

***CITY OF LOS ANGELES  
ANNUAL FINANCIAL REPORT OF THE  
MEASURE R LOCAL RETURN FUND  
MEASURE M LOCAL RETURN FUND  
FOR THE FISCAL YEARS ENDED  
JUNE 30, 2021 AND 2020***



**Metro<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF LOS ANGELES***  
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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 Los Angeles, California and the  
Los Angeles County Metropolitan Transportation Authority

### Report on the Financial Statements

We have audited the accompanying financial statements of the Measure R Local Return Fund (MRLRF) and Measure M Local Return Fund (MMLRF) of the City of Los Angeles, California (the City) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Responsibility*

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the MRLRF and MMLRF of the City of Los Angeles California, as of June 30, 2021 and 2020, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 2, the financial statements present only the MRLRF and MMLRF of the City and do not purport to, and do not, present fairly the financial position of the City of Los Angeles, California, as of June 30, 2021 and 2020, 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.

### ***Supplementary Information***

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary 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' financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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' financial statements or to the Funds' financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated December 22, 2021, 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.

A handwritten signature in cursive script that reads "Simpson &amp; Simpson".

Los Angeles, California  
December 22, 2021

**CITY OF LOS ANGELES**  
**MEASURE R LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 35,163,160	\$ 28,859,071
Accounts receivable	260,791	12,767
Investment income receivable	81,670	85,787
Due from Metro	10,598,718	7,945,234
Due from other funds (Note 7)	8,950,891	11,641,735
Total assets	\$ 55,055,230	\$ 48,544,594
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,887,576	\$ 1,580,598
Due to other funds (Note 7)	54,385	16,334
Obligations under securities lending transactions (Note 6)	261,948	182,410
Other liabilities	565,364	65,748
Total liabilities	2,769,273	1,845,090
 <b>Deferred Inflows of Resources</b>		
Revenue from other government agencies (Note 8)	279,611	79,263
Total deferred inflows of resources	279,611	79,263
 <b>Fund Balance</b>		
Restricted	52,006,346	46,620,241
Total fund balance	52,006,346	46,620,241
Total liabilities, deferred inflows of resources, and fund balance	\$ 55,055,230	\$ 48,544,594

The accompanying notes are an integral part of the financial statements.

**CITY OF LOS ANGELES**  
**MEASURE R LOCAL RETURN FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**For the Fiscal Years Ended June 30**

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Measure R	\$ 53,313,650	\$ 47,993,661
Interest and investment income	380,678	747,411
Unrealized gain (loss) on investments	(450,215)	540,307
Miscellaneous revenues (Note 10)	64,189	-
Total revenues	<u>53,308,302</u>	<u>49,281,379</u>
 <b>EXPENDITURES</b>		
Various projects	<u>47,922,197</u>	<u>61,284,108</u>
Total expenditures	<u>47,922,197</u>	<u>61,284,108</u>
 Excess (deficiency) of revenues over expenditures	 5,386,105	 (12,002,729)
 Fund balance at beginning of year	 <u>46,620,241</u>	 <u>58,622,970</u>
 Fund balance at end of year	 <u>\$ 52,006,346</u>	 <u>\$ 46,620,241</u>

The accompanying notes are an integral part of the financial statements.

**CITY OF LOS ANGELES**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
For the Fiscal Year Ended June 30, 2021  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
115	Downtown LA Street Car Project	\$ -	\$ -	\$ -	45,961
180	City Planning	400,000	204,318	195,682	-
240	Technology and Communications	45,582	41,431	4,151	4,418
280	Downtown LA Street Car Project	1,361,309	15,208	1,346,101	-
301	Roxford Street and Foothill Blvd on/off Ramp	40,000	-	40,000	-
304	Signal Improvement	1,374,246	1,360,773	13,473	400,268
304	Traffic Signal Supplies	-	-	-	(88,745)
304	ATSAC System Maintenance	6,848,664	2,343,267	4,505,397	2,837,015
304	Traffic Signal Supplies	251,437	25,287	226,150	-
630	Administrative Expenses	4,621,036	472,680	4,148,356	-
630	Personnel	88,422	87,237	1,185	56,881
710	Project Match Funds	3,330,898	1,945,922	1,384,976	1,476,015
720	Paint and Sign Maintenance	2,304,944	-	2,304,944	2,781,044
720	Vision Zero Traffic Signal	1,264,969	281,505	983,464	43,391
720	Paint and Sign Maintenance	2,304,944	1,848,282	456,662	-
730	Reimbursement of General Fund Costs (a)	15,403,453	11,123,652	4,279,801	-
730	Transportation (b)	5,514,714	4,183,382	1,331,332	6,626,997
730	SAFETEA-LU Program Shortfall	78,558	-	78,558	-
730	Bridge Program	404,962	-	404,962	31,420
730	Street Services	22,048,997	20,612,958	1,436,039	23,953,403
730	Engineering	535,861	535,861	-	418,130
730	Vision Zero	16,581	5,842	10,739	30,235
730	Great Streets	3,202,152	211,040	2,991,112	2,637,834
730	Campaign	367,462	95,958	271,504	118,773
730	Street Lighting	548,738	222,249	326,489	577,148
780	General Services (c)	3,068,660	1,145,319	1,923,341	3,308,946
	Subtotal	<u>75,426,589</u>	<u>46,762,171</u>	<u>28,664,418</u>	<u>45,259,134</u>

(Continued)

Notes:

- (a) This primarily related to the indirect/related costs (i.e., Central Services, Fringe benefits, etc) incurred for the Complete Street Projects and are reimbursed to the General Fund.
- (b) This primarily related to the labor costs incurred for various Street Safety improvements.
- (c) This primarily related to the labor costs incurred for the Pavement Preservation Program.

See accompanying independent auditor's report.



**CITY OF LOS ANGELES**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
**For the Fiscal Year Ended June 30, 2021**  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
805	Bicycle Plan/Program Projects	\$ 2,593,429	\$ 712,435	\$ 1,880,994	\$ 5,143,570
805	Bicycle Parking/Racks	49,960	2,545	47,415	45,364
805	Bicycle Friendly Streets	398,121	-	398,121	-
805	Active Transportation	231,667	21,725	209,942	-
806	Exposition Bikeway	334,876	-	334,876	-
820	Broadway Streetscape Project	104,196	-	104,196	197,281
825	Bikeshare Operations and Maintenance	3,565	-	3,565	4,169
880	Safe Routes to School Study	72,886	4,052	68,834	2,264
890	Pedestrian Safety Devices/Plan/Programs	4,779,006	419,269	4,359,737	856,174
990	Pavement Preservation Overtime	-	-	-	724,154
1.30	Transportation Grant Fund Work Program	-	-	-	631,416
3.05	Active Transportation	-	-	-	11,708
7.90	Planning	-	-	-	18,724
8.10	DOT Related Costs	-	-	-	8,330,365
8.10	Consulting Services	-	-	-	59,785
	Subtotal	<u>8,567,706</u>	<u>1,160,026</u>	<u>7,407,680</u>	<u>16,024,974</u>
	Total expenditures \$	<u>\$ 83,994,295</u>	<u>\$ 47,922,197</u>	<u>\$ 36,072,098</u>	<u>\$ 61,284,108</u>

See accompanying independent auditor's report.

**CITY OF LOS ANGELES**  
**MEASURE R LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

**CITY OF LOS ANGELES**  
**MEASURE M LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 71,837,179	\$ 68,216,197
Accounts receivable	125,000	64,803
Interest receivable	209,195	240,922
Due from other funds (Note 7)	2,380,938	585,918
Due from Metro	11,982,532	9,154,980
Total assets	\$ 86,534,844	\$ 78,262,820
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,451,203	\$ 1,090,233
Due to other funds (Note 7)	4,609,910	8,396,679
Obligations under securities lending (Note 6)	535,151	431,176
Other liabilities	1,151,385	155,111
Total liabilities	7,747,649	10,073,199
 <b>Deferred Inflows of Resources</b>		
Revenue from other government agencies (Note 8)	66,672	147,716
Total deferred inflows of resources	66,672	147,716
 <b>Fund Balance</b>		
Restricted	78,720,523	68,041,905
Total fund balance	78,720,523	68,041,905
Total liabilities, deferred inflows of resources and fund balance	\$ 86,534,844	\$ 78,262,820

The accompanying notes are an integral part of the financial statements.

**CITY OF LOS ANGELES**  
**MEASURE M LOCAL RETURN FUND**  
**STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
For the Fiscal Years Ended June 30

	2021	2020
<b>REVENUES</b>		
Measure M	\$ 60,321,002	\$ 54,121,971
Interest and investment income	980,105	1,610,985
Unrealized gain (loss) on investments	(1,181,797)	1,503,231
Open Streets Grant Program (Note 11)	118,205	64,803
Project Reimbursements (Note 12)	125,000	-
Total revenues	60,362,515	57,300,990
 <b>EXPENDITURES</b>		
Various projects	52,237,775	56,183,035
Total expenditures	52,237,775	56,183,035
 Excess of revenues over expenditures	8,124,740	1,117,955
 <b>OTHER FINANCING SOURCE</b>		
Transfer in from other funds (Note 9)	2,553,878	-
 Excess of revenues over expenditures and other financing source	10,678,618	1,117,955
 Fund balance at beginning of year	68,041,905	66,923,950
 Fund balance at end of year	\$ 78,720,523	\$ 68,041,905

The accompanying notes are an integral part of the financial statements.

**CITY OF LOS ANGELES**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
For the Fiscal Year Ended June 30, 2021  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance	2020 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
205	Western Ave Expo Line Station Linkage Project (South)	\$ 1,952,154	\$ 710,361	\$ 1,241,793	\$ 737,622
280	Metro Rail Annual Work Program	3,000,000	-	3,000,000	-
304	LED Replacement Modules	464,638	-	464,638	-
304	Traffic Signal Supplies	2,863,726	788,413	2,075,313	-
324	ATP 4 SRTS Project Expediting	852,625	-	852,625	-
324	Nevin Elementary School Safe Routes to School - Phase 2	140,000	38,775	101,225	58,500
324	Autonomous Vehicle Program	1,000,000	140,000	860,000	3,525
390	L.A. Al Fresco	1,570,668	1,487,454	83,214	-
590	Vision Zero Education and Outreach	1,664,321	2,617	1,661,704	514,380
640	Overhead	12,574,367	3,128,247	9,446,120	1,947,662
640	Personnel	82,596	57,834	24,762	62,021
705	35th Street between Gramercy & Cimarron	125,328	44,288	81,040	343,448
705	Alley Paving	1,315,186	589,327	725,859	2,684,814
705	Concrete Street Repair Hancock Park	350,000	-	350,000	374,979
705	Concrete Streets	1,350,000	-	1,350,000	2,000,000
705	Maxella Ave/Lincoln Blvd	246,007	-	246,007	350
705	Paint and Sign Maintenance	1,807,356	221,454	1,585,902	596,980
705	Sheldon Arleta Sidewalk Improvement Wicks Street	1,420,270	-	1,420,270	-
705	Alvarado Street Bulkhead	24,870	-	24,870	-
705	Descanso Drive, Larissa Drive to Robinson Street	6,227	-	6,227	-
705	Eucalyptus Lane (6006) Bulkhead	212,193	1,217,726	(1,005,533)	-
705	Oakdale/Redwing/Ventura Stormdrain/Flooding Project	5,000	-	5,000	-
705	Verdugo Crestline Drive (7675)	51,884	-	51,884	116
705	Burwood S/O Figueroa	746,000	1,738,848	(992,848)	-
705	Pacoima Wash Vision Plan	300,000	-	300,000	1,122,100
705	Metro Crenshaw Line Sidewalk Project	2,750,000	-	2,750,000	-
	Subtotal	<u>36,875,416</u>	<u>10,165,344</u>	<u>26,710,072</u>	<u>10,446,497</u>

(Continued)

See accompanying independent auditor's report.

**CITY OF LOS ANGELES**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
**For the Fiscal Year Ended June 30, 2021**  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
710	Burbank Blvd-Lankershim Blvd to Cleon Ave	\$ 2,200,511	\$ -	\$ 2,200,511	\$ -
710	Fenton Ave and Terra Bella Improvement Project	90,000	-	90,000	87,640
720	Gage Street Public Safety Median Improvements	2,422,271	1,000	2,421,271	2,000
720	Speed Hump Program	1,304,714	828,177	476,537	1,602,569
720	Sunset Blvd Slope Mitigation - Coronado to Waterloo, Phase 1	293,689	78,061	215,628	21,969
720	Venice Beach Ocean Front Walk Crash Barriers and Bollards	3,190,000	551,220	2,638,780	-
720	Vision Zero Corridor Projects - M	11,273,453	3,884,324	7,389,129	2,729,201
720	Vision Zero Traffic Signals	1,180,986	1,045,265	135,721	370,950
720	Vista Crest Drive (3006)	7,546	-	7,546	-
730	AHSC 3-Elden Elms and Path Villas	360,645	131,397	229,248	-
730	BSS Equipment	130,788	-	130,788	840,736
730	DOT Equipment - SR/VZ Projects	1,432,924	517,899	915,025	857,076
730	DOT Equipment - Traffic Signals	278,835	1,161,712	(882,877)	73,969
730	PW-Contract Administration	2,336,169	861,694	1,474,475	427,199
730	Street Reconstruction/Vision Zero Projects	6,889,136	10,114,544	(3,225,408)	1,926,086
730	Complete Streets	5,333,000	-	5,333,000	-
730	General Services	131,956	1,372,625	(1,240,669)	215,797
730	PW-Engineering	2,136,299	261,096	1,875,203	1,153,455
730	PW-Street Services	12,174,361	131,956	12,042,405	11,148,176
730	Reimbursement of General Fund Costs	27,393,349	-	27,393,349	11,943,302
730	Transportation	8,391,162	-	8,391,162	6,798,926
730	PW-Bureau of Street Lighting	1,537,822	-	1,537,822	506,057
730	Bureau of Contract Administration	1,063,181	-	1,063,181	-
730	Bureau of Engineering	1,251,712	12,350,591	(11,098,879)	-
730	Bureau of Street Lighting	925,274	369,667	555,607	-
	Subtotal	93,729,783	33,661,228	60,068,555	40,705,108

(Continued)

See accompanying independent auditor's report.

**CITY OF LOS ANGELES**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF EXPENDITURES**  
**ACTUAL AND METRO APPROVED PROJECT BUDGET**  
For the Fiscal Year Ended June 30, 2021  
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
730	Bureau of Street Services	\$ 11,400,571	\$ 5,942,390	\$ 5,458,181	\$ -
740	Boeing Ave and 78th Street Subsidence	57,935	37,633	20,302	242,288
740	Glider Ave and Wiley Post Street Subsidence	71,381	23,152	48,229	199,805
755	Unimproved Median Island Maintenance	1,593,493	39,685	1,553,808	1,710,860
755	Median Island Maintenance	853,996	-	853,996	-
780	Expanded Mission Hills Median Study	119,145	-	119,145	80,855
780	Transportation Technology Strategy	641,682	-	641,682	1,360,080
780	Traffic Software Upgrades, Integrations, and Support	130,000	-	130,000	-
780	Traffic Studies	779,244	16,000	763,244	-
780	Camarillo Street Traffic Study	100,000	-	100,000	-
780	Traffic Surveys	182,854	477,538	(294,684)	77,902
805	North Atwater Multimodal Bridge Over Los Angeles River	590,000	144,793	445,207	-
805	Telfair Avenue Multimodal Bridge Over Pacoima Wash	596,185	553,950	42,235	-
805	LA Riverway (San Fernando Valley Completion)	835,433	-	835,433	946,050
805	Street Lighting at Existing Pedestrian Crosswalks	499,071	56,388	442,683	148,707
805	Elysian Valley Bike Path	993,018	61,598	931,420	6,982
806	City of Los Angeles Bridge Rail Replacement Project	800,000	-	800,000	-
810	Cypress Park Pedestrian Bridge	374,000	178,490	195,510	18,002
820	MLK Streetscape	681,381	293,575	387,806	68,619
820	Venice Boulevard Great Streets Enhancements	724,165	94,406	629,759	23,383
890	Slow Streets	2,600,000	228,793	2,371,207	-
890	Open Streets Program	2,155,240	262,812	1,892,428	120,021
890	Bicycle Plan/Program	1,300,000	-	1,300,000	-
1.20	Castellammare Drive (17434)	-	-	-	27,876
	Subtotal	<u>28,078,794</u>	<u>8,411,203</u>	<u>19,667,591</u>	<u>5,031,430</u>
	Total expenditures \$	<u>\$ 158,683,993</u>	<u>\$ 52,237,775</u>	<u>\$ 106,446,218</u>	<u>\$ 56,183,035</u>

See accompanying independent auditor's report.

**CITY OF LOS ANGELES**  
**MEASURE M LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
4/9/2018	Paver	\$ 574,152	\$ -	\$ -	\$ 574,152
4/9/2018	Paver	574,152	-	-	574,152
7/1/2018	Roller	89,504	-	-	89,504
7/1/2018	Roller	89,963	-	-	89,963
8/3/2018	Husqvama Saw and Water Pump x2	74,275	-	-	74,275
9/20/2018	Rollers and Profilers	1,672,984	-	-	1,672,984
9/20/2018	Rollers and Profilers	1,113,448	-	-	1,113,448
8/21/2018	Toyota Prius	28,098	-	-	28,098
6/27/2019	Ford Transit Connect Van	48,116	-	-	48,116
3/6/2020	Ford F750	337,408 *	-	-	337,408
3/6/2020	Ford F750	337,408	-	-	337,408
4/30/2020	GMS Sierra x4	182,260	-	-	182,260
10/28/2019	Street Sweeper	420,368	-	-	420,368
10/28/2019	Street Sweeper	420,368	-	-	420,368
11/4/2019	Ford F250 x2	74,951	-	-	74,951
11/19/2020	Thermoplastic Long Line Striper	-	686,313	-	686,313
11/19/2020	Thermoplastic Long Line Striper	-	686,313	-	686,313
9/29/2020	Truck, Aerial Lift Articulated	-	130,548	-	130,548
9/29/2020	Truck, Aerial Lift Articulated	-	130,548	-	130,548
11/18/2020	Paint Shaker	-	12,116	-	12,116
Total \$		<u>6,037,455</u>	<u>\$ 1,645,838</u>	<u>-</u>	<u>\$ 7,683,293</u>

\* Ford F750 was corrected from \$337,480 to \$337,408 and the Total Capital Assets Balance as of 7/1/2020 was corrected from \$6,037,527 to \$6,037,455.

See accompanying independent auditor's report.



**CITY OF LOS ANGELES**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Fund Accounting*

The operations of the Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF) (collectively, the Funds) are accounted for in separate sets of self-balancing accounts that comprise their assets, liabilities, fund balance, revenues and expenditures.

MRLRF is derived from 15% of a county-wide ½ cent 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 a county-wide ½ cent 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.

*Basis of Accounting and Measurement Focus*

MRLRF and MMLRF are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue Funds are reported on 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. Statement of revenue, expenditures and changes in fund balances for Special Revenue Funds generally present increase (revenue 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 presented in accordance with accounting principles generally accepted in the United States of America.

*Fair Value Measurement*

In accordance with Governmental Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, 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 investment at fair value and recognizes unrealized gain (loss) on investments.

**CITY OF LOS ANGELES**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Fair Value Measurement (Continued)*

Refer to City’s 2021 Comprehensive Annual Financial Report for detailed disclosures regarding the City’s investments policy and fair value measurement.

*Fund Balance Reporting*

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 resources reported in governmental funds.

The MRLRF, MMLRF report the following fund balance classification as of June 30, 2021:

- Restricted – Amounts that are constrained for specific purpose, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The uses of the funds’ remaining fund balances are restricted for projects approved by Los Angeles County Metropolitan Transportation Authority (Metro).

Information regarding the fund balance reporting policy adopted by the City is described in Note 1 to the City’s Comprehensive Annual Financial Report.

**NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the MRLRF, MMLRF and their compliance with the Measure R Local Return Program Guidelines, Measure M Local Return Program Guidelines.

**NOTE 3 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS**

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 4 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS**

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance, known as Measure M. 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.

**CITY OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 5 – CASH AND INVESTMENTS**

The MRLRF and MMLRF cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash and investments 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.

**NOTE 6 – SECURITIES LENDING TRANSACTIONS**

The MRLRF and MMLRF participate in the City’s securities lending program (SLP), through the pooled investment fund. Each fund recognizes its proportionate share of the cash collateral received for securities loaned and the related obligation for the general investment pool.

Please refer to the City’s Annual Comprehensive Financial Report (ACFR) for a full description of risk relating to securities lending transactions.

**NOTE 7 – DUE FROM/TO OTHER FUNDS**

Inter-fund due to/from amounts as of June 30, 2021 and 2020 consisted of the following:

**MRLRF**

	2021		2020	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,023,558	\$ 49,693	\$ 2,570,205	\$ 2,273
Transportation Grant Funds	7,927,333	-	9,071,530	-
Other Funds	-	4,692	-	14,061
Total	\$ 8,950,891	\$ 54,385	\$ 11,641,735	\$ 16,334

**MMLRF**

	2021		2020	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Reserve Fund	\$ -	\$ 2,524,635	\$ -	\$ 3,609,249
General Fund	2,380,938	2,085,275	585,918	4,787,430
Total	\$ 2,380,938	\$ 4,609,910	\$ 585,918	\$ 8,396,679

**CITY OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 8 – DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources as of June 30, 2021 and 2020 consisted of the following:

**MRLRF**

	2021		2020
Los Angeles County Metropolitan Transit Authority (Metro)	\$ 253,546		\$ 6,488
Others	26,065		72,775
Total	\$ 279,611		\$ 79,263

**MMLRF**

	2021		2021
Metro	\$ -		\$ 118,205
Others	66,672		29,511
Total	\$ 66,672		\$ 147,716

**NOTE 9 – OTHER FINANCING SOURCE - MMLRF**

Interfund transfers were made during the fiscal year from various funds to provide additional funding for various projects funded by Measure M. The following summarizes the interfund transfers for fiscal year ended June 30, 2021.

Transfer In Fund	Transfer Out Fund	Project	Amount
MMLRF	Pacoima Wash Fencing Fund	Bridge Rail Replacement Project	\$ 800,000
MMLRF	State AB1290 City Fund	Speed Hump Program	63,211
MMLRF	COVID-19 Federal Relief Fund	Al Fresco Program	1,570,667
MMLRF	Street Furniture Revenue Fund	Speed Hump Program	120,000
			\$ 2,553,878

**NOTE 10 – MISCELLANEOUS REVENUE**

Miscellaneous revenue was related to a penalty collection received from Peterson-Chase General Engineering Construction Inc. for the unauthorized subcontractor of one (1) bid-listed Disadvantaged Business Enterprise (DBE) subcontractor for Bike Safe Grating Replacement Project, Work Order No. SZS11520. For the fiscal year ended June 30, 2021, the City received \$64,189 and reported in MRLRF.

**CITY OF LOS ANGELES**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

**NOTE 11 – OPEN STREETS GRANT PROGRAM**

On September 27, 2018, the Metro Board approved the award of \$350,000 to the City for the Open Street Event titled CicLAvia: South LA – Space Shuttle Endeavour Route (Open Street Grant Program ID# CYC187). For the fiscal year ended June 30, 2021, the City received \$118,205 from this grant and reported in MMLRF.

On September 27, 2018, the Metro Board approved the award of \$300,000 to the City for the Open Street Event titled CicLAvia: Culver City and Palms (Open Street Grant Program ID# CYC184). For the fiscal year ended June 30, 2020, the City received \$64,803 from this grant and reported in MMLRF.

**NOTE 12 – PROJECT REIMBURSEMENTS - STATE HIGHWAY AGREEMENT**

On January 28, 2021, the City and the State of California acting through its Department of Transportation, referred to as CALTRANS, entered in a cooperative agreement to provide signal re-timing and traffic control officers' support for the closure of State Highway Route 210 between the I-5 Route 210 interchange and Wheatland Avenue, CALTRANS Project No. 0719000091, District Agreement 07-5191. For the fiscal year end June 30, 2021, the City received \$125,000 from this agreement and reported in MMLRF.

**NOTE 13 – IMPACT OF CORONAVIRUS**

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. However, the City's management believes that the financial impact, if any, will not materiality after the June 30, 2021 Funds' financial statements.

**NOTE 14 – SUBSEQUENT EVENTS**

The City has evaluated events or transactions that occurred subsequent to June 30, 2021 through December 22, 2021, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS  
FOUNDING PARTNERS  
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**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the  
City of Los Angeles, California and the  
Los Angeles County Metropolitan Transit Authority

We have audited, in accordance with 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 Measure R Local Return Fund and Measure M Local Return Fund (collectively, the Funds) of the City of Los Angeles, California (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the Funds’ financial statements, we considered the City’s internal control over 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 City’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 may exist that have not been identified.



## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's Measure R Local Return Fund and Measure M Local Return 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 audits, 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 result of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson &amp; Simpson".

Los Angeles, California  
December 22, 2021

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*COMPLIANCE SECTION*

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SIMPSON & SIMPSON

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FOUNDING PARTNERS  
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## Independent Auditor's Report On Compliance

To the Honorable Members of the City Council of the  
City of Los Angeles, California and the  
Los Angeles County Metropolitan Transit Authority

### Report on Compliance

We have audited the compliance of the City of Los Angeles, California (the City) with the Measure R Local Return Guidelines and Measure M Local Return Guidelines (collectively, the Guidelines) for the year ended June 30, 2021.

### *Management's Responsibility*

Management is responsible for the City's compliance with the Guidelines.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure R Local Return Program and Measure M Local Return Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with the Guidelines. However, our audit does not provide a legal determination of the City's compliance with the Guidelines.

### *Opinion on Each Local Return Program*

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2021.



## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance under 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 requirement of the Guidelines. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Simpson &amp; Simpson".

Los Angeles, California  
December 22, 2021

**CITY OF LOS ANGELES**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>A. Measure R Local Return Fund</b>						
1.	Funds were expended for transportation purposes	X			None	
2.	Separate Measure R Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds	X			None	
7.	Administrative expenses are within the 20% cap.	X			None	
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursed by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
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	None	There were no Measure R funds given, loaned, or exchanged in FY2020/21.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY2020/21.
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY2020/21.
15.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY2020/21.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF LOS ANGELES**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>B. Measure M Local Return Fund</b>						
1.	Funds were expended for transportation purposes	X			None	
2.	Separate Measure M Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds	X			None	
7.	Administrative expenses are within the 20% cap.	X			None	
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursed by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
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	None	There were no Measure M funds given, loaned, or exchanged in FY2020/21.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY2020/21.
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY2020/21.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY2020/21.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

***CITY OF LOS ANGELES***  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
June 30, 2021

No findings were noted.

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***EXIT CONFERENCE***

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**CITY OF LOS ANGELES**  
MEASURE R AND MEASURE M LOCAL RETURN FUNDS,  
EXIT CONFERENCE  
June 30, 2021

An exit conference was held on December 21, 2021 with the City of Los Angeles. Those in attendance were:

***Simpson & Simpson Representative:***

Mark Frishwasser, Audit Senior  
Terry Bian, Audit Senior

***City's Representative:***

Sue Chen, Department Chief Accountant IV  
Jonathan Lintag, Senior Accountant II  
Michelle Cho Ma, Senior Accountant II

***Matters Discussed:***

Results of the audit disclosed no significant control deficiencies and no non-compliance issues with Metro Guidelines.

A copy of this report was forwarded to the following City representative(s) for their comments prior to the issuance of the final report:

Sue Chen, Department Chief Accountant IV  
Jonathan Lintag, Senior Accountant II  
Michelle Cho Ma, Senior Accountant II

Simpson & Simpson, LLP  
633 West 5<sup>th</sup> Street, Suite 3320  
Los Angeles, CA 90071

RE: CITY OF LOS ANGELES ANNUAL FINANCIAL REPORT OF THE MEASURE R LOCAL  
RETURN FUND AND MEASURE M LOCAL RETURN FUND FOR THE FISCAL YEARS  
ENDED JUNE 30, 2021 AND 2020

I have received the annual financial report of the Measure R Local Return Fund and Measure M Local Return Fund for the fiscal years ended June 30, 2021 and 2020 for the City of Los Angeles and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

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Name

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Title

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Date