City of Compton
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 Year Ended June 30, 2025
with Independent Auditor's Report

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FINANCIAL SECTION

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Qualified 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 Compton, California (the City) which comprise the Funds' balance sheet as of June 30, 2025, the related statement of revenues, expenditures and changes in fund balances for the year then ended, and the related notes to the Funds financial statements, as listed in the table of contents.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinions paragraph, 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 Huntington Park, California, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinions

As described in Note 11, the City has made adjustments to the beginning fund balances 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 to correct the revenues, investment income allocation, expenses, and unearned revenues reported in those funds in prior years. The adjustments resulted from the audits for the fiscal years 2021 through 2023 and the ongoing audit of the 2024 financial statements of the City. As of the date of this report, the audit of the City's financial statements for the fiscal year 2024 and 2025 is still in progress. Consequently, we were unable to determine whether further adjustments would be necessary as a result of the audit being conducted on the City's financial statements.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, 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 Compton, California, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025, and the changes in its financial position for the year 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.

Emphasis of Matter

Further, as discussed in Note 11, the City has made adjustments to the beginning fund balances 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 to correct the revenues, investment income allocation, expenses and unearned revenues reported in those funds in prior years. 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 30, 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 30, 2025

ASSETS		
Cash and investments	$	8,774,453
Accounts receivable		130,192
Interest receivable		18,949
Total assets	$	8,923,594
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	191,171
Accrued wages payable		10,312
Total liabilities		201,483
Fund balance		
Restricted		8,722,111
Total fund balance		8,722,111
Total liabilities and fund balance	$	8,923,594

See Independent Auditor's Report and notes to Funds financial statements.

Revenues		
Proposition A	$	2,459,066
Investment income		172,524
Passenger fares		28,336
Total revenues		2,659,926
Expenditures		
Various projects		2,069,488
Total expenditures		2,069,488
Excess of revenues over expenditures		590,438
Fund balance at beginning of year, as restated (Note 11)		8,131,673
Fund balance at end of year	$	8,722,111

* See Compliance Matrix and Schedule of Findings and Questioned Costs

Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2025

Project Code	Project Name	Metro Budget	Actual	Variance Positive (Negative)
105	Fixed Route Transit System	$ 2,500,000	$ 1,976,974	$ 523,026
107	Dial-A-Ride Transit System	300,000	19,378	280,622
610	Direct Administration	527,200	71,961	455,239
610	Self-Insured Compton	100,000	-	100,000
610	CALACT Membership	2,000	1,175	825
610	NTD Audit Services	5,000	-	5,000
	Total expenditures	$ 3,434,200	$ 2,069,488	$ 1,364,712

See Independent Auditor's Report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
1987-91	MLK Transit Center	$ 2,069,970	$ -	$ -	$ 2,069,970
2005	Quadrant Gate at 4 Blue Line Arterial Street	40,389	-	-	40,389
2005	MLK Transit Center Renovation	723,878	-	-	723,878
2010	Bus Stop Shelter Construction	10,435	-	-	10,435
2010	Bus Stop Improvement Project	198,409	-	-	198,409
2018	3 Buses	380,759	-	-	380,759
	Total	$ 3,423,840	$ -	$ -	$ 3,423,840

ASSETS		
Cash and investments	$	7,814,264
Due from other funds		5,631
Interest receivable		4,543
Total assets	$	7,824,438
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	66,012
YMCA contribution payable		26
Accrued wages payable		13,053
Total liabilities		79,091
Fund balance		
Restricted		7,745,347
Total fund balance		7,745,347
Total liabilities and fund balance	$	7,824,438

Revenues		
Proposition C	$	2,039,733
Investment income		37,166
Total revenues		2,076,899
Expenditures		
Various projects		1,115,352
Total expenditures		1,115,352
Excess of revenues over expenditures		961,547
Fund balance at beginning of year, as restated (Note 11)		6,783,800
Fund balance at end of year	$	7,745,347 *

* See Compliance Matrix and Schedule of Findings and Questioned Costs

Project Code	Project Name	Metro Budget	Actual	Variance Positive (Negative)
302	Traffic Signal Upgrade HSIP	$ 148,000	$ 57,000	$ 91,000
302	Traffic Signal Upgrade HSIP	148,000	-	148,000
302	Traffic Signal Upgrade HSIP	148,000	-	148,000
470	Memberships, Gateway Cities, I-710 Corridor Environmental Study, Atlantic Avenue Corridor Study, 91/605/405 Major Corridor Study	100,000	65,000	35,000
620	Direct Administration	437,299	77,988	359,311
715	Alameda Street East Street Improvement	1,660,131	82,160	1,577,971
715	Alameda Street West Street Improvement	2,541,259	-	2,541,259
715	Bond Payment for Street Road Improvements	695,400	707,618	(12,218)
715	Compton Boulevard	7,500,000	13,338	7,486,662
715	Greenleaf Boulevard Street Improvement	1,081,268	-	1,081,268
715	Wilmington Avenue	4,500,000	93,329	4,406,671
715	Willowbrook Avenue - East	2,000,000	-	2,000,000
715	Willowbrook Avenue - West	2,000,000	-	2,000,000
765	Preparation of the Updated Pavement Management Plan	66,794	17,699	49,095
780	Artesia Bridge Project	100,000	-	100,000
780	Traffic Study	5,000	1,220	3,780
	Total expenditures	$ 23,131,151	$ 1,115,352	$ 22,015,799

See Independent Auditor's Report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
1998	Reconstruction of the Bus Turnouts and Driveways at MLK Transit Center	$ 50,600	$ -	$ -	$ 50,600
1998	Rosecrans Avenue Rehabilitation Project	576,218	-	-	576,218
1998	Rosecrans Avenue Rehabilitation Project	1,010,607	-	-	1,010,607
2001	Bus Shelter Benches	65,941	-	-	65,941
2001	Rehabilitation Project	177,117	-	-	177,117
2001	Rosecrans Avenue Rehabilitation Project	8,716	-	-	8,716
2001	MLK Park and Ride	42,528	-	-	42,528
2005	Computer Hardware/Software Upgrade	2,749	-	-	2,749
2006	Design Quadrant Gates	14,310	-	-	14,310
2006	Kingston Computer Hardware	23,064	-	-	23,064
2006	Trails, Greenleaf Boulevard	253,535	-	-	253,535
2006	Compton Creek Multi-Purpose Trail	93,129	-	-	93,129
2006	Painting of the Dollaride Community Center	19,175	-	-	19,175
2006	MLK Transit Center	483,937	-	-	483,937
2010	Safe Route to School Project	78,373	-	-	78,373
	Total	$ 2,899,999	$ -	$ -	$ 2,899,999

ASSETS		
Cash and investments	$	5,569,429
Interest receivable		1,626
Due from other funds		5,337
Total assets	$	5,576,392
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	8,559
Accrued wages payable		14,641
Total liabilities		23,200
Fund balance		
Restricted		5,553,192
Total fund balance		5,553,192
Total liabilities and fund balance	$	5,576,392

See Independent Auditor's Report and notes to Funds financial statements.

Revenues		
Measure R		$ 1,529,516
Investment income		25,447
	Total revenues	1,554,963
Expenditures		
Various projects		850,925
	Total expenditures	850,925
Excess of revenues over expenditures		704,038
Fund balance at beginning of year, as restated (Note 11)		4,849,154
Fund balance at end of year		$ 5,553,192

See Independent Auditor's Report and notes to Funds financial statements.

Project Code	Project Name	Metro Budget	Actual	Variance Positive (Negative)
630	Fund Administration	$ 338,853	$ -	$ 338,853
705	Street Repair, Resurfacing, Maintenance, and Striping	1,000,000	247,852	752,148
715	Street Repair and Maintenance			-
715	Bradfield Avenue	539,932	-	539,932
715	Compton Avenue Street Improvement			-
715	Greenleaf Boulevard	1,186,838	-	1,186,838
715	Oris Street	247,789	-	247,789
715	Bond payment for Street and Road Projects	595,600	603,073	(7,473)
	Total expenditures	$ 3,909,012	$ 850,925	$ 3,058,087

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2011	Mona Boulevard Project	$ 26,800	$ -	$ -	$ 26,800
	Total	$ 26,800	$ -	$ -	$ 26,800

See Independent Auditor's Report.

ASSETS		
Cash and investments	$	5,372,241
Due from other funds		5,299
Interest receivable		3,077
Total assets	$	5,380,617
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$	737
Total liabilities		737
Fund balance		
Restricted		5,379,880
Total fund balance		5,379,880
Total liabilities and fund balance	$	5,380,617

See Independent Auditor's Report and notes to Funds financial statements.

Revenues			
Measure M		$	1,732,891
Investment income			25,538
	Total revenues		1,758,429
Expenditures			
Various projects			820,922
	Total expenditures		820,922
Excess of revenues over expenditures			937,507
Fund balance at beginning of year, as restated (Note 11)			4,442,373
Fund balance at end of year		$	5,379,880

See Independent Auditor's Report and notes to Funds financial statements.

Project Code	Project Name	Metro Budget	Actual	Variance Positive (Negative)
640	Transportation Administration	$ 371,704	$ -	$ 371,704
705	Rosewood - 139th Street, Et. Al. Phase II	400,000	-	400,000
705	Street Repair, Resurfacing, Maintenance, and Striping	1,000,000	4,889	995,111
705	Street Repair and Maintenance	1,000,000	-	1,000,000
715	Bond Payment for Street Road Improvements	798,000	816,033	(18,033)
715	Tucker Street	321,403	-	321,403
715	Walnut Street	2,975	-	2,975
	Total expenditures	$ 3,894,082	$ 820,922	$ 3,073,160

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

Balance Sheet
June 30, 2025

ASSETS		
Cash and investments	$	64,743
Interest receivable		8
Total assets	$	64,751
FUND BALANCE		
Fund balance		
Restricted	$	64,751
Total fund balance	$	64,751

See Independent Auditor's Report and notes to Funds financial statements.

Statement of Revenues, Expenditures and Changes in Fund Balance
Year ended June 30, 2025

Revenues		
Intergovernmental Allocations:		
Article 3	$	74,823
Total revenues		74,823
Expenditures		
Sidewalk Remediation Project		-
Total expenditures		-
Excess of revenues over expenditures		74,823
Fund deficit at beginning of year, as restated (Note 11)		(10,072)
Fund balance at end of year	$	64,751

See Independent Auditor's Report and notes to Funds financial statements.

Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2025

		Totals to Date			
Project Description	**Program Year**	**Allocations**	**Expenditures**	**Unexpended Allocations**	**Project Status**
Local Allocations:					
Sidewalk remediation citywide	2025	$ 74,823	$ -	$ 74,823	In progress
Totals		$ 74,823	$ -	74,823	
Fund deficit at beginning of year, as restated (Note 11)				(10,072)	
Fund balance at end of year				$ 64,751 *	

* See Compliance Matrix and Schedule of Findings and Questioned Costs

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds) 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:

- 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 of Compton's ACFR.

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 the changes in its financial position for the year 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 Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)

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

TDAA3F cash balance is pooled with various other City funds for deposit and investment purposes. The share of the fund in the pooled cash account was separately maintained and interest income was apportioned to the fund based on the relationship of its 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.

Effective for the fiscal year ended June 30, 2025, the cash balances for PALRF, PCLRF, MRLRF and MMLRF were maintained in separate deposit accounts with financial institutions. Interest income is earned and recorded separately for each fund.

NOTE 8 INDEPENDENT CITIES FINANCE AUTHORITY SALES TAX REVENUE BONDS, SERIES 2021

In 2021, the City issued the following Proposition C, Measure R and Measure M Sales Tax Revenue Bonds for the purpose of financing the design, acquisition, and construction of certain roadway and street improvement projects in the City of Compton, paying the cost of issuance of the bonds, purchase a municipal bond insurance policy and purchase a reserve surety for the debt service reserve fund. The bonds are secured and payable solely from the City's annual Proposition C, Measure R and Measure M Sales Tax receipts.

On March 1, 2021, the City issued Proposition C Series 2021 bonds of $12,060,000 with an interest rate of 4% with annual principal and interest payments ranging from $88,440 to $696,800. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2021. Principal matures each June 1, beginning 2022 until 2051. Proceeds from the issuance were recorded under MTA Taxes Bonds Fund. The principal balance outstanding at June 30, 2025 was $11,145,000.

NOTE 8 INDEPENDENT CITIES FINANCE AUTHORITY SALES TAX REVENUE BONDS, SERIES 2021 (CONTINUED)

On March 1, 2021, the City issued Measure R Series 2021 bonds of $7,560,000 with an interest rate of 4% with annual principal and interest payments ranging from $55,440 to $598,000. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2021. Principal matures each June 1, beginning 2022 until 2039. Proceeds from the issuance were recorded under MTA Taxes Bonds Fund. The principal balance outstanding at June 30, 2025 was $6,310,000.

On March 1, 2021, the City issued Measure M Series 2021 bonds of $17,500,000 with an interest rate of 4% with annual principal and interest payments ranging from $128,333 to $1,596,400. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2021. Principal matures each June 1, beginning 2022 until 2051. Proceeds from the issuance were recorded under MTA Taxes Bonds Fund. The principal balance outstanding at June 30, 2025 was $17,090,000.

The following is the movement in the bonds outstanding balances and interest payable for the year ended June 30, 2025:

Proposition C

	Principal	Interest	Total
Outstanding balance as of June 30, 2024	$ 11,385,000	$ 7,441,800	$ 18,826,800
Less: Payment of principal and interest	(240,000)	(455,400)	(695,400)
Outstanding balance as of June 30, 2025	$ 11,145,000	$ 6,986,400	$ 18,131,400

Measure R

	Principal	Interest	Total
Outstanding balance as of June 30, 2024	$ 6,640,000	$ 2,316,800	$ 8,956,800
Less: Payment of principal and interest	(330,000)	(265,600)	(595,600)
Outstanding balance as of June 30, 2025	$ 6,310,000	$ 2,051,200	$ 8,361,200

Measure M

	Principal	Interest	Total
Outstanding balance as of June 30, 2024	$ 17,200,000	$ 13,942,400	$ 31,142,400
Less: Payment of principal and interest	(110,000)	(688,000)	(798,000)
Outstanding balance as of June 30, 2025	$ 17,090,000	$ 13,254,400	$ 30,344,400

Below are the details of expenditures reported under PCLRF, MRLRF and MMLRF:

	Proposition C	Measure R	Measure M
Payment of principal and interest	$ 695,400	$ 595,600	$ 798,000
Authority fee during the year	11,620	6,960	17,304
Trustee fee during the year	833	833	834
	$ 707,853	$ 603,393	$ 816,138

NOTE 8 INDEPENDENT CITIES FINANCE AUTHORITY SALES TAX REVENUE BONDS, SERIES 2021 (CONTINUED)

The following is the movement in the bonds' fund balance and cash and investment balance for the year ended June 30, 2025 under the MTA Taxes Bonds Fund:

Fund balance as of June 30, 2024	$ 28,960,118
Add: Due to LRF	193,188
Accounts payable	1,208
Cash balance as of June 30, 2024	29,154,515
Add: Transfer from LRF	2,127,384
Interest earned	1,317,806
Less: Bonds - Principal and interest payment during the year	(2,089,000)
Bonds - Authority and Trustee fee during the year	(38,384)
Street Improvement Projects expenditures during the year	(1,265,407)
Fund balance as of June 30, 2025	29,012,517
Add: Due to LRF	16,268
Accounts payable	1,230,840
Cash balance as of June 30, 2025	$ 30,259,624

Refer to the City's ACFR for a full description of the bonds.

NOTE 9 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocations for the year ended June 30, 2025 consisted of the following:

FY 2023/24 allocation	$	**14,011**
FY 2024/25 allocation		**60,812**
	$	**74,823**

NOTE 10 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, the City has $35,428 of funds on reserve pertaining to FY24/25.

NOTE 11 RESTATEMENT OF 2024 FUND FINANCIAL STATEMENTS

The City has made adjustments to the beginning fund balances of PALRF, PCLRF, MRLRF, MMLRF and TDAA3F to correct the revenues, investment income allocation, expenses, and unearned revenues reported in those funds in prior years. These beginning fund balances were restated as follows:

	PALRF	PCLRF	MRLRF	MMLRF	TDAA3F
Beginning fund balances, as previously reported	$ 8,009,299	$ 6,764,183	$ 4,843,641	$ 4,418,876	$ (65,358)
Adjustment to recognize Proposition A Discretionary Incentive Program grant for FY 2023/24	130,192	-	-	-	-
Adjustments to correct FY 2022/23 and 2023/24 investment income (loss)	(1,283)	26,152	5,513	23,497	3,153
Adjustments to correct FY 2023/24 expenses	(6,535)	(6,535)	-	-	-
Adjustment to correct unearned revenue as of June 30, 2024	-	-	-	-	52,133
Beginning fund balances, as restated	$ 8,131,673	$ 6,783,800	$ 4,849,154	$ 4,442,373	$ (10,072)

NOTE 12 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 30, 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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+ 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 Compton, 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, 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 Compton, 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 30, 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the Schedule of Findings on Internal Control over Financial Reporting as Finding No. FS 2025-001, that we consider to be a material weakness.

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*.

The City's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the finding identified in our audit and described in the accompanying Schedule of Findings on Internal Control over Financial Reporting. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.

Glendale, California
December 30, 2025

Finding No. FS 2025-001: Year-end Closing Process

Criteria
Proposition C Local Return Guidelines Section V, Measure R Local Return Guidelines Section VII and Measure M Local Return Guidelines Section XXV 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 and Context
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.

Cause and Effect
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 2025 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.

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.

Views of Responsible Officials
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.

COMPLIANCE SECTION

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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 Compton, California and the
Los Angeles County Metropolitan Transportation Authority**

Report on Compliance

Opinion

We have audited the City of Compton, California's (the City) compliance with the Proposition A Local Return Guidelines, 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 Compton, 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 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 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.

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 Schedule of Findings and Questioned Costs as Findings #2025-001 to #2025-005. Our opinion is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the noncompliance findings identified in our compliance audit described in the accompanying Schedule of Findings and Questioned Costs. The City's responses were not subjected to the 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.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as Findings #2025-002 through #2025-004 to be material weaknesses.

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 City's responses to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City's 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 30, 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			See Finding #2025-001
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		

See independent auditor's report on compliance.

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 accounts are maintained separately.	X				
19. Accounting procedures, record keeping, and documentation are adequate.		X			See Finding #2025-002 (Material Weakness)

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		There were no administrative expenditures for FY 2024/25.
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			See Finding #2025-003 (Material Weakness)

See independent auditor's report on compliance.

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		There were no administrative expenditures for FY 2024/25.
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			See Finding #2025-004 (Material Weakness)

See independent auditor's report on compliance.

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			See Finding #2025-005
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

PALRF & PCLRF: Finding #2025-001

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 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.

PALRF & PCLRF: Finding #2025-002 (Material Weakness)

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 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.
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.

PALRF & PCLRF: Finding #2025-002 (Material Weakness) (Continued)

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.

MRLRF: Finding #2025-003 (Material Weakness)

Compliance Reference	Measure R Local Return Guidelines Section VII 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 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.
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.

MRLRF: Finding #2025-003 (Material Weakness) (Continued)

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.

MMLRF: Finding #2025-004 (Material Weakness)

Compliance Reference	Measure M Local Return Guidelines Section XXV states that, "It is each Jurisdiction's 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 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.
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.

MMLRF: Finding #2025-004 (Material Weakness) (Continued)

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.

TDAA3F: Finding #2025-005

Compliance Reference	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, Funding, Lapsing and Accounting states that "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	The City had remaining unexpended and unencumbered funds of $64,751 as of June 30, 2025.
Cause	The City did not have projects to utilize the allocated amount during FY 2024/25.
Effect	The City was not in compliance with the TDA Article 3 Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the amount drawn during the fiscal year is spent and that any remaining unexpended and unencumbered funds are returned to Metro at the end of the fiscal year, consistent with the TDA Article 3 Guidelines.
Management's Response	On December 22, 2025, the City requested a waiver from Metro to expend all funds during Fiscal Year 2025/26.
Finding Corrected During the Audit	On December 22, 2025, Metro granted an extension for the use of the funds remaining with the City through June 30, 2026. No follow-up is required.

EXIT CONFERENCE

An exit conference was held on December 10, 2025 with the City of Compton representative. Those in attendance were:

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

City of Compton representative:
Michelle Blue – Accountant II

Matters discussed:

Results of the audit disclosed findings on internal control over financial reporting and compliance.

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

Willie Hopkins – City Manager
Jocelyn Logan – Deputy City Controller
Michelle Blue – Accountant II

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

RE: CITY OF COMPTON, 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 YEAR ENDED JUNE 30, 2025.

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 year ended June 30, 2025 for the City of Compton and agreed with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

____
Name

____
Title

____
Date