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

March 6, 2024

/ 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 Weakness in Internal Control over Compliance
- Required Communications to the Measure M Independent Taxpayer Oversight Committee
- Q&A
- Contact Information

SCOPE OF THE AUDITS

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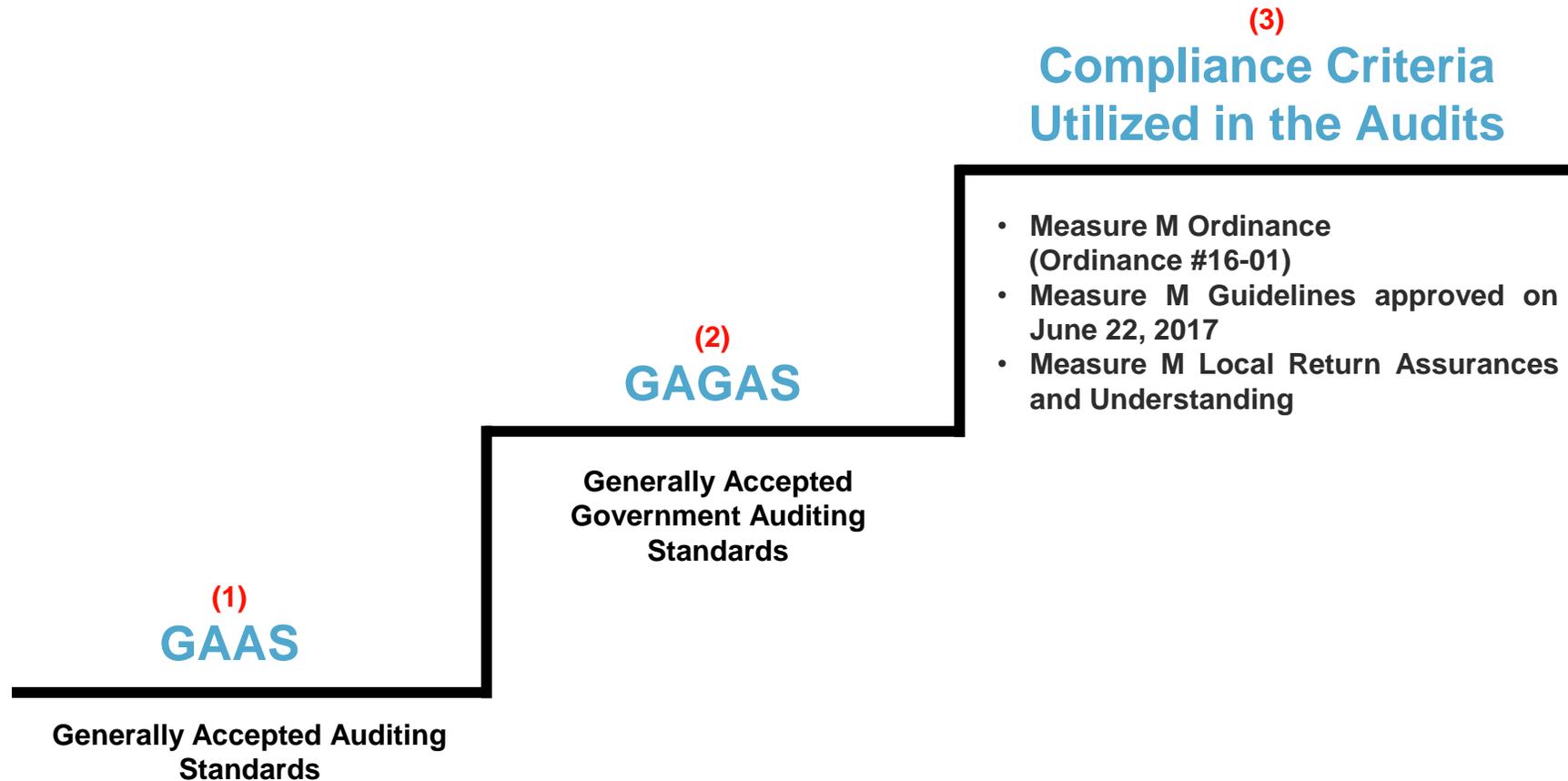
Financial and Compliance Audits of Measure M Local Return Funds held by the County of Los Angeles and 39 Cities under Package A

- | | | | |
|--------------------------|---------------------|-------------------|----------------------|
| 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

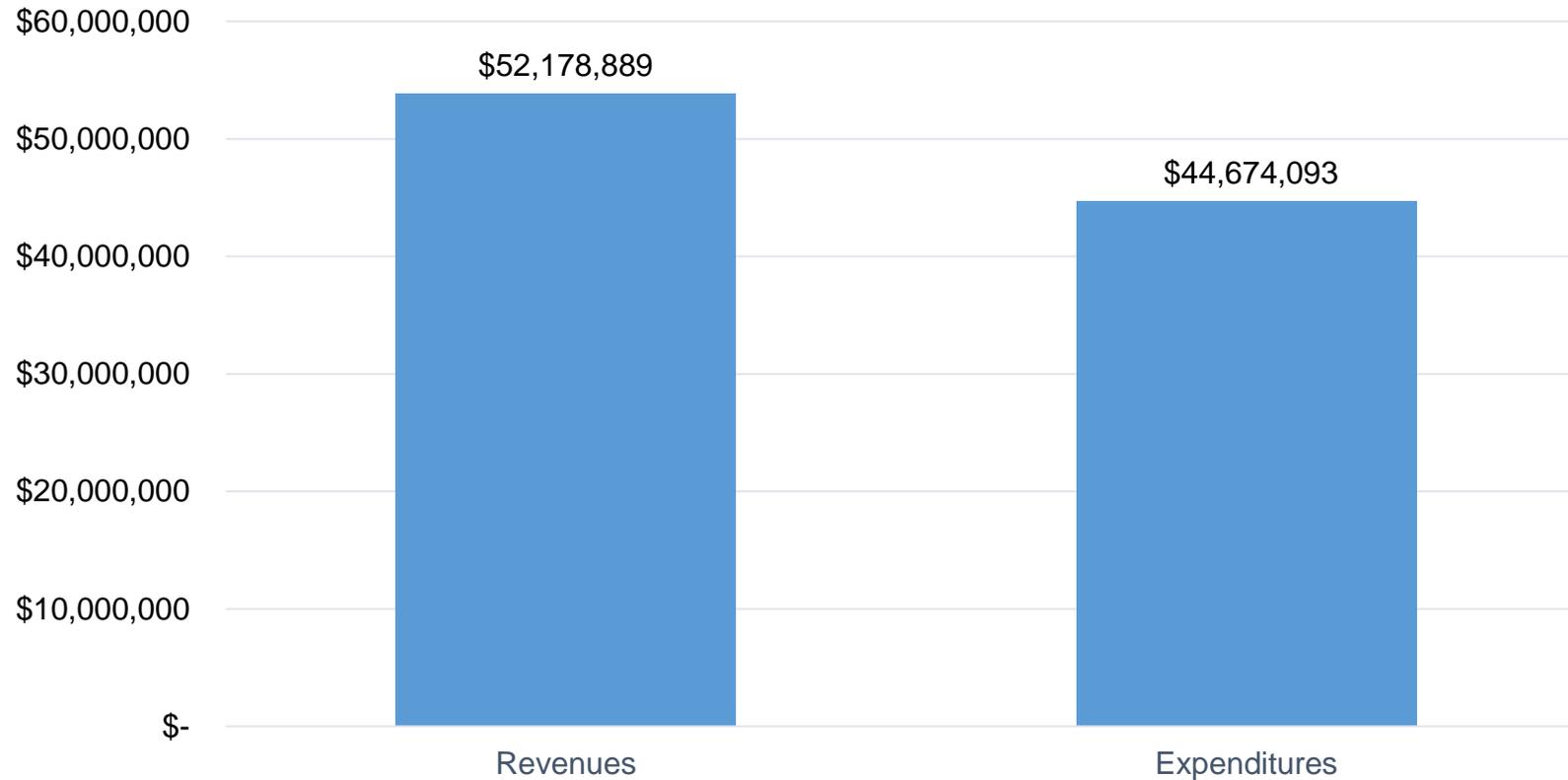
/ LEVELS OF ASSURANCE, COMPLIANCE CRITERIA AND AUDITING STANDARDS UTILIZED



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 2023 Revenues and Expenditures



OVERVIEW OF THE AUDIT RESULTS

/ OVERVIEW OF THE AUDIT RESULTS

FY 2023 Summary of Audit Results

- Dollars associated with the findings have decreased from \$938,374 in FY2022 to \$0 in FY2023 audit.

Questioned Costs

- There were no questioned costs during FY2023.

DETAILS OF AUDIT RESULTS

/ DETAILS OF AUDIT RESULTS

Our findings are as follows:

A. Annual Expenditure Report (Actuals Entry) was not submitted timely.

- Compliance Reference: Section XXV, Administrative, Reporting Requirements Annual Expenditure Report (Actuals Entry) of Measure M Local Return Guidelines states that “Jurisdiction shall submit on or before October 15th of each fiscal year an Annual Expenditure Report (Actuals Entry) to provide an update on previous year LR fund receipts and expenditures.”
- Number of cities involved: 1 of 39 cities
 - **City of Lynwood (Finding #2023-002, Page 10 of the report)**
- Questioned costs for 2023: **None**

/ DETAILS OF AUDIT RESULTS, CONTINUED

B. Accounting procedures, record keeping and documentation are adequate.

- Compliance Reference: Section XXV of the Measure M Local Return Guidelines states that, “It is the jurisdictions’ responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines”.
- Number of cities involved: 1 of 39 cities
 - **City of Huntington Park (Finding #2023-001, Page 8)**
- Questioned costs for 2023: **None**

MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

/ MATERIAL WEAKNESS IN INTERNAL CONTROL OVER COMPLIANCE

City of Huntington Park

Finding #2023-001

- During the fiscal years 2021 through 2023, the City lost several key employees, particularly in the Finance and Accounting Department. As such, there were delays in the closing of the City's books for the fiscal year 2023 and prior years. Currently, the accounting personnel and support staff are working towards closing the books and providing the closing entries, trial balances, schedules, reconciliations, account analysis, 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, 2023.

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

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Thank you for your time and attention.