2 of 39 cities

- [City of Compton](#) (Finding #2024-001, page 7 of the report)
- [City of Huntington Park](#) (Finding #2024-005, page 12 of the report)

Questioned costs for 2024: None

/ Material Weaknesses in Internal Control Over Compliance



/ Material Weaknesses in Internal Control Over Compliance

City of Compton

Finding #2024-001

- During the fiscal years 2017 through 2021, the City lost several key employees in the Finance and Accounting department. As such, there were delays in the closing of the City's books for the fiscal year 2024 and prior years. As of December 24, 2024, the accounting personnel and support staff were working towards closing the books and providing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
- A disclaimer of opinion was issued on the City's MMLRF financial statements as of and for the year ended June 30, 2024.

/ Material Weaknesses in Internal Control Over Compliance, continued

City of Huntington Park

Finding #2024-005

- During the fiscal years 2021 through 2024, the City lost several key employees, particularly in the Finance and Accounting Department. This resulted in delays in closing the City's books for the fiscal year 2024 and prior years. As of December 24, 2024, the accounting personnel and support staff were working towards closing the books and providing the closing entries, trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors.
- A qualified opinion was issued on the City's MMLRF financial statements as of and for the year ended June 30, 2024.

/ Required Communications to the Measure M Independent Taxpayer Oversight Committee



/ Required Communications to the Measure M Independent Taxpayer 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 Independent Taxpayer 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 Independent Taxpayer 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 Independent Taxpayer 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 Independent Taxpayer 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 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, tax, accounting, and consulting services for all types of nonprofit organizations, governmental entities, and private companies. We are the largest minority-controlled accounting firm in the United States and the only one to have global operations and certified as MBE with the Supplier Clearinghouse for the Utility Supplier Diversity Program of the California Public Utilities Commission.

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**Thank you for your
time and attention!**

