INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO
THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY'S
FUNDING AND ALLOCATION GUIDELINES FOR
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3
BICYCLE AND PEDESTRIAN FUNDS

TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Simpson & Simpson, LLP
Certified Public Accountants

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
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 THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY'S FUNDING AND ALLOCATION GUIDELINES FOR TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 BICYCLE AND PEDESTRIAN FUNDS

To: Board of Directors of the Los Angeles County Metropolitan Transportation Authority

Report on Compliance

Opinion

We have audited the compliance of the forty-nine (49) Cities (the Cities) identified in the List of Package B Jurisdictions, with the types of compliance requirements described in the Transportation Development Act (TDA) Statutes and California Codes of Regulations issued by the California Department of Transportation Division of Mass Transportation (CalTrans) and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2025. Compliance areas tested and related findings are identified in the accompanying Compliance Areas Tested and Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the Cities complied, in all material respects, with the Guidelines referred to above that could have a direct and material effect on the TDA Article 3 program for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the 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 Cities and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the Cities' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the Cities are 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 each City's TDA Article 3 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 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 Cities' compliance with the requirements of the TDA Article 3 program 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 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 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 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 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 #2025-012. Our opinion is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Cities' responses to the noncompliance 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.

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 have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness 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 #2025-003, #2025-005, and #2025-006 that we consider 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 #2025-001, #2025-002, #2025-004, and #2025-007 that we consider 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 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.

Simpson & Simpson

Los Angeles, California
December 31, 2025

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
List of Package B Jurisdictions
Fiscal Year Ended June 30, 2025

1. CITY OF ALHAMBRA
2. CITY OF ARCADIA
3. CITY OF ARTESIA
4. CITY OF AVALON
5. CITY OF BELLFLOWER
6. CITY OF BRADBURY
7. CITY OF BURBANK
8. CITY OF CERRITOS
9. CITY OF CLAREMONT
10. CITY OF COVINA
11. CITY OF DIAMOND BAR
12. CITY OF DOWNEY
13. CITY OF DUARTE
14. CITY OF EL SEGUNDO
15. CITY OF GLENDALE
16. CITY OF GLENDORA
17. CITY OF HAWAIIAN GARDENS
18. CITY OF HERMOSA BEACH
19. CITY OF LA CANADA FLINTRIDGE
20. CITY OF LA HABRA HEIGHTS
21. CITY OF LA MIRADA
22. CITY OF LA VERNE
23. CITY OF LAKEWOOD
24. CITY OF LANCASTER
25. CITY OF LOMITA
26. CITY OF LONG BEACH
27. CITY OF LOS ANGELES
28. CITY OF MANHATTAN BEACH
29. CITY OF MONROVIA
30. CITY OF NORWALK
31. CITY OF PALMDALE
32. CITY OF PALOS VERDES ESTATES
33. CITY OF PARAMOUNT
34. CITY OF PASADENA
35. CITY OF RANCHO PALOS VERDES
36. CITY OF REDONDO BEACH
37. CITY OF ROLLING HILLS
38. CITY OF ROLLING HILLS ESTATES
39. CITY OF SAN DIMAS
40. CITY OF SAN GABRIEL
41. CITY OF SAN MARINO
42. CITY OF SANTA CLARITA
43. CITY OF SIERRA MADRE
44. CITY OF SIGNAL HILL
45. CITY OF SOUTH PASADENA
46. CITY OF TEMPLE CITY
47. CITY OF TORRANCE
48. CITY OF WEST COVINA
49. CITY OF WHITTIER

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Compliance Areas Tested
Fiscal Year Ended June 30, 2025

1. Timely use of funds.
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.
3. Claim Form (or electronic equivalent) was submitted on time.

SUMMARY OF AUDIT RESULTS

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025

The audits of the 49 cities have resulted in twelve (12) findings. The table below summarizes these findings:

Compliance Areas	# of Findings	Responsible Cities/ Finding Reference	Questioned Costs	Resolved During the Audit
Timely use of funds: Lapsed funds.	3	Artesia (#2025-001)	$ 397	$ 397
		Claremont (#2025-004)	17,900	17,900
		West Covina (#2025-010)	19,075	19,075
Timely use of funds: Unencumbered fund balance.	6	Bradbury (#2025-003)	None	None
		Claremont (#2025-004)	None	None
		El Segundo (#2025-005)	None	None
		Glendale (#2025-006)	None	None
		Palmdale (#2025-007)	None	None
		West Covina (#2025-010)	None	None
Claim Form (or electronic equivalent) was submitted on time.	3	Artesia (#2025-002)	None	None
		Redondo Beach (#2025-008)	None	None
		Temple City (#2025-009)	None	None
Total Findings and Questioned Costs	**12**		**$ 37,372**	**$ 37,372**

Details of the findings are in Schedule 2.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025

Finding #2025-001 (Significant Deficiency)	**City of Artesia**
Compliance Reference	According to LACMTA's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "TDA Article 3 local funds may be placed on reserve for up to three years (i.e. no longer than the fourth fiscal year after they were made available by Metro Board action). Agencies may accumulate three years' worth of reserved TDA Article 3 local funds before being required to obligate them or return them to the TDA Article 3 fund. Any funds left on reserve by the local agency longer than three years are subject to lapse and future reallocation."
Condition	As of June 30, 2025, the City had lapsed funds totaling $397 related to the fiscal year 2020–21 allocation. However, the City subsequently received extension approval from Metro on December 12, 2025, allowing the City to expend the lapsed funds through June 30, 2026. This is a repeat finding from the fiscal year 2024.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 reserve balance to ensure that all TDA Article 3 funds are claimed and expended within the timeline required by the TDA Article 3 Guidelines.
Management's Response	The City will closely monitor reserves and communicate with Metro to ensure the timely use of funds to avoid future lapses of funds.
Finding Corrected During the Audit	On December 12, 2025, Metro granted the City an extension approval to expend the lapsed funds through June 30, 2026. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-002 (Significant Deficiency)	**City of Artesia**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Filing Claims, "Each agency must designate the disposition of its TDA Article 3 allocation by completing the TDA 3 Claim Form in the LRMS by May 31st."
Condition	The City did not meet the May 31, 2025 deadline for submission of the TDA 3 Claim Form (Claim Form). However, the City subsequently submitted the Claim Form on June 27, 2025. This is a repeat finding from the fiscal year 2024.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City establish and implement procedures to ensure the Claim Form is properly prepared and submitted through the Local Return Management System (LRMS) by the annual due date of May 31st.
Management's Response	The City will establish procedures to ensure that the future Claim Form will be submitted on time.
Finding Corrected During the Audit	The City subsequently submitted the Claim Form through the LRMS on June 27, 2025. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-003 (Material Weakness)	**City of Bradbury**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated."
Condition	As of June 30, 2025, the City had a remaining fund balance of $3,544 and had not encumbered these funds. This is a repeat finding from the fiscal years 2021, 2022, and 2024.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 fund balance to ensure that all TDA Article 3 funds are expended within the required timeline per the TDA Article 3 Guidelines.
Management's Response	The City accepts the finding. Going forward, the City will ensure that the TDA Article 3 funds are either fully expended or encumbered by June 30 of each fiscal year. If additional time is needed, the City will request an extension from Metro. For the fiscal year 2025, the City has requested and received an extension from Metro.
Finding Corrected During the Audit	On December 11, 2025, Metro approved an extension allowing the City to use the TDA Article 3 funds until June 30, 2026. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-004 (Significant Deficiency)	**City of Claremont**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated" Furthermore, according to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "TDA Article 3 local funds may be placed on reserve for up to three years (i.e. no longer than the fourth fiscal year after they were made available by Metro Board action). Agencies may accumulate three years' worth of reserved TDA Article 3 local funds before being required to obligate them or return them to the TDA Article 3 fund. Any funds left on reserve by the local agency longer than three years are subject to lapse and future reallocation."
Condition	As of June 30, 2025, the City had a fund balance of $130 and had not encumbered these funds. In addition, the City had lapsed funds totaling $17,900 from the fiscal year 2020-21 allocation. The lapsed fund finding is a repeat finding from the fiscal year 2024.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City strengthen and document internal control procedures to track TDA Article 3 fund balances, lapse deadlines, and encumbrances to ensure that all TDA Article 3 funds are expended or properly encumbered within the timelines prescribed by the TDA Article 3 Guidelines.
Management's Response	The City accepts the finding. The City will ensure that the funds are either fully expended or properly encumbered by June 30 of each fiscal year. The City has requested an extension from Metro. Also, going forward, the City will closely monitor reserves and communicate with Metro to ensure the timely use of funds and avoid future lapses.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-004 (Significant Deficiency) (Continued)	**City of Claremont**
Finding Corrected During the Audit	On December 11, 2025, Metro declined to grant the City an extension to use the TDA Article 3 fund balance of $130 beyond June 30, 2025, as this marked the second consecutive year the City requested an extension. Accordingly, on December 18, 2025, the City returned the unexpended $130 to Metro. On December 15, 2025, Metro approved a one-time extension allowing the City to expend the fiscal year 2020-21 TDA Article 3 allocation in the amount of $17,900 through June 30, 2026. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-005 (Material Weakness)	**City of El Segundo**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated."
Condition	As of June 30, 2025, the City had a fund balance of $25,379 that had not been encumbered. This is a repeat finding from the fiscal years 2022, 2023 and 2024.
Cause	This condition was due to staffing limitations during the fiscal year, which affected the City's ability to fully expend all funds drawn down within the required timeframe.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 fund balance to ensure that all TDA Article 3 funds are expended within the required timeline per the TDA Article 3 Guidelines.
Management's Response	The City had limited staff that were prioritizing various other projects throughout the year. Moving forward, staff will more closely monitor TDA Article 3 funding and only draw down funds when it is expected that the funds will be spent by the end of the fiscal year.
Finding Corrected During the Audit	On December 15, 2025, Metro declined to grant the City an extension to use the TDA Article 3 fund balance and requested the City to return the remaining fund balance to Metro.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-006 (Material Weakness)	**City of Glendale**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated."
Condition	At June 30, 2025, the City had a fund balance of $54,090, of which $52,527 was encumbered for Pedestrian Improvements on Brand Blvd Project. The City had an unencumbered remaining fund balance of $1,563 as of June 30, 2025. This is a repeat finding from the fiscal years 2023 and 2024.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 fund balance to ensure that all TDA Article 3 funds are expended within the required timeline per the TDA Article 3 Guidelines.
Management's Response	The City will establish procedures to ensure that all funds are appropriately expended or reserved in accordance with the TDA Article 3 Guidelines. Going forward the City will not withdraw any TDA funds until the project is fully completed.
Finding Corrected During the Audit	On December 3, 2025, Metro did not grant the City an extension on the usage of the TDA Article 3 fund balance until June 30, 2026, as this marked two consecutive years of the City requesting an extension. Consequently, the City must return the unexpended funds to Metro for future allocation.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-007 (Significant Deficiency)	**City of Palmdale**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated."
Condition	As of June 30, 2025, the City had a fund balance of $154,043, of which $144,700 was encumbered for the Palmdale Playhouse ADA Compliance Project. The remaining fund balance of $9,343 had not been encumbered as of June 30, 2025. This is a repeat finding from the fiscal year 2024.
Cause	This was an oversight on the part of the City.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 fund balance to ensure that all TDA Article 3 funds are expended within the required timeline per the TDA Article 3 Guidelines.
Management's Response	The City will establish procedures to ensure that all funds are appropriately expended or reserved in accordance with the TDA Article 3 Guidelines.
Finding Corrected During the Audit	On December 16, 2025, Metro did not grant the City an extension to use the TDA Article 3 fund balance beyond June 30, 2025, as this marked the second consecutive year the City requested an extension. Consequently, the City is required to return the unexpended funds to Metro for future allocation.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-008	**City of Redondo Beach**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Filing Claims, "Each agency must designate the disposition of its TDA Article 3 allocation by completing the TDA 3 Claim Form in the LRMS by May 31st."
Condition	The City did not meet the May 31, 2025 deadline for submission of the TDA Article 3 Claim Form (Claim Form).
Cause	This was due to an oversight on the part of the City.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City establish and implement procedures to ensure the Claim Form is properly prepared and submitted through the Local Return Management System (LRMS) by the annual due date of May 31st.
Management's Response	Management agrees with the recommendation. Going forward, Public Works staff will be responsible for submitting the TDA Article 3 Claim Form on an annual basis by the required deadline. Upon submission, Public Works will notify the Finance Department and provide submission confirmation. This coordination will allow the City to track compliance, monitor Metro deadlines, and follow up proactively as needed, particularly during periods of staffing changes or increased workload.
Finding Corrected During the Audit	The City subsequently submitted the Claim Form through the LRMS on June 26, 2025. No follow up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-009	**City of Temple City**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Filing Claims, "Each agency must designate the disposition of its TDA Article 3 allocation by completing the TDA 3 Claim Form in the LRMS by May 31st."
Condition	The City did not meet the May 31, 2025 deadline for submission of the Claim Form. However, the City submitted the form on June 26, 2025.
Cause	Due to several retirements in the Finance Department and staff turnover, the submission of the Claim Form was delayed.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City establish and implement procedures to ensure the Claim Form is properly prepared and submitted through the Local Return Management System (LRMS) by the annual due date of May 31st.
Management's Response	In the future, the City will ensure that the Claim Form will be submitted in a timely manner.
Finding Corrected During the Audit	The City subsequently submitted the Claim Form through the LRMS on June 26, 2025. No follow up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-010	**City of West Covina**
Compliance Reference	According to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated" Furthermore, according to Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: "TDA Article 3 local funds may be placed on reserve for up to three years (i.e. no longer than the fourth fiscal year after they were made available by Metro Board action). Agencies may accumulate three years' worth of reserved TDA Article 3 local funds before being required to obligate them or return them to the TDA Article 3 fund. Any funds left on reserve by the local agency longer than three years are subject to lapse and future reallocation."
Condition	As of June 30, 2025, the City had a fund balance of $30,606 which consisted of the following: • $399 unrealized gain on investments; • $19,075 from the fiscal year 2020-21 allocation that remained unspent as of June 30, 2025 and should have been returned to Metro for future redistribution among the cities; and • $11,132 from the fiscal year 2021-22 allocation that remained unspent as of June 30, 2025, and should have been returned to Metro to be placed on reserved.
Cause	The unspent funds were primarily due to delays in the start of the project and the changes in the scope of the project.
Effect	The City was not in compliance with Metro's Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-010 (Continued)	**City of West Covina**
Recommendation	We recommend that the City return the lapsed fiscal year 2020-21 allocation of $19,075 to Metro for future redistribution among the cities and return the fiscal year 2021-22 allocation of $11,132 to Metro to be placed on reserved. The City needs to implement internal control procedures to track the TDA Article 3 reserve balance to ensure that all TDA Article 3 funds are claimed and expended within the required timeline per the TDA Article 3 Guidelines. In addition, we recommend that the City establish procedures to ensure that it only draws down funds that will be spent or encumbered on eligible projects before the end of the fiscal year and returns any unspent funds to Metro to be placed on reserve for the City as required by the Guidelines.
Management's Response	The City management acknowledges the audit finding regarding the fiscal year 2020-21 and the fiscal year 2021-22 unspent funds. These unspent allocations will be repaid to Metro for the fiscal year 2020-21 allocation redistributed among the cities in the future and the fiscal year 2021-22 allocation to be placed on reserved.
Finding Corrected During the Audit	The City issued a check on December 17, 2025, for the lapsed fiscal year 2020-21 allocation of $19,075 and the unencumbered fiscal year 2021-22 allocation of $11,132. No follow-up is required