

*City of La Mesa*  
*La Mesa, California*

**Single Audit Report on Federal Awards**

**Year Ended June 30, 2023**



**CITY OF LA MESA**  
**Single Audit Report on Federal Awards**  
**Year Ended June 30, 2023**

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

*Independent Auditor's Report*

To the Honorable City Council  
City of La Mesa, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Mesa (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 11, 2025.

***Report Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control exists* when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described as finding 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2023-003 to be a significant deficiency.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the Schedule of Findings and Questioned Costs findings as 2023-003 and 2023-004.

### **City's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
April 11, 2025

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;  
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND  
REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

*Independent Auditor's Report*

To the Honorable City Council  
City of La Mesa, California

**Report of Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the City of La Mesa's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2023. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-005. Our opinion on each major federal program is not modified with respect to this matter. Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon, dated April 11, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Rogers, Anderson, Malody & Scott, LLP.*

San Bernardino, California  
April 11, 2025

**CITY OF LA MESA**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023**

Federal Grantor / Pass-through Grantor / Program Title	Assistance Listing (AL) Number	Program Identification Number	Federal Expenditures	Amounts provided to Subrecipients
<b><u>U.S. Department of Housing and Urban Development</u></b>				
<i>Direct Award</i>				
CDBG-Entitlement Grants Cluster:				
Community Development Block Grant	14.218	B-18-MC-06-0551	\$ 40,961	\$ -
Community Development Block Grant	14.218	B-19-MC-06-0551	47,483	-
Community Development Block Grant	14.218	B-20-MW-06-0551	136,641	30,000
Community Development Block Grant	14.218	B-20-MC-06-0551	391,306	-
Community Development Block Grant	14.218	B-21-MC-06-0551	369,027	-
Community Development Block Grant	14.218	B-22-MC-06-0551	274,331	-
Total AL 14.218 / CDBG-Entitlement Grants Cluster			<u>1,259,749</u>	<u>30,000</u>
<b>Total - U.S. Department of Housing and Urban Development</b>			<b><u>1,259,749</u></b>	<b><u>30,000</u></b>
<b><u>U.S. Department of Justice</u></b>				
<i>Passed through the County of San Diego Sheriff's Department</i>				
Equitable Sharing Funds (Asset Forfeiture Funds)	16.922	Unknown	10,358	-
Total AL 16.922			<u>10,358</u>	<u>-</u>
<b>Total - U.S. Department of Justice</b>			<b><u>10,358</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of Transportation</u></b>				
<i>Passed through the State of California Department of Transportation</i>				
Highway Bridge Program	20.200	BRLS-5207(036)	411,301	-
Total AL 20.200			<u>411,301</u>	<u>-</u>
Highway Safety Improvement Program	20.205	HSIPL-5207(050)	11,435	-
Local Roadway Safety Plan	20.205	LRSPL-5207(049)	385	-
Total AL 20.205			<u>11,820</u>	<u>-</u>
<b>Total - U.S. Department of Transportation</b>			<b><u>423,121</u></b>	<b><u>-</u></b>
<b><u>U.S. Department of the Treasury</u></b>				
<i>Direct Assistance</i>				
American Rescue Plan	21.027	CSLFRF	565,451	-
Total AL 21.027			<u>565,451</u>	<u>-</u>
<b>Total - U.S. Department of the Treasury</b>			<b><u>565,451</u></b>	<b><u>-</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 2,258,679</u></b>	<b><u>\$ 30,000</u></b>

See accompanying notes to the schedule of expenditures of federal awards.



**(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards.**

**(a) *Scope of Presentation***

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal activity of the City of La Mesa (City) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or cash flows, where applicable, of the City.

**(b) *Basis of Accounting***

The expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**(c) *Subrecipients***

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development to subrecipients. The City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**(d) *De Minimis Indirect Cost Rate***

The City did not elect to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**CITY OF LA MESA**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2023**

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**SECTION I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u>          X          </u>	Yes	<u>                    </u>	No
Significant deficiency(ies) identified?	<u>          X          </u>	Yes	<u>                    </u>	None Reported
Noncompliance material to financial statements noted?	<u>          X          </u>	Yes	<u>                    </u>	No

*Federal Awards*

Internal control over major federal programs:

Material weakness(es) identified?	<u>                    </u>	Yes	<u>          X          </u>	No
Significant deficiency(ies) identified?	<u>                    </u>	Yes	<u>          X          </u>	None Reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance 2 CFR 200.516(a)	<u>          X          </u>	Yes	<u>                    </u>	No
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Identification of major federal programs:

<u>Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants Cluster

Dollar threshold used to distinguish between type A and type B programs:	<u>          \$      750,000          </u>			
Auditee qualified as low-risk auditee?	<u>                    </u>	Yes	<u>          X          </u>	No

**SECTION II. FINANCIAL STATEMENT FINDINGS**

**Finding 2023-001 – Year-End Closing**  
***Material Weakness***

Condition

The City experienced significant delays in completing its annual audit due to excessively late financial statement preparation and inefficiencies in the year-end closing procedures. The lack of timely and accurate financial reporting impairs the City's ability to meet regulatory deadlines and ensure transparency in its financial operations.

Criteria

The City is required to prepare and submit financial statements prepared in accordance with generally accepted accounting principles (GAAP) and applicable governmental accounting standards. Timely and accurate financial reporting is essential to maintain compliance with regulatory requirements and support informed decision-making.

Cause

The delays and deficiencies in financial statement preparation were primarily due to inadequate internal controls over the financial reporting process, insufficient staffing or training in accounting functions, and ineffective communication among departments responsible for financial reporting. Additionally, the implementation of a new accounting software caused unforeseen challenges, including technical issues, data migration complexities, and extended processing times, which further disrupted the financial closing process.

Effect

The late completion of the audit resulted in noncompliance with reporting deadlines, potential penalties, and a lack of reliable financial data for stakeholders. Additionally, the inefficiencies in the closing procedures increased the risk of material misstatements, errors, and omissions in the financial statements, which could impact the accuracy and integrity of the City's financial position.

Recommendation

We recommend that the City implement stronger internal controls over the financial reporting process, including: Establishing a structured and documented year-end closing schedule with clear responsibilities and deadlines.

- Providing additional training to accounting personnel to ensure proficiency in governmental accounting standards and the newly implemented accounting software.
- Enhancing communication and coordination among finance staff to ensure timely reconciliation and review of financial records.
- Investing in financial management systems or resources to improve efficiency and accuracy in financial reporting, while ensuring proper testing and contingency plans for future software implementations.

Management Response

See Corrective Action Plan.

**SECTION II. FINANCIAL STATEMENT FINDINGS, CONTINUED**

**Finding 2023-002 – Bank Reconciliations**

***Material Weakness***

Condition

The City did not complete bank reconciliations in a timely and consistent manner, leading to incomplete and late reconciliations. This issue increases the risk of undetected errors, misstatements, and potential fraud.

Criteria

Regular and timely bank reconciliations are a fundamental internal control requirement to ensure the accuracy of financial records and the detection of discrepancies. Government accounting standards require entities to perform and document reconciliations as part of their financial management practices.

Cause

The delays in completing bank reconciliations were due to inadequate staffing, insufficient training, and a lack of structured processes to ensure timely completion. Additionally, workflow inefficiencies and competing priorities within the finance department further contributed to the issue.

Effect

Failure to perform timely bank reconciliations increases the risk of financial reporting errors, undetected misappropriation of funds, and inaccurate cash balances. This issue can undermine stakeholders' confidence in the reliability of financial information and create difficulties in financial decision-making.

Recommendation

We recommend that the City strengthen its internal controls over bank reconciliations by:

- Implementing a formal reconciliation schedule with clear deadlines and accountability.
- Providing additional training to finance personnel on best practices for timely and accurate reconciliations.
- Allocating sufficient resources to ensure reconciliations are completed consistently.
- Regularly reviewing reconciliation reports and promptly addressing any discrepancies.
- Exploring automation tools or financial management systems to improve the efficiency of the reconciliation process.

Management Response

See Corrective Action Plan.

**SECTION II. FINANCIAL STATEMENT FINDINGS, CONTINUED**

**Finding 2023-003 – Budgetary Compliance for Fund Transfers**  
***Significant Deficiency and Noncompliance***

Condition

The City processed fund transfers that exceeded approved budgetary amounts, and some funds had transfers without any approved budget. Additionally, management was unable to provide a detailed schedule for disclosure purposes that outlined which transfers were made to and from specific funds. This represents noncompliance with the City's budget policies and financial management requirements.

Criteria

Government entities are required to adhere to approved budgets when making fund transfers to ensure fiscal discipline, compliance with financial policies, and proper oversight of public funds. The City's financial policies require that all fund transfers be properly budgeted, approved and adequately documented.

Cause

The budget overages and unapproved transfers were caused by a lack of adequate monitoring and enforcement of budgetary controls, as well as insufficient review processes before executing fund transfers. Additionally, communication gaps between departments contributed to the issue. The inability to provide a detailed transfer schedule was due to inefficiencies in the tracking and reporting processes.

Effect

Noncompliance with budgetary policies increases the risk of financial mismanagement, potential audit findings, and weakened oversight of public funds. Additionally, improper fund transfers can lead to inaccurate financial reporting and hinder the City's ability to allocate resources effectively. The absence of a detailed transfer schedule also reduces transparency and limits the ability to verify the appropriateness and accuracy of fund movements.

Recommendation

We recommend that the City strengthen its budgetary controls by:

- Implementing a formal review and approval process for all fund transfers to ensure compliance with approved budgets.
- Enhancing communication and coordination between finance and budget departments to prevent unauthorized transfers.
- Providing additional training to financial personnel on budgetary compliance and monitoring procedures.
- Establishing regular budget variance reviews to identify and address discrepancies before transfers occur.
- Enforcing stricter internal controls to ensure that all fund transfers are documented, justified, and properly approved in accordance with City policies.

Management Response

See Corrective Action Plan.

**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2023**

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**SECTION II. FINANCIAL STATEMENT FINDINGS, CONTINUED**

**Finding 2023-004 – Excess Vacation Leave Balances**  
***Nonmaterial Noncompliance***

Condition

There were instances where employee vacation leave accrual balances exceeded the maximum thresholds established by the respective Memorandum of Understanding (MOU) due to errors and oversight in the manual spreadsheet used to track and calculate accrual limits.

Criteria

City policies and MOUs set limits on the amount of vacation leave employees can accrue. Compliance with these limits ensures proper workforce management and reduces financial liabilities associated with excessive leave balances.

Cause

The excess leave balances resulted from calculation errors in the manual tracking of accrual limits.

Effect

Noncompliance with established leave policies increases the City's financial liability and may lead to challenges in managing workforce scheduling and financial liabilities.

Recommendation

We recommend that the City implement stronger monitoring controls over vacation leave accruals by:

- Transitioning from manual spreadsheets to an automated leave management system.
- Regularly reviewing and reconciling leave balances to ensure accuracy.
- Providing additional training on accurate leave tracking and calculation.

Management Response

See Corrective Action Plan.

**CITY OF LA MESA**

**Schedule of Findings and Questioned Costs (continued)**  
**Year Ended June 30, 2023**

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**SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2023-005 – Single Audit Filing**  
***Noncompliance***

Federal Program

Community Development Block Grant, Assistance Listing Number 14.218

Criteria

Per the Code of Federal Regulations, Title 2, Subtitle A, Chapter II, Part 200.507(c)(1), regulations state the audit must be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period.

Condition

The City was subject to a single audit as more than \$750,000 of federal funds were expended during the fiscal year. As of the date of the issuance of the financial statements, the single audit has not been completed and therefore not submitted to the federal clearinghouse or other relevant granting agencies within the prescribed deadline.

Cause

Due to delay of financial reporting and issuance of the June 30, 2023, financial statements, the City fell out of compliance with the requirements noted above.

Effect

The City has put their federal funding status at risk for the delays in reporting.

Questioned Costs

None.

Recommendation

We recommend the City implemented internal controls to perform a timely closing of the audit, which would include the preparation of the schedule of expenditures of federal awards. This would allow for the timely submission of required report to the federal government.

Managements Response

See Corrective Action Plan.

***CITY OF LA MESA***  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2023**

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**STATUS OF PRIOR YEAR FINDINGS:**

Finding 2022-001 *Noncompliance*

Corrective action was taken.

Finding 2022-002 *Noncompliance*

Corrective action was taken.

Finding 2022-003 *Noncompliance*

Corrective action was taken.

Finding 2022-004 *Significant Deficiency*

Corrective action was taken.

Finding 2022-005 *Significant Deficiency*

Corrective action was taken.





April 10, 2025

Brianna Schultz, CPA, CGMA  
**Rogers, Anderson, Malody & Scott, LLP**  
735 E. Carnegie Dr., Suite 100  
San Bernardino, CA 92408

RE: Single Audit FY 2023 Corrective Action Plan

Below are my responses to Single Audit **Schedule of Findings and Responses** for the fiscal year ended June 30, 2023:

**Finding 2023-001**

**Material Weakness: Year-End Closing.**

This issue still exists in FY 2024, and may affect FY 2025, however, the City has hired a 35-year veteran municipal Finance Director with the experience to ensure the year-end closing is completed within six (6) months of the end of the fiscal year. The new Finance Director is responsible for training three (3) Finance employees to learn the year-end closing checklist, preparation of PBC schedules, and reconciliation of the June 30<sup>th</sup> Trial Balances by fund.

*The anticipated completion date for this Finding 2023-001 is June 30, 2025.*

**Finding 2023-002**

**Material Weakness: Bank Reconciliations**

This issue still exists in FY 2024 and FY 2025; however, the City has hired a 35-year veteran municipal Finance Director with the experience to ensure that bank reconciliations are completed monthly as of April 2025. The new Finance Director is cross training two Finance employees to always have at least one staff employee complete the monthly bank reconciliation within ten (10) days of the end of the month.

*The anticipated date for compliance with this Finding 2023-002 is June 30, 2025.*

**Finding 2023-003**

**Significant Deficiency and Noncompliance – Budgetary Compliance for Fund Transfers**

This issue still exists in FY 2024 and FY 2025; however, the City has hired a 35-year veteran municipal Finance Director with the experience to ensure the **Legal Level of Budgetary Control** is maintained per City Council direction in enabling biennial budget adoption resolutions. The new Finance Director is cross training two (2) Finance employees to always have at least one staff employee who can review and process budget transfers and budget amendments as they come in during the fiscal year.

*The anticipated date for compliance with this Finding 2023-003 is June 30, 2025.*

**Finding 2023-004**

**Significant Deficiency and Noncompliance – Excess Vacation Leave Balances**

This issue may still exist in FY 2024 and FY 2025, however, in early FY 2026 staff upgraded its **FinancePlus** payroll system up to the latest **version 5.2**. With this upgraded payroll system, it will be impossible for any employee to exceed the maximum vacation leave bank to comply with labor MOUs.

*The anticipated date for compliance with this Finding 2023-004 is June 30, 2025.*

Please call me with any questions via cell phone (619) 200-8415 or via email [JohnHerrera@cityoflamesa.us](mailto:JohnHerrera@cityoflamesa.us).

Sincerely,



John Herrera, CPA  
Acting Finance Director  
CITY OF LA MESA  
(619) 667-1122 Office

C: Greg Humora  
City Manager