City of Azusa
Annual Financial Report of its

Proposition A Local Return Fund
Proposition C Local Return Fund
Measure R Local Return Fund
Measure M Local Return Fund
Transportation Development Act Article 3 Fund

As of and for the Years Ended June 30, 2025 and 2024
with Independent Auditor's Report

FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Members of the City Council of the City of Azusa, California and the Los Angeles County Metropolitan Transportation Authority

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Azusa, California (the City) which comprise the Funds' balance sheets as of June 30, 2025 and 2024, the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the Funds financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Azusa, California as of June 30, 2025 and 2024, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the 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 audit opinions.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Azusa, California, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, 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 amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the Funds' basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' basic financial statements or to the Funds' basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2025 on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
December 15, 2025

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 4,369,386**	$ 4,281,528
Interest receivable	**3,288**	3,617
Prepaid Expenses	**15,750**	-
Accounts receivable (Note 8)	**164,691**	143,805
Total assets	**$ 4,553,115**	$ 4,428,950
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 11,833**	$ 20,239
Accrued payroll and employee benefits	**33,997**	19,541
Total liabilities	**45,830**	39,780
Deferred inflow of resources		
Unavailable revenue	**142,000**	142,000
Total deferred inflow of resources	**142,000**	142,000
Fund balance		
Restricted	**4,365,285**	4,247,170
Total fund balance	**4,365,285**	4,247,170
Total liabilities, deferred inflow of resources and fund balance	**$ 4,553,115**	$ 4,428,950

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Proposition A	$ **1,298,370**	$ 1,317,970
Proposition A Discretionary Incentive Program grant (Note 9)	**20,060**	65,421
Interest income	**133,105**	105,648
Project generated revenues (Note 10)	**152,861**	149,642
Sales of capital assets (Note 11)	**578**	-
Other revenues (Note 12)	**4,114**	-
Total revenues	**1,609,088**	1,638,681
Expenditures		
Various projects	**1,490,973**	1,056,227
Total expenditures	**1,490,973**	1,056,227
Excess of revenues over expenditures	**118,115**	582,454
Fund balance at beginning of year	**4,247,170**	3,664,716
Fund balance at end of year	$ **4,365,285**	$ 4,247,170

See notes to Funds financial statements.

Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
107	Demand Response	$ 980,000	$ 902,997	$ 77,003	$ 919,264
135	Rideshare Program	20,000	-	20,000	8,132
170	Transit Shelter Maintenance	15,000	4,804	10,196	-
205	Bus Stop Improvements	800,550	-	800,550	-
210	Purchase of four (4) new Transit Vans	475,000	443,970	31,030	-
610	Direct Administration	184,070	139,202	44,868	128,831
	Total expenditures	$ 2,474,620	$ 1,490,973	$ 983,647	$ 1,056,227

See Independent Auditor's Report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2012	12 Starcraft Allstar 22' Unit # 42083	$ 64,306	$ -	$ 64,306	$ -
2012	12 Starcraft Allstar 22' Unit # 42084	64,306	-	64,306	-
2024	V Ford transit 350 EL	-	110,992	-	110,992
2024	V Ford transit 350 EL	-	110,992	-	110,992
2024	V Ford transit 350 EL	-	110,992	-	110,992
2024	V Ford transit 350 EL	-	110,992	-	110,992
	Total	$ 128,612	$ 443,970	$ 128,612	$ 443,970

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 3,634,787**	$ 3,933,333
Interest receivable	**2,674**	3,351
Prepaid Expenses	**7,000**	-
Accounts receivable (Note 8)	**26,415**	91
Total assets	**$ 3,670,876**	$ 3,936,775
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 97,925**	$ 985,111
Accrued payroll and employee benefits	**10,377**	7,410
Total liabilities	**108,302**	992,521
Fund balance		
Restricted	**3,562,574**	2,944,254
Total fund balance	**3,562,574**	2,944,254
Total liabilities and fund balance	**$ 3,670,876**	$ 3,936,775

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Proposition C	**$ 1,076,965**	$ 1,093,226
Interest income	**102,035**	96,348
Project generated revenues (Note 10)	**2,026**	2,002
Sale of capital assets (Note 11)	**-**	1,915
Other revenues (Note 12)	**105,765**	207,018
Total revenues	**1,286,791**	1,400,509
Expenditures		
Various projects	**668,471**	1,648,421
Total expenditures	**668,471**	1,648,421
Excess (deficiency) of revenues over expenditures	**618,320**	(247,912)
Fund balance at beginning of year	**2,944,254**	3,192,166
Fund balance at end of year	**$ 3,562,574**	$ 2,944,254

See notes to Funds financial statements.

Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

		2025			
Project Code	Project Name	Metro Budget	Actual	Variance Positive (Negative)	2024 Actual
105	Goldline Shuttle	$ 325,060	$ 303,016	$ 22,044	$ 302,132
135	Bus Pass Subsidy Program	62,600	956	61,644	36,333
135	Rideshare Program	20,000	-	20,000	8,132
155	Recreation and Special Events	75,000	41,692	33,308	35,064
180	Transportation Improvement Consultant	30,000	13,623	16,377	11,337
270	Parking Structure Maintenance	175,000	133,629	41,371	97,631
620	Direct Administration	159,280	111,352	47,928	118,913
705	Foothill Boulevard Street Improvements	1,210,630	64,203	1,146,427	1,038,879
	Total expenditures	$ 2,057,570	$ 668,471	$ 1,389,099	$ 1,648,421

Schedule of Capital Assets
Year ended June 30, 2025

Date Acquired	Description		Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
N/A	none		$ -	$ -	$ -	$ -
		Total	$ -	$ -	$ -	$ -

		June 30		
		2025		2024
ASSETS				
Cash and investments	**$**	**1,430,999**	$	1,314,189
Interest receivable		**1,395**		1,494
Total assets	**$**	**1,432,394**	$	1,315,683
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	**$**	**29**	$	178
Accrued payroll and employee benefits		**1,227**		5,527
Total liabilities		**1,256**		5,705
Fund balance				
Restricted - Total Road Improvement Program (Note 13)		**764,569**		736,174
Restricted		**666,569**		573,804
Total fund balance		**1,431,138**		1,309,978
Total liabilities and fund balance	**$**	**1,432,394**	$	1,315,683

See notes to Funds financial statements.

		Years ended June 30	
		2025	2024
Revenues			
Measure R		**$ 807,574**	$ 819,663
Interest income		**51,188**	43,347
	Total revenues	**858,762**	863,010
Expenditures			
Various projects		**737,602**	803,403
	Total expenditures	**737,602**	803,403
Excess of revenues over expenditures		**121,160**	59,607
Fund balance at beginning of the year		**1,309,978**	1,250,371
Fund balance at end of year		**$ 1,431,138**	$ 1,309,978

See notes to Funds financial statements.

City of Azusa
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
301	Traffic Signal and Modifications for Synchronization (TRIP)	$ 231,350	$ 232,776	$ (1,426)	$ 236,065
630	Fund Administration (20% Cap)	10,000	427	9,573	1,010
705	Gas Tax Operations*	400,000	400,000	-	400,000
990	Road and Street Work Inspector/Oversight	161,080	104,399	56,681	166,328
	Total expenditures	$ 802,430	$ 737,602	$ 64,828	$ 803,403

* Project 705 Gas Tax Operations pertain to signage, concrete, asphalt, street painting, and signals which are eligible under MRLRF.

Schedule of Capital Assets
Year ended June 30, 2025

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
N/A	None	$ -	$ -	$ -	$ -
	Total	$ -	$ -	$ -	$ -

See Independent Auditor's Report.

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 3,584,048**	$ 3,995,751
Interest receivable	**2,660**	3,265
Prepaid expenses	**-**	115
Total assets	**$ 3,586,708**	$ 3,999,131
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 11,150**	$ 4,462
Accrued payroll and employee benefits	**34**	42
Total liabilities	**11,184**	4,504
Fund balance		
Restricted	**3,575,524**	3,994,627
Total fund balance	**3,575,524**	3,994,627
Total liabilities and fund balance	**$ 3,586,708**	$ 3,999,131

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Measure M	**$ 914,955**	$ 925,574
Interest income	**109,730**	90,328
Other revenues (Note 11)	**-**	925,794
Total revenues	**1,024,685**	1,941,696
Expenditures		
Various projects	**1,443,788**	1,874,828
Total expenditures	**1,443,788**	1,874,828
Excess (deficiency) of revenues over expenditures	**(419,103)**	66,868
Fund balance at beginning of year	**3,994,627**	3,927,759
Fund balance at end of year	**$ 3,575,524**	$ 3,994,627

See notes to Funds financial statements.

City of Azusa
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025
(With Comparative Actuals for 2024)

		2025			
Project Code	Project Name	Metro Budget	Actual	Variance Positive (Negative)	2024 Actual
640	Administration (20%)	$ 10,000	$ 427	$ 9,573	$ 1,010
705	Arrow Highway Street Improvements	1,793,679	1,443,361	350,318	1,784,584
715	Purchase of Equipment for Streets and Roads Maintenance Activities	-	-	-	89,234
705	Foothill Boulevard Pavement Rehabilitation	971,177	-	971,177	-
	Total expenditures	$ 2,774,856	$ 1,443,788	$ 1,331,068	$ 1,874,828

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
N/A	None	$ -	$ -	$ -	$ -
	Total	$ -	$ -	$ -	$ -

See Independent Auditor's Report.

	June 30	
	2025	2024
ASSETS		
Due from Metro	**$ -**	$ 100,599
Total assets	**$ -**	$ 100,599
LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCE (DEFICIT)		
Liabilities		
Due to other fund	**$ -**	$ 100,599
Total liabilities	**-**	100,599
Deferred inflow of resources		
Unavailable revenue	**-**	100,599
Total deferred inflow of resources	**-**	100,599
Fund balance (deficit)		
Restricted	**-**	(100,599)
Total fund balance (deficit)	**-**	(100,599)
Total liabilities, deferred inflow of resources and fund balance (deficit)	**$ -**	$ 100,599

See notes to Funds financial statements.

		Years ended June 30	
		2025	2024
Revenues			
Intergovernmental Allocations:			
TDA Article 3	**$**	**100,599**	$ -
Total revenues		**100,599**	-
Expenditures			
Various projects		**-**	102,453
Total expenditures		**-**	102,453
Excess deficiency of revenues over expenditures		**100,599**	(102,453)
Other financing source			
Transfers from General Fund		**-**	1,854
Total other financing source		**-**	1,854
Change in fund balance		**100,599**	(100,599)
Fund balance (deficit) at beginning of year		**(100,599)**	-
Fund balance (deficit) at end of year	**$**	**-**	$ (100,599)

See notes to Funds financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) of the City of Azusa (the City) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

PALRF and PCLRF represent 25% and 20%, respectively, of the ½ cent Proposition A and ½ cent Proposition C sales taxes which are distributed to the jurisdictions within Los Angeles County based on population and must be used exclusively for transportation related programs and projects.

MRLRF is derived from 15% of the county-wide ½ cent Measure R sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of the county-wide ½ cent Measure M sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

TDAA3F is a Special Revenue Fund that accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a spending or "financial flow" measurement focus. This means that generally, only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statements of revenues, expenditures and changes in fund balances for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are based on budgets approved by Metro and are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Annual Comprehensive Financial Report (ACFR) for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

Fund Balance Reporting

Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2025 and 2024:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances is restricted for projects approved by Metro.

Information regarding the fund balance reporting policy adopted by the City is described in the City's ACFR.

Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the City recognizes deferred outflows and deferred inflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. A deferred inflow of resources is defined as an acquisition of net position by the government that is applicable to a future reporting period.

Deferred inflows of resources reported by the City represent resources that are not available for spending as of June 30, 2025 and 2024.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F, and do not purport to, and do not present fairly the City's financial position as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

In accordance with *Proposition A and Proposition C Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure R Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

In accordance with *Measure M Local Return Program Guidelines*, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with *Public Utilities Code Section 99234*, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F cash balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average quarterly balances to the total of the pooled cash and investments.

Please refer to the City's ACFR for a full description of risks relating to cash and investments.

NOTE 8 ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2025 and 2024 consisted of the following:

PALRF

	2025	2024
Los Angeles County – Department of Public Works	**$ 142,000**	$ 142,000
NTD	**20,060**	-
Clear Channel	**1,602**	1,646
Auction proceeds	**577**	-
Fees/riders fares	**452**	159
	$ 164,691	$ 143,805

NOTE 8 ACCOUNTS RECEIVABLE (CONTINUED)

PCLRF		2025		2024
Fess/riders fares	$	26,415	$	91
	$	26,415	$	91

NOTE 9 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT

The City entered into various Memorandum of Understanding (MOUs) agreements with Metro to receive Proposition A Discretionary Incentive Program grant for participating in the National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2025 and 2024, consisted of the following:

Agreement Date	Program Year	MOU Amount	Amount Received			
				2025		2024
October 2023	FY 2020/21	65,421	$	-	$	65,421
May 2024	FY 2020/21	20,060		20,060		-
			$	20,060	$	65,421

The Proposition A Discretionary Incentive Program grant was recorded under the PALRF.

NOTE 10 PROJECT GENERATED REVENUES

Project generated revenues for the years ended June 30, 2025 and 2024 consisted of the following:

PALRF

		2025		2024
County Dial-A-Ride	$	142,000	$	140,000
Fees/riders fares		4,774		4,927
Fees/advertising		6,087		4,715
	$	152,861	$	149,642

PCLRF

		2025		2024
Fees/riders fares	$	2,026	$	2,002
	$	2,026	$	2,002

NOTE 11 SALE OF CAPITAL ASSETS

PALRF
For the year ended June 30, 2025, the City recognized gain on sale of vehicles purchased using Proposition A Local Return Fund. The gain of $578 was recorded under PALRF.

PCLRF
For the year ended June 30, 2024, the City recognized gain on sale of vehicles purchased using Proposition C Local Return Fund. The gain of $1,915 was recorded under PCLRF.

NOTE 12 OTHER REVENUES

Other revenues for the years ended June 30, 2025 and 2024 consisted of the following:

PALRF

	2025	2024
Reimbursements from Lowes	$ 2,773	$ -
Reimbursements from California Joint Powers for Vehicle Damage Repairs	1,341	-
	$ 4,114	$ -

PCLRF

	2025	2024
Gold Line lease	$ 105,765	$ 207,018
	$ 105,765	$ 207,018

MMLRF

	2025	2024
Reimbursements from City of Covina for the Arrow Highway Parkway and Median Landscaping Improvements Project	$ -	$ 925,794
	$ -	$ 925,794

NOTE 13 TOTAL ROAD IMPROVEMENT PROGRAM (TRIP) CERTIFICATES OF PARTICIPATION (COP), SERIES 2018

In March 2016, the City issued $3,500,000 of Series 2016 Certificates of Participation (“COPs”) through the California Communities’ Total Road Improvement Program (TRIP) for the purpose of financing the design, acquisition, and construction of certain roadway and street improvement projects in the City of Azusa. The COPs are secured and payable solely from the City’s annual Local Measure R Sales Tax receipts. The interest rate on the COPs ranges from 2.0% to 5.0% with annual principal and interest payments ranging from $226,144 to $230,963. Principal and interest are payable each June 1 and December 1, commencing December 1, 2016; maturing on June 1, 2036. Proceeds from the issuance of COP were recorded under MRLRF.

On March 24, 2016, Metro approved the City’s Five-Year Capital Improvement Program that includes the projects for the use of the MRLRF in connection with the TRIP Financing Program as described above.

The following is the capital reserve balance for the TRIP project:

	2025	2024
Capital reserve balance, beginning	$ 736,174	$ 712,063
Investment income	28,395	24,111
Capital reserve balance, ending	$ 764,569	$ 736,174

NOTE 14 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the years ended June 30, 2025 and 2024 consisted of the following:

	2025	2024
FY 2018/19 allocation	$ 16,870	$ -
FY 2019/20 allocation	35,860	-
FY 2020/21 allocation	28,608	-
FY 2021/22 allocation	19,261	-
	$ 100,599	$ -

Due to the City’s delayed submission of the 2024 TDA Article 3 Claim Form, the revenue allocation for the year ended June 30, 2024 was initially recorded as unavailable revenue. In accordance with accounting requirements, this amount was subsequently recognized as revenue in the fiscal year ended June 30, 2025

NOTE 15 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro.

As of June 30, 2025 and 2024, the City has funds on reserve as follows:

	2025	2024
FY 2021/22 allocation	**$ 17,117**	$ 17,117
FY 2022/23 allocation	**46,688**	46,688
FY 2023/24 allocation	**58,156**	58,156
FY 2024/25 allocation	**50,818**	-
Total reserve	**$ 172,779**	$ 121,961

For FY 2024/25, any TDA Article 3 funds left on reserve for FY 2020/21 or prior, are subject to lapse if not claimed by the City by June 30, 2024. There were no funds that lapsed in FY 2024/25.

NOTE 16 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2025 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through December 15, 2025, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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VASQUEZ + COMPANY LLP

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

**To the Honorable Members of the City Council of the
City of Azusa, California and the
Los Angeles County Metropolitan Transportation Authority**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Azusa, California (the City) as of and for the year ended June 30, 2025, and the related notes to the Funds financial statements, and have issued our report thereon dated December 15, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over the Funds' financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Vasquez & Company LLP

Glendale, California
December 15, 2025

COMPLIANCE SECTION

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VASQUEZ
+ COMPANY LLP

Independent Auditor's Report on Compliance and on Internal Control Over Compliance Required by the Guidelines

To the Honorable Members of the City Council of the
City of Azusa, California and the
Los Angeles County Metropolitan Transportation Authority

Report on Compliance

Opinion

We have audited the City of Azusa, California's (the City) compliance with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, 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.

In our opinion, the City of Azusa, California complied, in all material respects, with the compliance requirements of the Guidelines 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 City 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 City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for the City's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the compliance requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund.

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 City's 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 City's 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 City's 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 City's 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 City's 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.

Report on Internal Control Over Compliance

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. 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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 15, 2025

Compliance Requirements	**In Compliance**			**Questioned Costs**	**If no, provide details and management response.**
	Yes	**No**	**N/A**		
A. Proposition A and Proposition C Local Return Funds					
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.	X				
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.	X				
3. Funds were expended with Metro's approval and were not substituted for property tax.	X				
4. Timely use of funds.	X				
5. Administrative expenses are within the 20% cap.	X				
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.			X		
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X				
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X				
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
10. Local Return Account is credited for reimbursable expenditures.	X				
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.			X		
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
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.			X		
14. Recreational transit form was submitted on time.	X				
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.			X		
17. All on-going and carryover projects were reported on Form B or electronic equivalent.	X				
18. Cash or cash equivalents are maintained.	X				
19. Accounting procedures, record keeping, and documentation are adequate.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Separate Measure R Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form One or electronic equivalent) was submitted timely.	X				
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.	X				
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

Compliance Requirements	**In Compliance**			**Questioned Costs**	**If no, provide details and management response.**
	Yes	**No**	**N/A**		
B. Measure R Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
1. Funds were expended for transportation purposes.	X				
2. Separate Measure M Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X				
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.			X		There were no expenditures charged to TDAA3F during FY24/25.
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.			X		
3. Annual Claim Form was submitted timely.	X				

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

There were no findings and questioned costs.

EXIT CONFERENCE

An exit conference was held on December 15, 2025 with the City of Azusa representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Erica Ong – Senior Audit Manager
Mary Tanglao – Audit Supervisor

City of Azusa representatives:
Talika Johnson – Director of Administrative Services
Shawna Murray – Senior Accountant

Matters discussed:

Results of the audit disclosed no significant compliance or financial statement issues.

A copy of this report was forwarded to the following City of Azusa representatives for comments prior to the issuance of the final report:

Talika Johnson – Director of Administrative Services
Shawna Murray – Senior Accountant

Vasquez & Company LLP
655 North Central Avenue, Suite 1550
Glendale, CA 91203

RE: CITY OF AZUSA, CALIFORNIA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, THE PROPOSITION C LOCAL RETURN FUND, THE MEASURE R LOCAL RETURN FUND, THE MEASURE M LOCAL RETURN FUND AND THE TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE YEARS ENDED JUNE 30, 2025 AND 2024.

I have received the annual financial report of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund, for the years ended June 30, 2025 and 2024 for the City of Azusa and agreed with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

____
Name

____
Title

____
Date