

*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, 2023 AND 2022*



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

Opinions

We have audited the accompanying financial statements of the Measure R Local Return Fund and the Measure M Local Return Fund (collectively, the Funds) of the City of Los Angeles, California (the City) which comprised the Funds' balance sheets as of June 30, 2023 and 2022, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the Funds' financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Measure R Local Return Fund and the Measure M Local Return Fund of the City of Los Angeles, California, as of June 30, 2023 and 2022, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Measure R Local Return Fund and the Measure M Local Return Fund of the City of Los Angeles, California, and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2023 and 2022, the changes in its financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



Supplementary Information

Our audits were conducted for the purpose of forming opinions on each of the Funds' financial statements as a whole. The supplementary information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' financial statements. The information has been subjected to the auditing procedures applied in the audit of the Funds' 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 GAAS. 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 also issued our report dated December 20, 2023, 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 20, 2023

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

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and investments	\$ 60,227,052	\$ 51,709,299
Accounts receivable	6,046	253,546
Investment income receivable	268,492	141,548
Due from Metro	11,009,530	10,967,986
Due from other funds (Note 7)	9,794,637	10,845,353
Total assets	<u>\$ 81,305,757</u>	<u>\$ 73,917,732</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 2,350,108	\$ 1,635,477
Due to other funds (Note 7)	481,137	427,789
Obligations under securities lending transactions (Note 6)	247,172	746,962
Other liabilities (Note 8)	602,735	393,235
Total liabilities	<u>3,681,152</u>	<u>3,203,463</u>
 Deferred Inflows of Resources		
Revenue from other government agencies (Note 9)	<u>37,925</u>	<u>316,196</u>
Total deferred inflows of resources	<u>37,925</u>	<u>316,196</u>
 Fund Balance		
Restricted	<u>77,586,680</u>	<u>70,398,073</u>
Total fund balance	<u>77,586,680</u>	<u>70,398,073</u>
Total liabilities, deferred inflows resources, and fund balance	<u>\$ 81,305,757</u>	<u>\$ 73,917,732</u>

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

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

	<u>2023</u>	<u>2022</u>
REVENUES		
Measure R	\$ 64,208,582	\$ 63,339,347
Interest and investment income	1,362,767	479,729
Unrealized loss on investment	(1,089,583)	(2,630,246)
Caltrans Program Supplement Agreement (Note 11)	247,500	-
Project reimbursements (Note 13)	28,173	-
Total revenues	<u>64,757,439</u>	<u>61,188,830</u>
EXPENDITURES		
Various projects	57,818,832	42,797,103
Total expenditures	<u>57,818,832</u>	<u>42,797,103</u>
Excess of revenues over expenditures	6,938,607	18,391,727
OTHER FINANCING SOURCES		
Transfer in from other funds (Note 10)	250,000	-
Total other financing sources	<u>250,000</u>	<u>-</u>
Excess of revenues over expenditures and other financing sources	7,188,607	18,391,727
Fund balance at beginning of year	<u>70,398,073</u>	<u>52,006,346</u>
Fund balance at end of year	<u>\$ 77,586,680</u>	<u>\$ 70,398,073</u>

The accompanying notes are an integral part of the financial statements

CITY OF LOS ANGELES
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2023
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2022)

Project Code	Project Name	2023		Variance	2022
		Metro Budget	Actual	Favorable (Unfavorable)	Actual
180	City Planning	\$ 16,698	\$ -	\$ 16,698	\$ 92,177
240	Technology and Communications	44,850	14,276	30,574	11,227
280	Downtown LA Street Car Project	1,346,859	-	1,346,859	-
301	Roxford Street and Foothill Blvd on/off Ramp	40,000	-	40,000	-
304	Signal Improvement Maintenance	12,757	-	12,757	716
304	ATSAC System Maintenance	8,811,042	916,820	7,894,222	298,655
304	Traffic Signal Supplies	109,415	75,288	34,127	116,735
590	Gender Equity in Transportation	200,000	-	200,000	-
630	Administrative Expenses	9,551,836	5,049,468	4,502,368	1,867,256
630	Personnel	130,477	101,877	28,600	75,155
710	Project Match Funds	2,677,641	10,136	2,667,505	(330,530) *
715	Balboa Boulevard Project	811,000	302,850	508,150	-
720	Vision Zero Traffic Signal	929,977	60	929,917	64,469
720	Paint and Sign Maintenance	1,902,985	1,600,573	302,412	2,104,943
730	Reimbursement of General Fund Costs ^(a)	31,839,452	8,876,508	22,962,944	9,343,234
730	Transportation ^(b)	7,757,268	5,232,035	2,525,233	3,942,230
730	SAFETEA-LU Program Shortfall	78,558	-	78,558	-
730	Bridge Program	1,204,737	22,680	1,182,057	225
730	Street Services	26,267,490	23,688,511	2,578,979	16,384,922
730	Engineering	741,605	388,799	352,806	487,012
730	Vision Zero	7,212	2,639	4,573	3,537
730	Great Streets	3,858,326	315,048	3,543,278	147,321
	Subtotal \$	\$ 98,340,185	\$ 46,597,568	\$ 51,742,617	\$ 34,609,284

(Continued)

Notes:

- * \$330,530 was related to program cost for MRLRF that was included in FY2021 expenditure report and paid in FY2022. However a portion of the expenditures were refunded to MRLRF in FY2022.
- (a) This is primarily related to the indirect/related costs (i.e., Central Services, fringe benefits, etc.) incurred for the Complete Street Projects and are reimbursed to the General Fund.
- (b) This is primarily related to the labor costs incurred for various street safety improvements.

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, 2023
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2022)
(Continued)

Project Code	Project Name	2023			2022 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
730	Street Lighting	\$ 769,788	\$ 158,086	\$ 611,702	\$ 485,403
730	Vision Zero Contracts, Speed Surveys, Outreach Campaign	435,144	60,090	375,054	292,321
780	General Services ^(c)	3,758,579	3,193,998	564,581	3,564,910
805	Bicycle Plan/Program Projects	5,502,939	2,198,461	3,304,478	1,293,608
805	Bicycle Parking/Racks	43,819	-	43,819	-
805	Bicycle Friendly Streets	398,121	-	398,121	-
805	Active Transportation	15,478	-	15,478	198,234
805	Broadway Sur Project	150,000	-	150,000	-
806	Exposition Bikeway	334,876	-	334,876	-
806	Bicycle Lane Repair and Maintenance	3,679,109	1,500,000	2,179,109	-
820	Broadway Streetscape Project	83,335	-	83,335	-
820	7th Street Streetscape	220,891	-	220,891	-
825	Bikeshare Operations and Maintenance	3,565	-	3,565	-
880	Safe Routes to School Study	66,562	-	66,562	-
890	Pedestrian Safety				
	Devices/Plan/Programs	8,353,579	2,110,629	6,242,950	1,653,343
990	Pavement Preservation Overtime	700,000	-	700,000	700,000
990	Median Island Maintenance	2,000,000	2,000,000	-	-
	Subtotal	<u>26,515,785</u>	<u>11,221,264</u>	<u>15,294,521</u>	<u>8,187,819</u>
	Total expenditures	<u>\$ 124,855,970</u>	<u>\$ 57,818,832</u>	<u>\$ 67,037,138</u>	<u>\$ 42,797,103</u>

Notes:

(c) This is primarily related to the labor costs incurred for Pavement Preservation Program.

See accompanying independent auditor's report.

CITY OF LOS ANGELES
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2023

Date Acquired	Description	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2023	2022
ASSETS		
Cash and investments	\$ 132,171,627	\$ 100,524,493
Accounts receivable	-	607,095
Investment income receivable	525,590	309,126
Due from other funds (Note 7)	2,591,376	658,713
Due from Metro	12,747,446	12,378,056
Total assets	\$ 148,036,039	\$ 114,477,483
 LIABILITIES, DEFERRED INFLOWS RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 3,926,098	\$ 1,602,650
Due to other funds (Note 7)	1,816,249	2,071,229
Obligations under securities lending (Note 6)	542,432	1,452,117
Other liabilities (Note 8)	1,325,548	764,461
Total liabilities	7,610,327	5,890,457
 Deferred Inflows of Resources		
Revenue from other government agencies (Note 9)	489,574	75,025
Total deferred inflows of resources	489,574	75,025
 Fund Balance		
Restricted	139,936,138	108,512,001
Total fund balance	139,936,138	108,512,001
Total liabilities, deferred inflows resources and fund balance	\$ 148,036,039	\$ 114,477,483

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

	2023	2022
REVENUES		
Measure M	\$ 72,495,595	\$ 71,685,291
Interest and investment income	2,592,637	1,067,445
Unrealized loss on investment	(2,958,262)	(5,149,545)
Open Streets Grant Program (Note 12)	499,279	-
Project reimbursements (Note 13)	-	607,095
Total revenues	72,629,249	68,210,286
EXPENDITURES		
Various projects	41,382,412	38,574,443
Total expenditures	41,382,412	38,574,443
Excess of revenues over expenditures	31,246,837	29,635,843
OTHER FINANCING SOURCES (USES)		
Transfer in from other funds (Note 10)	-	201,370
Transfer out from other funds (Note 10)	-	(45,735)
Subscription-Based Information Technology Agreements (Note 14)	177,300	-
Total other financing sources	177,300	155,635
Excess of revenues over expenditures and other financing sources	31,424,137	29,791,478
Fund balance at beginning of year	108,512,001	78,720,523
Fund balance at end of year	\$ 139,936,138	\$ 108,512,001

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, 2023
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2022)

Project Code	Project Name	2023			2022 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
205	Western Ave Expo Line Station Linkage Project (South)	\$ 644,266	\$ 109,012	\$ 535,254	\$ 597,527
280	Metro Rail Annual Work Program	3,000,000	-	3,000,000	-
302	Intersection Improvement Unit 16 STM/STP Vision Zero	480,000	-	480,000	-
302	Osborne/Laurel Canyon Left Turn Signal	185,000	-	185,000	-
303	Pavement Preservation Traffic Loop Replacement	800,000	-	800,000	-
304	LED Replacement Modules	464,638	-	464,638	-
304	Traffic Signal Supplies	6,141,551	928,387	5,213,164	2,966,438
324	ATP 4 SRTS Project Expediting	852,625	-	852,625	-
324	Autonomous Vehicle Program	-	-	-	-
390	L.A. Al Fresco	6,298,582	59,242	6,239,340	94,648
590	Vision Zero Education and Outreach	3,594,081	444,925	3,149,156	267,821
640	Overhead	7,431,580	2,823,653	4,607,927	1,463,278
640	Personnel	144,320	118,698	25,622	84,888
640	Office Supplies	25,000	-	25,000	-
705	35th Street between Gramercy & Cimarron	22,628	-	22,628	-
705	Alley Paving	1,000,000	-	1,000,000	1,725,859
705	Concrete Streets	2,082,011	600,000	1,482,011	1,087,923
705	Maxella Ave/Lincoln Blvd	245,657	-	245,657	-
705	Paint and Sign Maintenance	1,661,712	1,470,752	190,960	1,564,998
705	Sheldon Arleta Sidewalk Improvement Wicks Street	1,420,270	403,062	1,017,208	-
705	Alvarado Street Bulkhead	5,915	-	5,915	-
705	Oakdale/Redwing/Ventura Stormdrain/Flooding Project	-	-	-	5,000
705	Burwood S/O Figueroa	571,564	65,036	506,528	680,964
705	Pacoima Wash Vision Plan	300,000	-	300,000	-
705	Metro Crenshaw Line Sidewalk Project	1,342,467	-	1,342,467	189,807
	Subtotal	\$ 38,713,867	\$ 7,022,767	\$ 31,691,100	\$ 10,729,151

(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, 2023
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2022)

Project Code	Project Name	2023			2022 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	Chatsworth Sinkhole Repair	\$ 500,000	\$ -	\$ 500,000	\$ -
705	Crescent Drive (8904) Storm Response	629,000	207,070	421,930	-
705	Mulholland Drive Storm Response	950,000	661,657	288,343	-
705	North Escobedo Drive (5159) Storm Response	2,205,000	-	2,205,000	-
710	Balboa Widening at Devonshire Street	330,000	5,756	324,244	-
710	Burbank Blvd-Lankershim Blvd to Cleon Ave	2,200,511	-	2,200,511	-
710	Fenton Ave and Terra Bella Improvement Project	2,360	-	2,360	-
715	Reimagine Ventura Blvd - Phase 2	400,000	-	400,000	-
720	Street Lighting Improvements on DOT New & Modified Signals	250,000	-	250,000	-
720	Gage Street Public Safety Median Improvements	2,421,271	715,877	1,705,394	-
720	Speed Hump Program	1,945,084	316,042	1,629,042	895,177
720	Sunset Blvd Slope Mitigation - Coronado to Waterloo, Phase 1	144,061	-	144,061	47,395
720	Venice Beach Ocean Front Walk Crash Barriers and Bollards	609,606	438,575	171,031	2,258,963
720	Vision Zero Corridor Projects - M	21,871,298	3,465,387	18,405,911	1,652,913
720	Vision Zero Traffic Signals	61,790	32,852	28,938	48,741
720	Vista Crest Drive (3006)	7,546	-	7,546	-
730	AHSC 3-Elden Elms and Path Villas	322,384	27,122	295,262	108,235
730	BSS Equipment	130,787	-	130,787	-
730	DOT Equipment - SR/VZ Projects	60,298	-	60,298	-
730	DOT Equipment - Traffic Signals	17,739	-	17,739	-
730	Street Reconstruction/Vision Zero Projects	5,189,217	707,579	4,481,638	1,453,516
730	Complete Streets	7,678,170	824,775	6,853,395	54,830
730	General Services	215,533	55,464	160,069	65,215
	Subtotal	\$ 48,141,655	\$ 7,458,156	\$ 40,683,499	\$ 6,584,985

(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, 2023
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2022)

Project Code	Project Name	2023		Variance Favorable (Unfavorable)	2022 Actual
		Metro Budget	Actual		
730	Reimbursement of General Fund Costs ^(a)	\$ 36,961,156	\$ 5,429,685	\$ 31,531,471	\$ 4,508,114
730	Transportation ^(b)	6,962,488	3,265,156	3,697,332	2,364,181
730	Bureau of Contract Administration	2,663,111	392,153	2,270,958	194,279
730	Bureau of Engineering	2,389,356	674,888	1,714,468	1,206,443
730	Bureau of Street Lighting	815,324	414,275	401,049	502,291
730	Bureau of Street Services	11,669,459	6,779,692	4,889,767	9,373,105
730	Vision Zero Treatment Maintenance	1,000,000	797,065	202,935	-
740	Boeing Ave and 78th Street Subsidence	1,562	-	1,562	-
740	Glider Ave and Wiley Post Street Subsidence	36,459	-	36,459	-
740	Plummer/Natick Crosswalk	250,000	-	250,000	-
755	Median Island Maintenance	2,757,618	666,992	2,090,626	998,490
780	Transportation Technology Strategy	1,745,083	-	1,745,083	-
780	Traffic Software Upgrades, Integrations, and Support	130,000	-	130,000	-
780	Traffic Studies	1,739,687	-	1,739,687	10,313
780	Camarrillo Street Traffic Study	100,000	-	100,000	-
780	Contractual Services-Support	1,125,000	-	1,125,000	-
780	Engineering Special Services	61,000	61,000	-	-
780	Vision Zero Independent Program Evaluation	500,000	66,946	433,054	-
805	Cypress Park Pedestrian Bridge	200,000	-	200,000	-
805	Telfair Avenue Multimodal Bridge Over Pacoima Wash	386,143	208,101	178,042	147,171
	Subtotal	\$ 71,493,446	\$ 18,755,953	\$ 52,737,493	\$ 19,304,387

(Continued)

Notes:

- (a) This is primarily related to the indirect/related costs (i.e., Central Services, fringe benefits, etc.) incurred for the Complete Street Projects and are reimbursed to the General Fund.
- (b) This is primarily related to the labor costs incurred for various street safety improvements.

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, 2023
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2022)

Project Code	Project Name	2023			2022 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
805	Street Lighting at Existing Pedestrian Crosswalks	\$ 709,246	\$ 29,188	\$ 680,058	\$ 692,098
805	Elysian Valley Bike Path	848,225	-	848,225	-
805	Electric Vehicle Charging Infrastructure	1,000,000	-	1,000,000	-
805	Los Angeles River Bike Path Repair near Ferraro Fields	1,500,000	103,491	1,396,509	-
805	North Atwater Multimodal Bridge Over Los Angeles River	693,313	693,313	-	-
805	Rail to Rail (R2R) Project	5,276,000	5,276,000	-	-
805	San Fernando Phase III Bike Path	3,000,000	-	3,000,000	-
806	City of Los Angeles Bridge Rail Replacement Project	800,000	-	800,000	-
820	MLK Streetscape	248,619	-	248,619	-
820	Venice Boulevard Great Streets Enhancements	577,864	1,220	576,644	367,999
820	Broadway Streetscape 4th to 6th	3,017,991	-	3,017,991	-
881	Active Transportation Program Project Funding Gaps	1,000,000	130,989	869,011	-
890	Open Streets Program	1,656,416	1,549,116	107,300	131,632
890	Bicycle Plan/Program	914,111	20,737	893,374	764,191
890	Slow Streets Program	420,000	341,482	78,518	-
	Subtotal	<u>21,661,785</u>	<u>8,145,536</u>	<u>13,516,249</u>	<u>1,955,920</u>
	Total expenditures	<u>\$ 180,010,753</u>	<u>\$ 41,382,412</u>	<u>\$ 138,628,341</u>	<u>\$ 38,574,443</u>

See accompanying independent auditor's report.

CITY OF LOS ANGELES
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2023

Date Acquired	Description	Balance 7/1/2022	Additions	Deletions	Balance 6/30/2023
4/9/2018	Paver	\$ 574,152	\$ -	\$ -	\$ 574,152
4/9/2018	Paver	574,152	-	-	574,152
7/1/2018	Roller	89,504	-	-	89,504
7/1/2018	Roller	89,963	-	-	89,963
8/3/2018	Husqvama Saw and Water Pump x2	74,275	-	-	74,275
9/20/2018	Rollers and Profilers	1,672,984	-	-	1,672,984
9/20/2018	Rollers and Profilers	1,113,448	-	-	1,113,448
8/21/2018	Toyota Prius	28,098	-	-	28,098
6/27/2019	Ford Transit Connect Van	48,116	-	-	48,116
3/6/2020	Ford F750	337,408	-	-	337,408
3/6/2020	Ford F750	337,408	-	-	337,408
4/30/2020	GMS Sierra x4	182,260	-	-	182,260
10/28/2019	Street Sweeper	420,368	-	-	420,368
10/28/2019	Street Sweeper	420,368	-	-	420,368
11/4/2019	Ford F250 x2	74,951	-	-	74,951
11/19/2020	Thermoplastic Long Line Striper	686,313	-	-	686,313
11/19/2020	Thermoplastic Long Line Striper	686,313	-	-	686,313
9/29/2020	Truck, Aerial Lift Articulated	130,548	-	-	130,548
9/29/2020	Truck, Aerial Lift Articulated	130,548	-	-	130,548
11/18/2020	Paint Shaker	12,116	-	-	12,116
Total \$		<u>7,683,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,683,293</u>

See accompanying independent auditor's report.

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

MRLRF is derived from 15% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

MMLRF is derived from 17% of a county-wide ½ cent sales tax which is distributed to the jurisdictions within Los Angeles County based on a per capita basis and must be used exclusively for transportation purposes.

Basis of Accounting and Measurement Focus

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

Special Revenue Funds are reported on spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statement of revenue, expenditures and changes in fund balance for Special Revenue Funds generally presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net fund balances.

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 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 the City’s 2023 Annual Comprehensive Financial Report (ACFR) for detailed disclosures regarding the City’s investment policy and fair value measurement.

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and MMLRF report the following fund balance classifications as of June 30, 2023 and 2022:

- 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 ACFR.

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the MRLRF and MMLRF and their compliance with the Measure R Local Return Program Guidelines and 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, 2023 and 2022
(Continued)

NOTE 5 – CASH AND INVESTMENTS

The MRLRF and MMLRF’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 6 – SECURITIES LENDING TRANSACTIONS

The MRLRF and MMLRF participate in the City’s securities lending program (SLP), through the period 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 ACFR for a full description of risk relating to securities lending transactions.

NOTE 7 – DUE FROM/TO OTHER FUNDS

Inter-fund due to/from amounts as of June 30, 2023 and 2022 consisted of the following:

MRLRF

	2023		2022	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
General Fund	\$ 1,973,186	\$ 481,137	\$ 3,013,766	\$ 427,789
Transportation Grant Funds	7,821,451	-	7,831,587	-
Total	\$ 9,794,637	\$ 481,137	\$ 10,845,353	\$ 427,789

MMLRF

	2023		2022	
	Due from Other Funds	Due to Other Funds	Due from Other Funds	Due to Other Funds
Reserve Fund	\$ -	\$ 1,664,264	\$ -	\$ 2,033,007
General Fund	2,591,376	144,360	658,713	38,222
Public Works Fund	-	7,625	-	-
Total	\$ 2,591,376	\$ 1,816,249	\$ 658,713	\$ 2,071,229

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022
(Continued)

NOTE 8 – OTHER LIABILITIES

The other liabilities as of June 30, 2023 and 2022 consisted of the following:

MRLRF

	2023	2022
Use tax payable	\$ 3,680	\$ -
Investment at trade date	599,055	393,235
Total other liabilities	\$ 602,735	\$ 393,235

MMLRF

	2023	2022
Use tax payable	\$ 10,888	\$ -
Investment at trade date	1,314,660	764,461
Total other liabilities	\$ 1,325,548	\$ 764,461

NOTE 9 – DEFERRED INFLOWS OF RESOURCES

The deferred inflows of resources as of June 30, 2023 and 2022 consisted of the following:

MRLRF

	2023	2022
Metro	\$ -	\$ 253,546
LA Streetcar	6,046	-
Interest Allocation	31,879	62,650
Total deferred inflows of resources	\$ 37,925	\$ 316,196

MMLRF

	2023	2022
Metro	\$ 424,440	\$ -
Interest Allocation	65,134	75,025
Total deferred inflows of resources	\$ 489,574	\$ 75,025

NOTE 10 – TRANSFERS IN/(OUT)

The following summarizes the interfund transfers for fiscal years ended June 30, 2023 and 2022:

2023

Transfer In Fund	Transfer Out Fund	Project	Amount
MRLRF	General Fund	Moving Beauty Pathway Project	\$ 250,000
		Total	\$ 250,000

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022
(Continued)

NOTE 10 – TRANSFERS IN/(OUT) (Continued)

2022

Transfer In Fund	Transfer Out Fund	Project	Amount
MMLRF	LAHD AHSC Round 3 Elden Elms Fund	Elden Elms and Path Villas Hollywood Project	\$ 201,370
COVID-19 Federal Relief Fund	MMLRF	Al Fresco Program	(45,735)
			Total \$ 155,635

NOTE 11 – CALTRANS PROGRAM SUPPLEMENT AGREEMENT – MMLRF

On February 13, 2017, the City and the State of California acting through its Department of Transportation referred to as CALTRANS, entered into a Program Supplement No. P64 to Administering Agency-State Agreement for State Funded Projects No. 00152S, to analyze collision data and prioritize safety improvement projects in various locations within the City of Los Angeles, Project No. SSARPL-5006(857). For the fiscal years ended June 30, 2023 and 2022, the City received \$247,500 and \$0, respectively.

NOTE 12 – OPEN STREETS GRANT PROGRAM - MMLRF

On December 2, 2021, the Metro Board approved the award of \$200,000 to the City for the Open Street Event titled South LA Neighborhood Open Street (Western Ave) (Open Street Grant Program ID#CYC2119). For the fiscal years ended June 30, 2023 and 2022, the City received \$165,530 and \$0, respectively.

On December 2, 2021, the Metro Board approved the award of \$400,000 to the City for the Open Street Event titled Heart of LA 2022 (Open Street Grant Program ID#CYC2116). For the fiscal years ended June 30, 2023 and 2022, the City received \$333,749 and \$0, respectively.

NOTE 13 – PROJECT REIMBURSEMENTS – MRLRF AND MMLRF

MRLRF

On November 9, 2016, the City reprogrammed the Community Development Block Grant (CDBG) Consolidated Plan savings to other programs, Council File No. 15-1041-S5. For the fiscal years ended June 30, 2023 and 2022, the City received \$28,173 and \$0, respectively.

MMLRF

On October 7, 2021, the City received work order authorization PO TPAEXPO2LADOT000, Line 1 for the Bike Path Landscaping Repairs and Maintenance Services for the Metro Expo II Project. For the fiscal years ended June 30, 2023 and 2022, the City received \$0 and \$607,095, respectively.

CITY OF LOS ANGELES
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2023 and 2022
(Continued)

NOTE 14 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA) – MMLRF

As of July 1, 2022, the City adopted the GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) defines a SBITA and establishes that entering into a SBITA results in a right-to-use subscription asset –an intangible asset– and a corresponding subscription liability; it also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA.

In the fiscal year ended June 30, 2023, the City engaged in SBITA financing, amounting to \$177,300 in the MMLRF. This amount pertains to the Enterprise Agreement (EA) No. 00309465 with ESRI, Inc. for the right-to-use a Geographic Information System (GIS) effective from July 1, 2022 to June 30, 2025. In accordance with GASB 96, this arrangement necessitated the recording of capital outlay expenditures reported under Project Code 730 Bureau of Engineering and other financing sources in the MMLRF.

NOTE 15 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2023 through December 20, 2023, 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
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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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Measure R Local Return Fund and the 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, 2023, and the related notes to the Funds’ financial statements, and have issued our report thereon dated December 20, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the Funds’ financial statements, we considered the City’s internal control over the Funds’ financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the Funds’ financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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



Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 20, 2023

COMPLIANCE SECTION



SIMPSON & SIMPSON

CERTIFIED PUBLIC ACCOUNTANTS
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Independent Auditor's Report On Compliance and On Internal Control Over Compliance Required by the Guidelines

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

Report on Compliance

Opinion

We have audited the City of Los Angeles, California's (the City) compliance with the Measure R Local Return Guidelines and the Measure M Local Return Guidelines (collectively, the Guidelines) for the year ended June 30, 2023.

In our opinion, the City of Los Angeles, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2023.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.



Responsibility of Management for Compliance

Management is responsible for the City's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to the City's Measure R Local Return Program and Measure M Local Return Program.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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



Report on Internal Control Over Compliance

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

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

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

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

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

Los Angeles, California
December 20, 2023

CITY OF LOS ANGELES
COMPLIANCE MATRIX
Year Ended June 30, 2023

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	
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursed by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
11.	Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	There were no Measure R funds, given, loaned, or exchanged in FY22/23.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY22/23.

CITY OF LOS ANGELES
COMPLIANCE MATRIX
Year Ended June 30, 2023
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY22/23.
15.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY22/23.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF LOS ANGELES
COMPLIANCE MATRIX
Year Ended June 30, 2023
(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	
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursed by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
11.	Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	There were no Measure M funds given, loaned, or exchanged in FY22/23.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY22/23.

CITY OF LOS ANGELES
COMPLIANCE MATRIX
 Year Ended June 30, 2023
 (Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure M Local Return Fund						
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY22/23.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY22/23.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF LOS ANGELES
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2023

No findings were noted.

EXIT CONFERENCE

CITY OF LOS ANGELES
MEASURE R AND MEASURE M LOCAL RETURN FUNDS
EXIT CONFERENCE
June 30, 2023

An exit conference was held on December 20, 2023 with the City of Los Angeles. Those in attendance were:

Simpson & Simpson Representative:

Mark Frishwasser, Audit Supervisor
Tian Bian, Audit Senior

City's Representative:

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

Matters Discussed:

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

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

Sue Chen, Department Chief Accountant IV
Jonathan Lintag, Principal Accountant II
Michelle Cho Ma, 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, 2023 AND 2022

I have received the annual financial report of the Measure R Local Return Fund and Measure M Local Return Fund for the years ended June 30, 2023 and 2022 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