

***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, 2020 AND 2019***



Metro[®]



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, 2020 and 2019, 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 of 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, 2020 and 2019, 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, 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, 2020 and 2019, and the changes in its financial position for the years then ended in conformity 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 23, 2020, 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 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 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 & Simpson".

Los Angeles, California
December 23, 2020

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

	2020	2019
ASSETS		
Cash and investments	\$ 28,859,071	\$ 40,632,855
Accounts receivable	12,767	183,784
Investment income receivable	85,787	178,108
Due from other government agencies (Note 7)	7,945,234	8,563,600
Due from other funds (Note 8)	11,641,735	11,524,883
Total assets	\$ 48,544,594	\$ 61,083,230
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,580,598	\$ 1,899,922
Due to other funds (Note 8)	16,334	3,137
Obligations under securities lending transactions (Note 6)	182,410	418,265
Other liabilities	65,748	3,071
Total liabilities	1,845,090	2,324,395
 Deferred Inflows of Resources		
Revenue from other government agencies (Note 9)	79,263	135,865
Total deferred inflows of resources	79,263	135,865
 Fund Balance		
Restricted	46,620,241	58,622,970
Total fund balance	46,620,241	58,622,970
Total liabilities, deferred inflows of resources, and fund balance	\$ 48,544,594	\$ 61,083,230

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

	2020	2019
REVENUES		
Measure R	\$ 47,993,661	\$ 54,992,412
Interest and investment income	747,411	714,574
Unrealized gain on investments	540,307	964,878
Reimbursement from Los Angeles Streetcar Inc. (Note 11)	-	290,264
Total revenues	49,281,379	56,962,128
 EXPENDITURES		
Various projects	61,284,108	61,447,616
Total expenditures	61,284,108	61,447,616
 Deficiency of revenues over expenditures	(12,002,729)	(4,485,488)
 Fund balance at beginning of year	58,622,970	63,108,458
 Fund balance at end of year	\$ 46,620,241	\$ 58,622,970

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020		Variance	2019 Actual
		Metro Budget	Actual	Favorable (Unfavorable)	
1.05	Montecito Retaining Wall Replacement Ph 4 (1039 Montecito)	\$ 234,726	\$ -	\$ 234,726	\$ -
1.05	Wilshire Resurfacing San Vicente to Western	241,766	-	241,766	-
1.05	SFV - EDA Sun Valley Economic Development	1,173,846	-	1,173,846	-
1.05	Special Gas Tax Street Improvement	500,000	-	500,000	-
1.10	Project Match Funds	7,166,559	1,476,015	5,690,544	(11,404)
1.10	Pacific Bridge over Ballona	50,000	-	50,000	-
1.10	Wilshire Blvd Mixed Flow Lane	1,000,000	-	1,000,000	-
1.20	Transportation	7,438,545	6,626,997	811,548	7,079,988
1.20	Paint and Sign Maintenance	3,602,103	2,781,044	821,059	2,611,883
1.30	Vision Zero	1,208,941	30,235	1,178,706	68,113
1.30	Great Streets	5,294,568	2,637,834	2,656,734	241,176
1.30	Vision Zero Contracts, Speed Surveys, Outreach Campaign	413,568	118,773	294,795	330,481
1.30	Transportation Grant Fund Work Program	1,000,000	631,416	368,584	-
1.30	SAFETEA - LU Program Shortfall	1,290,000	-	1,290,000	518,947
1.30	Bridge Program	2,142,272	31,420	2,110,852	681,736
1.30	Street Services	25,920,855	23,953,403	1,967,452	32,853,283
1.30	Engineering	462,763	418,130	44,633	236,209
1.30	Matching Funds - Measure R Projects LRTP/30-10	3,760,000	-	3,760,000	-
1.30	Laurel Canyon Blvd at Victory Av	-	-	-	-
1.90	General Services	3,995,531	3,308,946	686,585	2,096,759
1.90	Colorado Blvd. Near Figueroa Street Sinkhole	45	-	45	-
1.90	2nd Street Retaining Wall (420 W 2nd)	326,545	-	326,545	-
1.90	Pavement Preservation Overtime	725,000	724,154	846	-
1.90	Median Island Maintenance	1,818,064	-	1,818,064	-
1.90	Sherman Way Tunnel under Van Nuys Airport	1,755,000	-	1,755,000	-
1.90	City Administrative Officer	233,334	-	233,334	-
1.90	Information Technology Agency	1,362	-	1,362	-
2.29	ARRA Transit Priority System	6,647	-	6,647	156,863
	Subtotal	71,762,040	42,738,367	29,023,673	46,864,034

(Continued)

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)
(Continued)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
2.01	Roxford Street and Foothill Blvd on/off Ramp	\$ 40,000	\$ -	\$ 40,000	\$ (31,077)
2.01	ATSAC - Replacement Hub	355,858	-	355,858	-
2.01	Mohawk Bend Traffic Signal	60,000	-	60,000	-
2.01	Vision Zero Traffic Signal	1,300,000	43,391	1,256,609	-
2.03	Signal Improvement	2,054,205	400,268	1,653,937	(21,949)
2.03	Traffic Signal Supplies	2,921,983	(88,745) *	3,010,728	777,461
2.03	ATSAC System Maintenance	5,864,309	2,837,015	3,027,294	476,723
3.05	Implementation of Bicycle and Pedestrian Projects	12,672	-	12,672	-
3.05	Bicycle Parking/Racks	142,687	45,364	97,323	19,231
3.05	Main and Spring Forward Improvements Project	-	-	-	19,805
3.05	Bicycle Friendly Streets	29,283	-	29,283	-
3.05	East Rose Hill @ Galena Stairway	98,055	-	98,055	-
3.05	Bikeshare Operations and Maintenance	588,881	4,169	584,712	4,266
3.05	Active Transportation	506,667	11,708	494,959	184,332
3.05	Exposition Bikeway	380,000	-	380,000	-
3.15	Bus Stop Security Lighting Unit 18	94,146	-	94,146	-
3.15	Bus Stop Security Lighting - SLA	1,153,473	-	1,153,473	-
3.15	Street Lighting	1,447,833	577,148	870,685	166,115
3.15	Stairway and Walkway Lighting Unit 7	162,250	-	162,250	-
3.16	Sharrows Pavement Markings	360	-	360	-
3.20	Broadway Street Scape Project	643,575	197,281	446,294	211,066
3.20	Stamped Crosswalks (South LA)	400	-	400	-
3.20	Laguna Ave Pedestrian Activities Crosswalk	75,000	-	75,000	-
3.90	Bicycle Plan/Program Projects	7,811,086	5,143,570	2,667,516	1,195,304
3.90	Pedestrian Safety Devices/Plan/Programs	6,761,285	856,174	5,905,111	1,647,081
4.15	Downtown LA Street Car Project	1,750,000	45,961	1,704,039	338,112
4.25	Railroad Grade Panel - ARRA	175,000	-	175,000	-
	Subtotal	<u>34,429,008</u>	<u>10,073,304</u>	<u>24,355,704</u>	<u>4,986,470</u>

* \$88,745 was related to a refund of construction costs paid in fiscal year 2019 for Project 2.03, Traffic Signal Supplies.

(Continued)

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)
(Continued)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
4.90	Los Angeles Neighborhood Initiative (LANI)	\$ 250,000	\$ -	\$ 250,000	\$ 201,087
5.15	National/Palms Station Area	400,000	-	400,000	-
5.15	5th/Flower Transition to 2nd/Hope Station Area	400,000	-	400,000	-
5.15	Crenshaw/Slauson Station Area	400,000	-	400,000	-
5.15	Westwood/Exposition Station Area	400,000	-	400,000	-
5.40	Technology and Communications	25,000	4,418	20,582	-
7.90	Regional Transit Consulting Services	2,000	-	2,000	-
7.90	Transportation Element Plan Update	371	-	371	-
7.90	Safe Routes to School Study	338,250	2,264	335,986	96,469
7.90	Planning	785,230	18,724	766,506	61,217
7.90	Strategic Plan Study	50,000	-	50,000	-
7.90	Advance Planning	245,596	-	245,596	-
7.90	Via De Las Olas Landslide Study	400,000	-	400,000	-
7.90	Engineering Special Services	300,000	-	300,000	300,000
8.10	DOT Related Costs	12,274,319	8,330,365	3,943,954	8,911,374
8.10	Grant Reimbursement to General Fund	121,421	-	121,421	-
8.10	Consulting Services	200,000	59,785	140,215	140,215
8.10	Personnel	66,643	56,881	9,762	-
N/A	Cultural Affairs (Not MTA project)	-	-	-	(113,250)
Total expenditures \$		\$ 122,849,878	\$ 61,284,108	\$ 61,565,770	\$ 61,447,616

See accompanying independent auditor's report.

CITY OF LOS ANGELES
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2020</u>
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2020	2019
ASSETS		
Cash and investments	\$ 68,216,197	\$ 62,820,088
Accounts receivable	64,803	-
Interest receivable	240,922	272,207
Due from other funds (Note 8)	585,918	2,007,084
Due from other government agencies (Note 7)	9,154,980	9,612,183
Total assets	\$ 78,262,820	\$ 74,711,562
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 1,090,233	\$ 1,017,102
Due to other funds (Note 8)	8,396,679	5,965,489
Obligations under securities lending (Note 6)	431,176	646,655
Other liabilities	155,111	4,748
Total liabilities	10,073,199	7,633,994
 Deferred Inflows of Resources		
Revenue from other government agencies (Note 9)	147,716	153,618
Total deferred inflows of resources	147,716	153,618
 Fund Balance		
Restricted	68,041,905	66,923,950
Total fund balance	68,041,905	66,923,950
Total liabilities, deferred inflows of resources and fund balance	\$ 78,262,820	\$ 74,711,562

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

	<u>2020</u>	<u>2019</u>
REVENUES		
Measure M	\$ 54,121,971	\$ 57,412,146
Interest and investment income	1,610,985	882,415
Unrealized gain on investments	1,503,231	1,034,978
Open Streets Grant Program (Note 12)	64,803	213,668
Total revenues	<u>57,300,990</u>	<u>59,543,207</u>
 EXPENDITURES		
Various projects	<u>56,183,035</u>	<u>34,822,482</u>
Total expenditures	<u>56,183,035</u>	<u>34,822,482</u>
 Excess of revenues over expenditures	1,117,955	24,720,725
 OTHER FINANCING SOURCE		
Transfer in - Street Furniture Revenue Fund (Note 10)	<u>-</u>	<u>13,500</u>
 Excess of revenues over expenditures and other financing sources	1,117,955	24,734,225
 Fund balance at beginning of year	<u>66,923,950</u>	<u>42,189,725</u>
 Fund balance at end of year	<u>\$ 68,041,905</u>	<u>\$ 66,923,950</u>

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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	35th Street Between Gramercy & Cimarron	\$ 424,289	\$ 343,448	\$ 80,841	\$ 5,711
1.05	Alley Paving	4,000,000	2,684,814	1,315,186	-
1.05	BOE Contractual Services - SR/VZ Projects	-	-	-	1,909,196
1.05	BSS Equipment	971,523	840,736	130,787	3,040,174
1.05	Concrete Street Repair Hancock Park	724,979	374,979	350,000	-
1.05	Concrete Streets	3,000,000	2,000,000	1,000,000	-
1.05	DOT Equipment - SR/VZ Projects	2,290,000	857,076	1,432,924	-
1.05	Dot Equipment - Traffic Signals	401,902	73,969	327,933	77,196
1.05	Fenton Ave and Terra Bella Improvement Project	90,000	87,640	2,360	-
1.05	Maxella Ave/Lincoln Blvd	246,007	350	245,657	72,858
1.05	Paint and Sign Maintenance	1,170,588	596,980	573,608	-
1.05	PW-Contract Administration	739,470	427,199	312,271	810,571
1.05	Sheldon Arleta Sidewalk Improvement Wicks St	1,420,270	-	1,420,270	-
1.05	Street Reconstruction/Vision Zero Projects	9,402,734	1,926,086	7,476,648	465,760
1.05	Unimproved Medial Island Maintenance	2,304,353	1,710,860	593,493	-
1.20	Alvarado Street Bulkhead	24,870	-	24,870	2,130
1.20	ATP 4 SRTS Project Expediting	852,625	-	852,625	-
1.20	Boeing Ave And 78th Street Subsidence	267,558	242,288	25,270	-
1.20	Castellammare Drive (17434)	317,920	27,876	290,044	453,080
1.20	Cazador Street (3825) Bulkhead - Loveland/Brilliant	-	-	-	120,146
1.20	Cypress Park Pedestrian Bridge	396,492	18,002	378,490	-
1.20	Davies Way (2044) Bulkhead	24,483	-	24,483	430,273
1.20	Descanso Drive, Larissa Drive to Robinson Street	28,127	-	28,127	281,336
1.20	Eucalyptus Lane (6006) Bulkhead	306,690	-	306,690	97,749
1.20	Expanded Mission Hills Median Study	200,000	80,855	119,145	-
1.20	Gage Street Public Safety Median Improvements	2,424,271	2,000	2,422,271	4,312
1.20	Gilder Ave and Wiley Post Street Subsidence	259,416	199,805	59,611	-
1.20	Gould Ave (8250) Bulkhead	-	-	-	413,002
1.20	LA Riverway (San Fernando Valley Completion)	1,500,000	946,050	553,950	-
1.20	Oakdale/Redwing/Ventura Stormdrain/Flooding Project	30,000	-	30,000	1,615,060
1.20	Speed Hump Program	1,912,620	1,602,569	310,051	574,743
1.20	Sunset Blvd Slope Mitigation - Coronado to Waterloo, Phase 1	448,130	21,969	426,161	494,003
1.20	Venice Beach Ocean Front Walk Crash Barriers and Bollards	3,190,000	-	3,190,000	-
1.20	Verdugo Crestline Drive (7675)	52,000	116	51,884	-
1.20	Vision Zero Corridor Projects - M	11,027,019	2,729,201	8,297,818	1,530,038
	Subtotal	<u>50,448,336</u>	<u>17,794,868</u>	<u>32,653,468</u>	<u>12,397,338</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, 2020
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2019)

Project Code	Project Name	2020			2019 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.20	Vision Zero Traffic Signals	\$ 1,526,746	\$ 370,950	\$ 1,155,796	\$ 3,255
1.20	Vista Crest Drive (3006)	7,546	-	7,546	-
1.20	Western Ave Expo Line Station Linkage Project (South)	2,702,037	737,622	1,964,415	-
1.30	Burwood S/O Figueroa	746,000	-	746,000	-
1.30	Complete Streets	5,333,000	-	5,333,000	-
1.30	General Services	215,797	215,797	-	52,232
1.30	PW-Engineering	1,939,757	1,153,455	786,302	933,180
1.30	PW-Street Service	13,270,795	11,148,176	2,122,619	11,076,003
1.30	Reimbursement of General Fund Costs*	30,113,782	11,943,302	18,170,480	4,785,268
1.30	Street Lighting at Existing Pedestrian Crosswalk	805,521	148,707	656,814	417,526
1.30	Transportation	8,062,799	6,798,926	1,263,873	3,091,124
1.90	Arts and Cultural Facil & Serv	-	-	-	17,284
1.90	Camarillo Street Traffic Study	100,000	-	100,000	-
1.90	Venice Boulevard Great Streets Enhancements	854,141	23,383	830,758	110,605
2.90	Personnel	66,643	62,021	4,622	-
3.05	Metro Crenshaw Line Sidewalk Project	2,750,000	-	2,750,000	-
3.05	Nevin Elementary School Safe Routes to School - Phase 2	58,500	58,500	-	-
3.05	North Atwater Multimodal Bridge Over Los Angeles River	-	-	-	693,313
3.10	Traffic Studies	400,000	-	400,000	-
3.15	PW-Bureau of Street Lighting	1,066,824	506,057	560,767	332,314
3.20	MLK Streetscape	750,000	68,619	681,381	-
3.90	Elysian Valley Bike Path	1,000,000	6,982	993,018	-
3.90	General City Purposes	-	-	-	16,971
3.90	Open Streets Program	2,275,262	120,021	2,155,241	128,800
3.90	Pacoima Wash Vision Plan	1,500,000	1,122,100	377,900	-
6.90	Traffic Software Upgrades, Integration, and Support	130,000	-	130,000	-
6.90	Traffic Surveys	171,925	77,902	94,023	41,709
6.90	Vision Zero Contracts, Speed Surveys, Outreach	-	-	-	150,000
6.90	Vision Zero Education	-	-	-	217,687
6.90	Vision Zero Education and Outreach	1,846,397	514,380	1,332,017	357,873
7.10	Autonomous Vehicles Program	1,000,000	3,525	996,475	-
7.90	Metro Rail Annual Work Program	3,000,000	-	3,000,000	-
7.90	Transportation Technology Strategy	2,000,000	1,360,080	639,920	-
8.10	Overhead	6,451,529	1,947,662	4,503,867	-
Total expenditures		\$ 140,593,337	\$ 56,183,035	\$ 84,410,302	\$ 34,822,482

* Related labor cost for all Measure M projects that are paid by the City's General Fund and reimbursed by Measure M Local Return funds.

See accompanying independent auditor's report.

CITY OF LOS ANGELES
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2020

Date Acquired	Description	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
4/9/2018	Paver	\$ 548,040	\$ 26,112	\$ -	\$ 574,152
4/9/2018	Paver	548,040	26,112	-	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
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
3/6/2020	Ford F750	-	337,408	-	337,408
3/6/2020	Ford F750	-	337,480	-	337,480
4/30/2020	GMS Sierra x4	-	182,260	-	182,260
Total \$		<u>1,096,080</u>	<u>\$ 4,941,447</u>	<u>\$ -</u>	<u>\$ 6,037,527</u>

See accompanying independent auditor's report.

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019

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 the 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. The statement of revenues, 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, 2020 and 2019
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

Refer to City’s 2020 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, 2020:

- 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, 2020 and 2019
(Continued)

NOTE 5 – CASH AND INVESTMENTS

The MRLRF, 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 CAFR for a full description of risk relating to securities lending transactions

NOTE 7 – DUE FROM OTHER GOVERNMENT AGENCIES

Due from government agencies as of June 30, 2020 and 2019 consisted of the following:

MRLRF

	<u>2020</u>	<u>2019</u>
Metro	\$ 7,945,234	\$ 8,563,600
Total	<u>\$ 7,945,234</u>	<u>\$ 8,563,600</u>

MMLRF

	<u>2020</u>	<u>2019</u>
Metro	\$ 9,154,980	\$ 9,547,381
City of Culver City	-	64,803
Total	<u>\$ 9,154,980</u>	<u>\$ 9,612,184</u>

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 8 – DUE FROM/TO OTHER FUNDS

Inter-fund due to/from amounts as of June 30, 2020 and 2019 consisted of the following:

MRLRF

	2020		2019	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
General Fund	\$ 2,570,205	\$ 2,273	\$ 2,591,394	\$ 1,641
Transportation Grant Funds	9,071,530	-	8,933,489	-
Other Funds	-	14,061	-	1,496
Total	<u>\$ 11,641,735</u>	<u>\$ 16,334</u>	<u>\$ 11,524,883</u>	<u>\$ 3,137</u>

MMLRF

	2020		2019	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Reserve Fund	\$ -	\$ 3,609,249	\$ -	\$ 3,628,458
General Fund	585,918	4,787,430	2,007,084	2,337,032
Total	<u>\$ 585,918</u>	<u>\$ 8,396,679</u>	<u>\$ 2,007,084</u>	<u>\$ 5,965,490</u>

NOTE 9 – DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources as of June 30, 2020 and 2019 consisted of the following:

MRLRF

	2020	2019
Metro	\$ 6,488	\$ -
Others	72,775	135,865
Total	<u>\$ 79,263</u>	<u>\$ 135,865</u>

MMLRF

	2020	2019
Metro	\$ 118,205	\$ -
City of Culver City	-	64,803
Others	29,511	88,816
Total	<u>\$ 147,716</u>	<u>\$ 153,619</u>

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2020 and 2019
(Continued)

NOTE 10 – OTHER FINANCING SOURCE

MMLRF

Council action dated July 3, 2018, moved / adopted the transfer of \$13,500 in the Council District Four portion of the Street Furniture Revenue Fund No. 43D Department No. 50 to the Measure M Local Return Special Fund No. 59C, Account No. 94PD11 “ Speed Hump Program”, for the services associated with the installation of two speed humps on Bronson Avenue (Franklin Avenue to Chula Vista Way) in Council District 4.

NOTE 11 – REIMBURSEMENT FROM LOS ANGELES STREETCAR INC.

Council action no. 11-0329-S10 dated February 4, 2014 authorized the City to seek reimbursement from Los Angeles Streetcar Inc. (LASI) for project management expenditures for the Downtown LA Streetcar Project Account no. 94311G , with the reimbursed funds being deposited into the Measure R Local Return Fund.

NOTE 12 – OPEN STREETS GRANT PROGRAM

On September 22, 2016, the Metro Board of Directors approved the award of \$312,800 to City of Los Angeles for the Open Street Event titled CicLAvia: Heart of Los Angeles (Open Street Grant Program ID# CYC16017). As of 2019, the City of Los Angeles has received \$213,668 from this grant.

On September 27, 2018, the Metro Board of Directors approved the award of \$300,000 to City of Los Angeles for the Open Street Event titled CicLAvia: Culver City and Palms (Open Street Grant Program ID# CYC184). As of 2020, the City of Los Angeles has received \$64,803 from this grant.

NOTE 13 – SUBSEQUENT EVENTS

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. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. 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. To date, 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.

The City has evaluated events or transactions that occurred subsequent to June 30, 2020 through December 23, 2020, 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
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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, 2020, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2020.

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) to determine the 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 determination of financial statement amounts. 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 & Simpson".

Los Angeles, California
December 23, 2020

COMPLIANCE SECTION



SIMPSON & SIMPSON

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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, 2020.

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, 2020.



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 & Simpson".

Los Angeles, California
December 23, 2020

CITY OF LOS ANGELES
COMPLIANCE MATRIX
Year Ended June 30, 2020

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings was on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.	X			None	
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2019/20.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There was no capital reserve in FY 2019/20.
13.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2019/20.

CITY OF LOS ANGELES
COMPLIANCE MATRIX
Year Ended June 30, 2020

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Fund were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings was on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.	X			None	
11.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY 2019/20.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There was no capital reserve in FY 2019/20.
13.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY 2019/20.

CITY OF LOS ANGELES
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2020

No findings were noted.

EXIT CONFERENCE

CITY OF LOS ANGELES
MEASURE R AND MEASURE M LOCAL RETURN FUNDS,
EXIT CONFERENCE
June 30, 2020

An exit conference was held on December 23, 2020 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
Baljit Soni, Principal Accountant II
Jonathan Lintag, 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
Baljit Soni, Principal Accountant II
Jonathan Lintag, Senior Accountant II

Simpson & Simpson, LLP
633 West 5th 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, 2020 AND 2019

I have received the annual financial report of the Measure R Local Return Fund, Measure M Local Return Fund for the fiscal years ended June 30, 2020 and 2019 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,

Name

Title

Date