



Elaine M. Howle *State Auditor*

CONTACT: Margarita Fernández | (916) 445-0255 x 343 | MargaritaF@auditor.ca.gov

CITY OF MAYWOOD

Los Angeles County

Risk Designation: **High**

Summary

Our audit of the City of Maywood (Maywood) revealed that although the city is projecting a slight improvement in its financial condition, it continues to face fiscal challenges that threaten its ability to provide services to its residents. Further, numerous aspects of Maywood's operations were ineffective. Because of substantial risk factors regarding Maywood's financial and operational management, we classified it as a high-risk local government agency and will follow up with the city until it satisfactorily implements its corrective action plan and adequately addresses the deficiencies identified in this report.

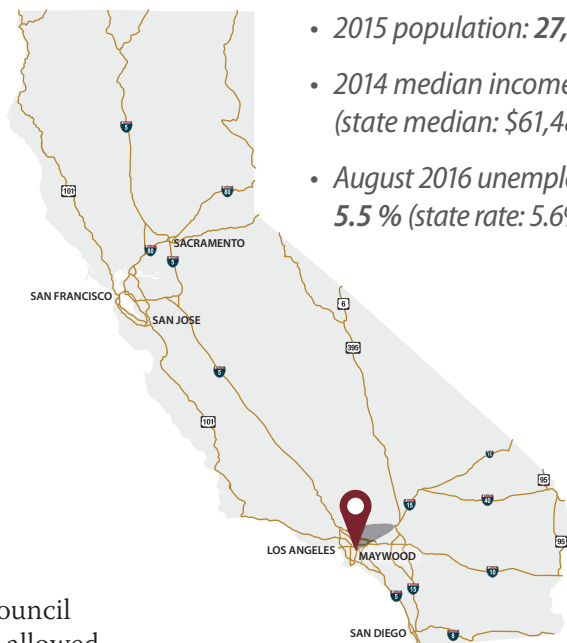
Key Risks

- *Inadequate oversight of city operations:* Maywood's city council has failed to properly oversee the city's operations and has allowed numerous financial and administrative problems to remain uncorrected, such as the city's failure to maximize revenue and lack of the most rudimentary internal controls. Further, it has accepted flawed budgets and frequently ignored its municipal code when it approved non-competitively bid contracts.
- *Ongoing general fund deficit:* Maywood has reported a general fund deficit for the last six years, and it continues to face significant financial challenges. It has lost substantial amounts of revenue because it has not collected on parking citations and business license fees, and its budgets have not addressed significant overdue debts that threaten its ability to provide city residents with such services as law enforcement and maintenance of public roads.

Key Recommendations

To fulfill its obligation to Maywood's residents, we provided the city council with recommendations to better oversee the city's financial and administrative functions, including carefully monitoring the city administrator's performance and efforts to improve the city's financial condition, addressing the city's overdue debt, and ensuring contracts are competitively bid when required.

To address Maywood's inadequate budgeting practices, we recommended that the Maywood city management develop and implement effective budgeting policies and procedures. Further, we provided Maywood with several recommendations to maximize revenue and improve its financial condition.



- 2015 population: 27,888
- 2014 median income: \$36,492 (state median: \$61,489)
- August 2016 unemployment rate: 5.5 % (state rate: 5.6%)