



Metro[®]

**PRESENTATION
TO THE MEASURE R
INDEPENDENT TAXPAYERS
OVERSIGHT COMMITTEE
AUDIT RESULTS OF MEASURE R
LOCAL RETURN FUNDS
Package A**

March 9, 2026



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/ Scope of the Audits



/ Scope of the Audits

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

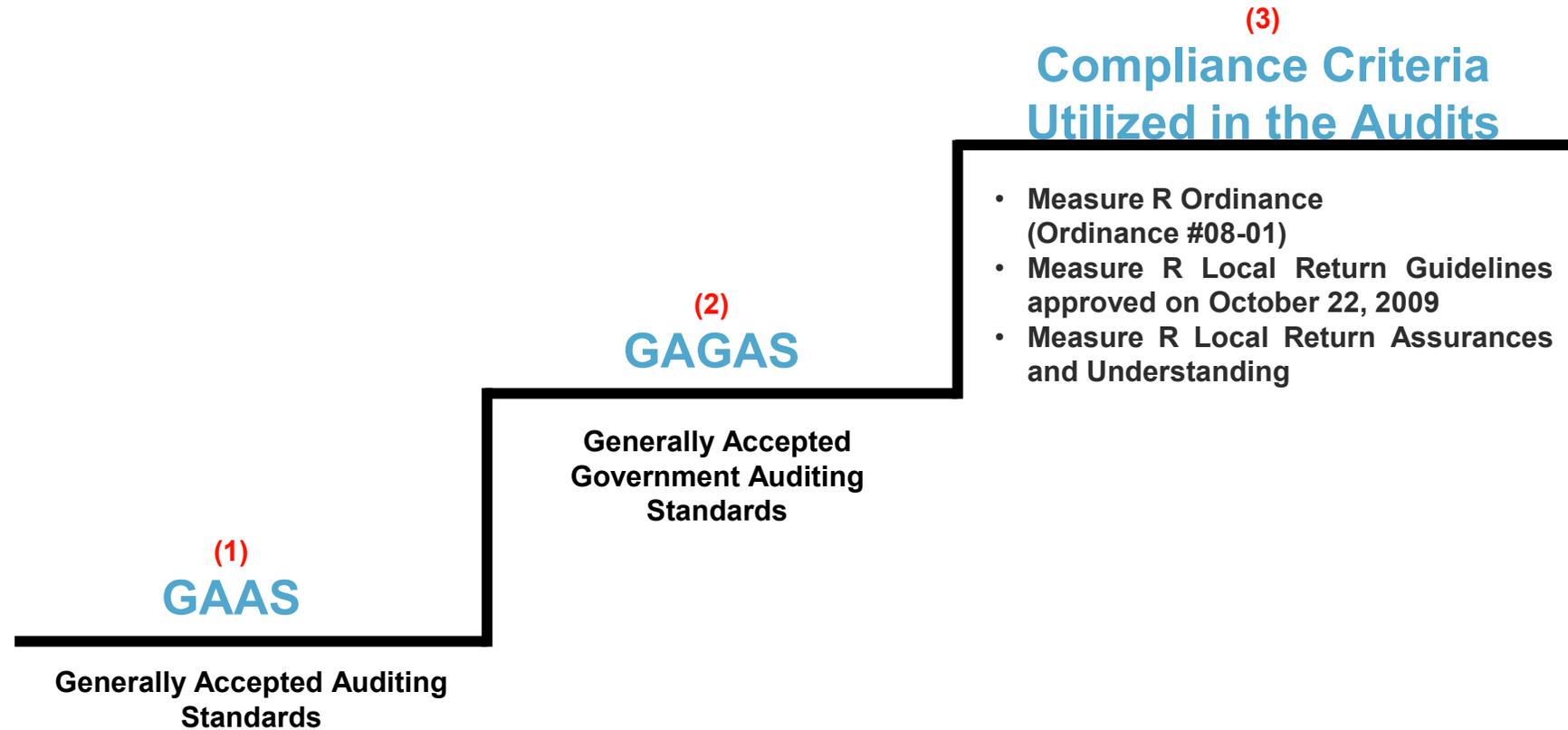
1. County of Los Angeles
2. Agoura Hills
3. Azusa
4. Baldwin Park
5. Bell
6. Bell Gardens
7. Beverly Hills
8. Calabasas
9. Carson
10. Commerce
11. Compton
12. Cudahy
13. Culver City
14. El Monte
15. Gardena
16. Hawthorne
17. Hidden Hills
18. Huntington Park
19. Industry
20. Inglewood
21. Irwindale
22. 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

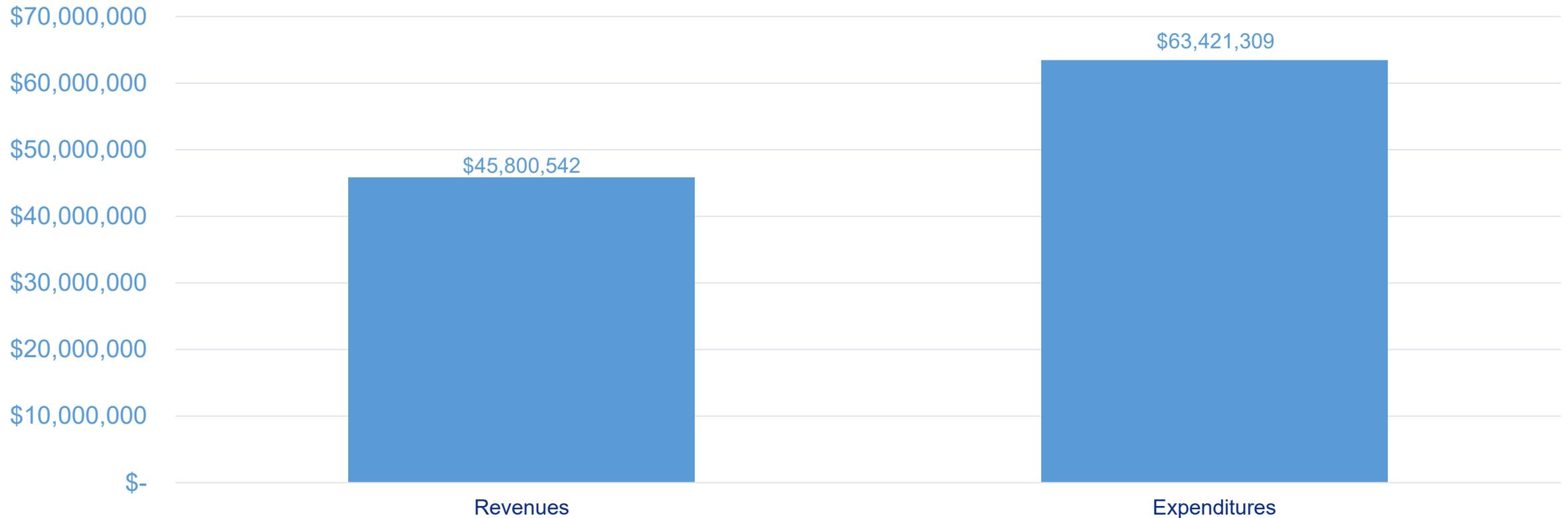


/ Revenue and Expenditures of the County of Los Angeles and 39 Cities



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

FY 2025 Revenues and Expenditures



/ Overview of the Audit Results



/ Overview of the Audit Results

FY 2025 Summary of Audit Results

- Dollars associated with the findings have decreased from \$2,662,109 in FY2024 to \$818,372 in FY2025 audit.
- This represents about 1.79% of the total Measure R FY2025 allocations of \$45,800,542 to the County of Los Angeles and 39 cities under Package A.

Questioned Costs

- The questioned cost of \$804,532 relates to Measure R funds expended on eligible projects prior to Metro's approval.
- The questioned cost of \$13,840 relates to administrative expenses more than the 20% cap.

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 B(II) Expenditure Plan (Form One) of the Measure R Local Return Program Guidelines state that, “To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One), annually, by August 1st of each year”.
- Number of cities involved: 4 of 39 cities
- Questioned costs for 2025:

	Total Expenditures Claimed for 2025	Questioned	Resolved During the Audit	Report Reference
1. Cudahy	\$ 95,755	\$ 29,045	\$ 29,045	Finding #2025-003, Page 11
2. Culver City	377,855	377,855	377,855	Finding #2025-005, Page 13
3. Huntington Park	727,954	300,000	300,000	Finding #2025-006, Page 15
4. San Fernando	491,233	97,632	97,632	Finding #2025-009, Page 19
	\$ 1,692,797	\$ 804,532	\$ 804,532	

/ Details of Audit Results, Continued

B. Administrative expenses were within the 20% cap.

- Compliance Reference: Section A II 8 Transportation and Administration of the Measure R Local Return Guidelines states that, “Transportation Administration expenditures for those administrative costs associated with and incurred for the aforementioned eligible projects/programs. Direct administration includes those fully burdened costs that are directly associated with administering LR program or projects, and includes salaries and benefits, office supplies and equipment, and other overhead costs. All costs must be associated with developing, maintaining, monitoring, coordinating, reporting and budgeting specific LR project(s). Expenditures must be reasonable and appropriate to the activities undertaken by the locality. The administrative expenditures for any year shall not exceed twenty percent (20%) of the total LR annual expenditures.”
- Number of cities involved: 1 of 39 cities
 - City of Cudahy (Finding #2025-004, Page 12)
- Questioned costs for 2025: \$13,840

/ Details of Audit Results, Continued

C. The Expenditure Plan (Form One or electronic equivalent) was submitted on time.

- Compliance Reference: Section II(B) Expenditure Plan (Form One) of the Measure R Local Return Guidelines states, “To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdictions shall submit to LACMTA an Expenditure Plan (Form One), annually, by August 1st of each year”.
- Number of cities involved: 2 of 39 cities
 - City of Calabasas (Finding #2025-001, Page 8)
 - City of Huntington Park (Finding #2025-007, Page 16)
- Questioned costs for 2025: None

/ Details of Audit Results, Continued

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

- Compliance Reference: Section VII of the Measure R Local Return Program 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: 2 of 39 cities
 - City of Compton (Finding #2025-002, Page 9)
 - City of Huntington Park (Finding #2025-008, Page 17)
- Questioned costs for 2025: None

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance



/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance

(1) Material Weaknesses

City of Compton

Finding #2025-002

- During the fiscal years 2017 through 2025, the City lost several key employees in the Finance and Accounting department. As a result, there were delays in the closing of the City's books for the fiscal year 2025 and prior years. As of December 30, 2025, accounting personnel and support staff are working toward closing the books and preparing 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 MRLRF financial statements as of and for the year ended June 30, 2025.

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance, Continued

(2) Material Weaknesses

City of Huntington Park

Finding #2025-008

- During the fiscal years 2021 through 2025, 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 2025 and prior years. As of December 29, 2025, the accounting personnel and support staff are working toward closing the books and preparing 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 MRLRF financial statements as of and for the year ended June 30, 2025.

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance, Continued

(4) Significant Deficiency (repeat finding)

City of Cudahy

Finding #2025-004

- The City claimed MRLRF administrative expenses in excess of the 20% cap, totaling \$3,023.
- This is a repeat finding from prior year's audit relating to the MRLRF's prior period adjustment which increased the FY2023/24 expenditures for Project Code 630, Fund Administration to \$13,274, resulting in an excess of \$10,817.

/ Material Weaknesses and Significant Deficiencies in Internal Control Over Compliance, Continued

(3) Significant Deficiency (repeat finding)

City of Culver City

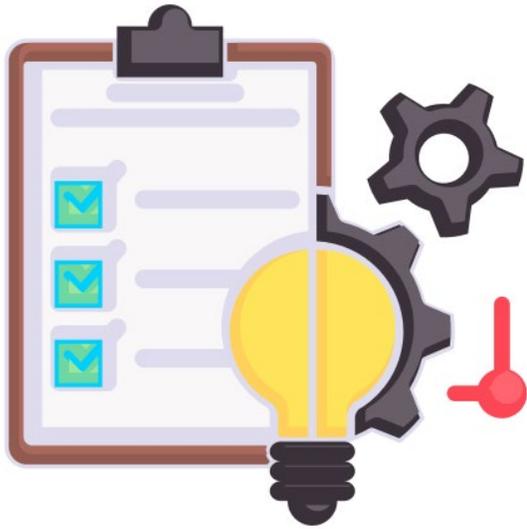
Finding #2025-005

- The City claimed expenditures totaling \$377,855 with no prior approval from Metro.
- This is a repeat finding from prior year.

/ Required Communications to the Measure R Independent Taxpayers Oversight Committee



/ Required Communications to the Measure R 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 R Independent Taxpayer Oversight Committee based upon the results of our audit of the Measure R Local Return Funds of the County of Los Angeles and the 39 cities.

/ Required Communications to the Measure R 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 R 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 R 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 55 years of experience in performing audit, accounting, and consulting services for all types of private companies, nonprofit organizations, and governmental entities.

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

