



Metro[®]

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

March 5, 2025



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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

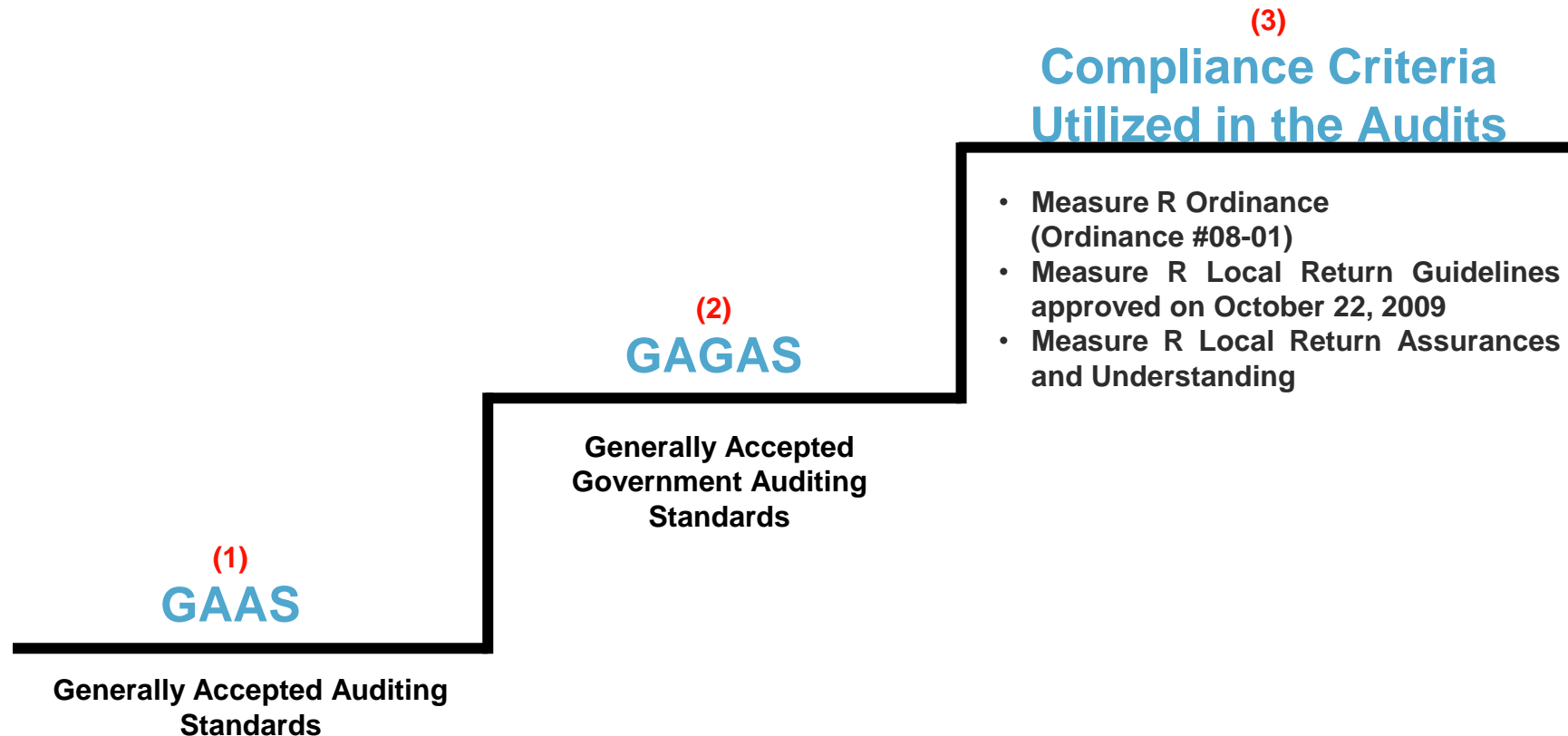
1. County of Los Angeles
2. Agoura Hills
3. Azusa
4. Baldwin Park
5. Bell
6. Bell Gardens
7. Beverly Hills
8. Calabasas
9. Carson
10. Commerce
11. Compton
12. Cudahy
13. Culver City
14. El Monte
15. Gardena
16. Hawthorne
17. Hidden Hills
18. Huntington Park
19. Industry
20. Inglewood
21. Irwindale
22.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

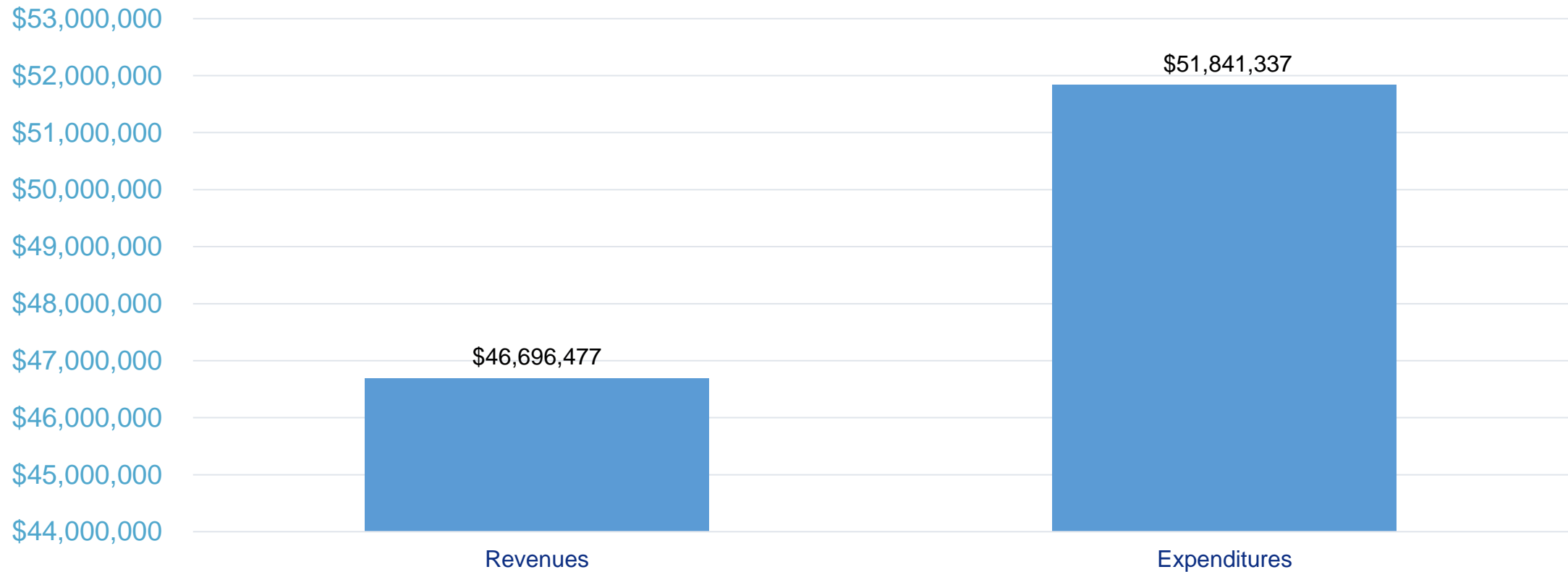


/ Revenue and Expenditures of the County of Los Angeles and 39 Cities



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

FY 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 \$341,654 in FY2023 to \$2,662,109 in FY2024 audit.
- This represents about 5.70% of the total Measure R FY2024 allocations of \$46,696,447 to the County of Los Angeles and 39 cities under Package A.

Questioned Costs

- The questioned cost of \$2,662,109 relates to Measure R 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 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 2024:

	Total Expenditures Claimed for 2024	Questioned	Resolved During the Audit	Report Reference
1. Carson	\$ 3,544,160	\$ 757,313	\$ 757,313	Finding #2024-001, Page 8
2. Culver City	592,131	73,479	73,479	Finding #2024-003, Page 11
3. Maywood	1,674,145	61,524	61,524	Finding #2024-005, Page 14
4. South Gate	3,999,212	1,769,793	1,769,793	Finding #2024-006, Page 15
	\$ 9,809,648	\$ 2,662,109	\$ 2,662,109	

/ Details of Audit Results, continued

B. 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 #2024-002, Page 9)
 - City of Huntington Park (Finding #2024-004, Page 12)
- Questioned costs for 2024: None

/ Material Weaknesses and Significant Deficiency in Internal Control Over Compliance



/ Material Weaknesses and Significant Deficiency in Internal Control Over Compliance

(1) Material Weaknesses

City of Compton

Finding #2024-002

- 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 MRLRF financial statements as of and for the year ended June 30, 2024.

/ Material Weaknesses and Significant Deficiency in Internal Control Over Compliance, continued

(2) Material Weaknesses

City of Huntington Park

Finding #2024-004

- 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 MRLRF financial statements as of and for the year ended June 30, 2024.

/ Material Weaknesses and Significant Deficiency in Internal Control Over Compliance, continued

(3) Significant Deficiency (repeat finding)

City of South Gate

Finding #2024-006

- The City claimed expenditures totaling \$1,769,793 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 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.

We are clients of the **RSM Professional Services+ Practice**. As a client, we have access to the Professional Services+ Collaborative, a globally connected community that provides access to an ecosystem of capabilities, collaboration and camaraderie to help professional services firms grow and thrive in a rapidly changing business environment. As a participant in the PS+ Collaborative, we have the opportunity to interact and share best practices with other professional services firms across the U.S. and Canada.

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

