



Metro[®]

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

March 4, 2026



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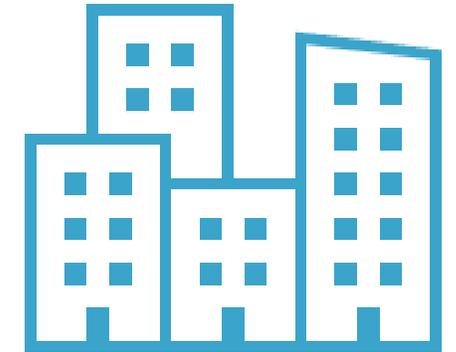
/ Scope of the Audits



/ 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



(1)
GAAS
Generally Accepted Auditing Standards

(2)
GAGAS
Generally Accepted Government Auditing Standards

(3)
Compliance Criteria Utilized in the Audits

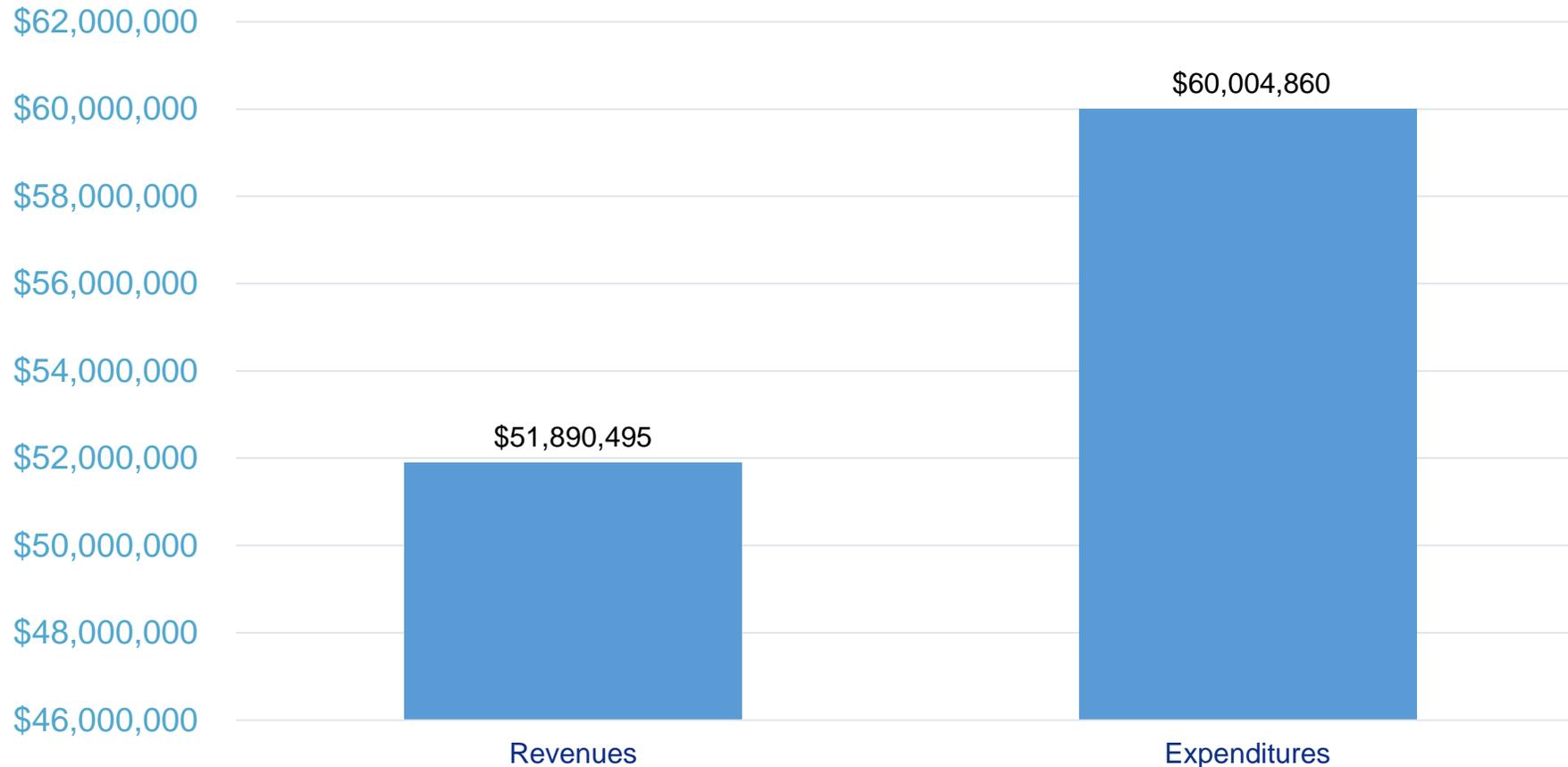
- Measure M Ordinance (Ordinance #16-01)
- Measure M Guidelines approved on June 22, 2017
- Measure M Local Return Assurances and Understanding

/ 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 increased from \$462,487 in FY2024 to \$1,455,381 in FY2025 audit.
- This represents about 2.80% of the total Measure M FY2025 allocations of \$51,890,495 to the County of Los Angeles and the 39 cities under Package A.

Questioned Costs

- \$1,342,417 of the questioned costs relates to Measure M funds expended on eligible projects prior to Metro's approval.
- \$112,964 of the questioned cost relates to administrative expenses above 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: Measure M Local Return Guidelines 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: 4 of 39 cities
- Questioned costs for 2025:

	Total Expenditures Claimed for 2025	Questioned	Resolved During the Audit	Report Reference
1. Cudahy	\$ 283,468	\$ 8,850	\$ 8,850	Finding #2025-003, Page 10
2. Culver City	1,126,484	864,786	864,786	Finding #2025-005, Page 12
3. Lynwood	1,044,545	26,368	26,368	Finding #2025-008, Page 17
4. San Fernando	837,761	442,413	442,413	Finding #2025-009, Page 18
	\$ 3,292,258	\$ 1,342,417	\$ 1,342,417	

/ Details of Audit Results, Continued

B. Administrative expenses are within the 20% cap.

- Compliance Reference: Section XXV 9 Transportation Administration of the Measure R Local Return Guidelines states that, “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, 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 11 of the report)

Questioned costs for 2025: \$112,964

/ Details of Audit Results, Continued

C. Expenditure Plan (Form M-One) was submitted on time.

- Compliance Reference: Measure M Local Return Guidelines Administrative Section Expenditure Plan (Form M-One) of the Measure M Local Return Guidelines states, “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdictions shall submit to Metro an Expenditure Plan (Form M-One) annually by August 1 of each year”.

Number of cities involved: 2 of 39 cities

- City of Calabasas (Finding #2025-001, page 7 of the report)
- City of Huntington Park (Finding #2025-006, page 14 of the report)

Questioned costs for 2025: None

/ Details of Audit Results, Continued

D. 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: 3 of 39 cities

- [City of Compton](#) (Finding #2025-002, page 8 of the report)
- [City of Huntington Park](#) (Finding #2025-007, page 15 of the report)
- [City of Santa Fe Springs](#) (Finding #2025-010, page 20 of the report)

Questioned costs for 2025: 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 #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 MMLRF financial statements as of and for the year ended June 30, 2025.

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

(2) Material Weaknesses

City of Huntington Park

Finding #2025-007

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 MMLRF financial statements as of and for the year ended June 30, 2025.

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

(3) Material Weaknesses

City of Santa Fe Springs

Finding #2025-010

During the fiscal year 2025, 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 2025. As of December 30, 2025, the accounting personnel and support staff are working toward closing the books and preparing 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, 2025.

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

(4) Significant Deficiency (repeat finding)

City of Cudahy

Finding #2025-004

The City claimed MMLRF administrative expenses in excess of the 20% cap, totaling \$19,277.

This is a repeat finding from prior year's audit relating to the MMLRF's prior period adjustment which increased the FY2023/24 expenditures for Project Code 640, Fund Administration (20% cap) to \$101,341, resulting in an excess of \$93,687.

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

(5) Significant Deficiency (repeat finding)

City of Culver City

Finding #2025-005

The City claimed expenditures under Measure M Project code 840, MOVE Culver City, totaling \$864,786, prior to approval from Metro.

Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro.

This is a repeat finding from the prior year.

/ 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 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!**

