



MetroTM

**City of Long Beach
Annual Financial Report of its**

**Proposition A Local Return Fund
Proposition C Local Return Fund
Transportation Development Act Article 3 Fund**

**As of and for the Years Ended September 30, 2015 and 2014
with Report of Independent Auditors**

An Independently Owned Member
McGLADREY ALLIANCE



 **Vasquez**
& Company LLP
Certified Public Accountants and Business Consultants

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FINANCIAL SECTION

Report of Independent Auditors

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, Proposition C Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Long Beach, California (the City) which comprise the Funds' balance sheets as of September 30, 2015 and 2014, and the related statements of revenues, expenditures and changes in fund balance 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.

Auditors' 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 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 Proposition A Local Return Fund, the Proposition C Local Return Fund and the Transportation Development Act Article 3 Fund of the City of Long Beach, California, as of September 30, 2015 and 2014, 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 and the Transportation Development Act Article 3 Fund of the City and do not purport to, and do not, present fairly the financial position of the City as of September 30, 2015 and 2014, 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 March 8, 2016 on our consideration of the City'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, and 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* in considering the City's internal control over financial reporting and compliance.

Los Angeles, California
March 8, 2016

**City of Long Beach
Proposition A Local Return Fund
Balance Sheets**

		September 30	
		2015	2014
ASSETS			
Cash and investments	\$	9,854,986	\$ 7,950,339
Accounts receivable		-	7,226
Total assets	\$	<u>9,854,986</u>	<u>\$ 7,957,565</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	1,514,327	\$ 1,825,051
Accrued salaries and wages payable		58	47
Due to other funds		5,014	-
Total liabilities		<u>1,519,399</u>	<u>1,825,098</u>
Fund balance			
Restricted		<u>8,335,587</u>	<u>6,132,467</u>
Total fund balance		<u>8,335,587</u>	<u>6,132,467</u>
Total liabilities and fund balance	\$	<u>9,854,986</u>	<u>\$ 7,957,565</u>

See notes to financial statements.

City of Long Beach
Proposition A Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended September 30	
	2015	2014
Revenues		
Proposition A	\$ 8,343,006	\$ 7,997,639
Interest income	32,294	14,625
Miscellaneous revenue	29,259	25,707
Unrealized gain on investments	26,658	21,685
Total revenues	8,431,217	8,059,656
Expenditures		
Various projects	6,228,097	5,835,902
Total expenditures	6,228,097	5,835,902
Excess of revenues over expenditures	2,203,120	2,223,754
Fund balance at beginning of year	6,132,467	3,908,713
Fund balance at end of year	\$ 8,335,587	\$ 6,132,467

See notes to financial statements.

City of Long Beach
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended September 30, 2015
Actual for 2014

Project Code	Project Name	2015		Variance Positive (Negative)	2014 Actual
		LACMTA Budget	Actual		
110-02	Operation and Maintenance of Downtown Busways Promenade and Boardwalk	\$ 875,000	\$ 125,000	\$ 750,000	\$ 65,459
110-03	Apportionment to Long Beach Transit	5,500,000	4,755,000	745,000	5,286,206
140-07	Recreational Transit - Handi-Van	121,000	51,712	69,288	57,600
140-30	Youth and Senior Recreational Transit	135,000	109,322	25,678	110,090
150-09	Reconstruction of Bus Stop Pad - 6th and Olive Ave	30,000	-	30,000	-
150-100	7th St Bus Stop Improvements	350,000	45,462	304,538	-
150-20	Bus Stop Improvements at 8 Locations on Long Beach Blvd, Atlantic Ave, and the corner of 5th and Magnolia St	390,000	53,812	336,188	119
150-21	Bus Stop Improvements on 1665 Hughes Way and PCH and Termino	100,000	-	100,000	-
150-27	Bus Stop Improvement: Improvement of Aqualink Dock at Belmont Pier	2,122,373	-	2,122,373	-
150-33	Bus Stop Improvements on Downey and 68th and and Ximeno and Anaheim	180,000	-	180,000	-
150-34	Bus Stop Improvements on Cherry and South and on Santa Fe and Carson	117,000	-	117,000	-
150-35	Bus Stop Improvements	15,000	-	15,000	-
150-36	Bus Stop Improvement Program	268,034	-	268,034	-
150-37	Bus Stop Improvements	900,000	-	900,000	-
150-38	Bus Stop Improvement at Anaheim Street and PCH	40,000	-	40,000	-
150-39	Bus Stop Improvements along Carson Street and Spring Street	40,000	-	40,000	-
150-40	Bus Stop Improvements at Shoreline Village, Maya and Residence Inn	60,000	-	60,000	-
150-41	Schoreder Hall Bus Stop Improvement	40,000	9,769	30,231	-
150-96	Bus Stop Improvements on Redondo Avenue between Hill Street and Industry Drive	100,000	-	100,000	-
150-97	Bus Stop Improvements at Nieto Avenue and Paoli Way	80,000	-	80,000	-
150-98	East Bound Bus Stop on Anaheim between Long Beach Blvd and Elm Street	60,000	-	60,000	-
150-99	Long Beach Blvd and 5th Street Bus Stop	400,000	109,882	290,118	98,614
160-01	Construct Runabout Stop Along Shoreline Village Drive	400,000	497,283	(97,283)	-
160-02	Bus Stop Improvements on Studebaker Road between Spring Street and Wardlow Road	300,000	-	300,000	-
160-03	Bus Stop Improvements on Pacific Avenue between PCH and Wardlow Road	500,000	-	500,000	-
160-04	Bus Stop Improvements on Orange Avenue between 52nd Street and 64th Street	600,000	-	600,000	-
160-05	Bus Stop Improvements at Hughes Way and Via Oro	60,000	58,535	1,465	-
160-06	Bus Stop Improvements on Easy Avenue between 27th Street and Spring Street	60,000	-	60,000	-
	Sub-total	<u>13,843,407</u>	<u>5,815,777</u>	<u>8,027,630</u>	<u>5,618,088</u>

See report of independent auditors.

**City of Long Beach
Proposition A Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)
Year ended September 30, 2015
Actual for 2014**

Project Code	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
160-07	Bus Stop Improvements on Alamitos Avenue between 7th Street and Orange Ave	\$ 300,000	\$ -	\$ 300,000	-
160-08	Bus Stop Improvements on Atherton Street between Clark Ave and Bellflower Blvd	300,000	-	300,000	-
160-09	Bus Stop Improvements on 10th Street between Cherry Avenue and Temple Avenue	210,000	-	210,000	-
160-10	Bus Stop Improvements at Orange Avenue and 4th Street	400,000	-	400,000	-
220-01	Bus Stop Lighting Upgrades	4,000	-	4,000	-
270-11	I-710 Corridor Study	300,000	-	300,000	-
270-26	Streetcar Feasibility Study	100,000	-	100,000	-
290-112	Park & Ride Lot at Cherry and 4th Street	100,000	27,427	72,573	27,548
300-01	Laurence Jackson Transit Center CNG Facility Modification	6,700,000	-	6,700,000	-
320-01	Long Beach Blue Line Priority Project	1,600,000	2,843	1,597,157	-
320-02	Transit Signal Priority Controller Integration	125,000	-	125,000	-
390-05	Landscape Maintenance Blue Line	439,000	41,008	397,992	26,761
400-17	Maintain Metro Blue Line Facilities in Long Beach	6,690	-	6,690	-
410-01	Belmont Shore Employees Bus Pass Program	180,000	138,631	41,369	112,289
480-13	Direct Administration	1,000,000	177,411	822,589	26,216
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		\$ 25,688,097	\$ 6,228,097	\$ 19,460,000	\$ 5,835,902

See report of independent auditors.

City of Long Beach
Proposition A Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended September 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2015</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditors.

**City of Long Beach
Proposition C Local Return Fund
Balance Sheets**

		September 30	
		2015	2014
ASSETS			
Cash and investments	\$	10,568,060	\$ 9,380,186
Accounts receivable		27,771	11,064
Prepaid expenses		64,699	33,029
Total assets	\$	<u>10,660,530</u>	<u>\$ 9,424,279</u>
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	632,225	\$ 842,822
Due to other funds		140,033	-
Total liabilities		<u>772,258</u>	<u>842,822</u>
Fund balance			
Restricted		<u>9,888,272</u>	<u>8,581,457</u>
Total fund balance		<u>9,888,272</u>	<u>8,581,457</u>
Total liabilities and fund balance	\$	<u>10,660,530</u>	<u>\$ 9,424,279</u>

See notes to financial statements.

City of Long Beach
Proposition C Local Return Fund
Statements of Revenues, Expenditures and Changes in Fund Balance

	Years ended September 30	
	2015	2014
Revenues		
Proposition C	\$ 6,932,011	\$ 6,646,776
Interest income	32,322	29,909
Unrealized gain on investments	32,062	27,500
Total revenues	6,996,395	6,704,185
Expenditures		
Various projects	5,689,580	10,330,498
Total expenditures	5,689,580	10,330,498
Excess (deficiency) of revenues over expenditures	1,306,815	(3,626,313)
Fund balance at beginning of year	8,581,457	12,207,770
Fund balance at end of year	\$ 9,888,272	\$ 8,581,457

See notes to financial statements.

City of Long Beach
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget
Year ended September 30, 2015
Actual for 2014

Project Code	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
210-67	Funding for Strategic Transportation Planning and Implementation	\$ 87,000	\$ -	\$ 87,000	\$ -
210-68	Pacific Ave Improvement Between Broadway and 1st	20,000	-	20,000	-
270-02	Mobility Element	500,000	-	500,000	4,516
270-134	Planning for Transportation Projects	100,000	112,992	(12,992)	-
270-63	City Portion-Gateway Cities COG/MTA Employee	25,000	15,894	9,106	15,899
270-90	I-710 Long Beach Community Liability Plan (Amended)	50,000	-	50,000	-
270-91	I-710 Corridor Project Draft EIR/EIS Review	150,000	19,892	130,108	43,350
300-13	Steam Cleaning of First Street Sidewalks	9,000	-	9,000	-
300-41	Dock #8 and #9 Float System Replacement	385,000	-	385,000	-
350-94	Metro Blue Line Fence on Long Beach Blvd.	500,000	-	500,000	-
360-61	Downtown Bike Station Operations at Promenade and First Street	50,000	29,379	20,621	34,800
400-40	Signal Installation/Enhancements	350,000	-	350,000	-
400-55	Signal Synchronization Operations	400,000	2,646	397,354	490,747
400-88	Atlantic Avenue Signal Synchronization and Enhancement Project	250,000	-	250,000	-
400-89	Ocean Boulevard Signal Synchronization Project	1,000,000	638,798	361,202	-
410-02	Parking and Wayfinding Signage	250,000	438	249,562	512
420-09	CMP Compliance	25,000	28,135	(3,135)	28,140
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	(1,030)	701,030	-
430-122	Willow Street Pedestrian Improvements	918,000	30,373	887,627	-
430-123	Long Beach Blvd Pedestrian Improvements	970,824	9,280	961,544	-
430-135	Bike Gap Closures and Access to the LA River	400,000	1,504	398,496	24,843
430-138	Bikeway Connect - Beach Path to Ocean	600,000	-	600,000	-
430-139	Bicycle System Gap Closures and Improved LA River Bike Path	100,000	-	100,000	-
430-82	Downtown Regional Bikeway Connector	298,000	-	298,000	-
430-91	Carson Street Traffic Signal Synchronization	250,000	-	250,000	-
430-93	Artesia Street Traffic Signal Synchronization	500,000	-	500,000	-
430-96	Pacific Ave between Willow and Spring Street	27,000	-	27,000	-
430-99	3rd and Broadway Cycle Tracks	300,000	28,945	271,055	-
440-08	East/West Corridor Bus Speed Improvements-Phase III	2,392,000	-	2,392,000	-
440-100	Atlantic Place Atlantic Ave to 72nd Street	1,028,975	-	1,028,975	-
440-101	Willow Street, Redondo Ave to Grand Ave	1,200,000	-	1,200,000	-
440-102	2nd Street Bayshore Ave to PCH	441,000	-	441,000	-
440-103	Long Beach Blvd, 10th Street to Anaheim St	2,403,000	-	2,403,000	-
440-104	Long Beach Blvd, Hill Street to Willow Street	1,078,000	-	1,078,000	7,575
440-105	Pacific Avenue, Ocean Blvd to 7th Street	946,000	-	946,000	-
440-107	Los Coyotes Diagonal, Outer Traffic Circle to Stearns St	1,206,000	-	1,206,000	-
440-108	Livingston Drive, Ocean Blvd to 2nd Street	2,680,000	-	2,680,000	-
440-111	Harbor Ave, PCH to 20th Street	496,000	-	496,000	-
440-114	2nd Street, Livingston to Bayshore Ave	100,000	-	100,000	-
	Sub-total	<u>23,715,799</u>	<u>917,246</u>	<u>22,798,553</u>	<u>650,382</u>

See report of independent auditors.

City of Long Beach
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)
Year ended September 30, 2015
Actual for 2014

Project Code	Project Name	2015			2014 Actual
		LACMTA Budget	Actual	Variance Positive (Negative)	
440-115	1st Street, between Long Beach Blvd and Alamitos	\$ 750,000	\$ -	\$ 750,000	\$ 50
440-117	Spring Street, Clark Avenue to East City Limit	300,000	-	300,000	-
440-12	Street Rehabilitation	6,820,000	-	6,820,000	-
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 Ave	2,190,000	-	2,190,000	419
440-126	Pacific Ave between Willow and Spring Street	1,600,000	-	1,600,000	694
440-127	Atlantic Ave between 33rd Street and Bixby Road	1,400,000	-	1,400,000	1,427,514
440-129	Pacific Ave between 7th and Anaheim Street	1,500,000	-	1,500,000	68,565
440-130	Carson Street Between Atlantic and Orange Ave	1,400,000	-	1,400,000	834,098
440-131	Atherton Street between Bellflower and Palo Verde Ave.	1,900,000	-	1,900,000	551,010
440-132	Atherton Street between Outer Traffic Circle and Bellflower Blvd.	280,899	-	280,899	-
440-133	Woodruff Avenue from Willow Street to Spring Street	1,200,000	-	1,200,000	16,987
440-134	Redondo Avenue from 2nd Street to Anaheim	2,800,000	111,714	2,688,286	1,974,079
440-135	Alamitos Avenue from 7th Street to Orange Avenue	1,700,000	44,869	1,655,131	33,303
440-136	Woodruff Avenue from Conant Street to Carson Street	1,300,000	-	1,300,000	45,767
440-138	Pacific Avenue from Anaheim Street to Pacific Coast Highway	800,000	477,868	322,132	52,998
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	921,539	278,461	41,091
440-141	Santa Fe Avenue from Spring Street to Wardlow Road	160,000	1,737	158,263	68,610
440-142	Magnolia Avenue from Pacific Coast Highway to Spring Street	100,000	4,822	95,178	47,352
440-143	Stearns Street from Bellflower Boulevard to Palos Verde Avenue	1,300,000	-	1,300,000	755,473
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	10,761
440-201	Cherry Avenue Between Ocean Blvd. and Pacific Coast Highway	3,000,000	2,130,063	869,937	63,272
440-202	Alamitos Park Street Improvements	200,000	8,443	191,557	112,536
440-203	Orange Avenue between Wardlow Road and Bixby Road	890,000	(15,233)	905,233	38,318
440-204	7th St from Martin Luther King Jr. Blvd to Atlantic Ave	250,000	-	250,000	-
440-205	Redondo Avenue from Willow Street to Spring Street	100,000	3,187	96,813	64,273
440-206	Atlantic Ave from Hill Street to Willow Street	125,000	-	125,000	42,872
440-207	Atlantic Ave from 59th Street to Atlantic Place	2,200,000	326,822	1,873,178	2,033,703
440-300	Studebaker Road from Spring St to Wardlow Rd	896,000	69,310	826,690	-
440-301	Pacific Avenue from PCH to Willow St	1,588,000	91,809	1,496,191	-
440-302	Easy Avenue from 27th St to Spring St	688,000	78,879	609,121	-
440-303	Orange Avenue from 52nd St to 64th St	2,403,000	93,067	2,309,933	-
440-304	Del Amo Boulevard Between West City Limits and Long Beach Blvd.	1,372,000	3,050	1,368,950	-
440-305	Orange Avenue Between Artesia Blvd and 72nd St	1,447,000	2,749	1,444,251	-
440-306	Redondo Avenue Between Reservoir Dr and Stearns St	410,000	2,876	407,124	-
	Sub-total	48,560,191	4,357,571	44,202,620	8,283,745

See report of independent auditors.

**City of Long Beach
Proposition C Local Return Fund
Supplementary Information
Schedule of Expenditures – Actual and LACMTA Approved Project Budget (Continued)
Year ended September 30, 2015
Actual for 2014**

Project Code	Project Name	2015		Variance Positive (Negative)	2014 Actual
		LACMTA Budget	Actual		
440-307	Studebaker Road Between Keynote St and Los Coyotes Diagonal	\$ 1,023,000	\$ 460	\$ 1,022,540	\$ -
440-308	Ximeno Avenue Between Atherton St and Los Coyotes Diagonal	385,000	469	384,531	-
440-309	Anaheim Street Between Oregon Ave and Pacific Ave	682,000	28,894	653,106	-
440-310	Broadway Between Lindero Ave and Redondo Ave	865,000	-	865,000	-
440-58	Rehabilitation Of Streets On Existing Transit Approved Routes	13,101,200	-	13,101,200	-
440-64	Westminster Ave Rehab: Between Hayes Steam Plant Channel Bridge and East City Limits	280,000	-	280,000	-
440-67	Rehabilitation of Streets by Transit	14,970,060	5	14,970,055	18,501
440-68	Rehabilitation of Streets Used by Transit	10,656,000	4,194	10,651,806	723
440-69	Improvements at the Intersection of Pacific Coast Highway (PCH) at Santa Fe Avenue	40,000	-	40,000	-
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 St	3,687,080	-	3,687,080	-
440-86	Reconstruction and Landscaping of the Atherton Storm Drain	2,500,000	-	2,500,000	-
440-92	Rehabilitation of Lakewood Blvd between Outer Traffic Circle and Willow St	3,115,000	-	3,115,000	-
440-99	Rehab of Bridges Heavily Used by Transit	400,000	-	400,000	-
450-137	Atherton Street Streetscape Improvements	-	-	-	13,150
450-60	Metro Blue Line Three-Car Train Mitigation	816,000	-	816,000	-
460-01	Installation and Modification of Traffic Signal and Improvements on Streets Heavily Used by Transit	1,175,000	-	1,175,000	-
460-02	Traffic Signal Enhancements and Installations	350,000	-	350,000	-
460-84	Traffic Signal Enhancements and Installations	583,000	-	583,000	-
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 (Prev Coded 270)	88,000	-	88,000	-
480-56	Transportation Software Systems Maintenance (Prev Coded 270)	58,000	-	58,000	-
480-57	Collision Database System Operations (Prev Coded 270)	25,000	31,207	(6,207)	30,693
480-68	Project Management System Software & Support Services	400,000	-	400,000	-
480-70	Transportation Programs Development And Administration	105,000	-	105,000	-
480-71	Transportation Programs Management	600,000	32,390	567,610	740,679
480-72	Engineering Administration - Prop C Projects	360,000	317,144	42,856	449,632
480-73	Traffic and Transportation Administration	115,000	-	115,000	142,993
Total expenditures		\$ 130,164,330	\$ 5,689,580	\$ 124,474,750	\$ 10,330,498

See report of independent auditors.

City of Long Beach
Proposition C Local Return Fund
Supplementary Information
Schedule of Capital Assets
Year ended September 30, 2015

<u>Date Acquired</u>	<u>Description</u>	<u>Balance October 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2015</u>
None		\$ -	\$ -	\$ -	\$ -
	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See report of independent auditors.

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

		September 30	
		2015	2014
ASSETS			
Cash and investments	\$	134,193	\$ 172,998
Prepaid expenses		19,499	-
Total assets	\$	153,692	\$ 172,998
LIABILITIES AND FUND BALANCE			
Liabilities			
Accounts payable	\$	47,711	\$ 172,998
Due to other funds		86,482	-
Total liabilities		134,193	172,998
Fund balance			
Restricted		19,499	-
Total fund balance		19,499	-
Total liabilities and fund balance	\$	153,692	\$ 172,998

See notes to financial statements.

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

		Year ended September 30	
		2015	2014
Revenues			
Intergovernmental Allocations:			
Article 3	\$	402,480	\$ 610,000
Project reimbursement		-	5,063
Interest income		1,692	1,063
Total revenues		404,172	616,126
 Expenditures			
Construction/Maintenance		384,673	616,126
Total expenditures		384,673	616,126
Excess of revenues over expenditures		19,499	-
Fund balance at beginning of year		-	-
Fund balance at end of year	\$	19,499	\$ -

See notes to financial statements.

City of Long Beach
Transportation Development Act Article 3 Fund
Supplementary Information
Schedule of Transportation Development Act Allocation for Specific Projects
Pursuant to Public Utilities Code Section 99234
Year ended September 30, 2015

Project Description	Program Year	Totals to Date			Project Status
		Allocations	Expenditures	Unexpended Allocations	
Local Allocations:					
Park Bike Path & Sidewalk Replacement Project	2015	\$ 100,000	\$ 110,022	\$ (10,022)	Ongoing
Sustainable Transportation Improvements	2015	<u>302,480</u>	<u>274,651</u>	<u>27,829</u>	Ongoing
Totals		<u>\$ 402,480</u>	<u>\$ 384,673</u>	17,807	
Accumulated interest income				1,692	
Fund balance at beginning of year				<u>-</u>	
Fund balance at end of year				<u>\$ 19,499</u> *	

* Funds were encumbered as of June 30, 2015.

See report of independent auditors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

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

TDAA3F is pooled with other City monies in the Special Revenue Fund. The Special Revenue Fund accounts for the City's share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting

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.

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.

Unrealized Gain (Loss) on Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, local governments are required to use fair value (instead of amortized costs) for financial reporting purposes. As a result of such implementation, the City recognizes the unrealized gain (loss) on investments.

NOTE 2 ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF and TDAA3F, and do not purport to, and do not, present fairly the City's financial position as of September 30, 2015 and 2014, 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.

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 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 5 CASH AND INVESTMENTS

The PALRF, PCLRF and TDAA3F cash and investment balances were pooled with various other City funds for deposit and investment purposes. The share of each fund in the pooled cash account was separately maintained and interest income was apportioned to the participating funds based on the relationship of their average monthly balances to the total of the pooled cash and investments.

Please refer to the City's Comprehensive Annual Financial Report (CAFR) for a full description of risks relating to cash and investments.

NOTE 6 TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND REVENUE ALLOCATION

The revenue allocation for the years ended September 30, 2015 and 2014 consisted of the following:

		2015		2014
LACMTA FY 2012/13 reserve	\$	-	\$	325,034
LACMTA FY 2013/14 reserve		93,931		284,966
LACMTA FY 2014/15 allocation		308,549		-
Total as of September 30	\$	402,480	\$	610,000

NOTE 7 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 LACMTA. As of September 30, 2015 and 2014, the City has funds on reserve as follows:

		<u>2015</u>		<u>2014</u>
LACMTA FY 2013/14 allocation	\$	-	\$	93,931
Available reserve as of September 30	\$	-	\$	93,931

For FY 2014/15, any TDA Article 3 funds left on reserve for FY 2010/11 or prior, are subject to lapse if not claimed by the City by September 30, 2015. There were no funds that lapsed in FY 2014/15.

NOTE 8 SUBSEQUENT EVENTS

The City has evaluated subsequent events through March 8, 2016, the date the financial statements were available to be issued, and concluded that no events have occurred that require disclosure in or adjustments to the financial statements.

**Report of Independent Auditors 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 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 and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Long Beach, California (the City) as of and for the year ended September 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated March 8, 2016.

Internal Control over Financial Reporting

In planning and performing our audits of the Funds' 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 Funds' financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits 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 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Los Angeles, California
March 8, 2016

COMPLIANCE SECTION

Report of Independent Auditors 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 (the 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 Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended September 30, 2015.

Management's Responsibility

Management is responsible for the City's compliance with the Guidelines.

Auditors' 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 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 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 Long Beach, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended September 30, 2015.



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, 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 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 "Vaqueria & Company LLP".

Los Angeles, California
March 8, 2016

**City of Long Beach
Compliance Matrix
Year ended September 30, 2015**

Compliance Requirements	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 approved before being incurred.	X		None	
3. Expenditures did not exceed 25% of LACMTA's approved budget.	X		None	
4. Administrative expenses are within the 20% cap.	X		None	
5. All on-going and carryover projects were reported in Form B.	X		None	
6. Annual Project Summary Report (Form B) was submitted on time.	X		None	
7. Annual Expenditure Report (Form C) was submitted on time.	X		None	
8. Cash or cash equivalents are maintained.	X		None	
9. Accounting procedures, record keeping and documentation are adequate.	X		None	
B. 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	

EXIT CONFERENCE

An exit conference was held on March 8, 2016 with City of Long Beach representatives. Those in attendance were:

Vasquez and Company LLP representatives:
Roger Martinez – Partner
Marialyn Salvador – Audit Manager

City of Long Beach representatives:
Cathy Pingol – Sr. Accountant
Alex Powers – Accountant III

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 Long Beach representatives for comments prior to the issuance of the final report:

Cathy Pingol – Sr. Accountant
Alex Powers – Accountant III



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