City of Lynwood
Annual Financial Report of its

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

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

FINANCIAL SECTION

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

\ LOS ANGELES
\ SAN DIEGO
\ IRVINE
\ SACRAMENTO
\ FRESNO
\ PHOENIX
\ LAS VEGAS
\ MANILA, PH

VASQUEZ + COMPANY LLP

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Lynwood, 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 Lynwood, 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 Lynwood, 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 Lynwood, California, and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2025 and 2024, and the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

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

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

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 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

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 2,928,713**	$ 4,250,637
Interest receivable	**-**	21,600
Accounts receivable	**115,758**	-
Due from Transportation Fund	**492,076**	-
Total assets	**$ 3,536,547**	$ 4,272,237
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 12,974**	$ -
Salaries payable	**-**	1,233
Total liabilities	**12,974**	1,233
Fund balance		
Restricted	**3,523,573**	4,271,004
Total fund balance	**3,523,573**	4,271,004
Total liabilities and fund balance	**$ 3,536,547**	$ 4,272,237

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Proposition A	**$ 1,737,738**	$ 1,769,252
Proposition A Discretionary Incentive Program grant (Note 8)	**115,758**	146,022
Investment income	**134,890**	101,779
Total revenues	**1,988,386**	2,017,053
Expenditures		
Various expenditures	**2,735,817**	2,079,942
Total expenditures	**2,735,817**	2,079,942
Deficiency of revenues over expenditures	**(747,431)**	(62,889)
Fund balance at beginning of year	**4,271,004**	4,333,893
Fund balance at end of year	**$ 3,523,573**	$ 4,271,004

See notes to Funds financial statements.

City of Lynwood
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)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
105	Fixed Bus Route	$ 1,650,000	$ 1,719,259	$ (69,259)	$ 1,181,024
105	Lynwood Trolley Blue Line Interface	350,000	-	350,000	-
107	Dial-A-Ride	200,000	157,237	42,763	131,358
135	MTA Bus Pass Voucher Subsidy	30,000	10	29,990	100
150	Transit Security	60,000	-	60,000	-
155	Recreational Transit	20,000	14,665	5,335	-
170	Bus Shelters and Bus Stops Maintenance	436,103	-	436,103	389,795
180	Transit Assessment	15,000	-	15,000	-
205	Senior Center Transit Facility / Transportation Enhancements	350,000	349,000	1,000	487
205	Lynwood Community Center Transit Facility / Transportation Enhancements	350,000	399,000	(49,000)	218
281	Transit Center Improvement	3,397,966	2,635	3,395,331	49,885
590	Lynwood Transportation Marketing	10,000	-	10,000	-
610	Administration and Monitoring	220,912	94,011	126,901	138,918
610	Liability Insurance	-	-	-	188,157
	Total expenditures	$ 7,089,981	$ 2,735,817	$ 4,354,164	$ 2,079,942

See independent auditor's report.

Year Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2017	Bus Shelters	$ 89,940	$ -	$ -	$ 89,940
2017	Bus Bench	11,988	-	-	11,988
2017	Trash Can with Door	11,988	-	-	11,988
2021	Hot Pressure Washer	14,086	-	-	14,086
	Total	$ 128,002	$ -	$ -	$ 128,002

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 4,993,185**	$ 3,801,466
Interest receivable	**-**	15,031
Due from Metro	**-**	115,272
Total assets	**$ 4,993,185**	$ 3,931,769
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 33,256**	$ 12,776
Salaries payable	**-**	1,301
Total liabilities	**33,256**	14,077
Fund balance		
Restricted	**4,959,929**	3,917,692
Total fund balance	**4,959,929**	3,917,692
Total liabilities and fund balance	**$ 4,993,185**	$ 3,931,769

See notes to Funds financial statements.

		Years ended June 30	
		2025	2024
Revenues			
Proposition C		$ **1,441,409**	$ 1,467,554
Investment income		**120,985**	80,125
	Total revenues	**1,562,394**	1,547,679
Expenditures			
Various expenditures		**520,157**	432,294
	Total expenditures	**520,157**	432,294
Excess of revenues over expenditures		**1,042,237**	1,115,385
Fund balance at beginning of year		**3,917,692**	2,802,307
Fund balance at end of year		$ **4,959,929**	$ 3,917,692

See notes to Funds financial statements.

City of Lynwood
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
302	Traffic Signal Upgrades and Safety Enhancements (Alameda and Martin Luther King jr. Blvd)	$ 160,100	$ 96,830	$ 63,270	$ -
470	Transportation Assessment (Gateway Cities)	13,100	-	13,100	13,100
470	I-710 Corridor Study	25,000	25,000	-	25,000
470	SCAG Dues	7,635	22,000 *	(14,365)	8,177
620	Administration and Monitoring	88,818	34,767	54,051	36,959
705	Slurry Seal Phase 3	-	-	-	58,036
705	Slurry Seal Phase 4	240,000	121,910	118,090	135,000
760	Annual Street Name Sign Replacement FY25	110,000	84,342	25,658	-
780	Local Road Safety Plan	13,000	-	13,000	62,208
780	Engineering Costs	135,664	112,763	22,901	-
815	Urban Bike Trail Lighting Project	500,000	22,545	477,455	-
880	Imperial Hwy and Martin Luther King Blvd (MLK) Intersection Improvements	-	-	-	93,814
	Total expenditures	$ 1,293,317	$ 520,157	$ 773,160	$ 432,294

* See Compliance Matrix and Schedule of Findings and Questioned Costs

See independent auditor's report.

Schedule of Capital Assets
Year ended June 30, 2025

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

		June 30		
		2025		2024
ASSETS				
Cash and investments	**$**	**343,440**	$	327,659
Interest receivable		**-**		3,902
Due from Metro		**-**		86,708
Total assets	**$**	**343,440**	$	418,269
LIABILITIES AND FUND BALANCE				
Liabilities				
Accounts payable	**$**	**129,147**	$	4,142
Salaries payable		**-**		7,591
Total liabilities		**129,147**		11,733
Fund balance				
Restricted		**214,293**		406,536
Total fund balance		**214,293**		406,536
Total liabilities and fund balance	**$**	**343,440**	$	418,269

See notes to Funds financial statements.

	Years ended June 30	
	2025	2024
Revenues		
Measure R	**$ 1,080,856**	$ 1,100,321
Investment income	**13,901**	21,508
Total revenues	**1,094,757**	1,121,829
Expenditures		
Various projects	**1,287,000**	1,601,764
Total expenditures	**1,287,000**	1,601,764
Deficiency of revenues over expenditures	**(192,243)**	(479,935)
Fund balance at beginning of year	**406,536**	886,471
Fund balance at end of year	**$ 214,293**	$ 406,536

See notes to Funds financial statements.

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

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Positive (Negative)	2024 Actual
304	Traffic Signal Repairs and Maintenance	$ 70,194	$ -	$ 70,194	$ 81,056
380	Traffic Studies	62,104	-	62,104	41,419
630	Administration of Measure R Funds	31,724	72,513	(40,789)	25,632
705	Street Maintenance	-	-	-	344,591
705	Priority 2 Phase 2B	-	-	-	68,934
705	Slurry Seal Phase 3	-	-	-	11,000
705	Slurry Seal Phase 4	-	-	-	90,000
705	Slurry Seal Improvement FY 25	200,000	159,815	40,185	-
705	Agnes Striping Project	125,000	123,117	1,883	-
705	Street Maintenance	434,444	355,308	79,136	-
715	Wright Road Improvements (Design and Construction)	-	-	-	407,130
715	Debt Service Payment	600,000	522,994	77,006	525,960
715	Debt Issuance and Management Cost	5,000	13,687	(8,687)	6,042
715	Street Improvement FY 2025	7,315	-	7,315	-
780	Engineering Services	81,377	39,566	41,811	-
	Total expenditures funded by MRLRF	$ 1,617,158	$ 1,287,000	$ 330,158	$ 1,601,764

See independent auditor's report.

The following project was reported in the LRMS Actuals Entry. This project was approved by Metro and was funded by the Measure R bonds proceeds (see Note 9). The expenditures were recorded under the City's Measure R Bans Bond Fund and Measure R Bond Fund.

		2025			
Project Code	**Project Name**	**Metro Budget**	**Actual**	**Variance Positive (Negative)**	**2024 Actual**
630	Administration of Measure R Funds	$ -	$ 35,807	$ (35,807)	$ -
	Total expenditures funded by Measure R Bonds and Measure R BANS	$ -	$ 35,807	$ (35,807)	$ -

The budget for the above expense is included in Project Code 630 Administration of Measure R Funds amounting to $31,724 for the year ended June 30, 2025.

Year Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2012	Retro-Reflectometer	$ 13,618	$ -	$ -	$ 13,618
2021	Line Stripper	15,190	-	-	15,190
	Total	$ 28,808	$ -	$ -	$ 28,808

See independent auditor's report.

	June 30	
	2025	2024
ASSETS		
Cash and investments	**$ 1,465,902**	$ 963,094
Due from Metro	**-**	98,304
Interest receivable	**-**	7,079
Total assets	**$ 1,465,902**	$ 1,068,477
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	**$ 180,821**	$ -
Salaries payable	**-**	583
Total liabilities	**180,821**	583
Fund balance		
Restricted	**1,285,081**	1,067,894
Total fund balance	**1,285,081**	1,067,894
Total liabilities and fund balance	**$ 1,465,902**	$ 1,068,477

See notes to Funds financial statements.

		Years ended June 30		
		2025		2024
Revenues				
Measure M	**$**	**1,224,575**	$	1,242,497
Investment income		**37,157**		33,502
Total revenues		**1,261,732**		1,275,999
Expenditures				
Various expenditures		**1,044,545**		1,542,138
Total expenditures		**1,044,545**		1,542,138
Excess (deficiency) of revenues over expenditures		**217,187**		(266,139)
Fund balance at beginning of year		**1,067,894**		1,334,033
Fund balance at end of year	**$**	**1,285,081**	$	1,067,894

See notes to Funds financial statements.

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

		2025			
Project Code	Project Name	Metro Budget	Actual	Variance Positive (Negative)	2024 Actual
640	Administration and Monitoring	$ -	$ 26,368 *	$ (26,368)	$ 34,308
705	Agnes Striping Project	125,000	120,565	4,435	-
705	(Bonds) Priority 2 Phase 2B	129,500	124,377	5,123	-
705	(Bonds) Slurry Seal Improvement	9,030	9,030	-	-
705	Priority 2 Phase 2B	-	-	-	711,000
715	Debt Service Payment	660,000	659,455	545	659,244
715	Debt Issuance and Management Costs	12,000	4,750	7,250	-
715	Street Improvement FY 25	210,000	-	210,000	-
715	Street Improvement FY 25	800,000	-	800,000	-
715	Wright Road Street Improvement	-	-	-	-
720	HSIP Atlantic and Carlin	-	-	-	47,534
760	HSIP (Imperial & Atlantic)	-	-	-	49,373
760	Annual Street Name Sign Replacement	29,000	-	29,000	40,679
806	Annual Sidewalk Improvement	135,000	-	135,000	-
815	Urban Bike Trail lighting project	100,000	100,000	-	-
	Total expenditures funded by MMLRF	$ 2,209,530	$ 1,044,545	$ 1,164,985	$ 1,542,138

* See Compliance Matrix and Schedule of Findings and Questioned Costs

See independent auditor's report.

The following projects were reported in the LRMS Actuals Entry. These projects were approved by Metro and were funded by the Measure M bonds proceeds (see Note 9). The expenditures were recorded under the City's Measure M Bond Fund and Capital Projects Fund.

		2025			
Project Code	**Project Name**	**Metro Budget**	**Actual**	**Variance Positive (Negative)**	**2024 Actual**
715	(Bonds) Priority 2 Phase 2B	$ -	$ -	$ -	$ 322,500
715	(Bonds) State Street and Los Flores Blvd Traffic Improvement Project	-	-	-	35,075
715	Debt Issuance and Management Costs	12,000	1,701	10,299	-
720	(Bond) Ruth and Imperial	-	-	-	271,749
720	(Bond) HSIP (Alameda & Martin Luther King Blvd)	100,000	-	100,000	53,325
	Total expenditures funded by Measure M Bonds	$ 112,000	$ 1,701	$ 110,299	$ 682,649

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	June 30 2024
ASSETS		
Cash and investments	$ **-**	$ -
Total assets	$ **-**	$ -
LIABILITIES AND FUND DEFICIT		
Liabilities		
Accounts payable	$ **14,313**	$ -
Due to other fund	**178,203**	200,995
Total liabilities	**192,516**	200,995
Fund deficit		
Restricted	**(192,516)**	(200,995)
Total fund deficit	**(192,516)**	(200,995)
Total liabilities and fund deficit	$ **-**	$ -

See notes to Funds financial statements.

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30 2025	2024
Revenues		
Intergovernmental Allocations:		
Article 3	**$ 166,525**	$ -
Investment income	**-**	-
Total revenues	**166,525**	-
Expenditures		
Sidewalk Improvements	**158,046**	
Total expenditures	**158,046**	-
Excess of revenues over expenditures	**8,479**	-
Fund deficit at beginning of year	**(200,995)**	(200,995)
Fund deficit at end of year	**$ (192,516)**	$ (200,995)

See 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:					
FY24-25 Annual Sidewalk Improvements	2025	$ 166,525	$ 158,046	$ 8,479	Ongoing
Totals		$ 166,525	$ 158,046	8,479	
Fund deficit at beginning of year				(200,995)	
Fund deficit at end of year				$ (192,516)	

See notes to Funds financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

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

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

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

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

Basis of Accounting and Measurement Focus

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

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

Budgets and Budgetary Accounting

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

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

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

Fund Balance Reporting

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

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

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

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

NOTE 2 ANNUAL FINANCIAL STATEMENTS

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

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

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

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

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

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

NOTE 4 MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

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

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

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

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

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

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

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 PROPOSITION A DISCRETIONARY INCENTIVE PROGRAM GRANT

The Proposition A Discretionary Incentive Grant represents additional funds received from Metro for participating in the Voluntary NTD Program. 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	$ 115,758	**$ 115,758**	$ -
5/1/2023	FY 2020/21	146,022	**-**	146,022
			$ 115,758	$ 146,022

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS)

In December 2012, the City issued $6,850,000 Measure R Sales Tax Revenue Certificates, Series 2012. The proceeds were used to finance the costs of the acquisition, construction, installation and equipping of certain public capital improvements for the City, fund a reserve account and pay the cost of issuance of the bonds. Interest on the bonds is payable semi-annually each June 1 and December 1, beginning June 1, 2013. Principal matures each June 1, beginning 2014 and maturing in 2039. Interest rates on the bonds vary between 1.75% and 4.00%. Proceeds from the issuance were recorded under the Measure R Bond Fund. The principal balance outstanding at June 30, 2025 and 2024 was $4,365,000 and $4,610,000, respectively.

Moreover, in 2019, the City issued the following Measure R and Measure M Limited Tax Bonds for the purpose of financing the design, acquisition, and construction of certain roadway and street improvement projects in the City of Lynwood, pay 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 Measure R and Measure M Sales Tax receipts.

On February 14, 2019, the City issued Measure M Series 2019A bonds of $13,060,000 with interest rate ranging from 3.0% to 5.0% with annual principal and interest payments ranging from $650,000 to $1,330,000. Principal and interest are payable each June 1 and December 1, commencing June 1, 2019; and maturing on June 1, 2048. Proceeds from the issuance were recorded under the Measure M Bonds Fund. The principal balance outstanding at June 30, 2025 and 2024 was $11,895,000 and $12,020,000, respectively.

On February 14, 2019, the City issued Measure R Series 2019B bonds of $2,395,000 with interest rate ranging from 3.0% to 5.0% with annual principal and interest payments ranging from $160,000 to $170,000. Principal and interest are payable each June 1 and December 1, commencing June 1, 2019; and maturing on June 1, 2039. Proceeds from the issuance were recorded under Measure R BANS Fund. The principal balance outstanding at June 30, 2025 and 2024 was $1,755,000 and $1,850,000, respectively.

For the years ended June 30, 2025 and 2024, the City had various projects funded by the bond proceeds amounting to $133,407 and $682,649, respectively.

The following is the movement in the bonds outstanding balance and interest payable for the years ended June 30, 2025 and 2024:

Measure R Series 2012

	Principal	Interest	Total
Outstanding balance as of June 30, 2023	$ 4,850,000	$ 1,448,418	$ 6,298,418
Principal and interest payment	(240,000)	(152,744)	(392,744)
Outstanding balance as of June 30, 2024	4,610,000	1,295,674	5,905,674
Principal and interest payment	(245,000)	(146,444)	(391,444)
Outstanding balance as of June 30, 2025	$ 4,365,000	$ 1,149,230	$ 5,514,230

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS) (CONTINUED)

Measure M Series 2019A

	Principal	Interest	Total
Outstanding balance as of June 30, 2023	$ 12,140,000	$ 10,314,257	$ 22,454,257
Principal and interest payment	(120,000)	(540,100)	(660,100)
Outstanding balance as of June 30, 2024	12,020,000	9,774,157	21,794,157
Principal and interest payment	(125,000)	(535,300)	(660,300)
Outstanding balance as of June 30, 2025	$ 11,895,000	$ 9,238,857	$ 21,133,857

Measure R Series 2019B

	Principal	Interest	Total
Outstanding balance as of June 30, 2023	$ 1,940,000	$ 692,023	$ 2,632,023
Principal and interest payment	(90,000)	(77,263)	(167,263)
Outstanding balance as of June 30, 2024	1,850,000	614,760	2,464,760
Principal and interest payment	(95,000)	(73,662)	(168,662)
Outstanding balance as of June 30, 2025	$ 1,755,000	$ 541,098	$ 2,296,098

The principal and interest payments for the year ended June 30, 2025 were paid as follows:

	MRLRF	MMLRF	Measure R BANS	Measure R Bonds	Measure M Bonds	Total Debt Service
Measure R Series 2012	$ 375,295	$ -	$ 16,149	$ -	$ -	$ 391,444
Measure M Series 2019A	-	659,455	-	-	845	660,300
Measure R Series 2019B	147,699	-	-	18,158	-	165,857
	$ 522,994	$ 659,455	$ 16,149	$ 18,158	$ 845	$ 1,217,601

The principal and interest payments for the year ended June 30, 2024 were paid as follows:

	MRLRF	MMLRF	Measure R BANS	Measure R Bonds	Measure M Bonds	Total Debt Service
Measure R Series 2012	$ 375,507	$ -	$ 17,237	$ -	$ -	$ 392,744
Measure M Series 2019A	-	659,244	-	-	856	660,100
Measure R Series 2019B	150,453	-	-	15,323	-	165,776
	$ 525,960	$ 659,244	$ 17,237	$ 15,323	$ 856	$ 1,218,620

The City received a credit amounting to $2,806 and 1,487 for the Measure R Series 2019B interest payment during the years ended June 30, 2025 and 2024, respectively.

NOTE 9 LIMITED PUBLIC FINANCING AUTHORITY SALES TAX REVENUE CERTIFICATES AND BONDS (LIMITED TAX BONDS) (CONTINUED)

The following is the movement in the bonds' fund balance and cash balance for the years ended June 30, 2025 and 2024 under the respective Bonds and BANS Fund:

Measure R Series 2012

	2025	2024
Fund balance at beginning of year	**$ 420,705**	$ 414,073
Add: Interest earned	**19,468**	22,100
Less: Expenditures during the year	**(19,658)**	(15,468)
Fund balance at end of year	**420,515**	420,705
Add: Due to other funds	**15,323**	15,323
Cash balance at end of year	**$ 435,838**	$ 436,028

Measure M Series 2019A

	2025	2024
Fund balance at beginning of year	**$ 2,186,824**	$ 2,631,030
Add: Interest earned	**229,184**	238,443
Less: Expenditures during the year	**(1,701)**	(682,649)
Fund balance at end of year	**2,414,307**	2,186,824
Add: Due to other funds	**-**	2,732,963
Less: Accounts receivable	**-**	(53)
Cash balance at end of year	**$ 2,414,307**	$ 4,919,734

Measure R Series 2019B

	2025	2024
Fund balance at beginning of year	**$ 3,042**	$ 2,842
Add: Interest earned	**15,669**	17,437
Less: Expenditures during the year	**(16,149)**	(17,237)
Fund balance at end of year	**2,562**	3,042
Add: Due to other funds	**-**	341,582
Less: Accounts receivable	**-**	(5)
Cash balance at end of year	**$ 2,562**	$ 344,619

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

NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

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

		2025		2024
FY 2019/20 allocation	$	44,306	$	-
FY 2020/21 allocation		39,767		-
FY 2021/22 allocation		52,204		-
FY 2022/23 allocation		30,248		-
	$	166,525	$	-

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	$	-	$	44,306
FY 2020/21 allocation		-		39,767
FY 2021/22 allocation		-		52,204
FY 2022/23 allocation		35,542		65,790
FY 2023/24 allocation		78,066		78,066
FY 2024/25 allocation		68,012		-
Total reserve	$	181,620	$	202,067

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 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.

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

\ LOS ANGELES
\ SAN DIEGO
\ IRVINE
\ SACRAMENTO
\ FRESNO
\ PHOENIX
\ LAS VEGAS
\ MANILA, PH

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 Lynwood, 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 Lynwood, 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. 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 30, 2025

COMPLIANCE SECTION

655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
OFFICE

\ LOS ANGELES
\ SAN DIEGO
\ IRVINE
\ SACRAMENTO
\ FRESNO
\ PHOENIX
\ LAS VEGAS
\ MANILA, PH

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

Report on Compliance

Opinion

We have audited the City of Lynwood, 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 Lynwood, 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 instances of noncompliance which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Findings and Questioned Costs as Findings #2025-001 and #2025-002. 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with the Guidelines on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with the Guidelines will not be prevented, or detected and corrected, on a timely basis. 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 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 response 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 response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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				
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			See Finding #2025-001
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X				
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X				
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
10. Local Return Account is credited for reimbursable expenditures.	X				
11. Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		

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

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

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

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			See Finding #2025-002
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.	X				
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

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

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
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

PCLRF: Finding #2025-001

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

PCLRF: Finding #2025-001 (Continued)

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

MMLRF: Finding #2025-002

Compliance Reference	Section XXV Administrative, Reporting Requirements, Expenditure Plan (8/1 Table) of the Measure M Local Return Guidelines states that, “To maintain legal eligibility and meet Measure M LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (8/1 Table), annually, by August 1st of each year”. “Expenditure Plan (Form M-One) provides a listing of projects funded with Measure M LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. Part II is to be filled out for capital projects (projects over $250,000). Metro will provide LR funds to a capital project or program sponsor who submits the required expenditure plan”.
Condition	The City claimed expenditures prior to approval from Metro under Project Code 640, Administration and Monitoring, totaling $26,368. Although the expenditures were eligible for Local Return funding, the project did not have prior approval from Metro.
Cause	The City did not anticipate incurring eligible expenditures for this project and was unable to submit a budget request for Metro’s approval until after June 30, 2025.
Effect	The City claimed expenditures totaling $26,368 of Measure M funds prior to Metro’s approval. The City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures and internal controls to ensure that approval is obtained from Metro prior to spending on Local Return-funded projects.
Management’s Response	The City agrees with the finding and will submit a revised budget via LRMS prior to the end of the fiscal year to obtain Metro’s approval for the change in the project budget and implement internal controls to ensure compliance with this requirement at all times. The City submitted a budget request to Metro Program Manager and obtained retroactive approval of the budget for said project on December 29, 2025.
Finding Corrected During the Audit	On December 29, 2025, the Metro Program Manager granted retroactive approval of the said project. No additional follow-up is required.

EXIT CONFERENCE

An exit conference was held on December 16, 2025 with the City of Lynwood representatives. Those in attendance were:

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

City of Lynwood representative:
John Hanson – Accountant

Matters discussed:

Results of the audit disclosed instances of noncompliance with the Guidelines.

A copy of this report was forwarded to the following City of Lynwood representatives for comments prior to the issuance of the final report:
F2024
Harry Wong – Finance Director
John Hanson – Accountant

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

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

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

(Attach additional pages if necessary)

Very truly yours,

____
Name

____
Title

____
Date

www.vasquez.cpa

655 N Central Avenue, Suite 1550 • Glendale, California 91203-1437 • +1.213.873.1700