INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE
WITH THE REQUIREMENTS APPLICABLE TO
THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY'S
FUNDING AND ALLOCATION GUIDELINES FOR
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3
BICYCLE AND PEDESTRIAN FUNDS

TO THE LOS ANGELES COUNTY
METROPOLITAN TRANSPORTATION AUTHORITY

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Consolidated Audit Report
Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE WITH THE REQUIREMENTS APPLICABLE TO THE LOS ANGELES COUNTY METROPOLITAN TRANSPORTATION AUTHORITY'S FUNDING AND ALLOCATION GUIDELINES FOR TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 BICYCLE AND PEDESTRIAN FUNDS

**To the Board of Directors of the Los Angeles County
Metropolitan Transportation Authority**

Report on Compliance

Opinion

We have audited the compliance of the County of Los Angeles (County) and the thirty-eight (38) Cities identified in the List of Package A Jurisdictions, with the types of compliance requirements described in the Transportation Development Act (TDA) Statutes and California Codes of Regulations issued by the California Department of Transportation Division of Mass Transportation (CalTrans) 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. Compliance area tested and related findings are identified in the accompanying Compliance Area Tested and Summary of Audit Results, Schedule 1 and Schedule 2.

In our opinion, the County and the Cities complied, in all material respects, with the Guidelines referred to above that could have a direct and material effect on the TDA Article 3 program for the year ended June 30, 2025.

Basis for Opinion

We conducted our audits 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 County and the Cities and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the County's and the Cities' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the County and the Cities is responsible for their 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 grant agreements applicable to the TDA Article 3 program.

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 County's and the Cities' 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 County's and the Cities' compliance with the requirements of the TDA Article 3 program 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 County's and the Cities' 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 County's and the Cities' 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 County's and the Cities' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Guidelines and which are described in the accompanying Summary of Compliance Findings (Schedule 1) and Schedule of Findings and Questioned Costs (Schedule 2) as Findings #2025-001 through #2025-006. Our opinion is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on the responses to the noncompliance findings identified in our compliance audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The responses were not subjected to the other 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 in internal control over compliance 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 a deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2025-004 to be a material weakness.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with the Guidelines that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2) as Finding #2025-003 to be a significant deficiency.

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 responses to the internal control over compliance findings identified in our compliance audits described in the accompanying Schedule of Findings and Questioned Costs (Schedule 2). The Cities' responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

Vasquez & Company LLP

Glendale, California
December 31, 2025

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
List of Package A Jurisdictions
Fiscal Year Ended June 30, 2025

1. COUNTY OF LOS ANGELES
2. CITY OF AGOURA HILLS
3. CITY OF AZUSA
4. CITY OF BALDWIN PARK
5. CITY OF BELL
6. CITY OF BELL GARDENS
7. CITY OF BEVERLY HILLS
8. CITY OF CALABASAS
9. CITY OF CARSON
10. CITY OF COMMERCE
11. CITY OF COMPTON
12. CITY OF CUDAHY
13. CITY OF CULVER CITY
14. CITY OF EL MONTE
15. CITY OF GARDENA
16. CITY OF HAWTHORNE
17. CITY OF HIDDEN HILLS
18. CITY OF HUNTINGTON PARK
19. CITY OF INGLEWOOD
20. CITY OF IRWINDALE
21. CITY OF LA PUENTE
22. CITY OF LAWNDALE
23. CITY OF LYNWOOD
24. CITY OF MALIBU
25. CITY OF MAYWOOD
26. CITY OF MONTEBELLO
27. CITY OF MONTEREY PARK
28. CITY OF PICO RIVERA
29. CITY OF POMONA
30. CITY OF ROSEMEAD
31. CITY OF SAN FERNANDO
32. CITY OF SANTA FE SPRINGS
33. CITY OF SANTA MONICA
34. CITY OF SOUTH EL MONTE
35. CITY OF SOUTH GATE
36. CITY OF VERNON
37. CITY OF WALNUT
38. CITY OF WEST HOLLYWOOD
39. CITY OF WESTLAKE VILLAGE

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Compliance Area Tested
Fiscal Year Ended June 30, 2025

1. Timely use of funds.
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.
3. Annual Claim Form was submitted timely.

SUMMARY OF AUDIT RESULTS

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Summary of Compliance Findings
Fiscal Year ended June 30, 2025

The audits of the County of Los Angeles and the 38 cities have resulted in seven (7) findings. The table below summarizes these findings:

Compliance Areas	# of Findings	Responsible Cities/ Finding No. Reference	Questioned Costs	Resolved During the Audit
Timely use of funds: Lapsed funds	2	Cudahy (Finding #2025-003)	$ 31,133	$ -
		Huntington Park (Finding #2025-004)	107,126	-
Timely use of funds: Unencumbered fund balance	4	Bell Gardens (Finding #2025-001)	None	None
		Compton (Finding #2025-002)	None	None
		Huntington Park (Finding #2025-004)	None	None
		Vernon (Finding #2025-006)	None	None
Late Submission of Claim Form	1	Huntington Park (Finding #2025-005)	None	None
Total Findings and Questioned Costs	**7**		**$ 138,259**	**$ -**

Details of the above findings are presented in Schedule 2.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025

Finding #2025-001	**City of Bell Gardens**
Compliance Reference	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, Funding, Lapsing and Accounting states that “Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated.”
Condition	The City had remaining unexpended and unencumbered funds totaling $2,358 as of June 30, 2025.
Cause	The City did not have projects to utilize the allocated amount during FY 2024/25.
Effect	The City was not in compliance with the TDA Article 3 Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that funds drawn during the fiscal year are fully spent and any remaining unexpended and unencumbered funds are returned to Metro at year-end in accordance with the TDA Article 3 Guidelines.
Management’s Response	On December 31, 2025, the City requested a waiver from Metro to expend all funds during Fiscal Year 2025/26.
Finding Corrected During the Audit	On December 31, 2025, Metro granted an extension for the use of the funds remaining with the City through June 30, 2026. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-002	**City of Compton**
Compliance Reference	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, Funding, Lapsing and Accounting states that “Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated.”
Condition	The City had remaining unexpended and unencumbered funds of $64,751 as of June 30, 2025.
Cause	The City did not have projects to utilize the allocated amount during FY 2024/25.
Effect	The City was not in compliance with the TDA Article 3 Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the amount drawn during the fiscal year is spent and that any remaining unexpended and unencumbered funds are returned to Metro at the end of the fiscal year, consistent with the TDA Article 3 Guidelines.
Management’s Response	On December 22, 2025, the City requested a waiver from Metro to expend all funds during Fiscal Year 2025/26.
Finding Corrected During the Audit	On December 22, 2025, Metro granted an extension for the use of the funds remaining with the City through June 30, 2026. No follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-003 (Significant Deficiency)	**City of Cudahy**
Compliance Reference	TDA Article 3 Guidelines state that “TDA Article 3 local funds may be placed on reserve for up to three years. Agencies may accumulate three years' worth of reserved TDA Article 3 local funds before being required to obligate them or return them to the TDA Article 3 fund. Any funds left on reserve by the local agency longer than three years are subject to lapse and future reallocation.” For FY 2024/25, any TDA Article 3 funds left on reserve for FY 2020/21 are subject to lapse if not claimed by the City by June 30, 2025.
Condition	The City had remaining funds on reserve totaling $17,594 and $13,539 from FY2019/20 and FY2020/21 allocations, respectively, that lapsed as of June 30, 2025. This is a repeat finding from fiscal year 2024.
Cause	The City did not have projects to utilize the reserved amounts during FY 2024/25.
Effect	The City was not in compliance with the TDA Article 3 Guidelines, and the lapsed funds will be reallocated to other jurisdictions for the succeeding year (FY 2025/26).
Recommendation	We recommend the City establish procedures and internal controls to ensure that TDA Article 3 allocations left on reserve are drawn and spent on eligible projects in a timely manner.
Management’s Response	The City acknowledged the lapsed funds during FY24/25 and will ensure that subsequent TDA Article 3 funds allocation left on reserve will be utilized in a timely manner.
Finding Corrected During the Audit	The Metro Program Manager rejected the extension requested by the City on July 29, 2025. Lapsed funds totaling $31,133 will be reallocated to other jurisdictions for the succeeding fiscal year (FY 2025/26). No additional follow-up is required.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-004 (Material Weakness)	**City of Huntington Park**
Compliance Reference	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, Funding, Lapsing and Accounting states that “Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated.
Condition	The City had remaining unexpended and unencumbered funds of $221,463 as of June 30, 2025. This balance includes lapsed funds from fiscal years 2019, 2020, and 2021 totaling $107,126. This is a repeat finding from fiscal years 2023 and 2024.
Cause	This condition was caused by turnover of the City staff responsible for monitoring the TDA Article 3 Bicycle and Pedestrian Funds.
Effect	The City was not in compliance with the TDA Article 3 Guidelines and was required to return the $221,463 that remained unexpended and unencumbered as of June 30, 2025.
Recommendation	We recommend the City establish procedures and internal controls to ensure that funds drawn during the fiscal year are fully spent and that any unexpended and unencumbered amounts are returned to Metro at the end of the fiscal year in accordance with the TDA Article 3 Guidelines.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-004 (Material Weakness) (Continued)	**City of Huntington Park**
Management's Response	The City acknowledges the TDA Article 3 Bicycle and Pedestrian Funds guidelines related to funding drawdown, lapsing, and accounting. The City understands that funds may only be drawn in the fiscal year in which they are allocated and that any unspent funds must be returned to Metro by October 15th of the following fiscal year to be placed on reserve under the original allocation year. Going forward, the City will improve internal coordination and monitoring to ensure TDA Article 3 funds are drawn only when expenditures are expected within the same fiscal year. The City will also strengthen tracking of project schedules and expenditures to prevent unspent balances at year-end and to ensure timely return of any remaining funds in compliance with Metro requirements.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-005	**City of Huntington Park**
Compliance Reference	TDA Article 3 Guidelines state that "TDA Article 3 funds are not automatically distributed to agencies or placed on reserve. Each Agency must designate the disposition of its TDA Article 3 allocation by completing the TDA3 Claim Form in the LRMS by May 31st."
Condition	The City did not submit its TDA Article 3 Claim Form to Metro for FY2024/25.
Cause	The City will ensure the TDA 3 Claim Form is submitted in a timely manner by May 31st of each fiscal year.
Effect	The City's TDA Article 3 Claim Form was not submitted, resulting in noncompliance with the TDA Article 3 Guidelines.
Recommendation	We recommend the City establish procedures and controls to ensure that the TDA Article 3 Claim Form is submitted by May 31st as required by the Guidelines.
Management's Response	The City will ensure TDA 3 Claim Form is submitted in a timely manner by May 31st of each fiscal year.

Los Angeles County Metropolitan Transportation Authority
Transportation Development Act Article 3 Fund
Schedule of Findings and Questioned Costs
Fiscal Year Ended June 30, 2025
(Continued)

Finding #2025-006	**City of Vernon**
Compliance Reference	TDA Article 3 Bicycle and Pedestrian Funds Funding Allocation Guidelines, Funding, Lapsing and Accounting states that "Agencies may only draw down the funds that they can spend during the fiscal year in which they were allocated. Agencies are not allowed to have a fund balance at the end of the fiscal year. Any funds drawn down and that remain unspent after the end of the fiscal year must be returned to Metro by October 15th of the following fiscal year to be placed on reserve for the agency under the fiscal year in which they were originally allocated."
Condition	The City has remaining unexpended and unencumbered funds of $15,000 as of June 30, 2025.
Cause	This was caused by oversight of the City's personnel.
Effect	The City was not in compliance with the TDA Article 3 Guidelines.
Recommendation	We recommend the City establish procedures and internal controls to ensure that the amount drawn during the fiscal year is spent and remaining unexpended and unencumbered funds are returned to Metro at the end of the fiscal year, consistent with the TDA Article 3 Guidelines.
Management's Response	The City acknowledges the oversight. To prevent recurrence, the City will implement enhanced procedures and internal controls to ensure timely expenditure of TDA Article 3 funds.
Finding Corrected During the Audit	On December 16, 2025, the Metro Program Manager granted an extension for the use of the fund through June 30, 2026. No follow-up is required.

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