



Certified
Public
Accountants

April 7, 2025

To the Members of the City Council and Management

City of Los Angeles
200 N Spring Street
Los Angeles, CA 90012

Attention: Honorable Karen Bass, Mayor, and Honorable Kenneth Mejia, City Controller

This letter ("Arrangement Letter") is to explain our understanding of the arrangements for the services Macias Gini & O'Connell LLP ("MGO", "we", "us", or "our") is to perform for City of Los Angeles, California (the "City") as of and for the year ending June 30, 2025. We ask that you confirm this understanding.

The Objective and Scope of the Audit of the Financial Statements

As stated in Service Agreement/Contract with the City dated August 23, 2023 (Contract No. C-144038), you have requested that MGO audit the City's governmental activities, business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison for the General Fund as of and for the year ending June 30, 2025, and the related notes, which collectively comprise the basic financial statements.

You acknowledge that we are the group auditor of the City's basic financial statements as of and for the year ending June 30, 2025. We will not audit the financial statements of Los Angeles World Airports (Airports), Department of Water and Power (DWP) Water System (Water) and Power System (Power), Port of Los Angeles (Harbor), Los Angeles Fire and Police Pension System (Pensions), Los Angeles City Employees' Retirement System (LACERS), and Water and Power Employees' Retirement, Disability and Death Benefit Insurance Plans (DWP Plans). Those financial statements will be audited by component auditors.

We will also perform the following audit and attestation engagements:

1. Audit of the following financial statements to be issued by the City as of June 30, 2025:
 - a. Sewer Construction and Maintenance (SCM) Fund
 - b. Mobile Source Air Pollution Reduction Trust Fund
 - c. Low and Moderate Income Housing Fund
 - d. Proposition HHH Funds
 - e. Municipal Improvement Corporation of Los Angeles (MICLA), a component unit of the City
2. Audit of the City as of June 30, 2025, to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

3. Audit of the rates developed for each Cost Allocation Plans (CAP) for the fiscal year ended June 30, 2024, to be applied in fiscal year ending June 30, 2026. We will render an opinion on each of the following components of CAP: (1) Central Services Rates; (2) Fringe Benefit Rates; (3) Departmental Administration and Support Rates; and (4) Departmental Compensated Time Off (paid leave) Rates.

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 auditing standards generally accepted in the United States of America ("GAAS") and *Government Auditing Standards* issued by the Comptroller General of the United States ("GAS") will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of controls.

You have also requested that MGO perform the audit of the City as of June 30, 2025, to satisfy the audit requirements imposed by the Single Audit Act and Subpart F of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance").

Data Collection Form

Prior to the completion of our engagement, we will complete the sections of the Data Collection Form that are our responsibility. The form will summarize our audit findings, amounts and conclusions. It is management's responsibility to submit a reporting package including financial statements, schedule of expenditure of federal awards, summary schedule of prior audit findings and corrective action plan along with the Data Collection Form to the federal audit clearinghouse. The financial reporting package must be text searchable, unencrypted, and unlocked. Otherwise, the reporting package will not be accepted by the federal audit clearinghouse. We will assist you in the electronic submission and certification. You may request from us copies of our report for you to include with the reporting package submitted to pass-through entities.

The Data Collection Form is required to be submitted within the earlier of 30 days after receipt of our auditors' reports or nine months after the end of the audit period, unless specifically waived by a federal cognizant or oversight agency for audits. Data Collection Forms submitted untimely is one of the factors in assessing whether an entity can be considered a low-risk auditee.

The Responsibilities of the Auditor

We will conduct our audit in accordance with GAAS, GAS, the Uniform Guidance and the U.S. Office of Management and Budget's ("OMB") Compliance Supplement. Those standards, regulations, and supplements require that we comply with applicable ethical requirements. As part of an audit in accordance with GAAS, GAS, and the Uniform Guidance, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, based on an understanding of the entity and its environment, the applicable financial reporting framework, and the entity's system of internal control, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Consider the entity's system of internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the financial statements that we have identified during the audit.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

Because of the inherent limitations of an audit, together with the inherent limitations of controls, an unavoidable risk that some material misstatements may not be detected exists, even though the audit is properly planned and performed in accordance with GAAS and GAS. Because the determination of waste or abuse is subjective, GAS does not require auditors to perform specific procedures to detect waste or abuse in financial statement audits.

We will communicate to the City Council (a) any fraud involving senior management and fraud (whether caused by senior management or other employees) that causes a material misstatement of the financial statements that becomes known to us during the audit, and (b) any instances of noncompliance with laws and regulations that we become aware of during the audit (unless they are clearly inconsequential).

We are responsible for the compliance audit of major programs under the Uniform Guidance, including the determination of major programs, the consideration of internal control over compliance, and reporting responsibilities.

Our report(s) on internal control over financial reporting and over compliance for major programs will include any significant deficiencies and material weaknesses in internal control over financial reporting and over compliance for major programs of which we become aware as a result of obtaining an understanding of internal control and performing tests of internal control over financial reporting and over compliance for major programs consistent with requirements of the standards and regulations identified above. Our report(s) on compliance matters will address material errors, fraud, violations of compliance obligations, and other responsibilities imposed by state and federal statutes and regulations or assumed by contracts; and any state or federal grant, entitlement or loan program questioned costs of which we become aware, consistent with requirements of the standards and regulations identified above.

We will maintain our independence in accordance with the standards of the American Institute of Certified Public Accountants ("AICPA") and GAS.

The Responsibilities of Management and Identification of the Applicable Financial Reporting Framework

Management is responsible for:

1. Identifying and ensuring that the City complies with the laws and regulations applicable to its activities, and for informing us about all known violations of such laws or regulations, other than those that are clearly inconsequential;
2. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the financial statements; and

3. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, vendors, customers, or others.

Management is responsible for the preparation of the required supplementary information (“RSI”) which accounting principles generally accepted in the United States of America (“U.S. GAAP”) require to be presented to supplement the basic financial statements.

1. Management’s discussion and analysis (MD&A)
2. Budgetary Comparison Schedule of Major Special Revenue Fund
3. Benefit pension plans schedules of employer contributions
4. Schedules of changes in net pension liability (asset) and related ratios
5. Other postemployment benefits (OPEB) plans schedules of employer contributions
6. Schedules of changes in net OPEB liability (asset) and related ratios
7. Actuarial methods and assumptions used to determine employer contribution rates
8. Condition rating for City bridges
9. Comparison of needed-to-actual maintenance/preservation costs

Management is also responsible for the preparation of the supplementary information presented in relation to the financial statements as a whole in accordance with U.S. GAAP.

1. Combining and individual non-major fund financial statements and schedules
2. Schedule of expenditures of federal awards

Management agrees to include the auditor’s report on the supplementary information in any document that contains the supplementary information and indicates that the auditor has reported on such supplementary information. Management also agrees to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor’s report thereon.

Also, the City’s ACFR will include the following additional information which is prepared by the City and will not be subjected to the auditing procedures applied in our audit of the basic financial statements and we will not provide an opinion or any assurance on this other information:

1. Introductory section
2. Statistical section

The City Council is responsible for informing us of its views about the risks of fraud, waste or abuse within the City, and its knowledge of any fraud, waste or abuse or suspected fraud, waste or abuse affecting the City.

Our audit will be conducted on the basis that management acknowledges and understands that it has responsibility:

1. For the preparation and fair presentation of the financial statements in accordance with U.S. GAAP;
2. To evaluate subsequent events through the date the financial statements are issued. Management also agrees that it will not conclude on subsequent events earlier than the date of the management representation letter referred to below;

3. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
4. For report distribution; and
5. To provide us with:
 - a. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the financial statements including information relevant to disclosures;
 - b. Draft financial statements, including information relevant to their preparation and fair presentation, when needed, to allow for the completion of the audit in accordance with the proposed timeline;
 - c. Additional information that we may request from management for the purpose of the audit; and
 - d. Unrestricted access to persons within the City from whom we determine it necessary to obtain audit evidence.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit, including among other items:

1. That management has fulfilled its responsibilities as set out in the terms of this Arrangement Letter; and
2. That it believes the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Because the audit will be performed in accordance with the Single Audit Act and the Uniform Guidance, management is responsible for (a) identifying all federal awards received and expended; (b) preparing and the fair presentation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in accordance with Uniform Guidance requirements; (c) internal control over compliance; (d) compliance with federal statutes, regulations, and the terms and conditions of federal awards; (e) making us aware of significant vendor relationships where the vendor is responsible for program compliance; (f) following up and taking corrective action on audit findings, including the preparation of a summary schedule of prior audit findings and a corrective action plan; (g) timely and accurate completion of the data collection form and (h) submitting the reporting package and data collection form.

Reporting

We will issue a written report upon completion of our audit of the City's financial statements. Our report will be addressed to the City Council. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion or add an emphasis-of-matter paragraph or other-matter paragraph to our auditor's report.

If circumstances arise relating to the condition of the City's records, the availability of appropriate audit evidence or indications of a significant risk of material misstatement of the financial statements because of error, fraudulent financial reporting or misappropriation of assets which, in our professional judgment, prevent us from completing the audit or forming an opinion, we retain the unilateral right to take any course of action permitted by professional standards, including, but not limited to, declining to express an opinion or issue a report, or withdrawing from the engagement.

In addition to our report on the City's financial statements, we will also issue the following reports:

1. SCM Fund
 - a. Report on the audit of the financial statements;
 - b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS; and
 - c. Report on Compliance with Aspects of Contractual Agreements.
2. Mobile Source Air Pollution Reduction Trust Fund
 - a. Report on the audit of the financial statements; and
 - b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS.
3. Low and Moderate Income Housing Fund
 - a. Report on the audit of the financial statements; and
 - b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS.
4. MICLA
 - a. Report on the audit of the financial statements; and
 - b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS.
5. Proposition HHH Funds
 - a. Report on the audit of the financial statements; and
 - b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS.
6. Single Audit
 - a. A report on the fairness of the presentation of the City's schedule of expenditures of federal awards, supplementary schedule of expenditures of federal awards and state awards granted by California Department of Aging, and community services block grant supplementary schedules of revenue and expenditures for the year ending June 30, 2025;
 - b. Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with GAS;
 - c. Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance; and
 - d. An accompanying schedule of findings and questioned costs.
7. Cost Allocation Plan
 - a. Report on the audit of the cost allocation plan
8. Agreed-Upon Procedures
 - a. Report on Applying Agreed-Upon Procedures Related to the Article XIII-B Appropriations Limit
9. Communication on Internal Control Related to Information Technology General Controls
10. Management Letter Comments, if applicable

Agreed-Upon Procedures Related to the Article XIII-B Appropriations Limit

You have requested MGO to perform specific agreed-upon procedures with respect to the Appropriations Limit (GANN Limit) of the City for the year ending June 30, 2025 (the Subject Matter). The City is responsible for compliance with the requirements of Section 1.5 of the Article XIII-B of the California Constitution. The specific procedures to be performed are included as an attachment to this Arrangement Letter.

Engagement Services

Our engagement will be conducted in accordance with attestation standards established by the AICPA. Because the procedures included in the attachment to this Arrangement Letter do not constitute an examination or review, the objective of which is the expression of an opinion or conclusion, respectively, we will not express an opinion or any other form of assurance thereon and if additional procedures were to be performed, other matters might have come to our attention.

At the conclusion of our engagement, we will submit a report in letter form outlining the procedures performed and our findings resulting from the procedures performed.

Our report will contain a statement that it is intended solely for the use of the City and should not be used by those who have not agreed to the procedures and taken responsibility for the appropriateness of the procedures for their purposes.

If circumstances arise relating to the condition of the City's records, the availability of appropriate evidence that, in our professional judgment, prevent us from completing the engagement, we retain the unilateral right to take any course of action permitted by professional standards, including declining to express our findings or issue a report, or withdrawing from the engagement.

The procedures that we will perform are not designed and cannot be relied upon to disclose errors, fraud, or illegal acts, should any exist. However, we will inform the appropriate level of management and the City Council of any material errors that come to our attention and any fraud or illegal acts that come to our attention, unless they are clearly inconsequential.

We will maintain our independence in accordance with the standards of the AICPA and GAS.

Management's Responsibilities

The appropriateness of the procedures included in the attachment is solely the responsibility of the City. We make no representation regarding the appropriateness of the procedures described above, either for the purpose for which these services have been requested or for any other purpose.

Management is responsible for:

1. Providing to us, prior to the conclusion of the engagement, written acknowledgment that the attached procedures are appropriate for the intended purpose of this engagement;
2. Providing to us, at the conclusion of the engagement, a representation letter in accordance with attestation standards established by the AICPA;
3. The design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Subject Matter that is free from material misstatement, whether due to fraud or error;
4. The design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the City involving management, employees who have significant roles in internal control, and others where the fraud could have a material effect on the Subject Matter; and

5. Informing us of its knowledge of any allegations of fraud or suspected fraud affecting the City received in communications from employees, former employees, analysts, regulators, or others.

Records and Assistance

During the course of our engagement, we may accumulate records containing data that should be reflected in the City's books and records. The City will determine that all such data, if necessary, will be so reflected. Accordingly, the City will not expect us to maintain copies of such records in our possession.

The assistance to be supplied by City personnel, including the preparation of schedules and analyses of accounts, has been discussed and coordinated with Rahoof Oyewole, Director of Financial Analysis and Reporting. The timely and accurate completion of this work is an essential condition to our completion of the audit and issuance of our audit report.

Nonaudit Services

In connection with our audit, you have requested us to perform certain nonaudit services:

1. Assistance in the preparation of SCM's financial statements and notes to the financial statements for the year ending June 30, 2025.
2. Assistance in the preparation of MICLA's financial statements and notes to the financial statements for the year ending June 30, 2025.
3. Assistance in the preparation of Mobile Source Air Pollution Reduction Trust Fund's financial statements and notes to the financial statements for the year ending June 30, 2025.
4. Assistance in the preparation of Proposition HHH Fund's financial statements and notes to the financial statements for the year ending June 30, 2025.
5. Assistance in the preparation of CAP schedules and notes to the schedules for the year ended June 30, 2024.
6. Assistance in the preparation of Low and Moderate Income Housing Fund's financial statements and notes to the financial statements for the year ending June 30, 2025.
7. Assistance in the data input for the Data Collection Form.

GAS independence standards require that the auditor maintain independence so that opinions, findings, conclusions, judgments, and recommendations will be impartial and viewed as impartial by reasonable and informed third parties. Before we agree to provide a non-audit service to the City, we determine whether providing such a service would create a significant threat to our independence for GAS audit purposes, either by itself or in aggregate with other non-audit services provided. A critical component of our determination is consideration of management's ability to effectively oversee the non-audit services to be performed. The City has agreed that Rahoof Oyewole, Director of Financial Analysis and Reporting, possesses suitable skill, knowledge, or experience and that the individual understands the non-audit services summarized above to be performed sufficiently to oversee them. Accordingly, the management of City of Los Angeles agrees to the following:

1. City of Los Angeles has designated Rahoof Oyewole, Director of Financial Analysis and Reporting, as a senior member of management who possesses suitable skill, knowledge, and experience to oversee the services;
2. Rahoof Oyewole, Director of Financial Analysis and Reporting, will assume all management responsibilities for subject matter and scope of the non-audit services summarized above;
3. The City will evaluate the adequacy and results of the services performed; and
4. The City accepts responsibility for the results and ultimate use of the services.

GAS further requires that we establish an understanding with the City's management or those charged with governance of the objectives of the non-audit services, the services to be performed, the City's acceptance

of its responsibilities, the auditor's responsibilities, and any limitations of the non-audit services. We believe this Arrangement Letter documents that understanding.

Other Relevant Information

In accordance with GAS, a copy of our most recent peer review report is publicly available at https://peerreview.aicpa.org/public_file_search.html.

Fees, Costs and Timing

Our fees for the services described above were agreed to in our Service Agreement/Contract with the City dated August 23, 2023 (Service Agreement/Contract No. C-144038).

We expect to issue the deliverables based on the agreed timetable in our Service Agreement/Contract No. C-144038.

Linda Hurley is the engagement partner for the audit services specified in this letter and is responsible for supervising MGO services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

You have informed us that you intend to prepare an annual comprehensive financial report (Annual Report) and submit it for evaluation by the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Program. Our association with the Annual Report consists of reviewing the City's ACFR for consistency with the audited financial statements and completing the GFOA certificate program checklist.

Use of Affiliates and Subcontractors

We have engaged BCA Watson Rice Western Region LLP, as a Subcontractor, to provide professional services related to the audits of the Mobile Source Air Pollution Reduction Trust Fund and the Low and Moderate Income Housing Fund. It may be necessary for us to disclose Confidential Information (as such term is defined below) to them. You hereby consent to us sharing your information, including Confidential Information, with BCA Watson Rice Western Region LLP, who are bound by written obligations of confidentiality that are as protective of your Confidential Information as the confidentiality terms set forth herein. You acknowledge and agree that: (i) our use of BCA Watson Rice Western Region LLP may involve the processing, input, disclosure, movement, transfer, and storage of your information and data outside of our technology infrastructure. MGO will remain responsible for and supervise all such services BCA Watson Rice Western Region LLP. Final work product prepared by BCA Watson Rice Western Region LLP will be the property of MGO and we will retain all workpapers for 7 years in accordance with MGO's retention policy.

MGO may, in our sole discretion, utilize entities owned in whole or in part by MGO (each, an "Affiliate"), located within or outside the United States, to assist in the audit or perform internal and/or administrative support ancillary to the services, but MGO will remain responsible for and supervise all such services.

Engagement with MGO Affiliates

If you have or expect to engage an affiliate of MGO (see list of affiliates below) to perform services during the audit and professional engagement period (as defined below), you must notify MGO prior to entering into such engagement with the MGO affiliate. In addition, prior to signing this Arrangement Letter, you must notify MGO of any service an MGO affiliate has performed prior to the audit and professional engagement period in order for MGO to ensure our independence in relation to this engagement. You will also be required to provide such representation within the management representation letter prior to the issuance of our report.

Audit and professional engagement period includes both:

- i. The period covered by any financial statements being audited or reviewed (the “audit period”); and
- ii. The period of the engagement to audit or review the audit client's financial statements or to prepare a report to be issued (the “professional engagement period”):
 - a. The professional engagement period begins when MGO either signs an initial Arrangement Letter (or other agreement to review or audit a client's financial statements) or begins audit, review, or attest procedures, whichever is first; and
 - b. The professional engagement period ends when the audit client or MGO terminate the engagement, and the audit client is no longer a client of MGO.

MGO Affiliates:

- MGO Group LLC
- MGO India, Pvt. Ltd.
- MGO NY, CPAs, LLP (MGONY)
- MGO Private Wealth, LLC
- MGO Technology Group, LLC

Retention of Records

We will return to you all original records you provide to us in connection with this engagement. Further, in addition to providing you with those deliverables set forth in this Arrangement Letter, we will provide to you a copy of any records we prepare or accumulate in connection with such deliverables which are not otherwise reflected in your books and records without which your books and records would be incomplete. You have the sole responsibility for retaining and maintaining in your possession or custody all of your financial and nonfinancial records related to this engagement. We will not host, and will not accept responsibility to host, any of your records. We, however, may maintain a copy of any records of yours necessary for us to comply with applicable law and/or professional standards or to exercise our rights under this Arrangement Letter. Any such records retained by us will be subject to the confidentiality obligations set forth herein and destroyed in accordance with our record retention policies, subject to our compliance with our Service Agreement with the City dated August 23, 2023 (Contract No. C-144038).

Miscellaneous

You have informed us that you may issue public debt in the future and that you may include our report on your financial statements in the offering statement. You have further informed us that you do not intend for us to be associated with the proposed offering.

We agree that our association with any proposed offering is not necessary, providing the City agrees to clearly indicate that we are not associated with the contents of any such official statement or memorandum. The City agrees that the following disclosure will be prominently displayed in any such official statement or memorandum:

Macias Gini & O’Connell LLP, our independent auditor, has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Macias Gini & O’Connell LLP also has not performed any procedures relating to this official statement or memorandum.

Our professional standards require that we perform certain additional procedures, on current and previous years’ engagements, whenever a partner or professional employee leaves the firm and is subsequently employed by or associated with a client in a key position.

Independence

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the client in the performance of the services to be provided to you pursuant to our Service

Agreement/Contract with the City dated August 23, 2023 (Service Agreement/ Contract No. C-144038) and this Arrangement Letter.

Any discussions that your representatives have with professional personnel of MGO regarding employment could pose a threat to our independence. Moreover, if applicable, SEC rules could cause us not to be independent of the client if, within a restricted period, you were to hire, in a financial reporting oversight role, one of the engagement team members currently or previously assigned to the audit. This may include not only current employees of MGO, but also former employees and employees of other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

Moreover, to the extent that you have engaged a company affiliated with MGO to provide services related to your efforts to identify, interview, and hire officers, directors, or management, or related human resource efforts on your behalf, you agree to inform MGO so that MGO can evaluate whether there are any potential or actual independence considerations that may preclude, or otherwise limit the services MGO is able to perform. Therefore, you agree to inform us prior to any such discussions so that we can implement appropriate safeguards to maintain our independence.

If we provide both attest and non-attest services to you, then in order to maintain our independence, you assume all management responsibilities for any non-attest services that we provide as part of the Services. You will designate a qualified individual with suitable skill, knowledge, or experience, from your senior management to oversee the non-attest services, evaluate the adequacy and results of the non-attest services, and accept responsibility for such services.

Electronic Signatures and Counterparts

Each party hereto agrees that any electronic signature of a party to this Arrangement Letter or any electronic signature to a document contemplated hereby (including any representation letter) is intended to authenticate such writing and shall be as valid, and have the same force and effect, as a manual signature. Any such electronically signed document shall be deemed (a) to be "written" or "in writing," (b) to have been signed and (c) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Each party hereto also agrees that electronic delivery of a signature to any such document (via email or otherwise) shall be as effective as manual delivery of a manual signature. For purposes hereof, "electronic signature" includes, but is not limited to, (a) a scanned copy (as a "pdf" (portable document format) or other replicating image) of a manual ink signature, (b) an electronic copy of a traditional signature affixed to a document, (c) a signature incorporated into a document utilizing touchscreen capabilities or (d) a digital signature. This Arrangement Letter may be executed in one or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement. Paper copies or "printouts," of such documents if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule.

Non-CPA Owner Notice Requirement

MGO is owned by professionals who hold CPA licenses as well as by professionals who are not licensed CPAs. Therefore, depending on the nature of the services being provided, non-CPA owners may be involved in providing certain services hereunder.

Please sign and return a copy of this Arrangement Letter to indicate your acknowledgment of, and agreement with, the arrangements for our audit of the financial statements, including our respective responsibilities.

Macias Gini & O'Connell LLP

Confirmed on behalf of City of Los Angeles:


Kenneth Mejia (Apr 30, 2025 11:38 PDT)

Kenneth Mejia
City Controller

**Peer Review Report
Summary of Agreed-Upon Procedures
Related to the Article XIII-B Appropriations Limit**

Perform the procedures enumerated below to the accompanying Appropriations Limit Worksheet of the City of Los Angeles, California (City) for the year ending June 30, 2025. The City's management is responsible for the appropriations limit calculation for the year ending June 30, 2025.

1. Obtain the completed internal calculations from management and compare the limit and annual adjustment factors included in those calculations to the limit and annual adjustment factors that were adopted by a resolution of the City Council. Compare the population and inflation factors included in the aforementioned calculation to those that were selected by a recorded vote of the City Council.
2. For the accompanying Appropriations Limit Worksheet, add last year's appropriation limit to the annual adjustment amount and agree the resulting amount to this year's limit.
3. Compare the current year information presented in the accompanying Appropriations Limit Worksheet to the appropriate supporting worksheets described in procedure No. 1 above.
4. Compare the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet to the prior year appropriations limit adopted by the City Council.