CITY OF MANHATTAN 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, 2025 AND 2024

Metro®

Simpson & Simpson, LLP
Certified Public Accountants

CITY OF MANHATTAN BEACH

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FINANCIAL SECTION

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Independent Auditor's Report

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

Opinions

We have audited the accompanying financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund, and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Manhattan Beach, California (the City) which comprised the Funds' balance sheets as of June 30, 2025 and 2024, and the related statements of revenues, expenditures and changes in fund balances for the years then ended, and the related notes to the Funds' financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund, and the Transportation Development Act Article 3 Fund of the City of Manhattan Beach, California, as of June 30, 2025 and 2024, 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 2, the financial statements present only the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund, and the Transportation Development Act Article 3 Fund of the City of Manhattan Beach, California, and do not purport to, and do not, present fairly the financial position of the City, as of June 30, 2025 and 2024, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 financial statements. Such 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. The information has been subjected to the auditing procedures applied in the audit of the Funds' 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 GAAS. 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 also issued our report dated December 3, 2025, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over the Funds' financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over the Funds' financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over the Funds' financial reporting and compliance.

Simpson & Simpson

Los Angeles, California
December 3, 2025

CITY OF MANHATTAN BEACH

PROPOSITION A LOCAL RETURN FUND

BALANCE SHEETS

June 30

	2025	2024
ASSETS		
Cash and investments	$ 1,392,512	$ 1,182,950
Accounts receivable	416	351
Total assets	$ 1,392,928	$ 1,183,301
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ 629	$ 9,126
Accrued liabilities	34,425	-
Total liabilities	35,054	9,126
Fund Balance		
Restricted	1,357,874	1,174,175
Total fund balance	1,357,874	1,174,175
Total liabilities and fund balance	$ 1,392,928	$ 1,183,301

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

CITY OF MANHATTAN BEACH

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

	2025	2024
REVENUES		
Proposition A	$ 899,568	$ 925,475
Interest income	36,682	29,936
Unrealized gain on investment	25,930	14,014
Project generated revenue (Note 8)	2,313	2,803
Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program Grant (Section 5310) (Note 11)	366,957	-
Total revenues	1,331,450	972,228
EXPENDITURES		
Various projects funded by PALRF	780,794	704,294
Various projects funded by Section 5310	366,957	-
Total expenditures	1,147,751	704,294
Excess of revenues over expenditures	183,699	267,934
Fund balance at beginning of year	1,174,175	906,241
Fund balance at end of year	$ 1,357,874	$ 1,174,175

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

CITY OF MANHATTAN BEACH

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2025

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2024)

Project Code	Project Name	2025 Metro Budget	2025 Actual	2025 Variance Favorable (Unfavorable)	2024 Actual
107	Dial-A-Ride	$ 706,192	$ 590,139	$ 116,053	$ 654,362
135	Downtown Manhattan Beach Shuttle Service (Summer)	74,000	74,000	-	-
155	Special Event Shuttle Service	25,000	11,365	13,635	-
155	MTA Bus Subsidy	4,000	1,613	2,387	1,935
135	Recreation Trips	59,225	62,903	(3,678)	47,997
155	Dial-A-Ride - Purchase of Buses - Grant Match	40,774	40,774	-	-
	Total expenditures funded by PALRF	$ 909,191	780,794	$ 128,397	704,294
	Dial-A-Ride - Purchase of Buses		366,957		-
	Total expenditures funded by Section 5310		366,957		-
	Total expenditures funded by PALRF and Section 5310		$ 1,147,751		$ 704,294

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH

PROPOSITION A LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL ASSETS

June 30, 2025

Date Acquired	Description	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
Nov 2024	2024 New England Wheel Front Runner	$ -	$ 203,866	$ -	$ 203,866
Nov 2024	2024 New England Wheel Front Runner	-	203,865	-	203,865
	Total	$ -	$ 407,731	$ -	$ 407,731

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH

PROPOSITION C LOCAL RETURN FUND

BALANCE SHEETS

June 30

	2025	2024
ASSETS		
Cash and investments	$ 1,849,295	$ 1,397,464
Due from Metro (Note 9)	1,838,948	1,725,477
Due from Caltrans	-	60,297
Total assets	$ 3,688,243	$ 3,183,238
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE		
Liabilities		
Accounts payable	$ 10,405	$ 336,302
Retention payable	-	1,212
Total liabilities	10,405	337,514
Deferred Inflows of Resources		
Unavailable revenue (Note 10)	1,838,948	1,725,477
Total deferred inflows of resources	1,838,948	1,725,477
Fund Balance		
Restricted - Sepulveda Blvd Bridge Widening Project (Note 16)	107,896	107,896
Restricted - others	1,730,994	1,012,351
Total fund balance	1,838,890	1,120,247
Total liabilities, deferred inflows resources and fund balance	$ 3,688,243	$ 3,183,238

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

CITY OF MANHATTAN BEACH

PROPOSITION C LOCAL RETURN FUND

STATEMENTS OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

For the Fiscal Years Ended June 30

	2025	2024
REVENUES		
Proposition C	$ 746,169	$ 767,660
Interest income	49,056	42,706
Unrealized gain on investment	36,890	78,291
Measure R South Bay Highway Grant (Note 12)	61,498	573,192
Project Reimbursements from Caltrans (Note 13)	23,957	-
Total revenues	917,570	1,461,849
EXPENDITURES		
Various projects funded by PCLRF	-	2,077,175
Various projects funded by other grants	198,927	860,030
Total expenditures	198,927	2,937,205
Excess (deficiency) of revenues over expenditures	718,643	(1,475,356)
Fund balance at beginning of year	1,120,247	2,595,603
Fund balance at end of year	$ 1,838,890	$ 1,120,247

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

CITY OF MANHATTAN BEACH

PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2025
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2024)

		2025			
Project Code	Project Name	Metro Budget	Actual	Variance Favorable (Unfavorable)	204 Actual
302	Dual Left-Turns on MBB at Sepulveda	$ 414,593	$ -	$ 414,593	$ -
302	Sepulveda Intersection Improvements	85,430	-	85,430	-
380	Direct Engineering Charges	29,468	-	29,468	-
705	Street Resurfacing: Arterial and Collector Roadway Project	1,977,242	-	1,977,242	2,043,700
780	Direct Engineering Charges	30,670	-	30,670	436
781	Sepulveda Blvd Bridge Widening	167,202	-	167,202	33,039
	Total expenditures funded by PCLRF	$ 2,704,606	-	$ 2,704,606	2,077,175
	Protected Left-Turn Lanes: MBB at Peck Ave. - Measure R South Bay Highway Grant		151,033		359,944
	Sepulveda Bridge Measure R South Bay Highway Program (Seismic) - Measure R South Bay Highway Grant		7,374		83,468
	Sepulveda Intersection Improvements - Measure R South Bay Highway Grant		40,520		389,654
	Capital Reserve for Sepulveda Blvd Bridge Widening Project - Project Reimbursements from Caltrans		-		26,964
	Total expenditures funded by other grants		198,927		860,030
	Total expenditures funded by PCLRF and other grants		$ 198,927		$ 2,937,205

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH

PROPOSITION C LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL ASSETS

June 30, 2025

Date Acquired	Description	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
	None	$ -	$ -	$ -	$ -
	Total	$ -	$ -	$ -	$ -

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH

MEASURE R LOCAL RETURN FUND

BALANCE SHEETS

June 30

		2025		2024
ASSETS				
Cash and investments	$	2,396,864	$	1,835,083
Due from Metro (Note 9)		166,497		133,331
Total assets	$	2,563,361	$	1,968,414
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	$	498,370	$	5,737
Accrued liabilities		5,126		
Retentions payable		26,230		43,714
Total liabilities		529,726		49,451
Deferred Inflows of Resources				
Unavailable revenue (Note 10)		166,497		82,086
Total deferred inflows of resources		166,497		82,086
Fund Balance				
Restricted		1,867,138		1,836,877
Total fund balance		1,867,138		1,836,877
Total liabilities, deferred inflows resources and fund balance	$	2,563,361	$	1,968,414

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

CITY OF MANHATTAN BEACH

MEASURE R LOCAL RETURN FUND

STATEMENTS OF REVENUES, EXPENDITURES,

AND CHANGES IN FUND BALANCE

For the Fiscal Years Ended June 30

	2025	2024
REVENUES		
Measure R	$ 559,523	$ 575,565
Interest income	71,658	59,146
Unrealized gain on investment	51,204	57,858
Section 5310 (Note 11)	33,544	32,892
Measure R and Measure M Program Grants (Note 14)	1,592	729,686
Total revenues	717,521	1,455,147
EXPENDITURES		
Various projects funded by MRLRF	576,062	893,472
Various projects funded by other grants	119,548	92,005
Total expenditures	695,610	985,477
Excess of revenues over expenditures	21,911	469,670
OTHER FINANCING SOURCES		
Contribution from private parties	-	1,579
Proceeds from sale of capital assets	8,350	-
Total other financing sources	8,350	1,579
Excess of revenues over expenditures and other financing sources	30,261	471,249
Fund balance at beginning of year	1,836,877	1,365,628
Fund balance at end of year	$ 1,867,138	$ 1,836,877

The accompanying notes are an integral part of the financial statements

CITY OF MANHATTAN BEACH

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES

ACTUAL AND METRO APPROVED PROJECT BUDGET

For the Fiscal Year Ended June 30, 2025

(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2024)

		2025			
Project Code	Project Name	Metro Budget	Actual	Variance Favorable (Unfavorable)	2024 Actual
302	Protected Left-Turns: MBB@PECK AVE (ST17104)	$ 77,915	$ -	$ 77,915	$ -
705	MBB Pavement Rehabilitation from Sepulveda Blvd. to Dianthus St.	1,000,000	-	1,000,000	-
705	Annual Street Resurfacing	542,980	542,948	32	48,793
715	Artesia & Aviation SB Right-Turn Improvement	350,000	-	350,000	-
715	Joslyn Center Crosswalk	15,754	6,576	9,178	184,246
715	Improving Safety at Pedestrian Crosswalks at Valley	-	-	-	600,000
780	Direct Engineering Charges	39,090	24,571	14,519	24,327
805	Ocean Dr. Walkstreet Crossing	100,000	-	100,000	-
816	Rosecrans Bike Lane Improvements	750,000	-	750,000	-
820	Aviation (West Side) and 33rd Sidewalk	674,617	1,967	672,650	295
880	Direct Engineering Charges	21,048	-	21,048	35,811
	Total expenditures funded by MRLRF	$ 3,571,404	576,062	$ 2,995,342	893,472
	Protected Left-Turn Lanes: MBB at Peck Ave. - Measure R and Measure M Program Grants		1,841		42,676
	Aviation (West Side) and 33rd Sidewalk - Section 5310		17,707		49,329
	Aviation @Artesia S to WBND RT LN - Measure R South Bay Highway Grant		100,000		-
	Total expenditures funded by other grants		119,548		92,005
	Total expenditures funded by MRLRF and other grants		$ 695,610		$ 985,477

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH

MEASURE R LOCAL RETURN FUND

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL ASSETS

June 30, 2025

Date Acquired	Description	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
Jul 2013	Braun Vista Ford 7 - Passenger Van	$ 71,478	$ -	$ 71,478	$ -
Oct 2013	Paratransit Buss 22 - Passenger CNG	112,760	-	112,760	-
Oct 2015	Turtletop Bus	68,955	-	-	68,955
	Total	$ 253,193	$ -	$ 184,238	$ 68,955

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH

MEASURE M LOCAL RETURN FUND

BALANCE SHEETS

June 30

		2025		2024
ASSETS				
Cash and investments	$	1,159,910	$	982,367
Due from Metro (Note 9)		127,685		128,078
Total assets	$	1,287,595	$	1,110,445
LIABILITIES, DEFERRED INFLOWS RESOURCES, AND FUND BALANCE				
Liabilities				
Accounts payable	$	90,342	$	1,530
Retention payable		31,554		5,000
Total liabilities		121,896		6,530
Deferred Inflows of Resources				
Unavailable revenue (Note 10)		127,685		55,780
Total deferred inflows of resources		127,685		55,780
Fund Balance				
Restricted		1,038,014		1,048,135
Total fund balance		1,038,014		1,048,135
Total liabilities, deferred inflows resources and fund balance	$	1,287,595	$	1,110,445

The accompanying notes are an integral part of the financial statements

CITY OF MANHATTAN BEACH

MEASURE M LOCAL RETURN FUND

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

For the Fiscal Years Ended June 30

	2025	2024
REVENUES		
Measure M	$ 633,921	$ 649,935
Interest income	42,401	30,460
Unrealized gain on investment	26,539	63,132
Mesure M Multiyear Subregional Programs Grant (Note 15)	180,618	336,513
Total revenues	883,479	1,080,040
EXPENDITURES		
Various projects funded by MMLRF	641,077	1,715,291
Various projects funded by Measure M Multiyear Subregional Programs Grant	252,523	154,825
Total expenditures	893,600	1,870,116
Deficiency of revenues over expenditures	(10,121)	(790,076)
Fund balance at beginning of year	1,048,135	1,838,211
Fund balance at end of year	$ 1,038,014	$ 1,048,135

The accompanying notes are an integral part of the financial statements

CITY OF MANHATTAN BEACH

MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF EXPENDITURES
ACTUAL AND METRO APPROVED PROJECT BUDGET
For the Fiscal Year Ended June 30, 2025
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2024)

		2025			
Project Code	Project Name	Metro Budget	Actual	Variance Favorable (Unfavorable)	2024 Actual
130	Downtown Manhattan Beach Shuttle Service (Summer) - Parking Lease	$ 6,200	$ 6,000	$ 200	$ -
301	Annual Citywide Traffic Signal Replacement	300,000	3,932	296,068	100,000
705	Annual Street Resurfacing	1,000,000	616,070	383,930	1,100,000
730	Rowell Ave. Sidewalk Connection (Curtis & 1st)	93,187	-	93,187	465,379
780	Direct Engineering Charges	56,530	14,535	41,995	41,174
820	ADA Transition Plan with Public Right-of-Way	85,431	540	84,891	8,530
880	Direct Engineering Charges	3,608	-	3,608	208
	Total expenditures funded by MMLRF	$ 1,544,956	641,077	$ 903,879	1,715,291
	MBB E/B Left-turn at Aviation Blvd		207,392		51,373
	MB Automated Traffic Sync		44,508		102,735
	MBBand Pacific Ave Improvements		623		717
	Total expenditures funded by Measure M Multiyear Subregional Programs Grant		252,523		154,825
	Total expenditures funded by MMLRF and Measure M Multiyear Subregional Programs Grant		$ 893,600		$ 1,870,116

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2025

Date Acquired	Description	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
	None	$ -	$ -	$ -	$ -
	Total	$ -	$ -	$ -	$ -

See accompanying independent auditor's report.

CITY OF MANHATTAN BEACH

TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND

(PURSUANT TO PUBLIC UTILITIES CODE SECTION 99234)

BALANCE SHEETS

June 30

	2025	2024
ASSETS		
Cash and investment	$ -	$ -
Total assets	$ -	$ -
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	$ -	$ -
Total liabilities	-	-
Fund Balance		
Restricted	-	-
Total fund balance	-	-
Total liabilities and fund balance	$ -	$ -

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

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

	2025	2024
REVENUES		
TDA 3	$ -	$ 99,677
Total revenues	-	99,677
EXPENDITURES		
Joslyn Center Crosswalks	-	99,677
Total expenditures	-	99,677
Excess of revenues over expenditures	-	-
Fund balance at beginning of year	-	-
Fund balance at end of year	$ -	$ -

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

CITY OF MANHATTAN 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, 2025

Project Description	Program Year	Allocations	Expenditures	Unexpended Allocations	Project Status
Local Allocations:					
None	2024-25	$ -	$ -	$ -	Completed
	Total	$ -	$ -	-	
Fund balance at beginning of year				-	
Fund balance at end of year				$ -	

See accompanying independent auditor's report.

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 presents increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net fund balances.

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.

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 the City's 2025 Annual Comprehensive Financial Report (ACFR) 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 classifications as of June 30, 2025 and 2024:

- 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 ACFR.

NOTE 2 – ANNUAL FINANCIAL STATEMENTS

The financial statements reflect only the financial position and results of operations of the PALRF, PCLRF, MRLRF, MMLRF and TDAA3F and 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 and 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.

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 quarterly balances to the total of the pooled cash and investments.

NOTE 8 – PROJECT GENERATED REVENUE – PALRF

Project generated revenue under PALRF for the fiscal years ended June 30, 2025 and 2024 consisted of the following:

	2025	2024
Dial-A-Ride fares	$ 1,944	$ 2,335
Bus pass sales	369	468
Total	**$** 2,313	$ 2,803

NOTE 9 – DUE FROM METRO

The due from Metro balance as of June 30, 2025 and 2024 consisted of the following:

PCLRF

	2025	2024
Measure R South Bay Highway Grant	$ 1,327,036	$ 1,189,608
Project Reimbursement from Caltrans	511,912	535,869
Total due from Metro	$ 1,838,948	$ 1,725,477

MRLRF

	2025	2024
Measure R and Measure M Program Grants	$ 38,488	$ 89,484
Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program Grant	28,009	43,847
Measure R South Bay Highway Grant	100,000	-
Total due from Metro	$ 166,497	$ 133,331

MMLRF

	2025	2024
Measure M Multiyear Subregional Programs Grant	$ 127,685	$ 128,078
Total due from Metro	$ 127,685	$ 128,078

NOTE 10 –DEFERRED INFLOWS OF RESOURCES

The deferred inflows of resources balance as of June 30, 2025 and 2024 consisted of the following:

PCLRF

	2025	2024
Measure R South Bay Highway Grant	$ 1,327,036	$ 1,189,608
Project Reimbursement from Caltrans	511,912	535,869
Total deferred inflows of resources – unavailable revenue	$ 1,838,948	$ 1,725,477

MRLRF

	2025	2024
Measure R and Measure M Program Grants	$ 38,488	$ 38,239
Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program Grant	28,009	43,847
Measure R South Bay Highway Grant	100,000	-
Total deferred inflows of resources – unavailable revenue	$ 166,497	$ 82,086

MMLRF

	2025	2024
Measure M Multiyear Subregional Programs Grant	$ 127,685	$ 55,780
Total deferred inflows of resources – unavailable revenue	$ 127,685	$ 55,780

NOTE 11 – SECTION 5310 ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES PROGRAM GRANT – PALRF and MRLRF

PALRF

On August 6, 2020, Metro and the City entered into a Funding Agreement for Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program Funds (Agreement No. 9200000000S1917; Grant No. CA-2020-167). For the fiscal years ended June 30, 2025 and 2024, the City received $366,957 and $0, respectively.

MRLRF

On August 6, 2020, Metro and the City entered into a Funding Agreement for Section 5310 Enhanced Mobility of Seniors and Individuals with Disabilities Program Funds (Agreement No. 9200000000S1916; Grant No. CA-2020-167). For the fiscal years ended June 30, 2025 and 2024, the City received $33,544 and $32,892, respectively.

NOTE 12 – MEASURE R SOUTH BAY HIGHWAY GRANT – PCLRF

On January 30, 2015, Metro and the City entered into a Funding Agreement for Sepulveda Blvd at Manhattan Beach Blvd Intersection Improvements (NB, WB, EB Left Turn Lanes and SB Right Turn Lane), Metro Project ID# MR312.35 and FTIP# LA0G1044. This project is eligible for funding under Line 33, I-405, I-110, I-105, and SR-91 Ramp and Interchange Improvements (South Bay), of the Measure R Expenditure Plan. For the fiscal years ended June 30, 2025 and 2024, the City received $6,412 and $57,102, respectively.

On September 25, 2020, Metro and the City entered into a Funding Agreement for Marine Ave at Cedar Ave Intersection Improvements, Metro Project ID# MR312.62 and FTIP# LA0G1355. This project is eligible for funding under Line 33, Interstate 405, I-110, I-105 and SR-91 Ramp and Interchange Improvements (South Bay), of the Measure R Expenditure Plan. For the fiscal years ended June 30, 2025 and 2024, the City received $55,086 and $516,090, respectively.

In summary, the total Measure R South Bay Highway Grant recorded as of June 30, 2025, and June 30, 2024, amounts to $61,498 and $573,192, respectively. These amounts represent the cumulative funding allocated to the City for the various projects under the Measure R Expenditure Plan.

NOTE 13 – PROJECT REIMBURSEMENTS FROM CALTRANS – PCLRF

On February 27, 2017, Caltrans and the City entered into a Cooperative Agreement for the Sepulveda Bridge and Road widening on Route 01 between 33rd Street and Rosecrans Avenue, Agreement 07-5044 and Project No. 0700020076. For the fiscal years ended June 30, 2025 and 2024, the City received $23,957 and $0, respectively.

NOTE 14 – MEASURE R AND MEASURE M PROGRAMS GRANT – MRLRF

On March 1, 2023, Metro and the City entered into a Funding Agreement for Manhattan Beach Blvd. at Peck Ave. Signal Improvements Project ID# MR312.87, Project ID# MM5507.13 and FTIP# LA9919183. This project is eligible for funding under Line 33 of the Measure R Expenditure Plan and Line 63 of the Measure M Expenditure Plan. For the fiscal years ended June 30, 2025 and 2024, the City received $1,592 and $729,686, respectively.

NOTE 15 – MEASURE M MULTIYEAR SUBREGIONAL PROGRAMS GRANT – MMLRF

On February 15, 2020, Metro and the City entered into a Funding Agreement for Advanced Traffic Signal System, Metro Project ID# MM5508.04 and FTIP# LA9918831. This project is eligible for funding under Line 66 of the Measure M Expenditure Plan. For the fiscal years ended June 30, 2025 and 2024, the City received $164,702 and $220,075, respectively.

NOTE 15 – MEASURE M MULTIYEAR SUBREGIONAL PROGRAMS GRANT – MMLRF (Continued)

On December 9, 2021, Metro and the City entered into a Funding Agreement for Manhattan Beach Blvd Left-Turn Improvement at Aviation Blvd Project, Metro Project ID# MM5508.15. This project is eligible for funding under Line 66 of the Measure M Expenditure Plan. For the fiscal years ended June 30, 2025 and 2024, the City received $15,916 and $116,438, respectively.

In summary, the total Measure M Multiyear Subregional Programs Grant recorded as of June 30, 2025 and June 30, 2024, is $180,618 and $336,513, respectively. These amounts represent the aggregate amount of funding received by the City for the projects under the Measure M Expenditure Plan.

NOTE 16 – CAPITAL RESERVE - PCLRF

On June 20, 2007, Metro and the City entered into a capital reserve agreement to establish a capital reserve account (Account) for the Sepulveda Boulevard Bridge Widening Project. The original period of performance for the agreement was from June 20, 2007 to June 30, 2013. On September 16, 2020, Metro approved the extension of the capital reserve to June 30, 2025, with an approved amount of $2,561,806.

The Account will be funded with the Proposition C Local Return Funds allocated to the City. For the years ended June 30, 2025 and 2024, the capital reserve amount for the PCLRF is as follows:

Capital reserve at 6/30/2023	$	140,935
Capital expenditures during the year		(33,039)
Capital reserve at 6/30/2024		107,896
Capital expenditures during the year		-
Capital reserve at 6/30/2025	$	107,896

As of June 30, 2025 and 2024, the capital reserve account has a balance of $107,896 and $107,896, respectively. During the fiscal years ended June 30, 2025 and 2024, no additional reserves were placed in the Account, as there were sufficient funds to complete the Sepulveda Boulevard Bridge Widening Project.

NOTE 17 – TDA FUND REVENUE ALLOCATION

The revenue allocation for the years ended June 30, 2025 and 2024 consisted of the following:

		2025		2024
FY 2021-22 allocation	$	-	$	25,827
FY 2022-23 allocation		-		33,011
FY 2023-24 allocation		-		40,839
FY 2024-25 allocation		-		-
Total payment requested	$	-	$	99,677

NOTE 18 – TRANSPORTATION DEVELOPMENT ACT FUNDS RESERVED

In accordance with Transportation Development Act Article 3 (SB 821) 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, 2025, and 2024, the City has funds on reserve as follows:

	2025	2024
FY 2022-23 allocation	$ -	$ -
FY 2023-24 allocation	-	-
FY 2024-25 allocation	35,212	-
Available reserve balance	**$** 35,212	$ -

NOTE 19 – SUBSEQUENT EVENTS

The City has evaluated events or transactions that occurred subsequent to June 30, 2025 through December 3, 2025, the date the accompanying financial statements were available to be issued, for potential recognition or disclosure in the financial statements and determined no subsequent matters require disclosure or adjustment to the accompanying financial statements.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Proposition A Local Return Fund, the Proposition C Local Return Fund, the Measure R Local Return Fund, the Measure M Local Return Fund and the Transportation Development Act Article 3 Fund (collectively, the Funds) of the City of Manhattan Beach, California (the City), as of and for the year ended June 30, 2025, and the related notes to the Funds' financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Simpson & Simpson

Los Angeles, California
December 3, 2025

COMPLIANCE SECTION

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Independent Auditor's Report on Compliance and on Internal Control over Compliance Required by the Guidelines

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

Report on Compliance

Opinion

We have audited the City of Manhattan Beach, California's (the City) compliance with the Proposition A and Proposition C Local Return Guidelines, Measure R Local Return Guidelines, Measure M Local Return Guidelines, Transportation Development Act Article 3, and the Los Angeles County Metropolitan Transportation Authority's Funding and Allocation Guidelines for the Transportation Development Act Article 3 Bicycle and Pedestrian Funds (collectively, the Guidelines) for the year ended June 30, 2025.

In our opinion, the City of Manhattan Beach, California complied, in all material respects, with the compliance requirements of the Guidelines for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States *(Government Auditing Standards*); and the Guidelines. Our responsibilities under those standards and the Guidelines are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance with the Guidelines. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for the City's compliance with the Guidelines and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statues, regulations, rules, and provisions of contracts or agreements applicable to the City's 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 Fund.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Guidelines will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the Guidelines as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guidelines, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Guidelines, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 with the Guidelines 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 with 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Simpson & Simpson

Los Angeles, California
December 3, 2025

	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 or has established a separate Proposition A and Proposition C Local Transit Assistance Account for Local Return purposes.	X			None	
2.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Proposition A and/or Proposition C Local Return Account.	X			None	
3.	Fund were expended with Metro's approval and were not substituted for property tax.	X			None	
4.	Timely use of funds.	X			None	
5.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenses in FY24/25.
6.	Expenditures that exceeded 25% of approved project budget have approved amended project Description Form (Form A) or electronic equivalent.			X	None	There were no expenditures that exceeded 25% of approved project budget in FY24/25.
7.	Annual Project Update Report (Form B) or electronic equivalent was submitted on time.	X			None	
8.	Annual Expenditure Report (Form C) or electronic equivalent was submitted on time.	X			None	
9.	Pavement Management System (PMS) is in place and being used for Street Maintenance or Improvement Projects Expenditures.	X			None	
10.	Local Return Account is credited for reimbursable expenditures.	X			None	
11.	Where Proposition A funds were given, loaned, or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	There were no Proposition A funds given, loaned, or exchanged in FY24/25.
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	There were no Intelligent Transportation Systems projects or elements in FY24/25.

	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						
13.	A separate account was established for Capital reserve funds, Capital reserve was approved by Metro and current status is reported in the Annual Project Update (Form B) or electronic equivalent.	X			None	
14.	Recreational transit form was submitted on time.	X			None	
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY24/25.
16.	Proposition C Local Return Funds were used to augment, not supplant existing local revenues being used for road improvement purposes.	X			None	
17.	All on-going and carryover projects were reported on Form B or electronic equivalent.	X			None	
18.	Cash or cash equivalents are maintained.	X			None	
19.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

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.	Separate Measure R Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure R Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY24/25.
8.	Expenditure Plan (Form One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursed by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
11.	Where Measure R funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	There were no Measure R funds, given, loaned, or exchanged in FY24/25.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY24/25.

CITY OF MANHATTAN BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2025
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	**No**	**N/A**		
B. Measure R Local Return Fund						
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY24/25.
15.	Fund exchanges were approved by Metro.			X	None	There were no fund exchanges in FY24/25.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

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.	Separate Measure M Local Return Account was established.	X			None	
3.	Revenues received including allocations, project generated revenues and interest income was properly credited to the Measure M Local Return Account.	X			None	
4.	Funds were expended with Metro's approval.	X			None	
5.	Funds were not substituted for property tax and are in compliance with the Maintenance of Effort.	X			None	
6.	Timely use of funds	X			None	
7.	Administrative expenses are within the 20% cap.			X	None	There were no administrative expenditures in FY24/25.
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Annual Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursed by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.	X			None	
11.	Where Measure M funds were given, loaned or exchanged by one jurisdiction to another, the receiving jurisdiction has credited its Local Return Account with the funds received.			X	None	There were no Measure M funds given, loaned, or exchanged in FY24/25.
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	There were no capital reserve funds in FY24/25.

CITY OF MANHATTAN BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2025
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	**No**	**N/A**		
B. Measure M Local Return Fund						
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	
14.	Recreational transit form was submitted on time.			X	None	There was no recreational transit in FY24/25.
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	There were no fund exchanges in FY24/25.
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

	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	There were no expenditures in FY24/25
3	Claim Form (or electronic equivalent) was submitted on time.	X			None	

No findings were noted.

EXIT CONFERENCE

CITY OF MANHATTAN BEACH
PROPOSITION A, PROPOSITION C, MEASURE R, MEASURE M LOCAL RETURN FUNDS AND TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
EXIT CONFERENCE
June 30, 2025

An exit conference was held on December 3, 2025 with the City of Manhattan Beach. Those in attendance were:

Simpson & Simpson Representative:

Mark Frishwasser, Audit Supervisor

City's Representative:

Libby Bretthauer, Finance Director
Julie Bondarchuk, Financial Controller
Marcelo Serrano, Budget & Financial Analyst

Matters Discussed:

Results of the audit disclosed no significant control deficiency and no non-compliance issue with Metro Guidelines.

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

Libby Bretthauer, Finance Director
Julie Bondarchuk, Financial Controller
Marcelo Serrano, Budget & Financial Analyst

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

RE: CITY OF MANHATTAN 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, 2025 AND 2024

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, 2025 and 2024 for the City of Manhattan Beach and agree with the contents of the report except as indicated below:

(Attach additional pages if necessary)

Very truly yours,

____
Name

____
Title

____
Date