



MetroTM

**City of San Fernando
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**



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FINANCIAL SECTION



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Independent Auditor's Report

**To the Honorable Members of the City Council of the
City of San Fernando, 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 San Fernando, 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 San Fernando, 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 San Fernando, 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 November 19, 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.

**Glendale, California
November 19, 2025**

City of San Fernando
Proposition A Local Return Fund
Balance Sheets

		June 30	
		2025	2024
ASSETS			
Cash and investments	\$	<u>639,803</u>	\$ <u>522,233</u>
Total assets	\$	<u>639,803</u>	\$ <u>522,233</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	<u>75,191</u>	\$ 112,226
Accrued payroll and employee benefits		<u>2,818</u>	<u>2,480</u>
Total liabilities		<u>78,009</u>	<u>114,706</u>
Fund balance			
Restricted		<u>561,794</u>	<u>407,527</u>
Total fund balance		<u>561,794</u>	<u>407,527</u>
Total liabilities and fund balance	\$	<u>639,803</u>	\$ <u>522,233</u>

See notes to Funds financial statements.

City of San Fernando
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2025	2024
Revenues			
Proposition A	\$	616,269	\$ 623,639
Interest income		12,017	8,401
Investment gain (loss)		13,784	(752)
Project generated revenues (Note 8)		235	996
Total revenues		642,305	632,284
Expenditures			
Various projects		488,038	575,000
Total expenditures		488,038	575,000
Excess of revenues over expenditures		154,267	57,284
Fund balance at beginning of year		407,527	350,243
Fund balance at end of year	\$	561,794	\$ 407,527

See notes to Funds financial statements.

City of San Fernando
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		Variance	2024 Actual
		Metro Budget	Actual	Positive (Negative)	
105	Trolley Fixed Route Transit	\$ 184,711	\$ 73,497	\$ 111,214	\$ 178,722
105	Trolley / Utility Truck Fuel	50,000	-	50,000	59,244
107	Mission City Transit (Dial-a-Ride)	315,000	300,714	14,286	204,361
135	MTA Bus Pass Subsidy	3,000	1,818	1,182	1,359
155	Recreational Trips Program	20,000	14,402	5,598	16,331
610	Prop A Administration	138,399	97,607	40,792	114,983
Total expenditures		<u>\$ 711,110</u>	<u>\$ 488,038</u>	<u>\$ 223,072</u>	<u>\$ 575,000</u>

See independent auditor's report.

City of San Fernando
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2025

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
2009	Monitors and Navigation System DVD Playback and Anti-Thief System	\$ 12,118	\$ -	\$ -	\$ 12,118
2013	Bus Shelters	46,288	-	-	46,288
Total		<u>\$ 58,406</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,406</u>

See independent auditor's report.

**City of San Fernando
Proposition C Local Return Fund
Balance Sheets**

		June 30	
		2025	2024
ASSETS			
Cash and investments	\$	682,995	\$ 437,506
Due from Metro		-	40,632
Total assets	\$	<u>682,995</u>	<u>478,138</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	31,919	\$ 30,357
Total liabilities		<u>31,919</u>	<u>30,357</u>
Fund balance			
Restricted		651,076	447,781
Total fund balance		<u>651,076</u>	<u>447,781</u>
Total liabilities and fund balance	\$	<u>682,995</u>	<u>478,138</u>

See notes to Funds financial statements.

City of San Fernando
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2025	2024
Revenues			
Proposition C	\$	511,179	\$ 517,294
Interest income		15,143	7,731
Investment gain		9,208	18,267
Total revenues		<u>535,530</u>	<u>543,292</u>
Expenditures			
Various projects		332,235	367,623
Total expenditures		<u>332,235</u>	<u>367,623</u>
Excess of revenues over expenditures		203,295	175,669
Fund balance at beginning of year		<u>447,781</u>	<u>272,112</u>
Fund balance at end of year	\$	<u><u>651,076</u></u>	\$ <u><u>447,781</u></u>

See notes to Funds financial statements.

City of San Fernando
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		Variance Positive (Negative)	2024 Actual
		Metro Budget	Actual		
105	Trolley Fixed Route Transit	\$ 224,540	\$ 224,540	\$ -	\$ 218,000
450	Bus Shelter Project: Phase Two	62,704	-	62,704	-
620	Prop C Administration	18,774	16,724	2,050	16,138
705	Annual Street Resurfacing	350,000	90,971	259,029	133,485
Total expenditures		\$ 656,018	\$ 332,235	\$ 323,783	\$ 367,623

See independent auditor's report.

City of San Fernando
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2025

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2025</u>
1998	Multi-Use Recreation Building	\$ 566,845	\$ -	\$ -	\$ 566,845
1998	Shelter Bus	80,575	-	-	80,575
1998	Hewlett Packard Netserver	12,251	-	-	12,251
1998	Poligon Structure	7,782	-	-	7,782
2001	Solar Arrow Trailer Board	6,089	-	-	6,089
2002	Inductive Loop Detector	9,800	-	-	9,800
2003	Traffic Signals	34,259	-	-	34,259
2003	Maclay St Rehabilitation	17,642	-	-	17,642
2004	Traffic Signals	189,002	-	-	189,002
2004	Van	14,000	-	-	14,000
2004	S Maclay Ave Rehabilitation	80,681	-	-	80,681
2004	Street Striping	4,000	-	-	4,000
2008	Maclay Streetscape	1,232,487	-	-	1,232,487
2009	Backhoe Attachment for Skid Steer	8,900	-	-	8,900
2013	Park Ave Street Sidewalk Improvements	128,017	-	-	128,017
2017	Street Resurfacing Project	303,907	-	-	303,907
2018	Street Resurfacing Project	36,450	-	-	36,450
2018	SF Downtown Revitalization	31,928	-	-	31,928
2021	Glenoaks Street Resurfacing Project	397,641	-	-	397,641
2023	Annual Street Resurfacing	435,169	-	-	435,169
2024	Phase 2 Annual Street Resurfacing Project	229,565	-	-	229,565
2025	Street Resurfacing Project	-	90,972	-	90,972
Total		\$ 3,826,990	\$ 90,972	\$ -	\$ 3,917,962

See independent auditor's report.

**City of San Fernando
Measure R Local Return Fund
Balance Sheets**

		June 30	
		2025	2024
ASSETS			
Cash and investments	\$	322,939	\$ 383,403
Due from Metro		-	30,564
Total assets	\$	<u>322,939</u>	<u>413,967</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	3,750	\$ 11,712
Retention payable		4,829	994
Accrued payroll and employee benefits		203	213
Total liabilities		<u>8,782</u>	<u>12,919</u>
Fund balance			
Restricted		314,157	401,048
Total fund balance		<u>314,157</u>	<u>401,048</u>
Total liabilities and fund balance	\$	<u>322,939</u>	<u>413,967</u>

See notes to Funds financial statements.

City of San Fernando
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2025	2024
Revenues			
Measure R	\$	383,313	\$ 387,849
Interest income		9,991	8,541
Investment gain		11,038	27,344
Total revenues		<u>404,342</u>	<u>423,734</u>
Expenditures			
Various projects		491,233	521,604
Total expenditures		<u>491,233</u>	<u>521,604</u>
Deficiency of revenues over expenditures		(86,891)	(97,870)
Fund balance at beginning of year		<u>401,048</u>	498,918
Fund balance at end of year	\$	<u>314,157</u>	\$ <u>401,048</u>

See notes to Funds financial statements.

City of San Fernando
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		Variance Positive (Negative)	2024 Actual
		Metro Budget	Actual		
170	Parking Lot Maintenance Project	\$ -	\$ 97,632	* \$ (97,632)	\$ -
302	HSIP Cycle 8 Traffic Signal Improvements Project	95,000	88,098	6,902	-
705	Annual Resurfacing Program (Construction and Contingency)	255,000	122,160	132,840	2,100
705	Glenoaks Blvd Bridge over Pacoima Wash Safety Improvement	2,025	-	2,025	1,019
715	TRIP COP - Principal and Interest	179,938	180,250	(312)	180,951
780	Safe Routes Cycle 1 (Design)	-	-	-	585
780	Safe Routes Cycle 2 (Design)	-	-	-	65
806	Pacoima Wash Bikeway Project (Construction)	33,145	3,093	30,052	336,884
Total expenditures		<u>\$ 565,108</u>	<u>\$ 491,233</u>	<u>\$ 73,875</u>	<u>\$ 521,604</u>

* See Compliance Matrix and Schedule of Findings and Questioned Cost.

See independent auditor's report.

City of San Fernando
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2025

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2011	Park Avenue Streetscape Improvements	\$ 171,904	\$ -	\$ -	\$ 171,904
2013	Park Avenue Streetscape Improvements	45,740	-	-	45,740
2017	Safe Routes to School Cycle 7 Around Various Schools	179,104	-	-	179,104
2017	Street Resurfacing Project	313,885	-	-	313,885
2018	Street Resurfacing Project	474,908	-	-	474,908
2021	Glenoaks Street Resurfacing Project	1,060,931	-	-	1,060,931
2021	Street Resurfacing Project	500,468	-	-	500,468
2022	Pico Street Improvement Project	54,905	-	-	54,905
2023	Glenoaks Rod Iron Bridge Fencing	37,949	-	-	37,949
2023	Annual Street Resurfacing	823,645	-	-	823,645
2024	SF Regional Park Infiltration Project	450,000	-	-	450,000
2024	Phase 2 Annual Street Resurfacing Project	26,268	-	-	26,268
2025	Fog Seal Coating of Public Parking Lots	-	96,583	-	96,583
2025	Street Resurfacing Project	-	122,160	-	122,160
Total		\$ 4,139,707	\$ 218,743	\$ -	\$ 4,358,450

See independent auditor's report.

**City of San Fernando
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2025	2024
ASSETS			
Cash and investments	\$	407,237	\$ 733,542
Due from Metro		-	34,651
Total assets	\$	<u>407,237</u>	<u>768,193</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	21,910	\$ 34,849
Retention payable		22,121	-
Total liabilities		<u>44,031</u>	<u>34,849</u>
Fund balance			
Restricted		363,206	733,344
Total fund balance		<u>363,206</u>	<u>733,344</u>
Total liabilities and fund balance	\$	<u>407,237</u>	<u>768,193</u>

See notes to Funds financial statements.

City of San Fernando
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

		Years ended June 30	
		2025	2024
Revenues			
Measure M	\$	434,281	\$ 437,964
Interest income		13,204	11,215
Investment gain		20,138	65,107
Total revenues		<u>467,623</u>	<u>514,286</u>
Expenditures			
Various projects		837,761	169,478
Total expenditures		<u>837,761</u>	<u>169,478</u>
(Deficiency) excess of revenues over expenditures		(370,138)	344,808
Fund balance at beginning of year		<u>733,344</u>	<u>388,536</u>
Fund balance at end of year	\$	<u><u>363,206</u></u>	\$ <u><u>733,344</u></u>

See notes to Funds financial statements.

City of San Fernando
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)

Project Code	Project Name	2025		Variance Positive (Negative)	2024 Actual
		Metro Budget	Actual		
170	City Parking Lots Maintenance Project	\$ -	\$ 442,413	* \$ (442,413)	\$ -
225	Bus Shelter Project: Phase 2	53,643	-	53,643	-
302	Traffic Signal Modifications at the Intersection of Arroyo Avenue and 8th Street	11,893	-	11,893	13,858
302	Traffic Signal Improvement Project	23,533	-	23,533	41,913
302	20% Match for Citywide Signal Synchronization Project	108,856	32,882	75,974	92,083
302	Preparation of PS&E to Modify the N/E Corner of Glenoaks Blvd. and Arroyo Ave.	15,220	-	15,220	15,725
705	Annual Street Resurfacing Program	795,000	362,466	432,534	-
805	Pacoima Wash Bikeway Project (Construction)	-	-	-	5,899
Total expenditures		\$ 1,008,145	\$ 837,761	\$ 170,384	\$ 169,478

* See Compliance Matrix and Schedule of Findings and Questioned Cost.

See independent auditor's report.

City of San Fernando
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2025

Date Acquired	Description	Balance July 1, 2024	Additions	Deletions	Balance June 30, 2025
2020	San Fernando Road between South Huntington and Kalisher	\$ 58,020	\$ -	\$ -	\$ 58,020
2021	Street Resurfacing Project	179,233	-	-	179,233
2023	Annual Street Resurfacing	116,828	-	-	116,828
2024	Phase 2 Annual Street Resurfacing Project	1,167,050	-	-	1,167,050
2025	Fog Seal Coating of Public Parking Lots	-	442,413	-	442,413
2025	Annual Street Resurfacing	-	345,000	-	345,000
Total		\$ 1,521,131	\$ 787,413	\$ -	\$ 2,308,544

See independent auditor's report.

City of San Fernando
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Balance Sheets

		June 30	
		2025	2024
ASSETS			
Cash and investments	\$	5,267	\$ -
Due from Metro		-	42,417
Total assets	\$	5,267	\$ 42,417
LIABILITIES AND FUND BALANCE			
Liabilities			
Due to General Fund	\$	-	\$ 37,305
Due to Metro		5,267	-
Total liabilities		5,267	37,305
Fund balance			
Restricted		-	5,112
Total fund balance		-	5,112
Total liabilities and fund balance	\$	5,267	\$ 42,417

See notes to Funds financial statements.

City of San Fernando
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2025	2024
Revenues		
Intergovernmental Allocations:		
Article 3	\$ -	\$ 42,417
Interest income	<u>155</u>	<u>-</u>
Total revenues	<u>155</u>	<u>42,417</u>
Expenditures		
Citywide Sidewalk Repair	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>
Other financing use		
Return of funds to Metro	<u>(5,267)</u>	<u>-</u>
Total other financing use	<u>(5,267)</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(5,112)	42,417
Fund balance (deficit) at beginning of year	<u>5,112</u>	<u>(37,305)</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>5,112</u></u>

See notes to Funds financial statements.

City of San Fernando
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2025

Project Description	Program Year	Total to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
None	Not applicable	\$ -	\$ -	\$ -	Not applicable
	Totals	\$ -	\$ -	-	
Interest income				155	
Return of funds to Metro				(5,267)	
Fund balance at beginning of year				5,112	
Fund balance at end of year				\$ -	

See independent auditor's report.

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 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 PROJECT GENERATED REVENUES

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

	<u>2025</u>	<u>2024</u>
Dial-A-Ride fares	\$ 5	\$ 414
AQMD Natural Gas Trolleys	-	502
Metro bus pass sales	<u>230</u>	<u>80</u>
	<u>\$ 235</u>	<u>\$ 996</u>

NOTE 9 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

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

	<u>2025</u>	<u>2024</u>
FY 2019/20 allocation	\$ -	\$ 7,804
FY 2020/21 allocation	-	13,903
FY 2021/22 allocation	-	18,473
FY 2022/23 allocation	-	2,237
Total revenues	\$ <u>-</u>	\$ <u>42,417</u>

NOTE 10 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds which will not be spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2025, and 2024, the City has funds on reserve as follows:

	<u>2025</u>	<u>2024</u>
FY 2022/23 allocation	\$ 26,341	\$ 21,074
FY 2023/24 allocation	27,522	27,522
FY 2024/25 allocation	24,125	-
Total reserve	\$ <u>77,988</u>	\$ <u>48,596</u>

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 11 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 November 19, 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.



**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 San Fernando, 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 San Fernando, 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 November 19, 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.

**Glendale, California
November 19, 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 San Fernando, California and the
Los Angeles County Metropolitan Transportation Authority**

Report on Compliance

Opinion

We have audited the City of San Fernando, 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 San Fernando, 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 with the requirements, which are described in the accompanying Schedule of Findings and Questioned Costs as Finding #2025-001 and Finding #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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guidelines. Accordingly, this report is not suitable for any other purpose.

**Glendale, California
November 19, 2025**

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

See independent auditor's report on compliance.

**City of San Fernando
Compliance Matrix
Year ended June 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					
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				

See independent auditor's report on compliance.

**City of San Fernando
Compliance Matrix
Year ended June 30, 2025**

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			See Finding #2025-001
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.			X		There were no MRLRF administrative expenses during FY2024/25.
8. Expenditure Plan (Form One or electronic equivalent) was submitted timely.	X				
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.			X		

See independent auditor's report on compliance.

**City of San Fernando
Compliance Matrix
Year ended June 30, 2025**

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.

**City of San Fernando
Compliance Matrix
Year ended June 30, 2025**

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		There were no MMLRF administrative expenses during FY2024/25.
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
10. Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X		
11. Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.			X		

See independent auditor's report on compliance.

**City of San Fernando
Compliance Matrix
Year ended June 30, 2025**

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.

**City of San Fernando
Compliance Matrix
Year ended June 30, 2025**

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		There were no TDAA3F expenses during FY2024/25.
3. Annual Claim Form was submitted timely.	X				

See independent auditor's report on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

City of San Fernando
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

MRLRF: Finding #2025-001

Compliance Reference	Section B (II)(1) Expenditure Plan (Form One) of Measure R Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, annually, by August 1st of each year. "Expenditure Plan (Form One) provides a listing of projects funded with Measure R LR funds along with estimated expenditures for the year. For both operating and capital projects, Part I is to be filled out. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, 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 170, Parking Lots Maintenance Project, totaling \$97,632. Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro.
Cause	The delay in submitting the project budget update to the granting agency was attributable to temporary staffing constraints that impacted the timely completion of required reporting activities.
Effect	The City claimed expenditure totaling \$97,632 of Measure R funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend 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	Management acknowledges this deficiency and has corrective action to prevent recurrence. Specifically, responsibilities for grant reporting will be restructured to ensure adequate staffing coverage, and cross-training initiatives are implemented to mitigate the risk of delays arising from personnel changes or absences. These measures will strengthen internal capacity and ensure the timely fulfillment of all reporting obligations in the future. The City submitted a Budget Request to Metro Program Manager and obtained retroactive approval of the budget for said project on September 30, 2025.

MRLRF: Finding #2025-001 (Continued)

Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the budget for said project on September 30, 2025. No additional follow up is required.
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City of San Fernando
Schedule of Findings and Questioned Costs
Year ended June 30, 2025

MMLRF: Finding #2025-002

Compliance Reference	Section B (II)(1) Expenditure Plan (Form One) of Measure M Local Return Program Guidelines state that, "To maintain legal eligibility and meet Measure R LR program compliance requirements, Jurisdiction shall submit to Metro an Expenditure Plan (Form One) or its electronic equivalent, annually, by August 1st of each year. "Expenditure Plan (Form 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. For capital projects (projects over \$250,000), Part II is required. Pursuant to AB2321, 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 170, City Parking Lot Maintenance Project, totaling \$442,413. Although we found the expenditures to be eligible for Local Return funding, this project had no prior approval from Metro.
Cause	The delay in submitting the project budget update to the granting agency was attributable to temporary staffing constraints that impacted the timely completion of required reporting activities.
Effect	The City claimed expenditure totaling \$442,413 of Measure M funds prior to approval by Metro. The City did not comply with the Guidelines.
Recommendation	We recommend 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	Management acknowledges this deficiency and has corrective action to prevent recurrence. Specifically, responsibilities for grant reporting will be restructured to ensure adequate staffing coverage, and cross-training initiatives are implemented to mitigate the risk of delays arising from personnel changes or absences. These measures will strengthen internal capacity and ensure the timely fulfillment of all reporting obligations in the future. The City submitted a Budget Request to Metro Program Manager and obtained retroactive approval of the budget for said project on September 30, 2025.

MMLRF: Finding #2025-002 (Continued)

Finding Corrected During the Audit	Metro Program Manager granted retroactive approval of the budget for said project on September 30, 2025. No additional follow up is required.
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EXIT CONFERENCE

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

Vasquez and Company LLP representatives:

Cristy Canieda – Audit Partner
Mary Tanglao – Audit Supervisor

City of San Fernando representatives:

Erica D. Melton – Finance Director
Sonia Gomez-Garcia – Senior 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 San Fernando representatives for comments prior to the issuance of the final report:

Erica D. Melton – Finance Director
Sonia Gomez-Garcia – Senior Accountant
Sandra Franco-Rivas – Accounting Technician

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

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

I have received the annual financial report of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund, for the years ended June 30, 2025 and 2024 for the City of San Fernando 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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