

***CITY OF LONG BEACH
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND***

***FOR THE FISCAL YEARS ENDED
SEPTEMBER 30, 2016 AND 2015***



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF LONG BEACH
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FINANCIAL SECTION



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Independent Auditor's Report

To the Honorable Members of the City Council of the
City of Long Beach, 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), and Transportation Development Act Article 3 Fund (TDAA3F) of the City of Long Beach, California (City) as of and for the year ended September 30, 2016, 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 audit. We conducted our audit 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, and TDAA3F of the City of Long Beach, California, as of September 30, 2016, and the respective changes in their financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of the PALRF, PCLRF, and TDAA3F as of and for the year ended September 30, 2015, were audited by other auditors, whose report, dated March 8, 2016, expressed an unmodified opinion on those statements.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, and TDAA3F and do not purport to, and do not, present fairly the financial position of the City of Long Beach, California, as of September 30, 2016 and 2015, and the changes in financial position thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Long Beach, California's PALRF, PCLRF and TDAA3F Fund financial statements as a whole. 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 financial statements.

The supplementary 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 financial statements or to the 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 the financial statements as a whole.



Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated January 20, 2017, on our consideration of the City of Long Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and in considering the City's internal control over financial reporting and compliance.

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

Los Angeles, California
January 20, 2017

CITY OF LONG BEACH

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

SEPTEMBER 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ <u>11,723,976</u>	\$ <u>9,854,986</u>
Total assets	\$ <u><u>11,723,976</u></u>	\$ <u><u>9,854,986</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 383,855	\$ 1,514,327
Accrued salaries and wages payable	-	58
Due to other funds	<u>-</u>	<u>5,014</u>
Total liabilities	<u>383,855</u>	<u>1,519,399</u>
 Fund Balance		
Restricted	<u>11,340,121</u>	<u>8,335,587</u>
Total fund balance	<u>11,340,121</u>	<u>8,335,587</u>
Total liabilities and fund balance	\$ <u><u>11,723,976</u></u>	\$ <u><u>9,854,986</u></u>

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

CITY OF LONG BEACH

PROPOSITION A LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended September 30

	<u>2016</u>	<u>2015</u>
REVENUES		
Proposition A	\$ 8,483,821	\$ 8,343,006
Interest income	67,891	32,294
Unrealized gain on investments	22,515	26,658
Project generated revenue (Note 6)	6,563	29,259
Other revenue	<u>54</u>	<u>-</u>
Total revenues	<u>8,580,844</u>	<u>8,431,217</u>
EXPENDITURES		
Various projects	<u>5,576,310</u>	<u>6,228,097</u>
Total expenditures	<u>5,576,310</u>	<u>6,228,097</u>
Excess of revenues over expenditures	3,004,534	2,203,120
Fund balance at beginning of year	<u>8,335,587</u>	<u>6,132,467</u>
Fund balance at end of year	<u>\$ 11,340,121</u>	<u>\$ 8,335,587</u>

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

CITY OF LONG BEACH

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
110-02	Operation and Maintenance of Downtown Busways Promenade and Boardwalk	\$ 875,000	\$ 75,000	\$ 800,000	\$ 125,000
110-03	Apportionment to Long Beach Transit	5,500,000	4,065,601	1,434,399	4,755,000
140-07	Recreational Transit - Handi-Van	121,000	49,277	71,723	51,712
140-30	Youth and Senior Recreational Transit	135,000	65,972	69,028	109,322
150-20	Bus Improvements at 8 Locations on Long Beach Boulevard, Atlantic Avenue and the Corner of 5th and Magnolia Street	1,000	577	423	53,812
150-21	Bus Stop Improvments on 1665 Hughes Way and PCH and Termino	100,000	-	100,000	-
150-36	Bus Stop Improvement Program	268,034	-	268,034	
150-41	Schoreder Hall Bus Stop Improvement	275,000	269,777	5,223	9,769
150-98	East Bound Bus Stop on Anaheim Between Long Beach Boulevard and Elm Street	60,000	-	60,000	-
150-99	Long Beach Boulevard and 5th Street Bus Stop	7,000	6,605	395	109,882
150-100	7th Street Bus Stop Improvements	181,000	180,942	58	45,462
150-101	Bus Stop Improvement at Pacific and 3rd Avenues	250,000	4,881	245,119	-
160-01	Construct Runabout Stop Along Shoreline Village Drive	-	-	-	497,283
160-02	Bus Stop Improvements on Studebaker Road Between Spring Street and Wardlow Road	112,000	111,189	811	-
160-03	Bus Stop Improvements on Pacific between PCH and Warlow Road	93,000	92,987	13	-
	Sub-total	<u>7,978,034</u>	<u>4,922,808</u>	<u>3,055,226</u>	<u>5,757,242</u>

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
160-05	Bus Stop Improvements at Hughes Way and Via Oro	\$ -	\$ -	\$ -	\$ 58,535
160-06	Bus Stop Improvements on Easy Avenue Between 27th Street and Spring Street	13,000	12,738	262	-
160-09	Bus Stop Improvements on 10th Street Between Cherry Avenue and Temple Avenue	94,000	93,506	494	-
160-11	East Police Department Bus Stop	275,000	-	275,000	-
160-12	Bus Stop Improvements at PCH and MLK Jr. Avenue	136,000	-	136,000	-
270-11	I-710 Corridor Study	300,000	-	300,000	-
270-26	Streetcar Feasibility Study	100,000	-	100,000	-
290-112	Park and Ride Lot at Cherry and 4th Street	100,000	8,469	91,531	27,427
300-01	Laurence Jackson Transit Center CNG Facility Modification	6,700,000	-	6,700,000	-
310-01	Long Beach Transit Center Electrical Service Panel Relocation - Pine and 1st	10,000	7,572	2,428	-
320-01	Long Beach Blue Line Priority Project	121,000	120,199	801	2,843
350-95	East Anaheim Street and Redondo Avenue Transit Improvements	550,000	15,942	534,058	-
350-96	Willow Street Pedestrian Bus Stop Improvements	550,000	9,860	540,140	-
390-05	Landscape Maintenance Blue Line	439,000	170,591	268,409	41,008
400-17	Maintain Metro Blue Line Facilities in Long Beach	6,690	-	6,690	-
410-01	Belmont Shore Employee Bus Pass Program	180,000	112,002	67,998	138,631
480-13	Direct Administration	1,000,000	77,623	922,377	177,411
	Sub-total	10,574,690	628,502	9,946,188	445,855

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016			2015 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
480-98	Government Affairs Support	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
500-06	Metro Blue Line Ride Sharing Pool Contribution	50,000	-	50,000	-
500-07	Long Beach Transit Mall Lighting	5,000	-	5,000	-
	Total expenditures	<u>\$ 18,632,724</u>	<u>\$ 5,576,310</u>	<u>\$ 13,056,414</u>	<u>\$ 6,228,097</u>

See accompanying independent auditor's report.

CITY OF LONG BEACH

PROPOSITION A LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

September 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 10/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2016</u>
	None	\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report

CITY OF LONG BEACH

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

SEPTEMBER 30

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash and investments	\$ 13,493,978	\$ 10,568,060
Accounts receivable	-	27,771
Prepaid expenses	<u>31,700</u>	<u>64,699</u>
Total assets	<u>\$ 13,525,678</u>	<u>\$ 10,660,530</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 776,427	\$ 632,225
Due to other funds	<u>-</u>	<u>140,033</u>
Total liabilities	<u>776,427</u>	<u>772,258</u>
 Fund Balance		
Restricted	<u>12,749,251</u>	<u>9,888,272</u>
Total fund balance	<u>12,749,251</u>	<u>9,888,272</u>
 Total liabilities and fund balance	<u>\$ 13,525,678</u>	<u>\$ 10,660,530</u>

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

CITY OF LONG BEACH

PROPOSITION C LOCAL RETURN FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended September 30

	<u>2016</u>	<u>2015</u>
REVENUES		
Proposition C	\$ 7,051,281	\$ 6,932,011
Interest income	82,989	32,322
Other revenue	3,785	-
Unrealized gain on investments	<u>29,044</u>	<u>32,062</u>
Total revenues	<u>7,167,099</u>	<u>6,996,395</u>
EXPENDITURES		
Various projects	<u>4,306,120</u>	<u>5,689,580</u>
Total expenditures	<u>4,306,120</u>	<u>5,689,580</u>
Excess of revenues over expenditures	2,860,979	1,306,815
Fund balance at beginning of year	<u>9,888,272</u>	<u>8,581,457</u>
Fund balance at end of year	\$ <u><u>12,749,251</u></u>	\$ <u><u>9,888,272</u></u>

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

CITY OF LONG BEACH

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016

(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
210-67	Funding for Strategic Transportation Planning and Implementation	\$ 87,000	\$ -	\$ 87,000	\$ -
210-68	Pacific Avenue Improvement Between Broadway and 1st	20,000	-	20,000	-
270-02	Mobility Element	500,000	-	500,000	-
270-63	City Portion - Gateway Cities COG/MTA Employee	25,000	11,909	13,091	15,894
270-90	I-710 Long Beach Community Livability Plan (Amended)	50,000	-	50,000	-
270-91	I-170 Corridor Project Draft EIR/EIS Review	150,000	39,630	110,370	19,892
270-134	Planning for Transportation Projects	100,000	-	100,000	112,992
300-13	Steam Cleaning of First Street Sidewalks	9,000	-	9,000	-
350-94	Metro Blue Line Fence on Long Beach Boulevard	500,000	-	500,000	-
360-61	Downtown Bike Station Operations at Promenade and First Street	50,000	25,414	24,586	29,379
400-55	Signal Synchronization Operations	400,000	3,495	396,505	2,646
400-89	Ocean Boulevard Signal Synchronization Project	1,000,000	173,789	826,211	638,798
410-02	Parking and Wayfinding Signage	250,000	1,618	248,382	438
420-09	CMP Compliance	25,000	21,091	3,909	28,135
430-82	Downtown Regional Bikeway Connector	298,000	-	298,000	-
430-93	Atresia Street Traffic Signal Synchronization	500,000	-	500,000	-
430-96	Pacific Avenue Between Willow and Spring Street	27,000	-	27,000	-
430-99	3rd and Broadway Cycle Tracks	300,000	135,828	164,172	28,945
	Sub-total	<u>4,291,000</u>	<u>412,774</u>	<u>3,878,226</u>	<u>877,119</u>

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
430-116	Metro Blue Line Bike and Pedestrian Access Plan	\$ 30,000	\$ -	\$ 30,000	\$ -
430-119	Bike Boulevards	500,000	-	500,000	-
430-121	Broadway Between Termino and Ximeno	700,000	-	700,000	(1,030)
430-122	Willow Street Pedestrian Improvements	918,000	146,232	771,768	30,373
430-123	Long Beach Boulevard Pedestrian Improvements	970,824	68,546	902,278	9,280
430-135	Bike Gap Closures and Access to the LA River	400,000	11,516	388,484	1,504
430-140	Artesia Boulevard Improvements (Atlantic Avenue to Orange Avenue)	200,000	183,892	16,108	-
440-08	East/West Corridor Bus Speed Improvements - Phase III	2,392,000	-	2,392,000	-
440-12	Street Rehabilitation	6,820,000	-	6,820,000	-
440-64	Westminister Avenue Rehabilitation Between Hayes Steam Plant Channel Bridge and East City Limits	280,000	-	280,000	-
440-67	Rehabilitation of Streets By Transit	14,970,060	-	14,970,060	5
440-68	Rehabilitation of Streets Used by Transit	10,656,000	-	10,656,000	4,194
440-81	Willow Street Rehabilitation from Santa Fe to the Los Angeles River	350,000	-	350,000	-
440-83	Rehabilitation of Willow Street East	400,000	-	400,000	-
440-85	Rehabilitation of 7th Street, Marwick Avenue and 23rd Street	3,687,080	-	3,687,080	-
440-92	Rehabilitation of Lakewood Boulevard Between Outer Traffic Circle and Willow Street	3,115,000	-	3,115,000	-
440-100	Atlantic Place Atlantic Avenue to 72nd Street	1,028,975	-	1,028,975	-
	Sub-total	<u>47,417,939</u>	<u>410,186</u>	<u>47,007,753</u>	<u>44,326</u>

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016			2015 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
440-101	Willow Street, Redondo Avenue to Grand Avenue	\$ 1,200,000	\$ -	\$ 1,200,000	\$ -
440-104	Long Beach Boulevard Hill Street to Willow Street	1,078,000	-	1,078,000	-
440-105	Pacific Avenue, Ocean Boulevard to 7th Street	946,000	-	946,000	-
440-107	Los Coyotes Diagonal, Outer Traffic Circle to Stearns Street	1,206,000	-	1,206,000	-
440-108	Livingston Drive, Ocean Boulevard to 2nd Street	2,680,000	-	2,680,000	-
440-111	Harbor Avenue, PCH to 20th Street	496,000	-	496,000	-
440-114	2nd Street, Livingston to Bayshore Avenue	100,000	-	100,000	-
440-115	1st Street, Between Long Beach Boulevard and Alamitos	750,000	-	750,000	-
440-117	Spring Street, Clark Avenue to East City Limit	300,000	-	300,000	-
440-120	Atlantic Avenue Between Bixby Road and South Street	1,500,000	-	1,500,000	-
440-124	Atherton Street Improvements	620,000	-	620,000	-
440-125	Wardlow Road Between Orange and Cherry Avenue	2,190,000	-	2,190,000	-
440-126	Pacific Avenue Between Willow and Spring Street	1,600,000	-	1,600,000	-
440-127	Atlantic Avenue Between 33rd Street and Bixby Road	1,400,000	-	1,400,000	-
440-129	Pacific Avenue Between 7th and Anaheim Street	1,500,000	-	1,500,000	-
440-130	Carson Street Between Altanic and Orange Avenue	1,400,000	-	1,400,000	-
440-131	Atherton Street Between Bellflower and Palo Verde Avenue	1,900,000	-	1,900,000	-
Sub-total		20,866,000	-	20,866,000	-

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016			2015 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
440-132	Atherton Street Between Outer Traffic Circle and Bellflower Boulevard	\$ 280,899	\$ -	\$ 280,899	\$ -
440-133	Woodruff Avenue from Willow Street to Spring Street	1,200,000	-	1,200,000	-
440-134	Redondo Avenue from 2nd Street to Anaheim	2,800,000	-	2,800,000	111,714
440-135	Alamitos Avenue from 7th Street to Orange Avenue	1,700,000	54,565	1,645,435	44,869
440-136	Woodruff Avenue from Conant Street to Carson Street	1,300,000	-	1,300,000	-
440-138	Pacific Avenue from Anaheim Street to Pacific Coast Highway	800,000	186,455	613,545	477,868
440-139	Cherry Avenue from Artesia Boulevard to North City Limits	75,000	-	75,000	-
440-140	Artesia Boulevard from West City Limits to Butler Avenue	1,200,000	17,527	1,182,473	921,539
440-141	Santa Fe Avenue from Spring Street to Wardlow Road	160,000	579	159,421	1,737
440-142	Magnolia Avenue from Pacific Coast Highway to Spring Street	100,000	-	100,000	4,822
440-143	Stearns Street from Bellflower Boulevard to Palos Verde Avenue	1,300,000	-	1,300,000	-
440-144	Carson Street at East City Limits	52,000	-	52,000	-
440-200	10th Street from Redondo to Ximeno	2,043,292	-	2,043,292	-
440-201	Cherry Avenue Between Ocean Boulevard and Pacific Coast Highway	3,000,000	96,578	2,903,422	2,130,063
440-202	Alamitos Park Street Improvements	200,000	655	199,345	8,443
440-203	Orange Avenue Between Wardlow Road and Bixby Road	890,000	-	890,000	(15,233)
440-204	7th Street from Martin Luther King Jr. Boulevard to Atlantic Avenue	250,000	-	250,000	-
	Sub-total	17,351,191	356,359	16,994,832	3,685,822

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
440-205	Redondo Avenue from Willow Street to Spring Street	\$ 100,000	\$ -	\$ 100,000	\$ 3,187
440-206	Atlantic Avenue from Hill Street to Willow Street	125,000	2,040	122,960	-
440-207	Atlantic Avenue from 59th Street to Atlantic Place	2,200,000	2,175	2,197,825	326,822
440-300	Studebaker Road from Spring Street to Wardlow Road	694,000	693,560	440	69,310
440-301	Pacific Avenue from PCH to Willow Street	1,149,000	1,148,489	511	91,809
440-302	Easy Avenue from 27th Street to Spring Street	543,000	542,353	647	78,879
440-303	Orange Avenue from 52nd Street to 64th Street	49,000	48,366	634	93,067
440-304	Del Amo Boulevard Between West City Limits and Long Beach Boulevard	20,000	19,774	226	3,050
440-305	Orange Avenue Between Artesia Boulevard and 72nd Street	65,000	64,050	950	2,749
440-306	Redondo Avenue Between Reservoir Drive and Stearns Street	59,000	58,269	731	2,876
440-307	Studebaker Road Between Keynote Street and Los Coyotes Diagonal	16,000	15,582	418	460
440-308	Ximeno Avenue Between Atherton Street and Los Coyotes Diagonal	25,000	24,952	48	469
440-309	Anaheim Street Between Oregon Avenue and Pacific Avenue	92,000	91,011	989	28,894
450-60	Metro Blue Line Three-Car Train Mitigation	816,000	-	816,000	-
460-84	Traffic Signal Enhancements and Installations	583,000	-	583,000	-
Sub-total		<u>6,536,000</u>	<u>2,710,620</u>	<u>3,825,380</u>	<u>701,572</u>

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended September 30, 2016
(With Comparative Actual Amount for the Fiscal Year Ended September 30, 2015)

Project Code	Project Name	2016		Variance Favorable (Unfavorable)	2015 Actual
		Metro Budget	Actual		
470-08	Maintaining Pavement Management System	\$ 50,000	\$ -	\$ 50,000	\$ -
470-88	Pavement Management System Update	600,000	-	600,000	-
470-97	Pavement Management System Update	50,000	-	50,000	-
480-53	Local Return Administration	59,000	-	59,000	-
480-54	Transit Program Development	88,000	-	88,000	-
480-56	Transportation Software Systems Maintenance	58,000	-	58,000	-
480-57	Collision Database System Operations	25,000	31,250	(6,250)	31,207
480-68	Project Management System Software and Support Services	400,000	-	400,000	-
480-70	Transportation Programs Development and Administration	105,000	-	105,000	-
480-71	Transportation Programs Management	600,000	132,542	467,458	32,390
480-72	Engineering Administration - Proposition C Projects	360,000	252,389	107,611	317,144
480-73	Traffic and Transportation Administration	115,000	-	115,000	-
Total expenditures		<u>\$ 98,972,130</u>	<u>\$ 4,306,120</u>	<u>\$ 94,666,010</u>	<u>\$ 5,689,580</u>

See accompanying independent auditor's report.

CITY OF LONG BEACH

PROPOSITION C LOCAL RETURN FUND

**SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS**

September 30, 2016

<u>Date Acquired</u>	<u>Description</u>	<u>Balance 10/1/2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 9/30/2016</u>
	None	\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF LONG BEACH

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)**

**BALANCE SHEETS
SEPTEMBER 30**

	<u>2016</u>	<u>2015</u>
ASSETS		
Cash	\$ -	\$ 134,193
Prepaid expenses	-	19,499
Total assets	<u>\$ -</u>	<u>\$ 153,692</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 47,711
Due to other funds	-	86,482
Total liabilities	<u>-</u>	<u>134,193</u>
Fund Balance		
Restricted	-	19,499
Total fund balance	<u>-</u>	<u>19,499</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ 153,692</u>

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

CITY OF LONG BEACH

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

**STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

For the Fiscal Years Ended September 30

	<u>2016</u>	<u>2015</u>
REVENUES		
Intergovernmental allocations: TDA Article 3	\$ 299,587	\$ 402,480
Interest income	<u>2,103</u>	<u>1,692</u>
Total revenues	<u>301,690</u>	<u>404,172</u>
EXPENDITURES		
Various projects	<u>321,189</u>	<u>384,673</u>
Total expenditures	<u>321,189</u>	<u>384,673</u>
Excess of revenues over expenditures	(19,499)	19,499
Fund balance at beginning of year	<u>19,499</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>19,499</u></u>

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

CITY OF LONG BEACH

**TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
SUPPLEMENTARY INFORMATION**

**SCHEDULE OF TRANSPORTATION DEVELOPMENT ACT
ALLOCATION FOR SPECIFIC PROJECTS**

For the Fiscal Year Ended September 30, 2016

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Park Bike Path and Sidewalk Replacement Project	2015-16	\$ 100,000	\$ -	\$ 100,000	On-going
Bicycle and Pedestrian Counters	2015-16	50,000	-	50,000	On-going
Pedestrian Hydration and Bike Repair Station	2015-16	149,587	321,189	(171,602)	On-going
		<u> </u>	<u> </u>	<u> </u>	
Total		\$ <u>299,587</u>	\$ <u>321,189</u>	(21,602)	
Unexpended interest accumulate to date				2,103	
Fund balance at beginning of year				<u>19,499</u>	
Fund balance at end of year				\$ <u>-</u>	

See accompanying independent auditor's report.

CITY OF LONG BEACH

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Years Ended September 30, 2016 and 2015

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

The operations of the Proposition A Local Return Fund (PALRF) and Proposition C Local Return Funds (PCLRF), and Transportation Development Act Article 3 Fund (TDAA3F) 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.

Transportation Development Act Article 3 Fund (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, 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 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 presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF LONG BEACH

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Years Ended September 30, 2016 and 2015

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

In accordance with GASB Statement No. 72, Fair Value Measurement and Application, which became effective for the fiscal year ended September 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 investments at fair value and recognizes unrealized gain (loss) on investments.

Refer to the City's 2016 Comprehensive Annual Financial Report for detailed disclosures regarding the City's investments policy and fair value measurements.

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, and TDAA3F report the following fund balance classification as of September 30, 2016:

- 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 LACMTA.

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, and TDAA3F and their compliance with the Proposition A and Proposition C 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 LONG BEACH

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Years Ended September 30, 2016 and 2015

(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.

NOTE 4 – 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.

NOTE 5 – CASH AND INVESTMENTS

The PALRF, PCLRF, 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 balances to the total of the pooled cash and investments.

NOTE 6 – PROJECT GENERATED REVENUE - PALRF

Project generated revenues for the year ended September 30, 2016 and 2015 consisted of the following:

	2016	2015
MTA bus parking toll	\$ 6,563	\$ 29,259
Total	\$ 6,563	\$ 29,259

NOTE 7 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended September 30, 2016 and 2015 consisted of the following:

	2016	2015
FY 2013-14 allocation	\$ -	\$ 93,931
FY 2014-15 allocation	-	308,549
FY 2015-16 allocation	299,587	-
Available reserve balance	\$ 299,587	\$ 402,480

CITY OF LONG BEACH

NOTES TO FINANCIAL STATEMENTS

For the Fiscal Years Ended September 30, 2016 and 2015

(Continued)

NOTE 8 – 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 September 30, 2016 and 2015, the City has no funds on reserve.

NOTE 9 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to September 30, 2016 through January 20, 2017, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

To the Honorable Members of the City Council of the
City of Long Beach, California and the
Los Angeles County Metropolitan Transportation 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 (PALRF), Proposition C Local Return Fund (PCLRF), and Transportation Development Act Article 3 (TDAA3F) Fund of the City of Long Beach, California (City), as of and for the year ended September 30, 2016, and the related notes to the financial statements, and have issued our report thereon dated January 20, 2017.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's local return funds and TDAA3F 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.

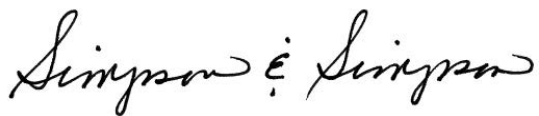
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink that reads 'Simpson & Simpson' in a cursive script.

Los Angeles, California
January 20, 2017

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

FOUNDING PARTNERS
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Independent Auditor's Report on Compliance

To the Honorable Members of the City Council of the
City of Long Beach, California and the
Los Angeles County Metropolitan Transportation Authority

Report on Compliance

We have audited the compliance of the City of Long Beach, California (City) with the Proposition A and Proposition C 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 September 30, 2016.

Management's Responsibility

Management is responsible for the City's compliance with those 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 a local return program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance. Our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Each Local Return Program and Transportation Development Act Article 3

In our opinion, the City of Long Beach complied, in all material respects, with the compliance requirements referred to above that apply to Proposition A Local Return Fund, Proposition C Local Return Fund, and Transportation Development Act Article 3 Fund (TDAA3F) for the year ended September 30, 2016.

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 Findings and Questioned Costs as Finding No. 2016-001. Our opinion on each local return 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 Findings and Questioned Costs. 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.

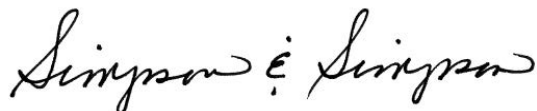
Report on Internal Control Over Compliance

Management of the City of Long Beach is responsible for establishing and maintaining effective internal control over compliance with the Requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the Requirements that could have a direct and material effect on the Local Return programs and the TDAA3F to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Requirements, 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 under the Requirements 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 Requirements 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 we consider to be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Los Angeles, California
January 20, 2017

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended September 30, 2016

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
A. Proposition A and Proposition C Local Return Funds					
1.	Timely use of funds.	X		None	
2.	Expenditures were approved before being incurred.		X	None	See Finding No. 2016-001 on the Schedule of Findings and Questioned Costs
3.	Funds were used on approved projects only and expenditures were supported and allowable per Guidelines.	X		None	
4.	Expenditures did not exceed 25% of Metro's approved budget.	X		None	
5.	Administrative expenses were within the 20% cap.	X		None	
6.	All on-going and carryover projects were reported in Form B.	X		None	
7.	Annual Project Summary Report (Form B) was submitted on time.	X		None	
8.	Annual Expenditure Report (Form C) and listing of Recreational Transit Services, if applicable, were submitted on time.	X		None	
9.	Cash or cash equivalents were maintained.	X		None	
10.	Accounting procedures, record keeping and documentation were adequate.	X		None	
11.	Revenues received including allocations, project generated revenues, and interest income were properly credited to the PALRF and PCLRF accounts.	X		None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended September 30, 2016
(Continued)

Compliance Requirement		In Compliance		Questioned Costs	If no, provide details and management response.
		Yes	No		
C. Transportation Development Act Article 3 Fund					
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 LONG BEACH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year ended September 30, 2016

PALRF and PCLRF: Finding No. 2016-001

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (B.3), "If Local Return Funds have been expended prior to Metro approval and/or used for ineligible purposes, Jurisdictions will be required to reimburse their Proposition A or C Local Return account..."
Condition	<p>The City incurred expenditures in the amounts of \$618,743 and \$2,706,406 for PALRF and PCLRF, respectively, for a total amount of \$3,325,149, prior to receiving approval from LACMTA for the following projects: However, the City subsequently received LACMTA's approval on January 20, 2017.</p> <ul style="list-style-type: none"> (a) PALRF's Project Code 150-20, Bus Improvements at 8 Locations on Long Beach Boulevard, Atlantic Avenue and the corner of 5th and Magnolia Street, in the amount of \$577. (b) PALRF's Project Code 150-99, Long Beach Boulevard and 5th Street Bus Stop, in the amount of \$6,605. (c) PALRF's Project Code 150-100, 7th Street Bus Stop Improvements, in the amount of \$180,942. (d) PALRF's Project Code 160-02, Bus Stop Improvements on Studebaker Road Between Spring Street and Wardlow Road, in the amount of \$111,189. (e) PALRF's Project Code 160-03, Bus Stop Improvements on Pacific Between PCH and Wardlow Road, in the amount of \$92,987. (f) PALRF's Project Code 160-06, Bus Stop Improvements on Easy Avenue Between 27th Street and Spring Street, in the amount of \$12,738. (g) PALRF's Project Code 160-09, Bus Stop Improvements on 10th Street Between Cherry Avenue and Temple Avenue, in the amount of \$93,506. (h) PALRF's Project Code 320-01, Long Beach Blue Line Priority Project, in the amount of \$120,199. (i) PCLRF's Project Code 440-300, Studebaker Road from Spring Street to Wardlow Road, in the amount of \$693,560. (j) PCLRF's Project Code 440-301, Pacific Avenue from PCH to Willow Street, in the amount of \$1,148,489. (k) PCLRF's Project Code 440-302, Easy Avenue from 27th Street to Spring Street, in the amount of \$542,353. (l) PCLRF's Project Code 440-303, Orange Avenue from 52nd Street to 64th Street, in the amount of \$48,366. (m) PCLRF's Project Code 440-304, Del Amo Boulevard Between West City Limits and Long Beach Boulevard, in the amount of \$19,774. (n) PCLRF's Project Code 440-305, Orange Avenue Between Artesia Boulevard and 72nd Street, in the amount of \$64,050.

CITY OF LONG BEACH

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended September 30, 2016

(Continued)

	<p>(o) PCLRF's Project Code 440-306, Redondo Avenue Between Reservoir Drive and Stearns Street, in the amount of \$58,269.</p> <p>(p) PCLRF's Project Code 440-307, Studebaker Road Between Keynote Street and Los Coyotes Diagonal, in the amount of \$15,582.</p> <p>(q) PCLRF's Project Code 440-308, Ximeno Avenue between Atherton Street and Los Coyotes Diagonal, in the amount of \$24,952.</p> <p>(r) PCLRF's Project Code 440-309, Anaheim Street between Oregon Avenue and Pacific Avenue, in the amount of \$91,011.</p>
Cause	<p>The City stated that above projects were pre-approved in fiscal years 2013-14 and 2014-15 through the Form A process. However, the said projects were not included in the request for the project's approval on fiscal year 2015-16's Form B submitted to LACMTA.</p>
Effect	<p>The City did not comply with the Guidelines when expenditures for PALRF and PCLRF projects are incurred without LACMTA's approval.</p>
Recommendation	<p>We recommend that the City establish procedures to ensure that it obtains approval from LACMTA prior to implementing any Proposition A and Proposition C Local Return projects. Form B (Annual Project Summary Report) should be properly prepared and submitted before the due date of November 1st so that the City's expenditures of Proposition A and Proposition C Local Return Funds are in accordance with LACMTA's approval and the Guidelines. In accordance with the Guidelines, the City should include all approved on-going and carryover Local Return projects in Form B.</p>
Management's Response	<p>The Form As were resubmitted for each of the projects to ensure Metro has noted that the projects were still open during the fiscal year. Future Form B submittals will include more rigorous review to ensure that all open projects are listed.</p>

EXIT CONFERENCE

CITY OF LONG BEACH

PROPOSITION A, PROPOSITION C AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3
FUND
EXIT CONFERENCE
September 30, 2016

An exit conference was held on January 25, 2017 via telephone conference. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Semi-Senior Auditor

City's Representative:

Cathy Pingol, Senior Accountant

Matters Discussed:

Results of the audit disclosed one (1) non-compliance issue with LACMTA's 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:

Cathy Pingol, Senior Accountant

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

RE: CITY OF LONG BEACH ANNUAL FINANCIAL REPORT OF THE PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2016 AND 2015.

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund and Transportation Development Act Article 3 Fund for the years ended September 30, 2016 and 2015 for the City of Long Beach and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

Name

Title

Date