

***CITY OF LONG BEACH
ANNUAL FINANCIAL REPORT OF THE
PROPOSITION A LOCAL RETURN FUND
PROPOSITION C LOCAL RETURN FUND
MEASURE R LOCAL RETURN FUND
MEASURE M LOCAL RETURN FUND
TRANSPORTATION DEVELOPMENT ACT
ARTICLE 3 FUND
FOR THE FISCAL YEARS ENDED
JUNE 30, 2019 AND 2018***



Metro[®]



Simpson & Simpson, LLP
Certified Public Accountants

CITY OF LONG BEACH
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FINANCIAL SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable Members of the City Council of the
City of 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), Measure R Local Return Fund (MRLRF), Measure M Local Return Fund (MMLRF), and Transportation Development Act Article 3 Fund (TDAA3F) (collectively, the Funds), of the City of Long Beach, California (the City) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.





Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F of the City of Long Beach, California, as of June 30, 2019 and 2018, and the respective changes in their financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F of the City and do not purport to, and do not, present fairly the financial position of the City of Long Beach, California, as of June 30, 2019 and 2018, and the changes in its financial position 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 audits were conducted for the purpose of forming opinions on each of the Funds' financial statements. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the Funds' financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Funds' financial statements or to the Funds' financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to each of the Funds' financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated October 31, 2019, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

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

Los Angeles, California
October 31, 2019

CITY OF LONG BEACH
PROPOSITION A LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 12,419,454	\$ 16,273,869
Total assets	\$ 12,419,454	\$ 16,273,869
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 3,540,495
Due to other funds	395,433	5,828
Accrued payroll and employee benefits	1,999	-
Total liabilities	397,432	3,546,323
 Fund Balance		
Restricted	12,022,022	12,727,546
Total fund balance	12,022,022	12,727,546
Total liabilities and fund balance	\$ 12,419,454	\$ 16,273,869

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 June 30

	<u>2019</u>	<u>2018</u>
REVENUES		
Proposition A	\$ 9,640,000	\$ 9,046,050
Interest income	259,217	155,751
Other income (Note 8)	1,419	4,362
Total revenues	<u>9,900,636</u>	<u>9,206,163</u>
 EXPENDITURES		
Various projects	<u>10,606,160</u>	<u>7,675,185</u>
Total expenditures	<u>10,606,160</u>	<u>7,675,185</u>
 (Deficiency) excess of revenues (under) over expenditures	 (705,524)	 1,530,978
 Fund balance at beginning of year	 <u>12,727,546</u>	 <u>11,196,568</u>
 Fund balance at end of year	 <u>\$ 12,022,022</u>	 <u>\$ 12,727,546</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 June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance Favorable (Unfavorable)	2018 Actual
		Metro Budget	Actual		
110-02	Operation and Maintenance of Downtown Busways Promenade and Boardwalk	\$ 875,000	\$ 159,500	\$ 715,500	\$ 75,472
110-03	Apportionment to Long Beach Transit (Note 9)	5,500,000	6,170,100	(670,100)	5,824,407
110-04	Marina Drive Shuttle Bus Pilot Project	150,000	37,808	112,192	(23,688)
110-05	Blue Line to Airline Shuttle Pilot Project	200,000	-	200,000	126,991
110-06	Downtown Long Beach Microtransit Pilot	150,000	-	150,000	102,035
120-08	Downtown Long Beach Microtransit Pilot	100,000	-	100,000	-
140-07	Recreational Transit - Handi-Van	121,000	43,320	77,680	46,480
140-30	Youth and Senior Recreational Transit	135,000	74,069	60,931	89,847
150-36	Bus Stop Improvement Program	268,034	-	268,034	-
150-96	Bus Stop Improvements on Redondo Avenue between Hill Street and Industry Drive	110,000	-	110,000	-
150-97	Marina Drive between 2nd Street and Studebaker Road	100,000	-	100,000	-
150-98	Crosswalk and ADA Improvements Along Bus Corridors	150,000	-	150,000	-
150-102	Neighborhood Transit Improvements	50,000	-	50,000	-
160-01	Bus Stop Improvements at Orange Avenue and 4th Street	400,000	-	400,000	-
160-04	Bus Stop Improvements on Orange Avenue between 52nd Street and 64th Street	-	-	-	(1,305)
160-10	Bus Stop Improvements at Orange Avenue and 4th Street	400,000	-	400,000	-
	Sub-total	<u>8,709,034</u>	<u>6,484,797</u>	<u>2,224,237</u>	<u>6,240,239</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
(Continued)

For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
160-12	Bus Stop Improvements at PCH and MLK Jr. Avenue	\$ -	\$ -	\$ -	\$ 246
160-13	Bus Stop Improvements on Carson Street between City Limits and Clark Avenue	150,000	-	150,000	-
160-14	Bus Stop Improvements on Magnolia Avenue between Spring Street and Wardlow Road	90,000	39,670	50,330	-
160-15	Bus Stop Improvements on Anaheim Street between Atlantic Avenue and Alamitos Avenue	150,000	-	150,000	-
160-16	Bus Stop Improvements on Artesia Boulevard between Paramount Boulevard and Downey Avenue	120,000	-	120,000	-
160-18	Bus Shelter Demonstration	300,000	-	300,000	121,150
160-19	Bus Stop Improvements at Pacific and Ocean	-	-	-	(20,000)
160-20	City of Long Beach and Long Beach Transit Partnership Projects	950,000	5,472	944,528	115,677
160-21	Bus Stop Improvements on Long Beach Boulevard	70,000	-	70,000	-
160-23	Bus Stop Improvements on 4th Street	75,000	-	75,000	-
160-24	Houghton Park Vets Plaza Upgrade Bus Shelter	50,000	-	50,000	31,548
160-27	Bus Stop Improvements on Atlantic Avenue between 10th Street and Anaheim Street	30,000	-	30,000	-
160-28	Bus Stop Improvements on Long Beach Boulevard between Victoria Street and Neece Street	90,000	-	90,000	-
	Sub-total	<u>2,075,000</u>	<u>45,142</u>	<u>2,029,858</u>	<u>248,621</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
(Continued)

For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
160-29	Bus Stop Improvements on Market Street	\$ 235,000	\$ 21,000	\$ 214,000	\$ -
160-30	Bus Stop Improvement at Harvey Milk Plaza	100,000	-	100,000	-
160-31	Bus Stop Improvements on Atlantic Avenue	550,000	14,559	535,441	-
160-32	Long Beach Boulevard Pedestrian Improvements - Willow to 405	500,000	-	500,000	-
160-33	10th Street and Cherry Avenue Bus Stop Improvements	30,000	3,241	26,759	-
160-34	Bus Stop Improvements on Palo Verde Avenue between Alley N/Barbanell and Wardlow Road	150,000	-	150,000	-
160-35	Willow Street between Magnolia Avenue and Pacific Avenue	30,000	4,320	25,680	-
160-36	Atherton Street between Palo Verde Avenue and Knoxville Avenue	30,000	4,680	25,320	-
160-37	East 10th Street between Orange Avenue and Cherry Avenue	200,000	-	200,000	-
210-70	Atlantic Avenue Transit Priority Project	50,000	-	50,000	-
270-11	I-710 Corridor Study	300,000	-	300,000	-
270-113	Wardlow Road/Blue Line Grade Separation Project Study Report Equivalent (PSRE)	85,000	-	85,000	65,731
270-93	Atlantic Corridor Complete Streets Study	24,000	-	24,000	-
290-112	Park and Ride Lot at Cherry and 4th Street	-	-	-	(3)
290-113	2nd and Marina Park and Ride	500,000	-	500,000	4,478
300-14	Office Equipment	65,000	-	65,000	-
	Sub-total	<u>2,849,000</u>	<u>47,800</u>	<u>2,801,200</u>	<u>70,206</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

(Continued)

For the Fiscal Year Ended June 30, 2019

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
310-01	Long Beach Transit Center Electrical Service Panel Relocation - Pine and 1st	\$ 10,000	\$ -	\$ 10,000	\$ -
320-01	Long Beach Blue Line Priority Project	2,100,000	1,284,675	815,325	381,409
350-95	East Anaheim Street and Redondo Avenue Transit Improvements	550,000	271,889	278,111	68,809
350-96	Willow Street Pedestrian Bus Stop Improvements	760,000	77,535	682,465	3,332
370-01	Metro Blue Line Landscaping and Fencing Improvement Project	2,500,000	1,313,817	1,186,183	-
370-02	First Street Transit Mall Station Enhancement Project	550,000	-	550,000	-
390-05	Landscape Maintenance Blue Line	439,000	98,067	340,933	119,480
400-17	Maintain Metro Blue Line Facilities in Long Beach	6,690	-	6,690	-
410-01	Belmont Shore Employee Bus Pass Program	270,000	-	270,000	20,637
410-03	Citywide TDM Program	250,000	51,350	198,650	16,190
410-04	Long Beach Bike Share Expansion	2,000,000	632,586	1,367,414	216,786
410-05	Park or Ride TDM Project	500,000	-	500,000	-
410-06	Long Beach Bike Share Supplement	500,000	-	500,000	-
480-13	Direct Administration	1,000,000	298,502	701,498	289,476
480-98	Government Affairs Support	25,000	-	25,000	-
500-07	Long Beach Transit Mall Lighting	5,000	-	5,000	-
Total expenditures		\$ 25,098,724	\$ 10,606,160	\$ 14,492,564	\$ 7,675,185

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 18,941,813	\$ 19,518,744
Total assets	\$ 18,941,813	\$ 19,518,744
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 75,046
Due to other funds	957,972	1,842
Total liabilities	957,972	76,888
Fund Balance		
Restricted	17,983,841	19,441,856
Total fund balance	17,983,841	19,441,856
Total liabilities and fund balance	\$ 18,941,813	\$ 19,518,744

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 June 30

	<u>2019</u>	<u>2018</u>
REVENUES		
Proposition C	\$ 7,996,109	\$ 7,487,717
Interest income	366,826	187,704
Other income (Note 8)	-	8,806
Total revenues	<u>8,362,935</u>	<u>7,684,227</u>
 EXPENDITURES		
Various projects	<u>9,820,950</u>	<u>3,005,084</u>
Total expenditures	<u>9,820,950</u>	<u>3,005,084</u>
 (Deficiency) excess of revenues (under) over expenditures	 (1,458,015)	 4,679,143
 Fund balance at beginning of year	 <u>19,441,856</u>	 <u>14,762,713</u>
 Fund balance at end of year	 <u>\$ 17,983,841</u>	 <u>\$ 19,441,856</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 June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019		Variance Favorable (Unfavorable)	2018 Actual
		Metro Budget	Actual		
210-67	Funding for Strategic Transportation Planning and Implementation	\$ 87,000	\$ -	\$ 87,000	\$ -
270-02	Mobility Element	500,000	-	500,000	-
270-63	City Portion - Gateway Cities Cog/MTA Employee	25,000	-	25,000	-
270-90	I-710 Long Beach Community Livability Plan (Amended)	50,000	-	50,000	-
270-91	I-170 Corridor Project Draft EIR/EIS Review	300,000	37,500	262,500	45,458
270-92	Bicycle/Pedestrian Intersection and Crossing Improvements Study	70,000	-	70,000	-
270-93	Atlantic Corridor Complete Streets Study	126,000	-	126,000	-
270-134	Planning for Transportation Projects	100,000	-	100,000	-
270-135	Systemic Safety Analysis Report Program	55,000	23,426	31,574	21,893
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	1,150,000	3,958	1,146,042	5,805
400-55	Signal Synchronization Operations	400,000	-	400,000	-
400-89	Ocean Boulevard Signal Synchronization Project	1,000,000	-	1,000,000	-
410-02	Parking and Wayfinding Signage	250,000	-	250,000	4,686
420-09	CMP Compliance	25,000	-	25,000	-
430-96	Pacific Avenue between Willow and Spring Street	27,000	-	27,000	-
430-99	3rd and Broadway Cycle Tracks	3,130,000	130,741	2,999,259	7,908
430-100	2nd Street Bike Improvements	150,000	-	150,000	-
	Sub-total	<u>7,954,000</u>	<u>195,625</u>	<u>7,758,375</u>	<u>85,750</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
(Continued)

For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
430-116	Metro Blue Line Bike and Pedestrian Access Plan	\$ 30,000	\$ -	\$ 30,000	\$ -
430-119	Bike Boulevards	500,000	-	500,000	-
430-122	Willow Street Pedestrian Improvements	918,000	431,622	486,378	26,744
430-123	Long Beach Boulevard Pedestrian Improvements	970,824	70,982	899,842	94,676
430-135	Bike Gap Closures and Access to the LA River	400,000	-	400,000	-
430-140	Artesia Boulevard Improvements (Atlantic Avenue to Orange Avenue)	220,000	-	220,000	561
430-141	15th Street Bicycle Boulevard of Parks	150,000	187,500	(37,500)	-
440-06	Ocean Boulevard between Long Beach Boulevard and Atlantic Avenue	270,000	833	269,167	1,925
440-07	Redondo Avenue between Wilton Street and PCH	275,000	13,830	261,170	3,282
440-08	East/West Corridor Bus Speed Improvements - Phase III	2,392,000	-	2,392,000	-
440-09	Citywide Transit Corridor Sinkhole Repair	300,000	137,454	162,546	51,466
440-124	Atherton Street Improvements	620,000	-	620,000	-
440-132	Atherton Street between Outer Traffic Circle and Bellflower Boulevard	280,899	-	280,899	-
440-203	Orange Avenue between Wardlow Road and Bixby Road	890,000	-	890,000	-
440-208	Street Maintenance on Artesia Boulevard between Paramount Boulevard and Downey Avenue	960,000	-	960,000	-
	Sub-total	<u>9,176,723</u>	<u>842,221</u>	<u>8,334,502</u>	<u>178,654</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
(Continued)

For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
440-209	Street Maintenance on Atherton Street between Outer Traffic Circle and Clark Avenue	\$ -	\$ -	\$ -	\$ 670,688
440-210	Street Maintenance on Carson Street between City Limits and Clark Avenue	1,892,000	14,678	1,877,322	77,629
440-211	Street Maintenance on Magnolia Avenue between Spring Street and Wardlow Road	1,490,000	-	1,490,000	-
440-212	Street Maintenance on Magnolia Avenue between Spring Street and Wardlow Road	990,000	585,808	404,192	31,666
440-213	Street Maintenance on Anaheim Street between Atlantic Avenue and Alamitos Avenue	880,000	21,739	858,261	49,255
440-303	Orange Avenue from 52nd Street to 64th Street	-	-	-	650,674
440-304	Del Amo Boulevard between West City Limits and Long Beach Boulevard	1,372,000	55,205	1,316,795	20,554
440-305	Orange Avenue between Artesia Boulevard and 72nd Street	1,447,000	31,334	1,415,666	45,538
440-306	Redondo Avenue between Reservoir Drive and Stearns Street	-	-	-	431,673
440-307	Studebaker Road between Los Santos and Willow Street	1,023,000	70,417	952,583	47,178
440-308	Ximeno Avenue Between Atherton Street and Los Coyotes Diagonal	-	-	-	288,511
440-309	Anaheim Street between Oregon Avenue and Pacific Avenue	950,000	3,357	946,643	13,459
	Sub-total	10,044,000	782,538	9,261,462	2,326,825

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
(Continued)

For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
440-310	Broadway between Lindero Avenue and Redondo Avenue	\$ 2,465,000	\$ 2,066,191	\$ 398,809	\$ -
440-311	Queens Way Drive between Queens Way Underpass and Harbor Plaza	650,000	19,634	630,366	-
440-312	Long Beach Boulevard between Victoria Street and Neece Street	610,000	75,672	534,328	173
440-313	Atlantic Avenue Between 10th and Anaheim Street	145,000	593	144,407	1,767
440-314	South Street between Atlantic Avenue and Walnut Avenue	750,000	593	749,407	50
440-315	Clark Avenue between Carson Street and Harvey Way	200,000	1,606	198,394	723
440-316	Broadway and 3rd between Magnolia Avenue and Alamitos Avenue	4,150,000	3,810,254	339,746	-
440-317	Palo Verde Avenue between Alley N/Barbanell and Wardlow Road	850,000	17,355	832,645	-
440-318	Magnolia Avenue between 4th and Anaheim	1,700,000	1,410,344	289,656	-
440-319	Willow Street between Magnolia Avenue and Pacific Avenue	840,000	31,475	808,525	-
440-320	East 10th Street between Orange Avenue and Cherry Avenue	700,000	56,325	643,675	-
440-321	Santa Fe Avenue between Willow Street and 27th Street	400,000	35,302	364,698	-
440-322	Atherton Street between Palo Verde and Knoxville Avenue	690,000	48,972	641,028	-
440-323	Outer Traffic Circle between Hathaway and Lakewood Boulevard	540,000	-	540,000	-
	Sub-total	<u>14,690,000</u>	<u>7,574,316</u>	<u>7,115,684</u>	<u>2,713</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
(Continued)

For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
440-324	Marina Drive between 2nd Street and Studebaker Road	\$ 600,000	\$ 75,982	\$ 524,018	\$ -
450-60	Metro Blue Line Three-Car Train Mitigation	816,000	-	816,000	-
460-84	Traffic Signal Enhancements and Installations	583,000	-	583,000	-
470-08	Maintaining Pavement Management System	50,000	-	50,000	-
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	31,092	(6,092)	28,495
480-71	Transportation Programs Management	600,000	146,884	453,116	198,728
480-72	Engineering Administration - Proposition C Projects	360,000	133,884	226,116	134,502
480-73	Traffic and Transportation Administration	115,000	38,408	76,592	49,417
	Total expenditures	\$ 45,159,723	\$ 9,820,950	\$ 35,338,773	\$ 3,005,084

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF LONG BEACH
MEASURE R LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 2,968,722	\$ 3,513,218
Total assets	\$ 2,968,722	\$ 3,513,218
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 1,568,205
Due to other funds	-	13,958
Total liabilities	-	1,582,163
 Fund Balance		
Restricted	2,968,722	1,931,055
Total fund balance	2,968,722	1,931,055
Total liabilities and fund balance	\$ 2,968,722	\$ 3,513,218

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

CITY OF LONG BEACH
MEASURE R LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>
REVENUES		
Measure R	\$ 5,998,806	\$ 5,620,011
Interest income	<u>47,363</u>	<u>38,393</u>
Total revenues	<u>6,046,169</u>	<u>5,658,404</u>
 EXPENDITURES		
Various projects	<u>5,008,502</u>	<u>7,299,341</u>
Total expenditures	<u>5,008,502</u>	<u>7,299,341</u>
 Excess (deficiency) of revenues over (under) expenditures	1,037,667	(1,640,937)
 Fund balance at beginning of year	<u>1,931,055</u>	<u>3,571,992</u>
 Fund balance at end of year	<u>\$ 2,968,722</u>	<u>\$ 1,931,055</u>

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

CITY OF LONG BEACH
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	Citywide Residential Street Repair	\$ 4,500,000	\$ 4,153,729	\$ 346,271	\$ 6,076,282
3.05	Construction of Bicycle Facilities	1,000,000	737,026	262,974	1,142,301
8.10	Fund Administration (20% cap)	300,000	117,747	182,253	80,758
Total expenditures		\$ 5,800,000	\$ 5,008,502	\$ 791,498	\$ 7,299,341

See accompanying independent auditor's report.

CITY OF LONG BEACH
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

CITY OF LONG BEACH
MEASURE M LOCAL RETURN FUND
BALANCE SHEETS
June 30

	2019	2018
ASSETS		
Cash and investments	\$ 4,708,897	\$ 3,579,210
Total assets	\$ 4,708,897	\$ 3,579,210
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 1,206,680
Due to CIP Fund	230,638	-
Total liabilities	230,638	1,206,680
 Fund Balance		
Restricted	4,478,259	2,372,530
Total fund balance	4,478,259	2,372,530
Total liabilities and fund balance	\$ 4,708,897	\$ 3,579,210

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

CITY OF LONG BEACH
MEASURE M LOCAL RETURN FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	<u>2019</u>	<u>2018</u>
REVENUES		
Measure M	\$ 6,762,129	\$ 5,093,016
Interest income	<u>72,733</u>	<u>18,258</u>
Total revenues	<u>6,834,862</u>	<u>5,111,274</u>
EXPENDITURES		
Various projects	<u>4,729,133</u>	<u>2,738,744</u>
Total expenditures	<u>4,729,133</u>	<u>2,738,744</u>
Excess of revenues over expenditures	2,105,729	2,372,530
Fund balance at beginning of year	<u>2,372,530</u>	<u>-</u>
Fund balance at end of year	<u>\$ 4,478,259</u>	<u>\$ 2,372,530</u>

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

CITY OF LONG BEACH
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2019
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2018)

Project Code	Project Name	2019			2018 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
1.05	FY19 Citywide Residential Street Repair	\$ 6,000,000	\$ 4,481,541	\$ 1,518,459	\$ -
1.05	FY18 Citywide Major/Secondary Street Repair	-	-	-	2,738,744
3.90	Sustainable Transportation Improvements	430,000	201,874	228,126	-
8.10	Fund Administration	300,000	45,718	254,282	-
Total expenditures		\$ <u>6,730,000</u>	\$ <u>4,729,133</u>	\$ <u>2,000,867</u>	\$ <u>2,738,744</u>

See accompanying independent auditor's report.

CITY OF LONG BEACH
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2019

Date Acquired	Description	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
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

June 30

	2019	2018
ASSETS		
Cash	\$ -	\$ 102,595
Due from Metro	30,895	26,312
Total assets	\$ 30,895	\$ 128,907
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ 128,907
Due to other funds	30,895	-
Total liabilities	30,895	128,907
 Fund Balance		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	\$ 30,895	\$ 128,907

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 June 30

	2019	2018
REVENUES		
TDA 3	\$ 325,782	\$ 315,747
Interest income	-	7,314
Total revenues	325,782	323,061
EXPENDITURES		
Various projects	325,782	623,902
Total expenditures	325,782	623,902
Deficiency of revenues under expenditures	-	(300,841)
Fund balance at beginning of year	-	300,841
Fund balance at end of year	\$ -	\$ -

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 June 30, 2019

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
Pedestrian and Bicycle Infrastructure Improvements	2018-19	\$ <u>325,782</u>	\$ <u>325,782</u>	\$ -	Ongoing
Total		\$ <u><u>325,782</u></u>	\$ <u><u>325,782</u></u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				\$ <u><u>-</u></u>	

See accompanying independent auditor's report.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund Accounting

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

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

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

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

TDAA3F is a Special Revenue Fund that accounts for the City’s share of the Transportation Development Act Article 3 allocations which are legally restricted for specific purposes.

Basis of Accounting and Measurement Focus

PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F are accounted for using the modified accrual basis of accounting whereby revenues are recognized when they become both measurable and available to finance expenditures of the current period and expenditures are generally recognized when the related fund liabilities are incurred.

Special Revenue Funds are reported on spending or “financial flow” measurement focus. This means that generally only current assets, current liabilities and deferred inflows and outflows of resources are included on their balance sheets. Statement of revenue, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenue 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 June 30, 2019 and 2018
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

In accordance with Government Accounting Standard Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, which became effective for the fiscal year ended June 30, 2016, the City categorizes its fair value measurement within the fair value hierarchy that is based on the valuation inputs used to measure the fair value of the investment. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Accordingly, the City reports its investment at fair value and recognizes unrealized gain (loss) on investments.

Refer to City’s 2019 Comprehensive Annual Financial Report for detailed disclosures regarding the City’s investment policy and fair value measurement.

Fund Balance Reporting

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, establishes the fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in governmental funds.

The PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F report the following fund balance classification as of June 30, 2019:

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

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

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF, and TDAA3F and their compliance with the Proposition A and Proposition C Local Return Program Guidelines, Measure R Local Return Program Guidelines, Measure M Local Return Program Guidelines, Transportation Development Act Article 3 and the Los Angeles County Metropolitan Transportation Authority Funding and Allocation Guidelines for Transportation Development Act Article 3 Bicycle and Pedestrian Funds.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 3 – PROPOSITION A AND PROPOSITION C LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Proposition A and Proposition C Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Proposition A and Proposition C Local Return approved programs. See accompanying Compliance Matrix.

NOTE 4 – MEASURE R LOCAL RETURN COMPLIANCE REQUIREMENTS

In accordance with Measure R Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure R Local Return approved programs. See accompanying Compliance Matrix.

NOTE 5 – MEASURE M LOCAL RETURN COMPLIANCE REQUIREMENTS

On June 23, 2016, the Metro Board of Directors approved the Los Angeles County Traffic Improvement Plan Ordinance, known as Measure M. In accordance with Measure M Local Return Program Guidelines, funds received pursuant to these guidelines may only be used for Measure M Local Return approved programs. See accompanying Compliance Matrix.

NOTE 6 – TRANSPORTATION DEVELOPMENT ACT COMPLIANCE REQUIREMENTS

In accordance with Public Utilities Code Section 99234, funds received pursuant to this Code's section may only be used for activities relating to pedestrians and bicycle facilities. See accompanying Compliance Matrix.

NOTE 7 – CASH AND INVESTMENTS

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

NOTE 8 – OTHER INCOME - PALRF AND PCLRF

Other income for PALRF and PCLRF were settlement distributions received resulting from the Lehman Brothers bankruptcy in 2008. PALRF recognized \$1,419 and \$4,362 in fiscal years ended June 30, 2019 and June 30, 2018, respectively, while PCLRF recognized \$8,806 in fiscal year ended June 30, 2018. Both funds were included in a pooled cash account and received a part of the distribution.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2019 and 2018
(Continued)

NOTE 9 – APPORTIONMENT TO LONG BEACH PUBLIC TRANSPORTATION - PALRF

In fiscal years 2018-19 and 2017-18, transfers were made from PALRF to Long Beach Public Transportation in the amounts of \$6,170,100 and \$5,824,407, respectively, for the services provided to the City of Long Beach and were charged to Project Code 110-03, Apportionment to Long Beach Transit.

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2019 and 2018 consisted of the following:

		2019		2018
FY 2017-18 allocation	\$	-	\$	315,747
FY 2018-19 allocation		325,782		-
Total payment requested	\$	325,782	\$	315,747

NOTE 11 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with TDA Article 3 (SB821) Guidelines, funds not spent during the fiscal year have been placed on reserve in the Local Transportation Fund (LTF) account with the County Auditor-Controller to be drawn down whenever the funds become eligible for a specific project and an approved drawdown request is received by Metro. As of June 30, 2019, the City has no funds on reserve.

NOTE 12 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2019 through October 31, 2019, 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
BRAINARD C. SIMPSON, CPA
MELBA W. SIMPSON, CPA

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Long Beach, California (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, and have issued our report thereon dated October 31, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the Funds' financial statements, we considered the City's internal control over financial reporting (internal control) 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 audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.





Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 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".

Los Angeles, California
October 31, 2019

COMPLIANCE SECTION



SIMPSON & SIMPSON
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report on Compliance

To the Honorable Members of the City Council of the
City of Long Beach, California and the
Los Angeles County Metropolitan Transit 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, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2019.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the Guidelines referred to in the preceding paragraph. Those standards and the Guidelines require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Proposition A Local Return Program, Proposition C Local Return Program, Measure R Local Return Program, Measure M Local Return Program, and Transportation Development Act Article 3 Program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, the City complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2019.





Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the Guidelines referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

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

Los Angeles, California
October 31, 2019

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2019

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
A. Proposition A and Proposition C Local Return Funds						
1.	Uses the State Controller's Uniform System of Accounts and Records.	X			None	
2.	Timely use of funds.	X			None	
3.	Funds expended were approved and have not been substituted for property tax.	X			None	
4.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A).	X			None	
5.	Administrative expenses are within the 20% cap of the total annual Local Return Expenditures.	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) was submitted on time.	X			None	
9.	Cash or cash equivalents are maintained.	X			None	
10.	Accounting procedures, record keeping and documentation are adequate.	X			None	
11.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
12.	Local Return Account is credited for reimbursable expenditures.	X			None	
13.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	
14.	Signed Assurances and Understandings form was on file.	X			None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Recreational transit form was submitted on time.	X			None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant, existing local revenues being used for transportation purposes unless there is a funding shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure R Local Return Account was established.	X			None	
5.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form One) was submitted on time.	X			None	
8.	Expenditure Report (Form Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenditures are within the 20% cap.	X			None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted on time.			X	None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
1.	Funds were expended for transportation purposes.	X			None	
2.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
3.	Signed Assurances and Understandings form was on file.	X			None	
4.	Separate Measure M Local Return Account was established.	X			None	
5.	Revenue received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
6.	Funds were expended with Metro's approval.	X			None	
7.	Expenditure Plan (Form M-One) was submitted on time.	X			None	
8.	Expenditure Report (Form M-Two) was submitted on time.	X			None	
9.	Timely use of funds.	X			None	
10.	Administrative expenses are within the 20% cap.	X			None	
11.	Fund exchanges were approved by Metro.			X	None	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Recreational transit form was submitted timely.			X	None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2019
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
D. Transportation Development Act Article 3 Fund						
1.	Timely use of funds.	X			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 RECOMMENDATIONS
June 30, 2019

No findings were noted.

EXIT CONFERENCE

CITY OF LONG BEACH
PROPOSITION A LOCAL RETURN FUND, PROPOSITION C LOCAL RETURN FUND,
MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2019

An exit conference was held on November 18, 2019 with the City of Long Beach. Those in attendance were:

Simpson & Simpson Representative:

Yung Dang, Senior Auditor

City's Representatives:

Lilia Hom, Senior Accountant
Alex Powers, Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies or non-compliance issues with Metro Guidelines.

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

Lilia Hom, 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, MEASURE R LOCAL RETURN FUND, MEASURE M LOCAL RETURN FUND, AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND FOR THE FISCAL YEARS ENDED JUNE 30, 2019 AND 2018

I have received the annual financial report of the Proposition A Local Return Fund, Proposition C Local Return Fund, Measure R Local Return Fund, Measure M Local Return Fund, and Transportation Development Act Article 3 Fund for the years ended June 30, 2019 and 2018 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