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Audit points to the former City Manager and City Council as a primary reason for city's financial dilemma.

MAYWOOD, Calif., October 3, 2016 – The Office of the California State Auditor has released its audit of the city of Maywood's financial condition, operational structure, management controls and practices, and oversight of the city's financial and administrative operations. The audit was conducted over the past 12 months.

The State Auditor report found the city of Maywood faces some significant financial challenges as a direct result of actions and inactions by former City Manager Lilian Myers, lack of oversight by the then mayor and city council while they were rewarding her with generous contract amendments and extensions. The audit concluded:

"Maywood's city council has failed to oversee the city's operations adequately and has violated its fiduciary duty – its responsibility to act with the utmost good faith for the benefit of the city. Specifically, the city council did not monitor the performance of a former city manager but continued to approve generous contract amendments for the individual. As a result, it allowed numerous financial and administrative problems, such as a failure to maximize revenues and lack of the most rudimentary internal controls, to remain uncorrected."

The city council at that time consisted of Mayor Eduardo de la Riva, Councilmembers Oscar Magana, Veronica Guardado, Ricardo Villarreal and Thomas Martin.

"The report clearly lays the blame for our current financial situation at the doorstep of the former city manager and her lack of duty and responsibility to the residents of this fine city," said

Councilmember Sergio Calderon, one of the newly elected members of the city council. “What’s more, I can’t understand why the former members of the city council and then mayor refused to monitor her work performance and yet continued rewarding her with lucrative contract amendments and extensions

“It was obvious to me once I assumed office that her work was unacceptable and the new city council needed to move to dismiss her immediately,” Calderon said.

The new city council led by newly elected councilmembers Sergio Calderon and Ramon Medina removed Ms. Myers from her position as city manager on December 9, 2015.

“I consistently asked for financial reports from City Manager Myers but never received them,” said Councilmember Martin. “I needed them to better understand our financial situation and that was one of the reasons I also consistently voted against generous contract extensions and amendments for her although she was consistently supported by then Mayor De La Riva and Councilmembers Magana and Guardado. I am puzzled as to why they would support her actions, which have led to our current financial crisis.”

The audit also stated:

“Despite the requirement to provide annual performance appraisals contained in the former city manager’s contract, the city council provided her with only one single appraisal two years into her appointment in December 2012. Because Maywood laid off all of its employees in 2010 and was in financial distress during that time period, it was critical that the city council monitor the city manager’s efforts to stabilize the city’s operations and improve its financial situation. However, the lack of regular appraisals is a clear indication that the city council did not hold the former city manager accountable for improving these conditions.”

The audit further said:

“Although the city council did not adequately monitor the former city manager’s performance it continued to extend her contract, while also adopting amendments restricting their own ability to dismiss her, acting in clear violation of its fiduciary responsibility to act with the utmost good faith for the benefit of the city.

“The original contract and the first amendment would have allowed the city council to dismiss

the former city manager with or without cause by a simple majority vote. The first amendment extended the term of the contract to April 2016. However, in April 2015, a full year before the former city manager's contract was to expire and seven months before the election changed the council's composition, but without formally assessing her performance, the city council again amended her contract extending the term to April 2019. The second amendment also raised the number of votes required to dismiss the former city manager, and increased her severance from 12 to 18 months of pay. As a result of the second amendment, termination of the former city manager's contract due to poor performance required a unanimous vote of the five-member city council and a payment of \$270,000 for severance. Given the former city manager's failure to adequately manage the city's financial and operational functions, the city council's vote to extend her contract in this manner raise questions about the city council members' motivations and potential bias towards the former city manager," the audit said.

"While the audit lays the primary blame for the city's financial situation on the former city manager and the former city council, the auditor also found some basic accounting practices that were weak or non-existent and we are working to correct that situation immediately," said acting City Administrator Reuben Martinez.

"At the time of the audit, we had already begun to correct our accounting practices and protocols to ensure that we're protecting the public's interests and money, and we will use the auditor's recommendations to future tighten up our administrative practices and procedures.

"With the support from the city council and advice from a professional financial expert we're moving forward to adopt and implement sound accounting and operational procedures that will bring the city back from the brink of financial ruin," Martinez said

The state audit can be downloaded at <http://www.auditor.ca.gov/pdfs/reports/2015-803.pdf>

Attached above is the organizational chart of Maywood's city government referenced in the audit.

Maywood is a small city in [southeast Los Angeles County, California](#) . At 1.18 square miles Maywood is the third-smallest incorporated city in Los Angeles County. It is bordered by the cities of [Bell](#) on the south, [Vern](#) on the north and west, [Huntington Park](#) on the southwest, and [Commerce](#) on the east. It is the most densely-populated city in California, and has the highest proportion of Latinos in the county. The City of Maywood is committed to transparency and accountability and providing quality municipal services that are responsive to the needs of its community.

[Click here to download the StateAudit Chart](#)

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