

***CITY OF ARTESIA
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
MEASURE M LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2021 AND 2020***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF ARTESIA
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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 Artesia, California and the
Los Angeles County Metropolitan Transportation Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the Proposition A Local Return Fund (PALRF), Proposition C Local Return Fund (PCLRF), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF) and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Artesia, 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 the 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 PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City of Artesia, California, as of June 30, 2021 and 2020, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Redondo Beach, 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 16, 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 & Simpson".

Los Angeles, California
December 16, 2021

CITY OF ARTESIA
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2021	2020
ASSETS		
Cash and investments	\$ 1,076,354	\$ 792,278
Total assets	\$ 1,076,354	\$ 792,278
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,392	\$ 11,642
Total liabilities	2,392	11,642
 Fund Balance		
Restricted	1,073,962	780,636
Total fund balance	1,073,962	780,636
Total liabilities and fund balance	\$ 1,076,354	\$ 792,278

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

CITY OF ARTESIA
PROPOSITION A LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2021	2020
REVENUES		
Proposition A	\$ 340,412	\$ 325,887
Interest income	5,425	15,830
Total revenues	345,837	341,717
 EXPENDITURES		
Various projects	52,511	437,514
Total expenditures	52,511	437,514
 Excess (deficiency) of revenues over expenditures	293,326	(95,797)
 Fund balance at beginning of year	780,636	876,433
 Fund balance at end of year	\$ 1,073,962	\$ 780,636

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

CITY OF ARTESIA
PROPOSITION A 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)	
107	Dial-A-Ride	\$ 100,000	\$ 23,835	\$ 76,165	\$ 50,524
155	Youth and Senior Recreation				
	Transportation Services	65,000	-	65,000	13,595
175	O & M of Prop A Vehicles	200,000	14,027	185,973	610
215	Bus Stops for New Fixed Route Service	50,000	349	49,651	-
220	COVID Protective Equipment for Bus	20,000	-	20,000	-
470	Gateway Cities COG Study	20,000	14,300	5,700	20,000
610	General Program Administration	50,000	-	50,000	5,091
610	Prop A Vehicle - Personnel Salary	45,000	-	45,000	2,877
200-01	Support Vehicle Acquisition	-	-	-	115,436
300-01	Transit Facility Improvements	-	-	-	229,381
	Total expenditures	\$ 550,000	\$ 52,511	\$ 497,489	\$ 437,514

See accompanying independent auditor's report.

CITY OF ARTESIA
PROPOSITION A 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
1990	7 Passenger Wagon	\$ 18,169	\$ -	\$ -	\$ 18,169
1993	12 Passenger Ford Cab	11,872	-	-	11,872
1995	Mobile Radio Units	3,878	-	-	3,878
2003	Pock Drill	5,170	-	-	5,170
2003	Barricade Type 1	3,428	-	-	3,428
2003	Computer System Upgrade	20,000	-	-	20,000
2012	2012 Grand Caravan SXT	27,868	-	-	27,868
2012	2012 Grand Caravan SXT	27,869	-	-	27,869
2020	35ft E2 Catalyst (Electric Bus)	115,436	-	-	115,436
Total \$		<u>233,690</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,690</u>

See accompanying independent auditor's report.

CITY OF ARTESIA
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2021	2020
ASSETS		
Cash and investments	\$ 586,673	\$ 537,164
Total assets	\$ 586,673	\$ 537,164
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 299,956	\$ 27,058
Total liabilities	299,956	27,058
 Fund Balance		
Restricted	286,717	510,106
Total fund balance	286,717	510,106
Total liabilities and fund balance	\$ 586,673	\$ 537,164

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

CITY OF ARTESIA
PROPOSITION C 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>
REVENUES		
Proposition C	\$ 282,360	\$ 270,324
Interest income	3,368	13,326
Total revenues	<u>285,728</u>	<u>283,650</u>
 EXPENDITURES		
Various projects	<u>509,117</u>	<u>265,520</u>
Total expenditures	<u>509,117</u>	<u>265,520</u>
 Excess (deficiency) of revenues over expenditures	 (223,389)	 18,130
 Fund balance at beginning of year	 <u>510,106</u>	 <u>491,976</u>
 Fund balance at end of year	 <u>\$ 286,717</u>	 <u>\$ 510,106</u>

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

CITY OF ARTESIA
PROPOSITION C 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)	
303	Implement Synchronized Traffic Signals	\$ 65,000	\$ -	\$ 65,000	\$ -
470	Gateway Cities COG Dues	5,083	-	5,083	-
620	General Program Administration	48,000	-	48,000	5,083
705	Pioneer, Artesia, & Norwalk & South Street	100,000	4,699	95,301	114,906
705	Traffic Stripping Maintenance	75,000	8,261	66,739	6,777
705	Cycle 4 HSIP Local Match	42,000	-	42,000	-
705	ATP Cycle 3	272,306 *	272,306	-	-
715	SR-91 Expansion Project Peer Review	35,000	18,020	16,980	-
755	Pioneer, Artesia, & Norwalk Landscaped Median	200,000	159,110	40,890	138,754
765	PMS & Drainage Plans	38,400 **	38,400	-	-
780	Alley Improvement Study	8,321 ***	8,321	-	-
Total expenditures		\$ 889,110	\$ 509,117	\$ 379,993	\$ 265,520

* The City received a retroactive approval from Metro on December 17, 2021 to use Proposition C Local Return funds in the amount of \$272,306 for Project 705 - ATP Cycle 3. See Compliance Matrix and Schedule of Findings and Recommendations, Finding No. 2021-002.

** The City received a retroactive approval from Metro on December 17, 2021 to use Proposition C Local Return funds in the amount of \$38,400 for Project 765 - PMS & Drainage Plans. See Compliance Matrix and Schedule of Findings and Recommendations, Finding No. 2021-002.

*** The City received a retroactive approval from Metro on December 17, 2021 to use Proposition C Local Return funds in the amount of \$8,321 for Project 780 - Alley Improvement Study. See Compliance Matrix and Schedule of Findings and Recommendations, Finding No. 2021-002.

See accompanying independent auditor's report.

CITY OF ARTESIA
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2021

<u>Date</u> <u>Acquired</u>	<u>Description</u>	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2021</u>
2007	Computer-Senior & Youth Transportation Services	\$ 1,388	\$ -	\$ -	\$ 1,388
	Total	\$ 1,388	\$ -	\$ -	\$ 1,388

See accompanying independent auditor's report.

CITY OF ARTESIA
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2021	2020
ASSETS		
Cash and investments	\$ 591,196	\$ 526,075
Prepaid items	8,063	7,063
Total assets	\$ 599,259	\$ 533,138
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 203,953	\$ 3,858
Total liabilities	203,953	3,858
 Fund Balance		
Restricted	395,306	529,280
Total fund balance	395,306	529,280
Total liabilities and fund balance	\$ 599,259	\$ 533,138

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

CITY OF ARTESIA
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>
REVENUES		
Measure R	\$ 212,063	\$ 202,453
Interest income	<u>3,253</u>	<u>13,178</u>
Total revenues	<u>215,316</u>	<u>215,631</u>
 EXPENDITURES		
Various projects	<u>349,290</u>	<u>43,307</u>
Total expenditures	<u>349,290</u>	<u>43,307</u>
 Excess (deficiency) of revenues over expenditures	 (133,974)	 172,324
 Fund balance at beginning of year	 <u>529,280</u>	 <u>356,956</u>
 Fund balance at end of year	 <u>\$ 395,306</u>	 <u>\$ 529,280</u>

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

CITY OF ARTESIA
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)	
380	Planning	\$ 20,000	\$ -	\$ 20,000	\$ -
380	Radar Speed Survey & Engineering	20,000	-	20,000	-
470	Eco Rapid Transit Dues	10,000	7,063	2,937	5,083
880	Historical District Recreational Trails Project	13,730	133,749	(120,019)	13,730
990	Pioneer Blvd. Downtown Improvement Project	541,858	208,478	333,380	24,494
	Total expenditures	\$ 605,588	\$ 349,290	\$ 256,298	\$ 43,307

See accompanying independent auditor's report.

CITY OF ARTESIA
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 ARTESIA
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2021	2020
ASSETS		
Cash and investments	\$ 789,078	\$ 566,023
Total assets	\$ 789,078	\$ 566,023
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 76,092	\$ 9,200
Total liabilities	76,092	9,200
 Fund Balance		
Restricted	712,986	556,823
Total fund balance	712,986	556,823
Total liabilities and fund balance	\$ 789,078	\$ 566,023

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

CITY OF ARTESIA
MEASURE M 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>
REVENUES		
Measure M	\$ 240,275	\$ 227,821
Interest income	3,951	13,249
Total revenues	<u>244,226</u>	<u>241,070</u>
 EXPENDITURES		
Various projects	<u>88,063</u>	<u>108,361</u>
Total expenditures	<u>88,063</u>	<u>108,361</u>
 Excess of revenues over expenditures	156,163	132,709
 Fund balance at beginning of year	<u>556,823</u>	<u>424,114</u>
 Fund balance at end of year	<u>\$ 712,986</u>	<u>\$ 556,823</u>

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

CITY OF ARTESIA
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)	
705	City-wide Alley Improvements - Engineering	\$ 35,000	\$ 88,063	\$ (53,063)	\$ -
7.90	Norwalk Boulevard	-	-	-	108,361
	Total expenditures	\$ 35,000	\$ 88,063	\$ (53,063)	\$ 108,361

See accompanying independent auditor's report.

CITY OF ARTESIA
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
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF ARTESIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
BALANCE SHEETS
June 30

	2021	2020
ASSETS		
Cash and investments	\$ -	\$ -
Total assets	\$ -	\$ -
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to General Fund	\$ 6,616	\$ 6,616
Total liabilities	6,616	6,616
 Fund Balance		
Unassigned	(6,616)	(6,616)
Total fund balance	(6,616)	(6,616)
Total liabilities and fund balance	\$ -	\$ -

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

CITY OF ARTESIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2021	2020
REVENUES		
TDA 3	\$ -	\$ 15,438
Total revenues	-	15,438
 EXPENDITURES		
Various projects	-	16,520
Total expenditures	-	16,520
 Deficiency of revenues over expenditures	-	(1,082)
 Fund balance at beginning of year	(6,616)	(5,534)
 Fund balance at end of year	\$ (6,616)	\$ (6,616)

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

CITY OF ARTESIA
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS
For the Fiscal Year Ended June 30, 2021

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
None		\$ -	\$ -	\$ -	
	Total	<u>-</u>	<u>-</u>	-	
Fund balance at beginning of year				(6,616)	
Fund balance at end of year				<u>\$ (6,616)</u>	

See accompanying independent auditor's report.

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

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

MRLRF is derived from 15% of 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.

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

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, MMLRF and TDAA3F 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 balance for Special Revenue Funds generally presents increases (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.

CITY OF ARTESIA
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

In accordance with Government 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.

Refer to City's 2021 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investment 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 PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classifications 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).
- Unassigned - The unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted to those purposes.

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 PALRF, PCLRF, MRLRF, MMLRF and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Measure M Local Return Program Guidelines and Transportation Development Act Article 3 and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

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

NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

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

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

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.

NOTE 6 – TDA ARTICLE 3 COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234, funds received pursuant to this Code’s section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 – CASH AND INVESTMENTS

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F’s 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 8 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

The revenue allocation for the years ended June 30, 2021 and 2020 consisted of the following:

	2021	2020
FY 2015-16 allocation	\$ -	\$ 10,703
FY 2016-17 allocation	-	4,735
Total payment requested	\$ -	\$ 15,438

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

NOTE 9 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2021, and 2020, the City has funds on reserve as follows:

	2021	2020
FY 2016-17 allocation	\$ 6,442	\$ 6,442
FY 2017-18 allocation	11,008	11,008
FY 2018-19 allocation	11,412	11,412
FY 2019-20 allocation	12,140	12,140
FY 2020-21 allocation	9,447	-
Available reserve balance	\$ 50,449	\$ 41,002

NOTE 10 – 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 materially affect the June 30, 2021 Funds' financial statement.

NOTE 11 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 16, 2021, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the 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 Artesia, 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 Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Artesia, 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 16, 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 entity’s financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’s Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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 black ink that reads "Simpson & Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California
December 16, 2021

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 Artesia, California and the
Los Angeles County Metropolitan Transit Authority

Report on Compliance

We have audited the compliance of the City of Artesia, California (the City) with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority’s Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (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 Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program, and Transportation Development Act Article 3 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 and Transportation Development Act Article 3

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



Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding No. 2021-001 to Finding No.2021-003. Our opinions on each local return and Transportation Development Act Article 3 program are not modified with respect to this matter.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

A handwritten signature in cursive script, appearing to read 'Simpson & Simpson'.

Los Angeles, California
December 16, 2021

CITY OF ARTESIA
COMPLIANCE MATRIX
Year Ended June 30, 2021

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller’s Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X			None	
2.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X			None	
3.	Funds were expended with Metro’s approval and were not substituted for property tax.		X		\$319,027	See Finding No. 2021-002 on the Schedule of Findings and Recommendations.
4.	Timely use of funds.		X		\$15,503	See Finding No. 2021-001 on the Schedule of Findings and Recommendations.
5.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY 20/21.
6.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.	X			None	
7.	Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X			None	
9.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
10.	Local Return Account is credited for reimbursable expenditures.	X			None	

CITY OF ARTESIA
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		
A. Proposition A and Proposition C Local Return Funds						
11.	Where Proposition A funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	Prop A and Prop C funds were not given, loaned, or exchanged in FY 20/21.
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X	None	There was no Intelligent Transportation Systems projects or elements in FY 20/21.
13.	A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.			X	None	There were no capital reserve funds in FY 20/21.
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit funded by Prop A and Prop C funds in FY 20/21.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY 20/21.
16.	Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X			None	
17.	All on-going and carryover projects were reported on Form B or electronic equivalent.	X			None	
18.	Cash or cash equivalents are maintained.	X			None	
19.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF ARTESIA
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. Measure R Local Return Fund						
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	There were no administrative expenditures in FY 20/21.
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			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	Measure R funds were not given, loaned or exchanged in FY 20/21.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	No capital reserve fund established for Measure R Fund in FY 20/21.
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

CITY OF ARTESIA
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. Measure R Local Return Fund						
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit funded by Measure R in FY 20/21.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY 20/21.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF ARTESIA
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		
C. Measure M Local Return Fund						
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	There were no administrative expenditures in FY 20/21.
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			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	Measure M funds were not given, loaned or exchanged in FY 20/21.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	No capital reserve fund established for Measure M Fund in FY 20/21.
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

CITY OF ARTESIA
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		
C. Measure M Local Return Fund						
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit funded by Measure M in FY 20/21.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY 20/21.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF ARTESIA
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		
D. Transportation Development Act Article 3 Fund						
1.	Timely use of funds.		X		\$6,442	See Finding No. 2021-003 on the Schedule of Findings and Recommendations.
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

CITY OF ARTESIA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2021

PALRF: Finding No. 2021-001

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines Section IV. E. Timey Use of Funds, "...Jurisdictions have three years to expend LR funds. Funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated. Therefore, by method of calculation, each Jurisdiction has the Fiscal Year of allocation plus three years to expend Proposition A and/or Proposition C funds."
Condition	The City's fiscal year 2018 ending fund balance in the amount of \$15,503 was not fully expended within 3 years as of June 30, 2021 and it was not reserved for capital projects as required by the Prop A Local Return Guidelines. However, on December 17, 2021, Metro granted the City an extension on the usage of lapsed funds until June 30, 2022.
Cause	This was an oversight of the City.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines.
Recommendation	In order to avoid future lapsed funds, we recommend that the City establish a procedure where the Finance staff review the estimated annual fund balance so that a capital reserve account can be established when warranted.
Management's Response	The City will establish procedures to ensure that all funds are appropriately expended or reserved according to the Proposition A and Proposition C Local Return Guidelines.
Finding Corrected During the Audit	On December 17, 2021, Metro granted the City an extension on the usage of lapsed funds until June 30, 2022.

CITY OF ARTESIA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2021
 (Continued)

PCLRF: Finding No. 2021-002

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 1) a new project.”
Condition	The City expended a total of \$319,027 for the following three projects in FY2020/21 prior to receiving approvals from Metro: (1) PMS & Drainage Plans in the amount of \$38,400; (2) ATP Cycle 3 in the amount of \$272,306; and (3) Alley Improvement Study in the amount of \$8,321.
Cause	This was an oversight of the City.
Effect	The City was not in compliance with Proposition A and Proposition C Local Return Guidelines in obtaining an approval from Metro prior to the expenditure of funds.
Recommendation	In accordance with the Guidelines, we recommend that the City strengthen internal control procedures to ensure all expenditures are approved by Metro prior to expending the funds.
Management’s Response	In the future management will ensure obtaining Metro’s approval before expenditures incurred.
Finding Corrected During the Audit	The City’s project approval request was submitted and retroactively approved by Metro on December 17, 2021. No follow-up is required.

CITY OF ARTESIA
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2021
 (Continued)

TDAA3F: Finding No. 2021-003

Compliance Reference	According to Metro’s Funding and Allocation Guidelines for the TDA Article 3 Bicycle and Pedestrian Funds, Funding, Lapsing, and Accounting: “TDA Article 3 local funds may be placed on reserve for up to three years (i.e. no longer than the fourth fiscal year after they were made available by Metro Board action). Agencies may accumulate three years worth of reserved TDA Article 3 local funds before being required to obligate them or return them to the TDA Article 3 fund. Any funds left on reserve by the local agency longer than three years are subject to lapse and future reallocation.”
Condition	At June 30, 2021, the City had lapsed funds of \$6,442 from the fiscal year 2016-17 allocation. However, the City received an extension approval from Metro to spend the lapsed funds until June 30, 2022 on December 22, 2021.
Cause	This was an oversight of the City.
Effect	The City was not in compliance with Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.
Recommendation	We recommend that the City implement internal control procedures to track the TDA Article 3 reserve balance to ensure that all TDA Article 3 funds are claimed and expended within the required timeline per the TDA Article 3 Guidelines.
Management’s Response	The City will establish procedures to ensure that all funds are appropriately expended or reserved according to the TDA Article 3 Guidelines.
Finding Corrected During the Audit	On December 22, 2021 Metro approved an extension on the usage of lapsed funds until June 30, 2022.No follow-up is required.

EXIT CONFERENCE

CITY OF ARTESIA
PROPOSITION A, PROPOSITION C, MEASURE R, MEASURE M LOCAL RETURN FUNDS AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2021

An exit conference was held on December 28, 2021 with the City of Artesia. Those in attendance were:

Simpson & Simpson Representative:

Terry Bian, Senior Auditor

City's Representative:

Jamie Murguia, Acting Finance Manager

Matters Discussed:

Results of the audit disclosed one (1) material weakness in control and two (2) 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:

Jamie Murguia, Acting Finance Manager

Simpson & Simpson, LLP
633 West 5th Street, Suite 3320
Los Angeles, CA 90071

RE: CITY OF ARTESIA ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund and Transportation Development Act Article 3 Fund for the years ended June 30, 2021 and 2020 for the City of Artesia and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date