



**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO PROPOSITION A
AND PROPOSITION C ORDINANCES AND PROPOSITION A
AND PROPOSITION C LOCAL RETURN GUIDELINES**

**TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY**

FOR THE FISCAL YEAR ENDED JUNE 30, 2025



**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Consolidated Audit Report
Fiscal Year Ended June 30, 2025**

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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO PROPOSITION A
AND PROPOSITION C ORDINANCES AND PROPOSITION A AND PROPOSITION C
LOCAL RETURN GUIDELINES**

**To the Board of Directors of the Los Angeles County
Metropolitan Transportation Authority
and Proposition A and Proposition C
Independent Citizen's Advisory and Oversight Committee**

Report on Compliance

Opinion

We have audited the compliance of the County of Los Angeles (County) and the thirty-nine (39) Cities identified in the List of Package A Jurisdictions, with the types of compliance requirements described in the Proposition A and Proposition C Ordinances enacted through a Los Angeles County voter-approved law in November 1980 and November 1990, respectively; Proposition A and Proposition C Local Return Guidelines, issued by the Los Angeles County Metropolitan Transportation Authority (Metro), approved by its Board of Directors in FY 2006-07 (collectively, the Guidelines); and the respective Assurances and Understandings Regarding Receipt and Use of Proposition A and Proposition C Local Return Funds, executed by Metro, the County and the respective Cities for the year ended June 30, 2025 (collectively, the Requirements). Compliance area tested and related findings are identified in the accompanying Compliance Area Tested and Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the County and the Cities complied, in all material respects, with the Guidelines and the Requirements referred to above that could have a direct and material effect on the Proposition A and Proposition C Local Return programs for the year ended June 30, 2025.

Basis for Opinion

We conducted our audits 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 Guidelines. Our responsibilities under those standards and the Guidelines 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 County and the Cities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the County's and the Cities' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the County and the Cities is responsible for their compliance with the Guidelines 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 County and each City's Proposition A Local Return program and Proposition C Local Return program.

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 County's and the Cities' 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 Guidelines 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 County's and the Cities' compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, 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 County's and the Cities' 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 County's and the Cities' 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 Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the County's and the Cities' 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 instances of noncompliance which are required to be reported in accordance with the Guidelines and the Requirements and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-001 through #2025-018. Our opinion is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the responses to the noncompliance findings identified in our compliance audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 the Guidelines 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 the Guidelines will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-005, #2025-011, #2025-012, and #2025-016 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-006 and #2025-017 to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Cities' responses to the internal control over compliance findings identified in our compliance audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.



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 Guidelines. Accordingly, this report is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
December 31, 2025

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2025**

1. COUNTY OF LOS ANGELES
2. CITY OF AGOURA HILLS
3. CITY OF AZUSA
4. CITY OF BALDWIN PARK
5. CITY OF BELL
6. CITY OF BELL GARDENS
7. CITY OF BEVERLY HILLS
8. CITY OF CALABASAS
9. CITY OF CARSON
10. CITY OF COMMERCE
11. CITY OF COMPTON
12. CITY OF CUDAHY
13. CITY OF CULVER CITY
14. CITY OF EL MONTE
15. CITY OF GARDENA
16. CITY OF HAWTHORNE
17. CITY OF HIDDEN HILLS
18. CITY OF HUNTINGTON PARK
19. CITY OF INDUSTRY
20. CITY OF INGLEWOOD
21. CITY OF IRWINDALE
22. CITY OF LA PUENTE
23. CITY OF LAWNSDALE
24. CITY OF LYNWOOD
25. CITY OF MALIBU
26. CITY OF MAYWOOD
27. CITY OF MONTEBELLO
28. CITY OF MONTEREY PARK
29. CITY OF PICO RIVERA
30. CITY OF POMONA
31. CITY OF ROSEMEAD
32. CITY OF SAN FERNANDO
33. CITY OF SANTA FE SPRINGS
34. CITY OF SANTA MONICA
35. CITY OF SOUTH EL MONTE
36. CITY OF SOUTH GATE
37. CITY OF VERNON
38. CITY OF WALNUT
39. CITY OF WEST HOLLYWOOD
40. CITY OF WESTLAKE VILLAGE

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Compliance Area Tested
Fiscal Year Ended June 30, 2025**

1. Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for local return purposes.
2. Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.
3. Funds were expended with Metro's approval and were not substituted for property tax.
4. Timely use of funds.
5. Administrative expenses are within the 20% cap.
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.
10. Local Return Account is credited for reimbursable expenditures.
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.
13. A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.
14. Recreational transit form was submitted on time.
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.
17. All on-going and carryover projects were reported on Form B or electronic equivalent.
18. Cash or cash equivalents are maintained.
19. Accounting procedures, record keeping and documentation are adequate.

SUMMARY OF AUDIT RESULTS

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Summary of Compliance Findings
Fiscal Year ended June 30, 2025**

The audits of the County of Los Angeles and the 39 cities have resulted in 18 findings. The table below summarizes these findings:

Compliance Areas	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs		Resolved During the
			PALRF	PCLRF	Audit
Funds were expended with Metro's approval and were not substituted for property tax.	2	Huntington Park (See Finding #2025-008)	\$ 10,945	\$ 285,310	\$ 296,255
		South Gate (See Finding #2025-017)	8,115	55,239	63,354
Timely use of funds.	2	Compton (See Finding #2025-004)	546,252	1,215,734	1,761,986
		Vernon (See Finding #2025-018)	2,276	198	2,474
Administrative expenses are within the 20% cap.	1	Cudahy (See Finding #2025-006)	36,989	69,184	106,173
Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	3	Bell Gardens (See Finding #2025-001)	None	-	None
		Huntington Park (See Finding #2025-009)	None	None	None
		Lynwood (See Finding #2025-014)	-	None	None
Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	2	Calabasas (See Finding #2025-002)	None	None	None
		Huntington Park (See Finding #2025-010)	None	None	None
Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	4	Carson (See Finding #2025-003)	-	None	None
		Hawthorne (See Finding #2025-007)	-	None	None
		Lawndale (See Finding #2025-013)	-	None	None
		Montebello (See Finding #2025-015)	None	None	None
Recreational transit form was submitted on time.	1	Huntington Park (See Finding #2025-011)	None	-	None
Accounting procedures, record keeping and documentation are adequate.	3	Compton (See Finding #2025-005)	None	None	None
		Huntington Park (See Finding #2025-012)	None	None	None
		Santa Fe Springs (See Finding #2025-016)	None	None	None
Total Findings and Questioned Costs	18		\$ 604,577	\$ 1,625,665	\$ 2,230,242

Details of the above findings are presented in Schedule 2.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025**

PALRF Finding #2025-001	City of Bell Gardens
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and Proposition C Local Return Guidelines states that "Jurisdictions shall submit for approval a Project Description Form (Form A) or its electronic equivalent prior to the expenditure of funds for 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a budget request via LRMS for the PALRF's Project Code 107, DART Services. The amount in excess of 25 percent of the approved budget was \$70,724. Projects with greater than 25 percent change from the approved project budget must be amended by submitting a Project Description Form (Form A) or a budget request via LRMS.
Cause	The condition was caused by staff oversight.
Effect	The City's PCLRF project expenditure exceeded 25 percent of the approved project budget prior to Metro's approval, resulting in the City's noncompliance with this requirement.
Recommendation	We recommend the City submit a revised Form A or submit a budget request via LRMS to obtain Metro's approval for changes to the project budget and implement internal controls to ensure ongoing compliance with this requirement.
Management's Response	The City submitted an updated Budget Request and obtained retroactive approval for the project on December 31, 2025.
Finding Corrected During the Audit	On December 31, 2025, the Metro Program Manager granted retroactive approval of the said project. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025**

PALRF and PCLRF Finding #2025-002	City of Calabasas
Compliance Reference	Section III(A) Annual Project Update (Form B) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects. Metro will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year".
Condition	The City missed the August 1, 2024 filing deadline for Form B, submitting the 8/1 Table late. The City submitted Form B on August 5, 2024.
Cause	Due to staffing changes in the Public Works Department, there was a transition period that affected the changeover of required reporting communications with Metro.
Effect	The City submitted Form B 8/1 Table after the August 1, 2024 deadline, resulting in the City's noncompliance with the Guidelines.
Recommendation	We recommend the City submit Form B via LRMS prior to the August 1 st deadline to ensure compliance with this requirement at all times.
Management's Response	The City will ensure the 8/1 Table is submitted in a timely manner by August 1 st for each fiscal year.
Finding Corrected During the Audit	The City submitted the 8/1 Table on August 5, 2024. No additional follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

PCLRF Finding #2025-003	City of Carson
Compliance Reference	Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance" or "Bikeway projects". "Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria." "A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro with project codes 705, 710, 806, and 840."
Condition	The City did not submit a current Pavement Management System (PMS) certification during FY 2024/25. A PMS assessment and inventory is required to be conducted and maintained every 3 years. The City's latest certification submitted to Metro on June 28, 2022 has a January 2022 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2025. A PMS Certification is required for PCLRF Project code 705, Citywide Street Repair project.
Cause	There was a turnover in permanent staff and a turnover in consultants.
Effect	The City was not in compliance with respect to the certification of PMS in conformance with the criteria stipulated in the Local Return Guidelines.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

PCLRF Finding #2025-003 (Continued)	City of Carson
Recommendation	We recommend the City submit to Metro and keep on file an updated PMS certification for eligibility for its new or ongoing street maintenance or bikeway projects.
Management's Response	The City acknowledges the oversight in not submitting a current PMS certification for FY 2024/25. The City is actively working to rectify this issue. A new PMS assessment has been initiated, and the updated certification is currently under internal review. The City anticipates presenting it to the City Council for formal approval within the next quarter. Once approved, the certification will be promptly submitted to Metro.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)**

PALRF and PCLRF Finding #2025-004	City of Compton
Compliance Reference	Section I(B) Timely Use of Funds of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City has unused Proposition A and Proposition C funds amounting to \$546,252 and \$1,215,734, respectively, which lapsed as of June 30, 2025.
Cause	The City did not have sufficient expenditures related to the projects to cover the lapsing amounts.
Effect	The City was not in compliance with the Proposition A and Proposition C LR Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that Proposition A and Proposition C funds are used in a timely manner.
Management's Response	On December 12, 2025, the City received Metro's approval for the extension of the use of funds until June 30, 2026.
Finding Corrected During the Audit	On December 12, 2025, Metro granted an extension for the use of the lapsed funds amounting to \$546,252 and \$1,215,734 from Proposition A and Proposition C funds, respectively, through June 30, 2026. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)**

PALRF and PCLRF Finding #2025-005 (Material Weakness)	City of Compton
Compliance Reference	Proposition A and Proposition C Local Return Guidelines Section V, states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".
Condition	As of the date of the audit on December 30, 2025, the City's year-end closing process was still ongoing. We noted the following critical observations: • Cut-off procedures related to year-end accruals were inadequate to ensure that transactions were recorded in the proper period. This resulted in the City's adjustments that affected prior period's account balances. • Beginning fund balances were not reconciled with prior year's audited reports. • The audits of the City's financial statements for the fiscal years 2024 and 2025 have not yet been completed due to the ongoing clean-up and closing process. This is a repeat finding from the fiscal year 2024.
Cause	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 2024 and prior years. Currently, 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.
Effect	The City was not in compliance with the audit requirements of the Local Return Guidelines.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

PALRF and PCLRF Finding #2025-005 (Material Weakness) (Continued)	City of Compton
Recommendation	We recommend the City implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing these procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who is responsible for each task, the expected and actual completion dates. The timing of specific procedures could be coordinated with management's or the auditor's need for the related information. These reconciliations will help ensure that the financial statements are updated and provided to the users in a timely manner.
Management's Response	The City is in the process of catching up on accounting processes that were not completed due to staff turnover and other factors. The new management team in the Finance and Accounting Department is implementing procedures to ensure that monthly and annual year-end closing processes are well documented and completed on time.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)**

PALRF and PCLRF Finding #2025-006 (Significant Deficiency)	City of Cudahy
Compliance Reference	Section II(A) 15 Direct Administration of the Proposition A and C Local Return Guidelines states that, "The administrative expenditures for any year shall not exceed 20 percent of the total LR annual expenditures, based on year-end expenditures, and will be subject to an audit finding if the figure exceeds 20%. The annual expenditure figure will be reduced by fund trades to other cities and/or funds set aside for reserves; conversely, the annual expenditure figure will be increased by expenditure of reserves or LR funds received in fund exchanges."
Condition	The City claimed PALRF administrative expenses in excess of the 20% cap, totaling \$9,893. This is a repeat finding from prior year's audit relating to the PALRF's prior period adjustment which increased the FY2023/24 expenditures for Project Code 610, Administrative Prop A to \$121,791, resulting in an excess of \$27,096. Additionally, the PCLRF's prior period adjustment which increased the FY2023/24 expenditures for Project Code 620, Administration Prop C to \$77,180, resulted in an excess of \$69,184.
Cause	The City has reassessed and reallocated its expenses for FY2023/24 and has performed similar reallocations for FY2024/25.
Effect	The City is required to return to the Local Return Accounts the amounts exceeding the 20% cap.
Recommendation	We recommend the City establish procedures and internal controls to ensure that administrative expenditures charged to the LR funds do not exceed the allowable limit.
Management's Response	The City will return to the Local Return Accounts the amounts over the 20% cap totaling \$36,989 and \$69,184, for PALRF and PCLRF, respectively.
Finding Corrected During the Audit	The City has recorded a due from General Fund in FY2024/25. No additional follow up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

PCLRF Finding #2025-007	City of Hawthorne
Compliance Reference	Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance" or "Bikeway projects". "Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria." "A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro with project codes 705, 710, 715, 806, and 840."
Condition	The City submitted its Pavement Management System (PMS) certification late during FY 2024/25. Although a PMS assessment and inventory is required to be conducted and maintained every 3 years, the certification submitted to Metro on October 15, 2025 references an October 2023 inventory update and pavement condition review. While the inventory itself is within the required 3-year window, the certification was not submitted in a timely manner during the fiscal year. A PMS Certification is required for PCLRF Project code 715, Street Improvement Projects and Bus Routes Street Lighting.
Cause	There was a turnover in permanent staff and a turnover in consultants.
Effect	The City was not in compliance with the criteria stipulated in the Local Return Guidelines.
Recommendation	We recommend the City submit to Metro and keep on file an updated PMS certification for eligibility for its new or ongoing street maintenance or bikeway projects.
Management's Response	The City acknowledges the oversight in not submitting a current PMS certification for FY 2024/25.
Finding Corrected During the Audit	The City subsequently submitted the PMS Certification on October 15, 2025. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

PALRF and PCLRF Finding #2025-008	City of Huntington Park
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and Proposition C Local Return Guidelines states that "Jurisdictions shall submit for approval a Project Description Form (Form A) or its electronic equivalent prior to the expenditure of funds for 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	The City claimed expenditures under the following Proposition A projects prior to obtaining approval from Metro. a. Project Code 135, User Side Subsidy (Elderly/Handicapped), totaling \$2,044. b. Project Code 155, Special Event Transit, totaling \$8,901 Further, the City claimed an expenditure under the following Proposition C project prior to approval from Metro. c. Project Code 170, Bus Shelter Maintenance Program, totaling \$285,310 Although the expenditures were determined to be eligible for Local Return funding, these projects did not have prior approval from Metro.
Cause	This condition was caused by turnover of the City staff responsible for completing the Expenditure Plan. A City staff member who is currently assigned to monitor the Proposition A Local Return Expenditure Plan was unaware of all the expenses that have been budgeted for Proposition A and Proposition C in previous fiscal years. The City was not able to submit a budget request for Metro's approval until after June 30, 2025.
Effect	The City claimed expenditures totaling \$10,945 in Proposition A LR funds and \$285,310 in Proposition C LR funds prior to obtaining approval from Metro. As a result, the City did not comply with the Guidelines.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

PALRF and PCLRF Finding #2025-008 (Continued)	City of Huntington Park
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.
Management's Response	The City submitted Budget Requests via LRMS and obtained retroactive approval for the projects on December 11, 2025.
Finding Corrected During the Audit	Retroactive approval for the projects was obtained through LRMS on December 11, 2025. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)**

PALRF and PCLRF Finding #2025-009	City of Huntington Park
Compliance Reference	Section I(C) Project Description Form (Form A) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) or its electronic equivalent prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a Budget Request via LRMS for the PALRF's Project Code 105, Fuel for Fixed Route and Dial-A-Ride program and PCLRF's Project Code 107, Fuel for Fixed Route & Dial-A-Ride. The amounts exceeding 25 percent of the approved budgets were \$16,735 for each project. Projects with greater than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A) or a Budget Request via LRMS.
Cause	This condition was caused by turnover of the City staff responsible for completing the Expenditure Plan. A City staff member who is currently assigned to monitor the Proposition A Local Return Expenditure Plan was unaware of all the expenses that have been budgeted for Proposition A and Proposition C in previous fiscal years. The City was not able to submit revised budget requests for Metro's approval until after June 30, 2025.
Effect	The City's PALRF and PCLRF project expenditures exceeded 25 percent of the approved project budgets prior to Metro's approval, resulting in the City's noncompliance with the Guidelines.

Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
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(Continued)

PALRF and PCLRF Finding #2025-009 (Continued)	City of Huntington Park
Recommendation	We recommend the City submit a revised Form A or a Budget Request via LRMS to obtain Metro's approval for the change in the project budget and implement internal controls to ensure ongoing compliance with this requirement.
Management's Response	The City agrees with the finding and will submit a revised budget via LRMS prior to the end of the fiscal year to obtain Metro's approval for the change in the project budget and implement internal controls to ensure compliance with this requirement at all times. The City submitted a Budget Request via LRMS and obtained retroactive approval of the budget for said projects on December 11, 2025.
Finding Corrected During the Audit	Retroactive approval for the revised budgets of the projects was obtained via LRMS on December 11, 2025. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)**

PALRF and PCLRF Finding #2025-010:	City of Huntington Park
Compliance Reference	Section III(A) Annual Project Update (Form B) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions shall submit on or before August 1 of each fiscal year an Annual Project Update to provide current information on all approved on-going and carryover LR projects. Metro will review and accept or return the report for changes. Cities shall report the anticipated expenditure cash flow amounts for the covered fiscal year".
Condition	The City missed the August 1, 2024 deadline of Form B, submitting the 8/1 Table late. Form B was submitted on October 15, 2024.
Cause	This condition was caused by turnover of the City staff responsible for completing Form B, 8/1 Table. A City staff member who is currently assigned to submit Form B, 8/1 Table was unaware of the requirements to submit Form B, 8/1 Table by August 1st of each year.
Effect	The City submitted the Form B 8/1 Table after the August 1, 2024 deadline, resulting in the City's noncompliance with the Guidelines.
Recommendation	We recommend the City submit Form B via LRMS prior to the August 1st deadline to ensure compliance with this requirement at all times.
Management's Response	The City will ensure 8/1 Table is submitted in a timely manner by August 1st of each fiscal year.
Finding Corrected During the Audit	The City submitted the 8/1 Table on October 15, 2024. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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(Continued)**

PALRF Finding #2025-011 (Material Weakness)	City of Huntington Park
Compliance Reference	Section III(A) Reporting Requirements for Jurisdictions, Annual Expenditure Report (Form C or Actuals Entry) of the Proposition A and Proposition C Local Return Guidelines states that, "For Jurisdictions with Recreational Transit projects, Jurisdictions are required to annually submit an accounting of Recreational Transit trips, destinations and costs. This information should be submitted along with the Form C or Actuals Entry, no later than October 15 after the fiscal year".
Condition	The City submitted its Recreational Transit Certification for PALRF on November 17, 2025, which was 33 days after the October 15, 2025 due date. This is a repeat finding from the fiscal years 2023 and 2024.
Cause	This condition was caused by turnover in City staff responsible for completing the Recreation Transit Form. A City staff member who is currently assigned to monitor the Recreational Transit Expenditure Plan was unaware of the requirements to submit the Recreational Transit Form by October 15th of each year.
Effect	The City was not in compliance with the reporting requirements of the Local Return Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the Recreational Transit Certification is submitted by October 15th as required by the Guidelines.
Management's Response	The City will ensure that the Recreational Transit Certification is submitted in a timely manner by October 15th of each fiscal year.
Finding Corrected During the Audit	The City subsequently submitted the Recreational Transit Certification on November 17, 2025. No follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
Proposition A and Proposition C Local Return Funds
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)**

PALRF and PCLRF Finding #2025-012 (Material Weakness)	City of Huntington Park
Compliance Reference	Proposition A and Proposition C Local Return Guidelines Section V, state that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".
Condition	As of the date of audit fieldwork, December 29, 2025, the City's year-end closing process was still ongoing for the fiscal year 2025. The following critical observations have been identified: • Cut-off procedures relating to year-end accruals were inadequate to ensure that transactions were recorded in the proper period. This resulted in the City's adjustments that affected the prior period's account balances. • Certain accounts and beginning fund balances were not reconciled to the City's published 2024 audited reports. Accordingly, the audit of the City's financial statements for the fiscal year 2025 remains in progress due to the ongoing clean-up and closing process. This is a repeat finding from the fiscal years 2023 and 2024.
Cause	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. Currently, 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.
Effect	The City was not in compliance with the audit requirements of the Local Return Guidelines.

Los Angeles County Metropolitan Transportation Authority
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Fiscal Year Ended June 30, 2025
(Continued)

PALRF and PCLRF Finding #2025-012 (Material Weakness) (Continued)	City of Huntington Park
Recommendation	The City should implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing these procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who is responsible for each task and the expected and actual completion dates. The timing of specific procedures should be coordinated with management's or the auditor's need for the related information. These reconciliations will help ensure that the financial statements are updated and provided to users on a timely basis. We further recommend that the City maintain a separate bank account for its local return funds. This will also help in monitoring and tracking the activities and balances of local return funds.
Management's Response	The City is in the process of catching up on accounting processes that were not completed due to staff turnover and other factors. The new management team in the Finance and Accounting Department is implementing procedures to ensure that monthly and annual year-end closing processes are well documented and completed on time.

Los Angeles County Metropolitan Transportation Authority
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Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

PCLRF Finding #2025-013	City of Lawndale
Compliance Reference	Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance" or "Bikeway projects". "Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria." "A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro with project codes 705, 710, 715, 806, and 840."
Condition	The City did not submit a current Pavement Management System (PMS) certification during FY 2024/25. A PMS assessment and inventory is required to be conducted and maintained every 3 years. The City's latest certification submitted to Metro on June 15, 2022 has a June 2022 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2025. A PMS Certification is required for PCLRF Project code 705, Street Improvements.
Cause	The PMS certification was missed as a result of staff turnover in the Public Works Department.
Effect	The City was not in compliance with the criteria stipulated in the Local Return Guidelines.
Recommendation	We recommend that the City submit to Metro and keep on file an updated PMS certification for eligibility for its new or ongoing street maintenance or bikeway projects.
Management's Response	The City acknowledges the oversight in not submitting a current PMS certification for FY 2024/25. The Public Works Director is addressing this matter, with renewal underway to ensure compliance for FY 2025/26.

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Fiscal Year Ended June 30, 2025
(Continued)

PCLRF Finding #2025-014	City of Lynwood
Compliance Reference	Section I (C) Project Description Form (Form A) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions shall submit for approval a Project Description Form (Form A) or its electronic equivalent prior to the expenditure of funds for: 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	The City exceeded Metro's approved budget by more than 25 percent prior to obtaining approval through a revised Form A or a Budget Request via LRMS for the PCLRF's Project Code 470, SCAG Dues. The amount in excess of 25 percent of the approved budget was \$12,456. Projects with more than 25 percent change from the approved project budget should be amended by submitting a Project Description Form (Form A) or a Budget Request via LRMS.
Cause	The City did not anticipate incurring eligible expenditures for this project. As a result, the City was not able to submit a revised budget request for Metro's approval until after June 30, 2025.
Effect	The City's PCLRF project expenditure exceeded 25 percent of the approved project budget prior to Metro's approval, resulting in noncompliance with the Guidelines.
Recommendation	We recommend the City submit a revised Form A or submit a Budget Request via LRMS to obtain Metro's approval for the change in the project budget and implement internal controls to ensure compliance with this requirement at all times.

Los Angeles County Metropolitan Transportation Authority
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Fiscal Year Ended June 30, 2025
(Continued)

PCLRF Finding #2025-014 (Continued)	City of Lynwood
Management's Response	The City agrees with the finding and will submit a revised budget via LRMS prior to the end of the fiscal year to obtain Metro's approval for the change in the project budget and implement internal controls to ensure compliance with this requirement at all times. The City submitted a budget request to Metro Program Manager and obtained retroactive approval of the budget for said project on December 29, 2025.
Finding Corrected During the Audit	On December 29, 2025, the Metro Program Manager granted retroactive approval of the said project. No additional follow-up is required.

**Los Angeles County Metropolitan Transportation Authority
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Fiscal Year Ended June 30, 2025
(Continued)**

PCLRF Finding #2025-015	City of Montebello
Compliance Reference	Section II (C)(7) Pavement Management Systems (PMS) of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions are required to certify that they have conducted and maintain Pavement Management Systems (PMS) when proposing "Street Repair and Maintenance "or "Bikeway projects". "Self-certifications executed by the jurisdiction's Engineer or designated, registered civil engineer, must be submitted with Form A for new street maintenance or bikeway projects, or Form B (biannually) for ongoing projects, to satisfy "Street Repair and Maintenance" and "Bikeway" project eligibility criteria." "A Pavement Management System (PMS) Certification Form should be prepared and submitted to Metro with project codes 705, 710, 715, 806, and 840."
Condition	The City did not submit a current Pavement Management System (PMS) certification during FY 2024/25. A PMS assessment and inventory is required to be conducted and maintained every 3 years. The City's latest certification submitted to Metro on June 13, 2022 has a July 2021 inventory update and review of pavement condition completion date which was already over three years as of June 30, 2025. A PMS Certification is required for PCLRF Project code 705, Nationwide Street Sweeping project.
Cause	There was a delay due to awaiting the final report from the City's consultant for the final inventory and pavement assessment, as well as the subsequent presentation to City Council.
Effect	The City was not in compliance with PMS certification as required by the Local Return Guidelines.
Recommendation	We recommend the City submit to Metro and keep on file an updated PMS certification for eligibility for its new or ongoing street maintenance or bikeway projects.

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(Continued)

PCLRF Finding #2025-015 (Continued)	City of Montebello
Management's Response	The City acknowledges the oversight in not submitting a current PMS certification for FY 2024/25. The City will closely coordinate with the consultant in providing the PMS information and establish a firm deadline for completion to ensure timely submission in the future.
Finding Corrected During the Audit	The City submitted the current PMS certification to Metro on August 27, 2025 with an August 2025 inventory update and review of pavement condition completion date. No additional follow-up is required.

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(Continued)

PALRF and PCLRF Finding #2025-016 (Material Weakness)	City of Santa Fe Springs
Compliance Reference	Proposition A and Proposition C Local Return Guidelines Section V, states that, "It is the jurisdictions' responsibility to maintain proper accounting records and documentation to facilitate the performance of the audit as prescribed in these Guidelines".
Condition	As of the date of audit fieldwork on December 30, 2025, the City's year-end closing process was still ongoing. Reconciliation of major balance sheet accounts, including bank accounts, had not yet been completed. In addition, interest allocation procedures had not been performed, further indicating that certain key closing activities were still outstanding.
Cause	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. Currently, 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.
Effect	The City was not in compliance with the audit requirements of the Local Return Guidelines.
Recommendation	The City should implement a monthly and year-end closing process in a timely manner. We also recommend that the City establish and document proper closing and reconciliation procedures and assign responsibility for completing these procedures to specific City personnel. The closing procedures should be documented in a checklist that indicates who is responsible for each task and the expected and actual completion dates. The timing of specific procedures could be coordinated with management's or the auditor's need for the related information. These reconciliations will help ensure that financial statements are updated and provided to users on a timely basis.

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(Continued)

PALRF and PCLRF Finding #2025-016 (Material Weakness) (Continued)	City of Santa Fe Springs
Management's Response	The City is in the process of catching up on accounting processes that were not completed due to staff turnover and other factors. The new management team in the Finance and Accounting Department is implementing procedures to ensure monthly and annual year-end closing processes are well documented and completed on time.

Los Angeles County Metropolitan Transportation Authority
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(Continued)

PALRF and PCLRF Finding #2025-017 (Significant Deficiency)	City of South Gate
Compliance Reference	Section I (C) Project Description Form (Form A) of the Proposition A and Proposition C Local Return Guidelines states that "Jurisdictions shall submit for approval a Project Description Form (Form A) or its electronic equivalent prior to the expenditure of funds for 1) a new project; 2) a new route; 3) a 25 percent change (increase or decrease) in route or revenue vehicle miles for an established LR funded transit service; 4) a 0.75 miles or greater service change that duplicates/overlays an existing transit service; or 5) a 25 percent or greater change in an approved LR project budget or scope on all operating or capital LR projects."
Condition	The City claimed expenditures under the following Proposition A project prior to approval from Metro. a. Project code 610, Traffic Development Impact Fee Study, totaling \$8,115 Further, the City claimed expenditures under the following Proposition C projects prior to approval from Metro. b. Project code 303, Tweedy Boulevard Traffic Signal Synchronization, totaling \$47,124; and c. Project code 620, Traffic Development Impact Fee Study, totaling \$8,115. Although we found the expenditures to be eligible for Local Return funding, these projects had no prior approval from Metro. This is a repeat finding for PCLRF from prior year.
Cause	The City did not anticipate incurring eligible expenditures for these projects. The City was not able to submit a budget request for Metro's approval until after June 30, 2025.
Effect	The City claimed expenditures totaling \$8,115 of Proposition A LR funds and \$55,239 of Proposition C LR funds prior to approval by Metro. The City did not comply with the Guidelines.

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(Continued)

PALRF and PCLRF Finding #2025-017 (Significant Deficiency) (Continued)	City of South Gate
Recommendation	We recommend the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.
Management's Response	The City submitted Budget Requests via LRMS and obtained retroactive approval of the budgets for said projects on October 13, 2025.
Finding Corrected During the Audit	Retroactive approval of the said projects was obtained via LRMS on October 13, 2025. No additional follow-up is required.

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(Continued)**

PALRF and PCLRF Finding #2025-018	City of Vernon
Compliance Reference	Section I(B) Timely Use of Funds of the Proposition A and Proposition C Local Return Guidelines states that, "Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City has unused Proposition A and Proposition C funds from FY22 allocations amounting to \$2,276 and \$198, respectively, which lapsed as of June 30, 2025.
Cause	This was caused by oversight of the City's personnel.
Effect	The City did not comply with Proposition A and Proposition C LR Guidelines.
Recommendation	We recommend that the City establish procedures and internal controls to ensure that Proposition A and Proposition C funds are used timely.
Management's Response	The City acknowledges the oversight. To prevent recurrence, the City will implement enhanced procedures and internal controls to ensure timely expenditure of Proposition A and Proposition C funds.
Finding Corrected During the Audit	On December 16, 2025, Metro granted an extension for the use of the funds remaining with the City through June 30, 2026. No follow-up is required.



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