



MetroTM

**City of West Hollywood
Annual Financial Report of its**

**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**

**As of and for the Years Ended June 30, 2021 and 2020
with Independent Auditor's Report**

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FINANCIAL SECTION

Independent Auditor's Report

**To the Honorable Members of the City Council of the
City of West Hollywood, 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, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of West Hollywood, California (the City) which comprise the Funds' balance sheets as of June 30, 2021 and 2020, the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the financial statements.

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 audits 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 City'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 City'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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of West Hollywood, 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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund of the City of West Hollywood, California, and do not purport to, and do not present fairly the financial position of the City 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 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 basic financial statements.

The supplementary information identified in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the Funds' basic 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' basic financial statements or to the Funds' basic 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' basic 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 November 2, 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 black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
November 2, 2021**

**City of West Hollywood
Proposition A Local Return Fund
Balance Sheets**

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	-	\$ 605,525
Due from Metro		-	284,123
Receivables from other agencies (Note 8)		-	276,027
Accounts receivable		-	400
Interest receivable		-	1,186
Total assets	\$	-	\$ 1,167,261
LIABILITIES AND FUND BALANCE (DEFICIT)			
Liabilities			
Accounts payable	\$	209,997	\$ 414,918
Due to General Fund		109,531	-
Total liabilities		319,528	414,918
Fund balance (deficit)			
Restricted		(319,528)	752,343
Total fund balance (deficit)		(319,528)	752,343
Total liabilities and fund balance	\$	-	\$ 1,167,261

See notes to Funds financial statements.

City of West Hollywood
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Proposition A	\$ 737,603	\$ 695,585
Proposition A fund exchange (Note 9)	1,200,000	2,776,027
Investment income	1,280	15,278
Proposition A Discretionary Incentive Grants (Note 10)	90,254	291,793
Bus pass sales	-	14,832
Gain on sale of capital assets (Note 11)	-	1,340
Total revenues	2,029,137	3,794,855
Expenditures		
Expenditures funded by PALRF	2,869,740	3,820,265
Reimbursement to City of Beverly Hills (Note 10)	231,268	-
Total expenditures	3,101,008	3,820,265
Deficiency of revenues over expenditures	(1,071,871)	(25,410)
Fund balance at beginning of year	752,343	777,753
Fund balance (deficit) at end of year	\$ (319,528)	\$ 752,343

See notes to Funds financial statements.

City of West Hollywood
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
105	City Line Fixed Route	\$ 1,771,200	\$1,612,543	\$ 158,657	\$ 1,798,913
106	PickUp Line Shuttle	150,000	157,665	(7,665)	859,343
105	Vehicle Lease	-	-	-	14,746
106	Door to Door Paratransit	-	-	-	45,179
135	Taxi Coupon and Lift Van Subsidy Program	450,000	430,348	19,652	409,327
135	Bus Pass Subsidy	75,000	50,542	24,458	84,004
155	Recreation Trips	-	-	-	17,237
155	Preschool Age Trips	-	-	-	8,506
155	Senior Recreation Trips	-	-	-	18,076
190	COVID-19 Related Emergency Services	165,000	133,377	31,623	-
510	Transit Publications	12,000	6,954	5,046	30,387
610	Direct Administration of Prop A and C Projects	546,752	478,311	68,441	534,547
	Total expenditures	\$ 3,169,952	\$ 2,869,740	\$ 300,212	\$ 3,820,265

See Independent Auditor's Report.

City of West Hollywood
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2020

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Dec-08	5 Dial-A-Ride Buses	\$ 80,726	\$ -	\$ -	\$ 80,726
Mar-10	5 Shuttle Buses	288,342	-	-	288,342
Jun-17	5 Mini Buses	27,771 ^a	-	-	27,771
Jun-17	1 Dial-A-Ride Bus	14,000 ^b	-	-	14,000
Sep-18	5 Cityline Buses	273,758 ^c	-	-	273,758
	Total \$	<u>684,597</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 684,597</u>

^a PALRF partly funded the total cost of \$244,555.

^b PALRF partly funded the total cost of \$139,216.

^c PALRF partly funded the total cost of \$928,512.

See Independent Auditor's Report.

City of West Hollywood
Proposition C Local Return Fund
Balance Sheets

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	1,755,564	\$ 1,482,804
Interest receivable		1,144	2,901
Prepaid expenses		88,536	-
Total assets	\$	<u>1,845,244</u>	<u>\$ 1,485,705</u>
LIABILITY AND FUND BALANCE			
Liability			
Accounts payable	\$	-	\$ 5,624
Total liability		<u>-</u>	<u>5,624</u>
Fund balance			
Restricted		1,845,244	1,480,081
Total fund balance		<u>1,845,244</u>	<u>1,480,081</u>
Total liability and fund balance	\$	<u>1,845,244</u>	<u>\$ 1,485,705</u>

See notes to Funds financial statements.

City of West Hollywood
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Proposition C	\$ 611,816	\$ 576,989
Investment income	56	31,805
Other income	1,069	-
Total revenues	612,941	608,794
Expenditures		
Various projects	247,778	481,261
Total expenditures	247,778	481,261
Excess of revenues over expenditures	365,163	127,533
Fund balance at beginning of year	1,480,081	1,352,548
Fund balance at end of year	\$ 1,845,244	\$ 1,480,081

See notes to Funds financial statements.

City of West Hollywood
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
135	Employee Bus Passes	\$ 52,300	52,528	\$ (228)	\$ 47,091
180	Citywide Traffic and Mobility Study	76,000	795	75,205	36,170
215	Commuter Center	-	-	-	14,850
303	Travel Time Monitoring System	160,000	-	160,000	-
320	Transportation Planning for Congestion Management Process and Bikeway Projects Admin	-	-	-	108,936
620	Direct Administration of Prop A and C Projects	125,000	10,665	114,335	531
705	Street Paving	161,143	183,790	(22,647)	273,683
	Total expenditures	\$ 574,443	\$ 247,778	\$ 326,665	\$ 481,261

See Independent Auditor's Report.

**City of West Hollywood
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2021**

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
Jun-21	Infrastructure - Street - Residential Street Paving Project - CIP1806*	\$ 273,683 ^a	\$ -	\$ -	\$ 273,683
	Total	\$ 273,683	\$ -	\$ -	\$ 273,683

* The City conducted a physical inventory count of the City's capital assets during FY 2021. Acquisition of these assets were funded by the Local Return (LR) Funds; however, these were not included in the LR Fund's Schedule of Capital Assets reported in prior years.

^a PCLRF partly funded the total cost of \$1,040,621.

See Independent Auditor's Report.

City of West Hollywood
Measure R Local Return Fund
Balance Sheets

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	796,781	\$ 666,215
Interest receivable		498	1,305
Total assets	\$	<u>797,279</u>	<u>\$ 667,520</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	51,243	\$ 8,361
Retention deposits		3,163	-
Total liabilities		<u>54,406</u>	<u>8,361</u>
Fund balance			
Restricted		<u>742,873</u>	<u>659,159</u>
Total fund balance		<u>742,873</u>	<u>659,159</u>
Total liabilities and fund balance	\$	<u>797,279</u>	<u>\$ 667,520</u>

See notes to Funds financial statements.

City of West Hollywood
Measure R Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Measure R	\$ 459,498	\$ 432,123
Investment income	1,543	11,454
Total revenues	461,041	443,577
Expenditures		
Various projects	377,327	250,501
Total expenditures	377,327	250,501
Excess of revenues over expenditures	83,714	193,076
Fund balance at beginning of year	659,159	466,083
Fund balance at end of year	\$ 742,873	\$ 659,159

See notes to Funds financial statements.

City of West Hollywood
Measure R Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
705	Street Repair and Maintenance - Storm Drain	\$ 36,500	\$ 350,790	\$ (314,290)	\$ 18,778
705	Street Repair and Maintenance - Street and Alley Maintenance	422,966	4,949	418,017	135,054
825	Bike Sharing	-	-	-	75,698
890	TDA Pedestrian and Bike Improvements	22,344	21,588	756	20,971
	Total expenditures	\$ 481,810	\$ 377,327	\$ 104,483	\$ 250,501

See Independent Auditor's Report.

City of West Hollywood
Measure R Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2021

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

**City of West Hollywood
Measure M Local Return Fund
Balance Sheets**

		June 30	
		2021	2020
ASSETS			
Cash and investments	\$	744,441	\$ 562,512
Interest receivable		470	1,380
Total assets	\$	<u>744,911</u>	<u>\$ 563,892</u>
LIABILITY AND FUND BALANCE			
Liability			
Accounts payable	\$	81,870	\$ 44,391
Total liability		<u>81,870</u>	<u>44,391</u>
Fund balance			
Restricted		<u>663,041</u>	519,501
Total fund balance		<u>663,041</u>	<u>519,501</u>
Total liability and fund balance	\$	<u>744,911</u>	<u>\$ 563,892</u>

See notes to Funds financial statements.

City of West Hollywood
Measure M Local Return Fund

Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Measure M	\$ 520,628	\$ 486,408
Investment income	412	14,060
Total revenues	521,040	500,468
Expenditures		
Various projects	377,500	535,998
Total expenditures	377,500	535,998
Excess (deficiency) of revenues over expenditures	143,540	(35,530)
Fund balance at beginning of year	519,501	555,031
Fund balance at end of year	\$ 663,041	\$ 519,501

See notes to Funds financial statements.

City of West Hollywood
Measure M Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and Metro Approved Project Budget
Year ended June 30, 2021
(With Comparative Actuals for 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Positive (Negative)	
280	Early Project Delivery Strategy (Funding Studies) - Northern Extension Crenshaw	\$ 40,000	\$ 156,900	\$ (116,900)	\$ 281,596
280	Light Rail Integration Planning and Technical Studies - Northern Extension Crenshaw	207,725	152,923	54,802	20,760
470	Outreach/Advocacy - Northern Extension of Crenshaw/LAX Line	70,000	10,800	59,200	24,801
180	Transportation Policy and Strategy - Northern Extension of Crenshaw/LAX Line	170,000	56,877	113,123	208,841
	Total expenditures	\$ 487,725	\$ 377,500	\$ 110,225	\$ 535,998

See Independent Auditor's Report.

City of West Hollywood
Measure M Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended June 30, 2021

<u>Date Acquired</u>	<u>Description</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2021</u>
N/A	None	\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Independent Auditor's Report.

City of West Hollywood
 Transportation Development Act Article 3 Fund
 Pursuant to Public Utilities Code Section 99234
 Balance Sheets

		June 30	
		2021	2020
ASSETS			
Due from Metro		\$ 3,572	\$ -
	Total assets	\$ 3,572	\$ -
LIABILITIES AND FUND BALANCE			
Liabilities			
Due to Other Fund		\$ 3,572	\$ -
	Total liabilities	3,572	-
Fund balance			
Restricted		-	-
	Total fund balance	-	-
	Total liabilities and fund balance	\$ 3,572	\$ -

See notes to Funds financial statements

City of West Hollywood
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended June 30	
	2021	2020
Revenues		
Intergovernmental Allocations:		
Article 3	\$ 3,572	\$ 56,320
Total revenues	3,572	56,320
Expenditures		
Construction/Maintenance	3,572	56,320
Total expenditures	3,572	56,320
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	\$ -	\$ -

See notes to Funds financial statements

City of West Hollywood
Transportation Development Act Article 3 Fund
Pursuant to Public Utilities Code Section 99234
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Year ended June 30, 2021

Project Description	Program Year	Totals to Date		Unexpended Allocations	Project Status
		Allocations	Expenditures		
Local Allocations:					
Pedestrian and Bike Improvements	2021	\$ 3,572	\$ 3,572	\$ -	Completed
	Totals	<u>\$ 3,572</u>	<u>\$ 3,572</u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				<u>\$ -</u>	

See Independent Auditor's Report.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF), the Proposition C Local Return Fund (PCLRF), the Measure R Local Return Fund (MRLRF), the Measure M Local Return Fund (MMLRF) and the 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 the county-wide ½ cent Measure R 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 the county-wide ½ cent Measure M 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

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F are reported as Special Revenue Funds of the City and are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become "susceptible to accrual", that is, measurable and available to finance expenditures of the current period. Expenditures are recorded when the liability is incurred.

Special Revenue Funds are reported on a 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. Statements of revenues, expenditures and changes in fund balances 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 based on budgets approved by Metro and are presented in accordance with accounting principles generally accepted in the United States of America.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, 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 investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's Annual Comprehensive Financial Report (ACFR) for detailed disclosures regarding the City's investments policy and fair value measurement disclosures.

Fund Balance Reporting

Governmental Accounting Standards Board (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 the resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF and TDAA3F report the following fund balance classification as of June 30, 2021 and 2020:

- Restricted - Amounts that are constrained for specific purposes, which are externally imposed by providers, such as creditors, or amounts constrained due to constitutional provisions or enabling legislation. The use of the Funds' remaining fund balances are restricted for projects approved by Metro.

Information regarding the fund balance reporting policy adopted by the City is described in the City's ACFR.

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 do not purport to, and do not, present fairly the City's financial position 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.

NOTE 3 PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

The Proposition A Ordinance requires that Local Return (LR) funds be used exclusively to benefit public transit. Expenditures related to fixed route and paratransit services, Transportation Demand Management, Transportation Systems Management and fare subsidy programs that exclusively benefit transit are all eligible uses of Proposition A LR funds. Proposition A LR funds may also be traded with other Jurisdictions in exchange for general or other funds.

The Proposition C Ordinance directs that LR funds also be used to benefit public transit, as described above, but provides an expanded list of eligible project expenditures including Congestion Management Programs, bikeways and bike lanes, street improvements supporting public transit service, and Pavement Management System projects. Proposition C LR funds cannot be traded.

Proposition A and Proposition C LR funds must be expended within three years of the last day of the fiscal year in which funds were originally allocated.

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

The Measure R Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure R LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

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

Measure M was approved by the voters of Los Angeles County on November 8, 2016 to improve transportation and ease traffic congestion consistent with the Los Angeles County Traffic Improvement Plan Ordinance approved by the Metro Board of Directors on June 23, 2016. The Measure M Ordinance specifies that LR funds be used exclusively for transportation purposes.

Measure M LR funds must be expended within five years of the first day of the fiscal year in which funds were originally allocated or received.

NOTE 5 MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS (CONTINUED)

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

Please refer to the City's ACFR for a full description of risks relating to cash and investments.

NOTE 8 RECEIVABLES FROM OTHER AGENCIES – PALRF

Receivables from other agencies as of June 30, 2021 and 2020 consisted of the following:

	2021	2020
City of Maywood – Fund exchange	\$ -	\$ 276,027
	\$ -	\$ 276,027

NOTE 9 PROPOSITION A FUND EXCHANGE

As permitted by the Local Return Guidelines and as approved by Metro, the City entered into agreements with various cities to exchange the City's general fund monies with other cities' uncommitted Proposition A monies. The amounts received were recorded under PALRF.

Those exchanges are listed below:

- In March 2021, the City entered into an agreement with the City of Lakewood to exchange general fund monies amounting to \$700,000 for \$1,000,000 or \$0.70 general fund per \$1 of PALRF monies.

NOTE 9 PROPOSITION A FUND EXCHANGE (CONTINUED)

- In March 2021, the City entered into an agreement with the City of Walnut to exchange general fund monies amounting to \$140,000 for \$200,000 or \$0.70 general fund per \$1 of PALRF monies.
- In June 2020, the City entered into an agreement with the City of Maywood to exchange general fund monies amounting to \$195,979 for \$276,027 or \$0.71 general fund per \$1 of PALRF monies.
- In March 2020, the City entered into an agreement with the City of Walnut to exchange general fund monies amounting to \$350,000 for \$500,000 or \$0.70 general fund per \$1 of PALRF monies.
- In March 2020, the City entered into an agreement with the City of Lakewood to exchange general fund monies amounting to \$700,000 for \$1,000,000 or \$0.70 general fund per \$1 of PALRF monies.
- In July 2019, the City entered into an agreement with the City of Hermosa Beach to exchange general fund monies amounting to \$700,000 for \$1,000,000 or \$0.70 general fund per \$1 of PALRF monies.

NOTE 10 PROPOSITION A DISCRETIONARY INCENTIVE GRANTS

Proposition A Discretionary Incentive Grants represent additional funds received from Metro for providing transportation services and participating in the Voluntary NTD Program.

Grants received for the years ended June 30, 2021 and 2020 were recorded under PALRF where the corresponding project expenditures were recorded.

	2021	2020
Sub-regional paratransit services –		
Dial-A-Ride*	\$ -	\$ 253,524
Voluntary NTD Program	90,254	38,269
	\$ 90,254	\$ 291,793

* On March 17, 2005, the City entered into a Memorandum of Understanding (MOU) with the City of Beverly Hills (Joint Agency) to operate coordinated specialized fixed route and dial-a-ride transportation services to eligible recipients of the program. The City received all incentive funds from Metro and reimburse the City of Beverly Hills for services it provided to the dial-a-ride program.

For fiscal years ended June 30, 2021 and 2020, the City made a payment of \$231,268 and \$0, respectively to the City of Beverly Hills.

NOTE 11 GAIN ON SALE OF CAPITAL ASSETS

For the year ended June 30, 2020, the City recognized gain on sale of shuttle buses purchased using Proposition A Local Return Fund. The gain of \$1,340 was recorded under PALRF.

NOTE 12 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

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

	2021	2020
FY 2015/16 allocation	\$ -	\$ 12,275
FY 2016/17 allocation	-	23,746
FY 2017/18 allocation	3,105	20,299
FY 2018/19 allocation	467	-
Total revenue	\$ 3,572	\$ 56,320

NOTE 13 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUNDS RESERVED

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

	2021	2020
FY 2017/18 allocation	\$ -	\$ 3,105
FY 2018/19 allocation	23,866	24,333
FY 2019/20 allocation	25,897	25,897
FY 2020/21 allocation	20,444	-
Total reserve	\$ 70,207	\$ 53,335

For FY 2020/21, any TDA Article 3 funds left on reserve for FY 2016/17 or prior, are subject to lapse if not claimed by the City by June 30, 2021. There were no funds that lapsed in FY 2020/21.

NOTE 14 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 15 SUBSEQUENT EVENTS

The City has evaluated events subsequent to June 30, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 2, 2021, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

**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 West Hollywood, California and the
Los Angeles County Metropolitan Transportation 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 Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of West Hollywood, 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 November 2, 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 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 Funds' financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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



Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Vasquez & Company LLP". The signature is written in a cursive, flowing style.

**Glendale, California
November 2, 2021**

COMPLIANCE SECTION

Independent Auditor's Report on Compliance

**To the Honorable Members of the City Council of the
City of West Hollywood, California and the
Los Angeles County Metropolitan Transportation Authority**

Report on Compliance

We have audited the City of West Hollywood, California's (the City) compliance 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 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 with the Guidelines based on our audit. We conducted our audit of compliance in accordance with the 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. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the 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

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



Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements 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 a combination of deficiencies, in internal control over compliance with the requirements, such that there is a reasonable possibility that material noncompliance 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 requirements 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 might 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 black ink that reads "Vasquez & Company LLP".

Glendale, California
November 2, 2021

**City of West Hollywood
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
1. Uses the State Controller's Uniform System of Accounts and Records or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X				
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				
3. Funds were expended with Metro's approval and were not substituted for property tax.	X				
4. Timely use of funds.	X				
5. Administrative expenses are within the 20% cap.	X				
6. Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.			X		
7. Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X				
8. Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X				
9. Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X				
10. Local Return Account is credited for reimbursable expenditures.			X		
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				

See independent auditor's report on compliance.

**City of West Hollywood
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds					
12. Self-Certification was completed and submitted for Intelligent Transportation Systems projects and elements.			X		
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		
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.	X				
16. Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X				
17. All on-going and carryover projects were reported on Form B or electronic equivalent.	X				
18. Cash or cash equivalents are maintained.	X				
19. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

**City of West Hollywood
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	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				
2. Separate Measure R Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.			X		There were no administrative expenses charged to MRLRF during FY 2020/21.
8. Expenditure Plan (Form One or electronic equivalent) was submitted timely.	X				
9. Annual Expenditure Report (Form Two or electronic equivalent) was submitted timely.	X				
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		
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		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

See independent auditor's report on compliance.

**City of West Hollywood
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
B. Measure R Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

**City of West Hollywood
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	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				
2. Separate Measure M Local Return Account was established.	X				
3. Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X				
4. Funds were expended with Metro's approval.	X				
5. Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X				
6. Timely use of funds.	X				
7. Administrative expenses are within the 20% cap.			X		There were no administrative expenses charged to MMLRF during FY 2020/21.
8. Expenditure Plan (Form M-One or electronic equivalent) was submitted timely.	X				
9. Expenditure Report (Form M-Two or electronic equivalent) was submitted timely.	X				
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		
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		
12. A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X		
13. Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X				

See independent auditor's report on compliance.

**City of West Hollywood
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
C. Measure M Local Return Fund					
14. Recreational transit form was submitted on time.			X		
15. Fund exchanges (trades, loans, or gifts) were approved by Metro.			X		
16. Accounting procedures, record keeping, and documentation are adequate.	X				

See independent auditor's report on compliance.

**City of West Hollywood
Compliance Matrix
Year ended June 30, 2021**

Compliance Requirements	In Compliance			Questioned Costs	If no, provide details and management response.
	Yes	No	N/A		
D. Transportation Development Act Article 3 Fund					
1. Timely use of funds.	X				
2. Expenditures were incurred for activities relating to pedestrian and bicycle facilities and amenities.	X				

See Independent Auditor's Report on compliance.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**City of West Hollywood
Schedule of Findings and Questioned Costs
Year ended June 30, 2021**

There were no findings noted.

EXIT CONFERENCE

An exit conference was held on October 13, 2021 with the City of West Hollywood representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Marialyn Salvador – Audit Senior Manager
Erica Ong – Senior Auditor

City of West Hollywood representatives:
Lorena Quijano – Director of Finance and Technology Services
Annie Ruiz – Revenue Manager

Matters discussed:

Results of the audit disclosed no significant compliance or financial statement issues.

A copy of this report was forwarded to the following City of West Hollywood representatives for comments prior to the issuance of the final report:

Lorena Quijano – Director of Finance and Technology Services
Carlos Corrales – Accounting Manager
Annie Ruiz – Revenue Manager
Claudia Duncan – Senior Financial Management Analyst
Karen Bareng – Senior Accountant



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