

***CITY OF LAKEWOOD  
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<sup>®</sup>**



Simpson & Simpson, LLP  
Certified Public Accountants

***CITY OF LAKEWOOD***  
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***CITY OF LAKEWOOD***  
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***FINANCIAL SECTION***

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRAINARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

## Independent Auditor's Report

To the Honorable Members of the City Council of the  
City of Lakewood, 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 Lakewood, 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 Lakewood, 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 Lakewood, 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 October 12, 2021, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

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

Los Angeles, California  
October 12, 2021

**CITY OF LAKEWOOD**  
**PROPOSITION A LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and investments	\$ <u>1,703,254</u>	\$ <u>1,190,617</u>
Total assets	\$ <u><u>1,703,254</u></u>	\$ <u><u>1,190,617</u></u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,697	\$ 8,237
Accrued payroll and employee benefits	<u>-</u>	<u>1,627</u>
Total liabilities	<u>10,697</u>	<u>9,864</u>
 <b>Fund Balance</b>		
Restricted	<u>1,692,557</u>	<u>1,180,753</u>
Total fund balance	<u>1,692,557</u>	<u>1,180,753</u>
Total liabilities and fund balance	\$ <u><u>1,703,254</u></u>	\$ <u><u>1,190,617</u></u>

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

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

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Proposition A	\$ 1,636,811	\$ 1,575,466
Proposition A Discretionary Incentive Grant (Note 8)	35,690	-
Interest income	24,190	28,525
Unrealized gain (loss) on investments	<u>(1,848)</u>	<u>1,257</u>
Total revenues	<u>1,694,843</u>	<u>1,605,248</u>
<b>EXPENDITURES</b>		
Various projects	<u>1,183,039</u>	<u>1,275,612</u>
Total expenditures	<u>1,183,039</u>	<u>1,275,612</u>
Excess of revenues over expenditures	511,804	329,636
Fund balance at beginning of year	<u>1,180,753</u>	<u>851,117</u>
Fund balance at end of year	<u>\$ 1,692,557</u>	<u>\$ 1,180,753</u>

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



**CITY OF LAKEWOOD**  
**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)	
120	Long Beach Transit Subsidy	\$ 150,000	\$ 139,328	\$ 10,672	\$ 206,830
190	Geographical Information System	4,314 *	5,442	(1,128)	31,544
190	CATV Programming	25,000	6,014	18,986	7,109
410	Fund Exchange - City of West Hollywood (Note 9)	1,000,000	1,000,000	-	1,000,000
470	Transportation Planning - Gateway Cities	14,718	14,718	-	14,718
530	Public Information Campaign	13,495	14,058	(563)	10,561
610	Direct Administration	4,000	3,479	521	4,850
Total expenditures		\$ 1,211,527	\$ 1,183,039	\$ 28,488	\$ 1,275,612

\* See Compliance Matrix and Schedule of Findings and Recommendations - Finding No. 2021-002.

See accompanying independent auditor's report.

**CITY OF LAKEWOOD**  
**PROPOSITION A LOCAL RETURN FUND**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CAPITAL ASSETS**  
June 30, 2020

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
1/24/2014	Telephone System for DASH	\$ 7,374	\$ -	\$ -	\$ 7,374
3/21/2017	El Dorado Aerotech Class C Ford 350 #40	90,265	-	-	90,265
3/21/2017	El Dorado Aerotech Class C Ford 350 #41	90,265	-	-	90,265
2/15/2018	El Dorado Aerotech Class C Ford 350 #42	85,083	-	-	85,083
3/21/2018	El Dorado Aerotech Class C Ford 350 #43	85,083	-	-	85,083
1/4/2019	2019 Eldorado Dash Unit 70096	87,734	-	-	87,734
1/4/2019	2019 Eldorado Dash Unit 70097	87,734	-	-	87,734
Total		\$ 533,538	\$ -	\$ -	\$ 533,538

See accompanying independent auditor's report.

**CITY OF LAKEWOOD**  
**PROPOSITION C LOCAL RETURN FUND**  
**BALANCE SHEETS**  
June 30

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 3,801,454	\$ 2,965,292
Total assets	\$ 3,801,454	\$ 2,965,292
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 3,477	\$ 2,562
Accrued payroll and benefits	2	16,220
Total liabilities	3,479	18,782
 <b>Fund Balance</b>		
Restricted	3,797,975	2,946,510
Total fund balance	3,797,975	2,946,510
Total liabilities and fund balance	\$ 3,801,454	\$ 2,965,292

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

**CITY OF LAKEWOOD**  
**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>
<b>REVENUES</b>		
Proposition C	\$ 1,357,676	\$ 1,306,853
Interest income	45,262	56,589
Unrealized gain (loss) on investments	<u>(4,140)</u>	<u>3,189</u>
Total revenues	<u>1,398,798</u>	<u>1,366,631</u>
 <b>EXPENDITURES</b>		
Various projects	<u>547,333</u>	<u>690,155</u>
Total expenditures	<u>547,333</u>	<u>690,155</u>
 Excess of revenues over expenditures	 851,465	 676,476
 Fund balance at beginning of year	 <u>2,946,510</u>	 <u>2,270,034</u>
 Fund balance at end of year	 <u>\$ 3,797,975</u>	 <u>\$ 2,946,510</u>

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

**CITY OF LAKEWOOD**  
**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)	
106	DASH Operations	\$ 500,000	\$ 508,759	\$ (8,759)	\$ 519,208
260	Dash Vehicle Driver Protection Barriers	10,000	9,067	933	-
620	Direct Administration	52,211	29,507	22,704	21,242
140-04	Recreational Travel	-	-	-	1,020
170-103	Trash Receptacle Liners for Bus	-	-	-	3,389
440-84	Woodruff Avenue Pavement Rehabilitation	-	-	-	145,296
Total expenditures		\$ 562,211	\$ 547,333	\$ 14,878	\$ 690,155

See accompanying independent auditor's report.

**CITY OF LAKEWOOD**  
**PROPOSITION C 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
5/28/2014	Dodge Braun Entervan-Grand Caravan ADA Compliant, Fleet Unit #21	\$ 46,089	\$ -	\$ -	\$ 46,089
5/28/2014	Dodge Braun Entervan-Grand Caravan ADA Compliant, Fleet Unit #24	46,089	-	-	46,089
5/28/2014	Dodge Braun Entervan-Grand Caravan ADA Compliant, Fleet Unit #25	46,089	-	-	46,089
5/28/2014	Dodge Braun Entervan-Grand Caravan ADA Compliant, Fleet Unit #26	46,089	-	-	46,089
5/28/2014	Dodge Braun Entervan-Grand Caravan ADA Compliant, Fleet Unit #27	46,089	-	-	46,089
5/28/2014	Dodge Braun Entervan-Grand Caravan ADA Compliant, Fleet Unit #28	46,089	-	-	46,089
9/10/2020	Rotating-Side Barrier Kit for Dash Buses (Covid Prevention)	-	9,067	-	9,067
Total		\$ 276,534	\$ 9,067	\$ -	\$ 285,601

See accompanying independent auditor's report.

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

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 3,973,385	\$ 3,233,427
Total assets	\$ 3,973,385	\$ 3,233,427
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 10,525	\$ 43,597
Accrued payroll and employees benefits	-	275
Total liabilities	10,525	43,872
 <b>Fund Balance</b>		
Restricted	3,962,860	3,189,555
Total fund balance	3,962,860	3,189,555
Total liabilities and fund balance	\$ 3,973,385	\$ 3,233,427

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

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

	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>		
Measure R	\$ 1,019,668	\$ 978,737
Interest income	48,284	67,281
Unrealized gain (loss) on investments	<u>(4,335)</u>	<u>3,540</u>
Total revenues	<u>1,063,617</u>	<u>1,049,558</u>
<b>EXPENDITURES</b>		
Various projects	<u>290,312</u>	<u>947,793</u>
Total expenditures	<u>290,312</u>	<u>947,793</u>
Excess of revenues over expenditures	773,305	101,765
Fund balance at beginning of year	<u>3,189,555</u>	<u>3,087,790</u>
Fund balance at end of year	<u>\$ 3,962,860</u>	<u>\$ 3,189,555</u>

The accompanying notes are an integral part of the financial statements



**CITY OF LAKEWOOD**  
**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		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
304	Citywide Traffic Signal Maintenance Study 2019	\$ 100,000	\$ 1,765	\$ 98,235	\$ 81,458
630	Direct Administration	10,391	4,225	6,166	1,960
705	Hardscape Repair in Various Locations	230,000	246,368	(16,368)	221,000
705	Street Improvements in Various Locations	1,215,782	10,475	1,205,307	-
720	Improvement of On-street Drainage on Paramount Boulevard	15,000	14,060	940	599,755
780	Matching Funds for Caltrans Local Road Safety Plan Grant	8,000	3,600	4,400	2,062
780	RAISE Grant Program Consultant Fees	40,000	9,819	30,181	-
1.05	Del Amo Boulevard Joint Jurisdiction	-	-	-	41,558
	Total expenditures	\$ 1,619,173	\$ 290,312	\$ 1,328,861	\$ 947,793

See accompanying independent auditor's report.

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

	2021	2020
<b>ASSETS</b>		
Cash and investments	\$ 3,849,515	\$ 2,908,779
Total assets	\$ 3,849,515	\$ 2,908,779
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 35,066	\$ 91,525
Accrued payroll and employee benefits	2	18
Total liabilities	35,068	91,543
 <b>Fund Balance</b>		
Restricted	3,814,447	2,817,236
Total fund balance	3,814,447	2,817,236
Total liabilities and fund balance	\$ 3,849,515	\$ 2,908,779

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

**CITY OF LAKEWOOD**  
**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>
<b>REVENUES</b>		
Measure M	\$ 1,155,322	\$ 1,102,898
Interest income	46,093	52,563
Unrealized gain (loss) on investments	<u>(4,204)</u>	<u>3,191</u>
Total revenues	<u>1,197,211</u>	<u>1,158,652</u>
 <b>EXPENDITURES</b>		
Various projects	<u>200,000</u>	<u>156,588</u>
Total expenditures	<u>200,000</u>	<u>156,588</u>
 Excess of revenues over expenditures	 997,211	 1,002,064
 Fund balance at beginning of year	 <u>2,817,236</u>	 <u>1,815,172</u>
 Fund balance at end of year	 \$ <u><u>3,814,447</u></u>	 \$ <u><u>2,817,236</u></u>

The accompanying notes are an integral part of the financial statements

**CITY OF LAKEWOOD**  
**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)	
304	Traffic Control - Signs/Markings	\$ 80,000	\$ 80,000	\$ -	\$ 87,131
705	Street Repair and Maintenance	120,000	120,000	-	69,457
	Total expenditures	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>\$ -</u>	<u>\$ 156,588</u>

See accompanying independent auditor's report.

**CITY OF LAKEWOOD**  
**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 LAKEWOOD**  
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND  
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)  
BALANCE SHEETS  
June 30

	2021	2020
<b>ASSETS</b>		
Due from Metro	\$ 3,774	\$ 58,637
Total assets	\$ 3,774	\$ 58,637
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Due to General Fund	\$ 3,774	\$ 58,637
Total liabilities	3,774	58,637
 <b>Fund Balance</b>		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ 3,774	\$ 58,637

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

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

	2021	2020
<b>REVENUES</b>		
TDA 3	\$ 45,343	\$ 58,637
Interest income	-	-
Total revenues	45,343	58,637
<b>EXPENDITURES</b>		
Various projects	45,343	58,637
Total expenditures	45,343	58,637
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

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



**CITY OF LAKEWOOD**  
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>
<b>Local allocations</b>					
Repair of Residential Sidewalks and ADA Improvements	2020-21	\$ 45,343	\$ 45,343	\$ -	Complete
Total		<u>\$ 45,343</u>	<u>\$ 45,343</u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

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

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

*Fund Accounting*

The operations of the 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 present increases (revenues 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 LAKEWOOD**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020  
(Continued)

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

*Fair Value Measurement*

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 classification as of June 30, 2021:

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

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

**NOTE 2 – ANNUAL FINANCIAL STATEMENTS**

The financial statements reflect only the financial position and results of operations of the 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, 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 LAKEWOOD**  
NOTES TO FINANCIAL STATEMENTS  
For the Fiscal Years Ended June 30, 2021 and 2020  
(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 – TRANSPORTATION DEVELOPMENT ACT 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 balances to the total of the pooled cash and investments.

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

**NOTE 8 – PROPOSITION A DISCRETIONARY INCENTIVE GRANT - PALRF**

The City entered into various Memorandum of Understanding (MOU) agreements with Los Angeles County Metropolitan Transportation Authority (LACMTA) to receive Proposition A Discretionary Incentive Grants for participating in the Consolidated National Transit Database (NTD) Voluntary Reporting. The amounts received for the years ended June 30, 2021 and 2020 consisted of the following:

Agreement Date	Period	NTD Voluntary Reporting	MOU Amount	Amount Received	
				2021	2020
May 1, 2020	5/1/20 – 6/30/23	FY 2017-18	\$ 35,690	\$ 35,690	\$ -
			Total	\$ 35,690	\$ -

The Proposition A Discretionary Incentive Grants were recorded under PALRF.

**NOTE 9 – PROPOSITION A LOCAL RETURN FUND EXCHANGE**

In fiscal year 2021, the City entered into an agreement on March 23, 2021 with the City of West Hollywood to exchange \$1 of Proposition A local return funds for every \$.70 (or 70 cents) of General Fund. Accordingly, the City received \$700,000 of the City of West Hollywood’s General Funds on April 15, 2021 and assigned \$1,000,000 of its Proposition A Local Return Funds to the City of West Hollywood on the same date.

In fiscal year 2020, the City entered into an agreement on March 10, 2020 with the City of West Hollywood to exchange \$1 of Proposition A local return funds for every \$.70 (or 70 cents) of General Fund. Accordingly, the City received \$700,000 of the City of West Hollywood’s General Funds on April 21, 2020 and assigned \$1,000,000 of its Proposition A Local Return Funds to the City of West Hollywood on April 16, 2020.

**NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUNDS REVENUE ALLOCATION**

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

	2021	2020
FY 2019-20 allocation	\$ -	\$ 58,637
FY 2020-21 allocation	45,343	-
Total payment requested	\$ 45,343	\$ 58,637

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

**NOTE 11 – 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 no funds on reserve.

**NOTE 12 – 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 statements.

**NOTE 13 – SUBSEQUENT EVENTS**

The City has evaluated subsequent events through October 12, 2021, the date the accompanying 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  
BRAINARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

**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 Lakewood, 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 Lakewood, 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 October 12, 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, nor 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 audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Simpson &amp; Simpson". The signature is written in a cursive, flowing style.

Los Angeles, California  
October 12, 2021



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*COMPLIANCE SECTION*

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SIMPSON & SIMPSON  
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS  
BRAINARD C. SIMPSON, CPA  
MELBA W. SIMPSON, CPA

## Independent Auditor's Report on Compliance

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

### Report on Compliance

We have audited the compliance of the City of Lakewood, 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 an instance of noncompliance, which is required to be reported in accordance with the Guidelines and which is described in the accompanying Schedule of Finding and Recommendation as Finding No. 2021-001. Our opinion on each local return program and Transportation Development Act Article 3 program is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Finding and Recommendation. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **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 that reads "Simpson &amp; Simpson".

Los Angeles, California  
October 12, 2021

**CITY OF LAKEWOOD**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>						
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			None	
4.	Timely use of funds.	X			None	
5.	Administrative expenses are within the 20% cap.	X			None	
6.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.		X		None	See Finding No. 2021-001 in the Schedule of Finding and Recommendation.
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	
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	
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	

**CITY OF LAKEWOOD**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>A. Proposition A and Proposition C Local Return Funds</b>						
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	
14.	Recreational transit form was submitted on time.			X	None	
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.	X			None	
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 LAKEWOOD**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X			None	
2.	Separate Measure R Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.	X			None	
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were 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	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
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 LAKEWOOD**  
**COMPLIANCE MATRIX**  
Year Ended June 30, 2021  
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
<b>B. Measure R Local Return Fund</b>						
14.	Recreational transit form was submitted on time.			X	None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF LAKEWOOD**  
**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>C. Measure M Local Return Fund</b>						
1.	Funds were expended for transportation purposes.	X			None	
2.	Separate Measure M Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds.	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	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	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
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 LAKEWOOD**  
**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>C. Measure M Local Return Fund</b>						
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

**CITY OF LAKEWOOD**  
**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>D. Transportation Development Act Article 3 Fund</b>						
1.	Timely use of funds.	X			None	
2.	Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X			None	

**CITY OF LAKEWOOD**  
**SCHEDULE OF FINDING AND RECOMMENDATION**  
Year Ended June 30, 2021

**PALRF: Finding No. 2021-001**

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: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
Condition	The City exceeded more than 25 percent of Metro's approved budget on PALRF Project Code 190, Geographical Information System for City’s Bus Shelters, in the amount of \$50. However, the City submitted a request to increase the budget to Metro in the amount of \$5,442 and received subsequent approval on October 14, 2021.
Cause	The budget for the project was originally requested for \$17,111 and was later reduced to \$4,314 based on the estimated expenditures for the fiscal year 2020-21. However, the actual expenditures exceeded than what was anticipated.
Effect	The City’s PALRF project expenditure exceeded 25 percent of Metro’s approved budget prior to Metro’s approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the Metro’s approved budget and any projects exceeding the 25 percent or greater change are identified and update in the Local Return Managements System (LRMS) to obtain Metro’s approval for the change in project budget prior to the expenditures of funds.
Management’s Response	The City staff will strive to obtain better information on the expenditures in order to request for a more appropriate Metro budget that is at least closer to the actual project expenditures.
Corrected During the Audit	Metro Program Manager granted retroactive budget approval in the amount of \$5,442 for the said project on October 14, 2021. No follow-up is required.

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***EXIT CONFERENCE***

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**CITY OF LAKEWOOD**  
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  
EXIT CONFERENCE  
June 30, 2021

An exit conference was held on November 30, 2021 with the City of Lakewood. Those in attendance were:

***Simpson & Simpson Representative:***

John Longoria, Senior Auditor

***City's Representative:***

Claire Pierson, Senior Accountant

***Matters Discussed:***

Results of the audit disclosed no significant control deficiencies and one (1) 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:

Claire Pierson, Senior Accountant

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

RE: CITY OF LAKEWOOD 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 Lakewood and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

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Name

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Title

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Date