City of Lawndale
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

PAGE

FINANCIAL SECTION

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+ COMPANY LLP

Independent Auditor's Report

**To the Honorable Members of the City Council of the
City of Lawndale, 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 Lawndale, 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 Lawndale, 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 Lawndale, 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.

Other Matter

As discussed in Note 12, the fiscal year 2024 financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund and Measure M Local Return Fund have been restated to adjust investment income allocated in fiscal year 2024. 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 18, 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 18, 2025

	June 30	
	2025	(as restated) 2024
ASSETS		
Cash and investments	**$ 3,131,798**	$ 3,059,556
Due from Metro	**-**	243
Total assets	**$ 3,131,798**	$ 3,059,799
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 67,675**	$ 66,482
Accrued payroll and employee benefits	**7,378**	8,120
Total liabilities	**75,053**	74,602
Fund balance		
Restricted - Paratransit Buses (Note 8)	**3,852**	3,742
Restricted - Citywide Bus Pads Capital Improvements (Note 8)	**253,889**	246,638
Restricted	**2,799,004**	2,734,817
Total fund balance	**3,056,745**	2,985,197
Total liabilities and fund balance	**$ 3,131,798**	$ 3,059,799

See notes to Funds financial statements.

	Years ended June 30	
		(as restated)
	2025	2024
Revenues		
Proposition A	**$ 810,304**	$ 829,989
Investment income	**88,819**	114,706
Prop A discretionary NTD (Note 9)	**59,701**	-
Trolley fares	**2,988**	3,433
Metro TAP collections	**31**	243
Total revenues	**961,843**	948,371
Expenditures		
Various projects	**890,295**	1,440,673
Total expenditures	**890,295**	1,440,673
Excess (deficiency) of revenues over expenditures	**71,548**	(492,302)
Fund balance at beginning of year	**2,985,197**	3,477,499
Fund balance at end of year	**$ 3,056,745**	$ 2,985,197

See notes to Funds financial statements.

City of Lawndale
Proposition A 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
105	Lawndale Beat Fixed Route Transportation	$ 840,050	$ 635,198	$ 204,852	$ 621,993
106	Special Service Paratransit	148,007	109,457	38,550	80,936
180	Planning, Engineering, Transit Operations and Maintenance for Bus Stop Improvements within 25 feet of a Bus Stop	66,361	28,473	37,888	44,619
210	Public Transit Capital Purchase – Paratransit Transit Vehicle	-	-	-	1,333
281	Paratransit Buses	-	-	-	262,000
281	Citywide Bus Pads Capital Improvements	-	-	-	324,667
610	Administration	114,963	117,167	(2,204)	105,125
	Total expenditures	$ 1,169,381	$ 890,295	$ 279,086	$ 1,440,673

See independent auditor’s report.

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	(as restated) 2024
ASSETS		
Cash and investments	**$ 1,630,028**	$ 1,489,545
Due from Metro	**-**	54,076
Total assets	**$ 1,630,028**	$ 1,543,621
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 54,226**	$ 177,082
Retention payable	**-**	20,886
Accrued payroll and employee benefits	**5,541**	6,210
Total liabilities	**59,767**	204,178
Fund balance		
Restricted	**1,570,261**	1,339,443
Total fund balance	**1,570,261**	1,339,443
Total liabilities and fund balance	**$ 1,630,028**	$ 1,543,621

See notes to Funds financial statements.

	Years ended June 30	
		(as restated)
	2025	2024
Revenues		
Proposition C	**$ 672,127**	$ 688,457
Investment income	**45,133**	53,752
Total revenues	**717,260**	742,209
Expenditures		
Various projects	**486,442**	852,510
Total expenditures	**486,442**	852,510
Excess (deficiency) of revenues over expenditures	**230,818**	(110,301)
Fund balance at beginning of year	**1,339,443**	1,449,744
Fund balance at end of year	**$ 1,570,261**	$ 1,339,443

See notes to Funds financial statements.

City of Lawndale
Proposition C 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
620	Administration	$ 227,154	$ 96,770	$ 130,384	$ 134,930
705	Street Improvements	1,720,681	332,279	1,388,402	650,073
780	Engineering Services	48,503	57,393	(8,890)	67,507
	Total expenditures	$ 1,996,338	$ 486,442	$ 1,509,896	$ 852,510

See independent auditor's report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
6/30/23	Citywide Sign Replacement	$ 1,320,943	$ -	$ -	$ 1,320,943
	Total	$ 1,320,943	$ -	$ -	$ 1,320,943

See independent auditor's report.

	June 30	
	2025	(as restated) 2024
ASSETS		
Cash and investments	**$ 2,303,159**	$ 1,783,074
Due from Metro	**-**	40,676
Total assets	**$ 2,303,159**	$ 1,823,750
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ -**	$ -
Retention payable	**2,293**	2,293
Accrued payroll and employee benefits	**2,481**	2,049
Total liabilities	**4,774**	4,342
Fund balance		
Restricted	**2,298,385**	1,819,408
Total fund balance	**2,298,385**	1,819,408
Total liabilities and fund balance	**$ 2,303,159**	$ 1,823,750

See notes to Funds financial statements.

	Years ended June 30	
		(as restated)
	2025	2024
Revenues		
Measure R	**$ 504,002**	$ 516,181
Investment income	**65,240**	52,450
Total revenues	**569,242**	568,631
Expenditures		
Various projects	**90,265**	284,160
Total expenditures	**90,265**	284,160
Excess of revenues over expenditures	**478,977**	284,471
Fund balance at beginning of year	**1,819,408**	1,534,937
Fund balance at end of year	**$ 2,298,385**	$ 1,819,408

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
630	Fund Administration	$ 47,300	$ 16,320	$ 30,980	$ 22,095
705	Street Improvements	2,561,320	73,945	2,487,375	262,065
	Total expenditures	$ 2,608,620	$ 90,265	$ 2,518,355	$ 284,160

See independent auditor's report.

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
9/1/23	Street Improvement 2021-22	$ 1,517,404	$ -	$ -	$ 1,517,404
	Total	$ 1,517,404	$ -	$ -	$ 1,517,404

See independent auditor's report.

	June 30	
		(as restated)
	2025	2024
ASSETS		
Cash and investments	**$ 2,965,041**	$ 2,513,787
Due from Metro	**-**	46,116
Total assets	**$ 2,965,041**	$ 2,559,903
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ -**	$ 115,900
Retention payable	**-**	6,100
Accrued payroll and employee benefits	**-**	2,066
Total liabilities	**-**	124,066
Fund balance		
Restricted	**2,965,041**	2,435,837
Total fund balance	**2,965,041**	2,435,837
Total liabilities and fund balance	**$ 2,965,041**	$ 2,559,903

See notes to Funds financial statements.

		Years ended June 30	
		2025	(as restated) 2024
Revenues			
Measure M		**$ 571,017**	$ 582,878
Investment income		**83,165**	75,234
	Total revenues	**654,182**	658,112
Expenditures			
Various projects		**124,978**	160,614
	Total expenditures	**124,978**	160,614
Excess of revenues over expenditures		**529,204**	497,498
Fund balance at beginning of year		**2,435,837**	1,938,339
Fund balance at end of year		**$ 2,965,041**	$ 2,435,837

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**
640	Admin Measure M	$ 63,941	$ 24,978	$ 38,963	$ 32,123
705	Street Improvements	2,834,331	100,000	2,734,331	128,491
	Total expenditures	$ 2,898,272	$ 124,978	$ 2,773,294	$ 160,614

See independent auditor's report.

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

See independent auditor's report.

Balance Sheets

	June 30	
	2025	2024
ASSETS		
Due from Metro	**$ 22,459**	$ -
Total assets	**$ 22,459**	$ -
LIABILITIES AND FUND DEFICIT		
Liabilities		
Due to other funds	**$ 1,664**	$ 1,664
Accounts payable	**22,459**	-
Total liabilities	**24,123**	1,664
Fund deficit		
Restricted	**(1,664)**	(1,664)
Total fund deficit	**(1,664)**	(1,664)
Total liabilities and fund deficit	**$ 22,459**	$ -

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Intergovernmental Allocations:		
Article 3	**$ 22,459**	$ -
Total revenues	**22,459**	-
Expenditures		
Traffic Analysis	**22,459**	-
Total expenditures	**22,459**	-
Excess of revenues over expenditures	**-**	-
Fund deficit at beginning of year	**(1,664)**	(1,664)
Fund deficit at end of year	**$ (1,664)**	$ (1,664)

See notes to Funds financial statements.

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

Project Description	Program Year	Totals to Date Allocations	Totals to Date Expenditures	Totals to Date Unexpended Allocations	Project Status
Local Allocations:					
Traffic Analysis for 147th Street	2025	$ 22,459	$ 22,459	$ -	Completed
Totals		$ 22,459	$ 22,459	-	
Fund deficit at beginning of year				(1,664)	
Fund deficit at end of year				$ (1,664)	

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), 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 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 are restricted for projects approved by Metro.

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

NOTE 5 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)

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 CAPITAL RESERVE AGREEMENTS – PALRF

On June 14, 2023, Metro and the City entered into capital reserve agreements to establish capital reserve accounts amounting to $262,000 for the purchase of paratransit buses and $560,000 for the City's Citywide Bus Pads Capital Improvement project.

As of and for the years ended June 30, 2025 and 2024, the capital reserve amounts and transactions were as follows:

	Paratransit Buses	Citywide Bus Pads Capital Improvements
Set-up of capital reserve account	$ 64	$ 235,471
Add: Investment income	3,678	11,167
Capital reserve, June 30, 2024	3,742	246,638
Add: Investment income	110	7,251
Less: Expenditures	-	-
Capital reserve, June 30, 2025	**$ 3,852**	**$ 253,889**

NOTE 9 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT

The City entered into a Memorandum of Understanding (MOUs) agreement 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	Amount Received 2024
5/1/2022	FY 2019/20	59,701	**$ 59,701**	$ -
			$ 59,701	$ -

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

NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS REVENUE ALLOCATION

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

	2025	2024
FY 2019/20 allocation	**$ 3,811**	$ -
FY 2020/21 allocation	**18,648**	-
	$ 22,459	$ -

NOTE 11 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 2019/20 allocation	**$ -**	$ 3,811
FY 2020/21 allocation	**-**	18,648
FY 2021/22 allocation	**24,033**	24,033
FY 2022/23 allocation	**30,801**	30,801
FY 2023/24 allocation	**36,626**	36,626
FY 2024/25 allocation	**31,719**	-
Total reserve	**$ 123,179**	$ 113,919

NOTE 11 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED (CONTINUED)

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, 2025. There were no funds that lapsed in FY 2024/25.

NOTE 12 RESTATEMENT OF FUND FINANCIAL STATEMENTS

The 2024 financial statements were restated to adjust the investment income allocated to the following funds during the fiscal year 2024.

PALRF

	Balance, as previously reported	Adjustment	Balance, as restated
Cash and investments	$ 3,035,501	$ 24,055	$ 3,059,556
Fund balance	2,961,142	24,055	2,985,197
Investment income	90,651	24,055	114,706

PCLRF

	Balance, as previously reported	Adjustment	Balance, as restated
Cash and investments	$ 1,478,351	$ 11,194	$ 1,489,545
Fund balance	1,328,249	11,194	1,339,443
Investment income	42,558	11,194	53,752

MRLRF

	Balance, as previously reported	Adjustment	Balance, as restated
Cash and investments	$ 1,773,917	$ 9,157	$ 1,783,074
Fund balance	1,810,251	9,157	1,819,408
Investment income	43,293	9,157	52,450

NOTE 12 RESTATEMENT OF FUND FINANCIAL STATEMENTS (CONTINUED)

MMLRF

	Balance, as previously reported	Adjustment	Balance, as restated
Cash and investments	$ 2,499,366	$ 14,421	$ 2,513,787
Fund balance	2,421,416	14,421	2,435,837
Investment income	60,813	14,421	75,234

NOTE 13 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 18, 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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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 Lawndale, 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 Lawndale, 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 18, 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 18, 2025

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 Lawndale, California and the Los Angeles County Metropolitan Transportation Authority

Report on Compliance

Opinion

We have audited the City of Lawndale, 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 Lawndale, 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 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance with the Guidelines, which is described in the accompanying Schedule of Findings and Questioned Costs as Finding #2025-001. Our opinion is not modified with respect to this matter.

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

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 the 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 18, 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			See Finding #2025-001
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		

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					
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		
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				

See independent auditor's report on compliance.

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				

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				
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 COST

PCLRF: Finding #2025-001

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

EXIT CONFERENCE

An exit conference was held on December 18, 2025 with the City of Lawndale representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Erica Ong – Senior Audit Manager
Mary Tanglao – Audit Supervisor
Brandon de Castro – BCA Watsons Rice Audit Senior

City of Lawndale representatives:
Hrant Manuelian – Director of Finance
David Toledo – Accounting Manager

Matters discussed:

Results of the audit disclosed an instance of noncompliance with the Guidelines.

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

Hrant Manuelian – Director of Finance
David Toledo – Accounting Manager

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

RE: CITY OF LAWNDALE, 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 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 Lawndale and agreed with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

____
Name

____
Title

____
Date

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