

***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, 2021 AND 2020***



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, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020, 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 December 14, 2021, on our consideration of the City's internal control over the Funds' financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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
December 14, 2021

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

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 12,886,724	\$ 12,299,413
Due from other fund	<u>133,463</u>	<u>-</u>
Total assets	<u>\$ 13,020,187</u>	<u>\$ 12,299,413</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accrued payroll and employee benefits	\$ <u>660</u>	\$ <u>420</u>
Total liabilities	<u>660</u>	<u>420</u>
 Fund Balance		
Restricted	<u>13,019,527</u>	<u>12,298,993</u>
Total fund balance	<u>13,019,527</u>	<u>12,298,993</u>
Total liabilities and fund balance	<u>\$ 13,020,187</u>	<u>\$ 12,299,413</u>

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

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

	<u>2021</u>	<u>2020</u>
REVENUES		
Proposition A	\$ 9,557,315	\$ 9,275,529
Interest income	137,081	243,306
Project generated revenue	181,118	-
Other income (Note 8)	440	865
	<u>9,875,954</u>	<u>9,519,700</u>
EXPENDITURES		
Various projects	<u>9,155,420</u>	<u>9,242,729</u>
	<u>9,155,420</u>	<u>9,242,729</u>
Excess of revenues over expenditures	720,534	276,971
Fund balance at beginning of year	<u>12,298,993</u>	<u>12,022,022</u>
Fund balance at end of year	<u>\$ 13,019,527</u>	<u>\$ 12,298,993</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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
105	Homeless Transit Services Program	\$ 10,000	\$ -	\$ 10,000	\$ -
105	Student Transit Services Pilot Program	175,000	-	175,000	-
105	Operation and Maintenance of Downtown Busways Promenade and Boardwalk	875,000	227,350	647,650	156,740
105	Apportionment to Long Beach Transit (Note 9)	6,500,000	6,190,887	309,113	6,009,181
135	Belmont Shore Employee Bus Pass Program	270,000	-	270,000	-
145	Crosswalk and ADA Improvements Along Bus Corridors	150,000	30,342	119,658	64,828
155	Recreational Transit - Handi-Van	121,000	-	121,000	39,600
155	Youth and Senior Recreational Transit	135,000	-	135,000	56,715
170	Landscape Maintenance Blue Line *	100,000	219,979	(119,979)	90,684
180	I-710 Corridor Study	300,000	-	300,000	-
180	Atlantic Corridor Complete Streets Study	24,000	162	23,838	22,800
205	Long Beach Boulevard Pedestrian Improvement Project	600,000	-	600,000	-
205	Long Beach Boulevard Pedestrian Improvements - Willow to 405	1,100,000	-	1,100,000	-
205	Anaheim Street Bus Stop Expansions	1,100,000	-	1,100,000	-
205	Long Beach Boulevard and 20th Street Bus Improvements	80,000	58,569	21,431	-
205	Bus Stop Improvement Program	210,000	-	210,000	-
205	Bus Stop Improvements on Carson Street between City Limits and Clark Avenue	200,000	200,000	-	-
205	Bus Stop Improvements on Anaheim Street between Atlantic Avenue and Alamitos Avenue	150,000	-	150,000	-
205	Bus Stop Improvements on Artesia Boulevard between Paramount Boulevard and Downey Avenue	120,000	-	120,000	-
	Sub-total	<u>12,220,000</u>	<u>6,927,289</u>	<u>5,292,711</u>	<u>6,440,548</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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
205	Bus Stop Improvements on Atlantic Avenue between 10th Street and Anaheim Street	\$ 30,000	\$ -	\$ 30,000	\$ -
205	Bus Stop Improvements on Long Beach Boulevard between Victoria Street and Neece Street	90,000	-	90,000	-
205	Bus Stop Improvements on Market Street	235,000	-	235,000	-
205	Bus Stop Improvements on Palo Verde Avenue between Alley N/Barbanell and Wardlow Road	150,000	126,724	23,276	-
205	Bus Stop Improvements on Willow Street between Magnolia Avenue and Pacific Avenue	30,000	-	30,000	1,305
205	Bus Stop Improvements on Atherton Street between Palo Verde Avenue and Knoxville Avenue	30,000	(1,785)	31,785	1,785
205	Bus Stop Improvements on East 10th Street between Orange Avenue and	200,000	119,639	80,361	-
205	Bus Stop Improvements on Redondo Avenue between Hill Street and Industry Drive	110,000	-	110,000	-
215	Office Equipment	65,000	-	65,000	-
215	Long Beach Blue Line Priority Project	2,100,000	-	2,100,000	31,412
215	Maintain Metro Blue Line Facilities in Long Beach	6,690	-	6,690	-
215	Long Beach Transit Mall Lighting	5,000	-	5,000	-
251	Metro Blue Line Signal and Lighting Upgrades	400,000	-	400,000	353,958
324	Long Beach Bike Share Expansion	3,500,000	1,178,135	2,321,865	1,493,415
324	Citywide TDM Program	50,000	16,850	33,150	55,672
	Sub-total	<u>7,001,690</u>	<u>1,439,563</u>	<u>5,562,127</u>	<u>1,937,547</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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
324	Long Beach Bike Share Supplement	\$ 500,000	\$ 625,000	\$ (125,000)	\$ 260,363
610	Direct Administration	500,000	163,568	336,432	144,874
160-20	City of Long Beach and Long Beach Transit Partnership Projects	-	-	-	1,755
160-31	Bus Stop Improvements on Atlantic Avenue	-	-	-	5,604
160-33	10th Street and Cherry Avenue Bus Stop Improvements	-	-	-	840
350-95	East Anaheim Street and Redondo	-	-	-	15,968
350-96	Willow Street Pedestrian Bus Stop Improvements	-	-	-	13,822
370-01	Metro Blue Line Landscaping and Fencing Improvement Project	-	-	-	421,408
Total expenditures		\$ <u>20,221,690</u>	\$ <u>9,155,420</u>	\$ <u>11,066,270</u>	\$ <u>9,242,729</u>

* The City received a retroactive approval from Metro on October 14, 2021 to amend the budget for Project Code 170, Landscape Maintenance Blue Line, in the amount to \$439,000. See Compliance Matrix and Schedule of Findings and Recommendations - Finding No. 2021-001.

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION A LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2021	2020
ASSETS		
Cash and investments	\$ 23,904,598	\$ 20,085,615
Accounts receivable	19,603	-
Total assets	\$ 23,924,201	\$ 20,085,615
 LIABILITIES AND FUND BALANCE		
Liabilities		
Due to CIP Fund	\$ -	\$ 43,098
Total liabilities	-	43,098
 Fund Balance		
Restricted	23,924,201	20,042,517
Total fund balance	23,924,201	20,042,517
Total liabilities and fund balance	\$ 23,924,201	\$ 20,085,615

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

	2021	2020
REVENUES		
Proposition C	\$ 7,927,450	\$ 7,694,072
Interest income	208,525	348,112
Other income (Note 8)	648	1,277
Total revenues	8,136,623	8,043,461
EXPENDITURES		
Various projects	4,254,939	5,984,785
Total expenditures	4,254,939	5,984,785
Excess of revenues over expenditures	3,881,684	2,058,676
Fund balance at beginning of year	20,042,517	17,983,841
Fund balance at end of year	\$ 23,924,201	\$ 20,042,517

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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
180	Transit Program Development (Prev Coded 270)	\$ 88,000	\$ -	\$ 88,000	\$ -
180	Transportation Software Systems Maintenance (Prev Coded 270)	58,000	-	58,000	-
180	Collision Database System Operations (Prev Coded 270)	25,000	31,250	(6,250)	31,250
180	Transportation Programs Management	600,000	-	600,000	200,818
180	Planning for Transportation Projects	75,000	181	74,819	-
215	Metro Blue Line Fence on Long Beach Boulevard	500,000	-	500,000	-
302	Traffic Signal Enhancements and Installations	583,000	-	583,000	-
303	Signal Synchronization Operations	400,000	-	400,000	2,355
303	Mid-City Signal Coordination in Long Beach	160,000	-	160,000	-
380	CMP Compliance	25,000	-	25,000	-
470	Government Affairs Support	86,000	81,000	5,000	-
620	Engineering Administration - Proposition C Projects	100,000	68,475	31,525	99,649
620	Traffic and Transportation Administration	115,000	-	115,000	-
620	Proposition C Administration *	500,000	337,230	162,770	-
705	Orange Avenue between Artesia Boulevard and 72nd Street	1,957,000	-	1,957,000	1,407,763
705	Willow Street Improvements	40,000	38,304	1,696	3,328
705	Redondo Avenue between Wilton Street and PCH	675,000	498,488	176,512	32,374
705	Citywide Transit Corridor Sinkhole Repair	300,000	-	300,000	118,392
705	Atherton Street Improvements	620,000	-	620,000	-
705	Atherton Street between Outer Traffic Circle and Bellflower Boulevard	280,899	-	280,899	-
705	Street Maintenance on Artesia Boulevard between Paramount Boulevard and Downey Avenue	960,000	281	959,719	-
	Sub-total	<u>8,147,899</u>	<u>1,055,209</u>	<u>7,092,690</u>	<u>1,895,929</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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	Street Maintenance on Carson Street between City Limits and Clark Avenue	\$ 2,730,000	\$ 1,067,160	\$ 1,662,840	\$ 8,549
705	Street Maintenance on Anaheim Street between Atlantic Avenue and Alamitos Avenue	880,000	623	879,377	-
705	Del Amo Boulevard between West City Limits and Long Beach Boulevard	1,372,000	6,805	1,365,195	623,100
705	Studebaker Road between Los Santos and Willow Street	1,023,000	-	1,023,000	3,750
705	Anaheim Street between Oregon Avenue and Pacific Avenue	950,000	-	950,000	11
705	Long Beach Boulevard between Victoria Street and Neece Street	610,000	27,585	582,415	-
705	Atlantic Avenue Between 10th and Anaheim Street	145,000	14,414	130,586	-
705	South Street between Atlantic Avenue and Walnut Avenue	750,000	30,612	719,388	-
705	Clark Avenue between Carson Street and Harvey Way	200,000	9,557	190,443	92,479
705	Palo Verde Avenue between Alley N/Barbanell and Wardlow Road	1,100,000	1,100,000	-	-
705	Willow Street between Magnolia Avenue and Pacific Avenue	840,000	29,928	810,072	35,147
705	East 10th Street between Orange Avenue and Cherry Avenue	700,000	375,321	324,679	282,826
705	Santa Fe Avenue between Willow Street and 27th Street	400,000	21,429	378,571	17,039
705	Atherton Street between Palo Verde and Knoxville Avenue	690,000	23,491	666,509	14,906
705	Outer Traffic Circle between Hathaway and Lakewood Boulevard	540,000	-	540,000	-
705	Willow Street Bridge over Los Angeles River	50,000	-	50,000	-
	Sub-total	<u>12,980,000</u>	<u>2,706,925</u>	<u>10,273,075</u>	<u>1,077,807</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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021		Variance Favorable (Unfavorable)	2020 Actual
		Metro Budget	Actual		
705	Street Maintenance on Magnolia Avenue between Spring Street and Wardlow Road *	\$ 1,490,000	\$ 30,009	\$ 1,459,991	\$ -
705	Queens Way Drive between Queens Way Underpass and Harbor Plaza *	1,100,000	979	1,099,021	764,337
705	Ocean Boulevard between Long Beach Boulevard and Atlantic Avenue *	670,000	82,300	587,700	337,437
705	Marina Drive between 2nd Street and Studebaker Road	-	-	-	879,270
705	Magnolia Avenue between 4th and Anaheim *	1,700,000	42,804	1,657,196	(145,382)
705	Broadway and 3rd between Magnolia Avenue and Alamitos Avenue	-	-	-	580,385
710	Artesia Great Boulevard	1,750,000	2,324	1,747,676	34,033
720	Bellflower Bridge over Los Cerritos Channel	90,000	-	90,000	-
720	Lakewood Bridge over Spring Street	70,000	34	69,966	-
760	Parking and Wayfinding Signage	250,000	-	250,000	-
765	Maintaining Pavement Management System	50,000	-	50,000	-
780	Funding for Strategic Transportation Planning and Implementation	87,000	-	87,000	-
780	I-710 Corridor Project Draft EIR/EIS Review	300,000	-	300,000	-
805	Bike Boulevards	50,000	-	50,000	-
805	Long Beach Boulevard Pedestrian Improvements	970,824	11,613	959,211	98,838
805	Orange Backbone Bikeway	500,000	-	500,000	-
806	Bike Lane Sweeping	405,000	297,887	107,113	-
806	Downtown Bike Station Operations at Promenade and First Street	75,000	22,112	52,888	-
	Sub-total	<u>9,557,824</u>	<u>490,062</u>	<u>9,067,762</u>	<u>2,548,918</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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
816	Citywide 8 to 80 Bike Connections	\$ 400,000	\$ -	\$ 400,000	\$ -
816	Citywide Bicycle Parking	150,000	2,743	147,257	2,449
270-93	Atlantic Corridor Complete Streets Study	-	-	-	101,417
270-135	Systemic Safety Analysis Report Program	-	-	-	734
430-99	3rd and Broadway Cycle Tracks	-	-	-	23,620
430-100	2nd Street Bike Improvements	-	-	-	23,078
430-122	Willow Street Pedestrian Improvements	-	-	-	48,333
430-141	15th Street Bicycle Boulevard of Parks	-	-	-	262,500
Total expenditures		\$ 31,235,723	\$ 4,254,939	\$ 26,980,784	\$ 5,984,785

* The City received retroactive approval from Metro on October 14, 2021 on the budgets for the following projects:

- a. Proposition C Administration Project Code 620 in the amount of \$500,000.
- b. Street Maintenance on Magnolia Avenue between Spring Street and Wardlow Road Project Code 705 in the amount of \$1,490,000.
- c. Queens Way Drive between Queens Way Underpass and Harbor Plaza Project Code 705 in the amount of \$1,100,000.
- d. Ocean Boulevard between Long Beach Boulevard and Atlantic Avenue Project Code 705 in the amount of \$670,000.
- e. Magnolia Avenue between 4th and Anaheim Project Code 705 in the amount of \$1,700,000.

See Compliance Matrix and Schedule of Findings and Recommendations - Finding No. 2021-002.

See accompanying independent auditor's report.

CITY OF LONG BEACH
PROPOSITION C LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and investments	\$ 3,987,310	\$ 2,672,363
Due from other fund	<u>821,343</u>	<u>-</u>
Total assets	<u>\$ 4,808,653</u>	<u>\$ 2,672,363</u>
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ <u>-</u>	\$ <u>1,137,935</u>
Total liabilities	<u>-</u>	<u>1,137,935</u>
 Fund Balance		
Restricted	<u>4,808,653</u>	<u>1,534,428</u>
Total fund balance	<u>4,808,653</u>	<u>1,534,428</u>
Total liabilities and fund balance	<u>\$ 4,808,653</u>	<u>\$ 2,672,363</u>

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

	2021	2020
REVENUES		
Measure R	\$ 5,953,827	\$ 5,762,299
Interest income	27,615	68,864
Total revenues	5,981,442	5,831,163
EXPENDITURES		
Various projects	2,707,217	7,265,457
Total expenditures	2,707,217	7,265,457
Excess (deficiency) of revenues over expenditures	3,274,225	(1,434,294)
Fund balance at beginning of year	1,534,428	2,968,722
Fund balance at end of year	\$ 4,808,653	\$ 1,534,428

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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	FY 2021 Citywide Residential Street	\$ 1,800,000	\$ 2,309,631	\$ (509,631)	\$ -
705	FY 2021 Citywide Sinkholes	250,000	-	250,000	-
705	FY 2021 Arterial Corridor Enhancements	4,100,000	-	4,100,000	-
760	FY 2021 Citywide Striping and Signage Program	250,000	24,479	225,521	-
806	FY 2021 Bikeway and Pedestrian Improvements	100,000	373,107	(273,107)	-
1.05	FY 2020 Citywide Residential Street Repair	-	-	-	7,259,657
2.03	Traffic and Pedestrian Signals	-	-	-	5,800
	Total expenditures	\$ 6,500,000	\$ 2,707,217	\$ 3,792,783	\$ 7,265,457

See accompanying independent auditor's report.

CITY OF LONG BEACH
MEASURE R LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
None		\$ -	\$ -	\$ -	\$ -
	Total	\$ -	\$ -	\$ -	\$ -

See accompanying independent auditor's report.

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

	2021	2020
ASSETS		
Cash and investments	\$ 7,340,196	\$ 1,501,901
Total assets	\$ 7,340,196	\$ 1,501,901
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ -	\$ -
Total liabilities	-	-
 Fund Balance		
Restricted	7,340,196	1,501,901
Total fund balance	7,340,196	1,501,901
Total liabilities and fund balance	\$ 7,340,196	\$ 1,501,901

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

	2021	2020
REVENUES		
Measure M	\$ 6,745,905	\$ 6,480,453
Interest income	25,891	87,258
Total revenues	6,771,796	6,567,711
EXPENDITURES		
Various projects	933,501	9,544,069
Total expenditures	933,501	9,544,069
Excess (deficiency) of revenues over expenditures	5,838,295	(2,976,358)
Fund balance at beginning of year	1,501,901	4,478,259
Fund balance at end of year	\$ 7,340,196	\$ 1,501,901

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, 2021
(With Comparative Actual Amount for the Fiscal Year Ended June 30, 2020)

Project Code	Project Name	2021			2020 Actual
		Metro Budget	Actual	Variance Favorable (Unfavorable)	
705	FY 2021 Citywide Residential Street Repair	\$ 500,000	\$ 589,873	\$ (89,873)	\$ -
705	FY 2021 Arterial Street Rehabilitation	3,400,000	314,261	3,085,739	-
806	FY 2021 Bikeway and Pedestrian Improvements	709,900	19,510	690,390	-
890	Arterial Corridor Enhancements	2,390,100	9,857	2,380,243	-
1.05	FY 2020 Citywide Residential Street Repair	-	-	-	9,326,314
2.03	Traffic and Pedestrian Signals	-	-	-	464
2.29	Citywide Striping and Signage Program	-	-	-	63,986
3.90	Sustainable Transportation Improvements	-	-	-	153,305
	Total expenditures	\$ 7,000,000	\$ 933,501	\$ 6,066,499	\$ 9,544,069

See accompanying independent auditor's report.

CITY OF LONG BEACH
MEASURE M LOCAL RETURN FUND
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
 June 30, 2021

Date Acquired	Description	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
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

	2021	2020
ASSETS		
Cash and investments	\$ -	\$ -
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 LONG BEACH
TRANSPORTATION DEVELOPMENT ACT ARTICLE 3 FUND
STATEMENTS OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
For the Fiscal Years Ended June 30

	2021	2020
REVENUES		
TDA 3	\$ -	\$ 59,632
Total revenues	-	59,632
EXPENDITURES		
Pedestrian and Bicycle Infrastructure Improvements	-	59,632
Total expenditures	-	59,632
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 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, 2021

<u>Project Description</u>	<u>Program Year</u>	<u>Allocations</u>	<u>Expenditures</u>	<u>Unexpended Allocations</u>	<u>Project Status</u>
Local allocations					
None	2020-21	\$ -	\$ -	\$ -	
Total		<u>\$ -</u>	<u>\$ -</u>	-	
Fund balance at beginning of year				-	
Fund balance at end of year				<u>\$ -</u>	

See accompanying independent auditor's report.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020

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 the 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. The statement of revenues, expenditures and changes in fund balance for Special Revenue Funds generally present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

Budgets and Budgetary Accounting

The budgeted amounts presented in this report for comparison to the actual amounts are presented in accordance with accounting principles generally accepted in the United States of America.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(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 2021 Annual Comprehensive 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, 2021:

- 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 Annual Comprehensive 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, 2021 and 2020
(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 \$440 and \$865 in fiscal years ended June 30, 2021 and June 30, 2020, respectively, while PCLRF recognized \$648 and \$1,277 in fiscal years ended June 30, 2021 and June 30, 2020, respectively. 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, 2021 and 2020
(Continued)

NOTE 9 – APPORTIONMENT TO LONG BEACH PUBLIC TRANSPORTATION - PALRF

In fiscal years 2020-21 and 2019-20, transfers were made from PALRF to Long Beach Public Transportation in the amounts of \$6,190,887 and \$6,009,181, respectively, for the services provided to the City of Long Beach and were charged to Project Code 105 (formerly, 110-03), Apportionment to Long Beach Transit.

NOTE 10 – TRANSPORTATION DEVELOPMENT ACT FUND REVENUE ALLOCATION

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

	2021	2020
FY 2019-20 allocation	\$ -	\$ 59,632
Total payment requested	\$ -	\$ 59,632

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, 2021 and 2020, the City has funds on reserve as follows:

	2021	2020
FY 2019-20 allocation	\$ 285,522	\$ 285,522
FY 2020-21 allocation	264,653	-
Available reserve balance	\$ 550,175	\$ 285,522

NOTE 12 – IMPACT OF CORONAVIRUS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to businesses and other affected organizations, including local governmental entities. However, the City's management believes that the financial impact, if any, will not materially affect the June 30, 2021 Funds' financial statements.

CITY OF LONG BEACH
NOTES TO FINANCIAL STATEMENTS
For the Fiscal Years Ended June 30, 2021 and 2020
(Continued)

NOTE 13 – SUBSEQUENT EVENTS

The City has evaluated subsequent events through December 14, 2021, the date the financial statements were available to be issued and concluded no other events have occurred that require disclosure or adjustments to the 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, 2021, and the related notes to the financial statements, and have issued our report thereon dated December 14, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the Funds’ financial statements, we considered the City’s internal control over 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 cursive script that reads "Simpson & Simpson".

Los Angeles, California
December 14, 2021

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, 2021.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance 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, 2021.





Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Guidelines and which are described in the accompanying Schedule of Findings and Recommendations as Finding Nos. 2021-001 and 2021-002. Our opinion on each local return program and Transportation Development Act Article 3 is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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
December 14, 2021

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2021

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.	Funds were expended with Metro’s approval and were not substituted for property tax.		X		None	See Finding No. 2021-002 on the Schedule of Findings and Recommendations.
4.	Timely use of funds.	X			None	
5.	Administrative expenses are within the 20% cap.	X			None	
6.	Expenditures that exceeded 25% of approved project budget have approved amended Project Description Form (Form A) or electronic equivalent.		X		None	See Finding No. 2021-001 on the Schedule of Findings and Recommendations.
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	
12.	Self-Certification was completed and submitted for Intelligent Transportation Systems projects or elements.			X	None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2021
(Continued)

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	
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	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2021
(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.	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	
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 reimbursable 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	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
13.	Funds were used to augment, not supplant existing local revenues being used for transportation purposes unless there is a fund shortfall.	X			None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2021
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
B. Measure R Local Return Fund						
14.	Recreational transit form was submitted on time.			X	None	
15.	Fund exchanges were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2021
(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.	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	
8.	Expenditure Plan (Form M-One or electronic equivalent) was submitted on time.	X			None	
9.	Expenditure Report (Form M-Two or electronic equivalent) was submitted on time.	X			None	
10.	Where funds expended were reimbursable by other grants or fund sources, the reimbursement was credited to the Local Return Account upon receipt of the reimbursement.			X	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	
12.	A separate account was established for Capital reserve funds and Capital reserve was approved by Metro.			X	None	
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	

CITY OF LONG BEACH
COMPLIANCE MATRIX
Year Ended June 30, 2021
(Continued)

Compliance Requirement		In Compliance			Questioned Costs	If no, provide details and management response.
		Yes	No	N/A		
C. Measure M Local Return Fund						
15.	Fund exchanges (trades, loans, or gifts) were approved by Metro.			X	None	
16.	Accounting procedures, record keeping, and documentation are adequate.	X			None	

CITY OF LONG BEACH
COMPLIANCE MATRIX
 Year Ended June 30, 2021
 (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, 2021

PALRF: Finding No. 2021-001

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C) Project Description Form (Form A), “Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds for: 5) a 25 percent or greater change in an approved Local Return project budget or scope on all operating or capital Local Return projects.”
Condition	The City exceeded more than 25 percent of Metro's approved budget on PALRF Project Code 170, Landscape Maintenance Blue Line, in the amount of \$94,979. However, the City submitted a request to increase the budget to Metro in the amount of \$439,000 and received subsequent approval on October 14, 2021.
Cause	It is the City’s understanding that the new financial reporting system in fiscal year 2020-21 will carry over the budget amounts for the previously Metro-approved projects to the next fiscal year. Since the City staff was not aware of the change in the budget for the Landscape Maintenance Blue Line Project Code 170, the expenditures incurred for the project exceeded more than 25 percent of the decreased budget.
Effect	The City’s PALRF project expenditure exceeded 25 percent of Metro’s approved budget prior to Metro’s approval and the City did not comply with the Guidelines.
Recommendation	We recommend that the City establish procedures to ensure that project expenditures are within the 25 percent cap of the Metro’s approved budget and any projects exceeding the 25 percent or greater change are identified and update in the LRMS to obtain Metro’s approval for the change in project budget prior to the expenditures of funds.
Management’s Response	The City will perform periodic reviews of project activity to ensure that all prior fiscal year approved project budgets are included in the current fiscal year’s budget submittal request to Metro in the new system, LRMS.
Corrected During the Audit	Metro Program Manager granted retroactive budget approval in the amount of \$439,000 for the said project on October 14, 2021. No follow-up is required.

CITY OF LONG BEACH
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
 June 30, 2021
 (Continued)

PCLRF: Finding No. 2021-002

Compliance Reference	According to Proposition A and Proposition C Local Return Guidelines, Section I (C), Project Description Form (Form A): Jurisdictions shall submit for approval a Project Description Form prior to the expenditure of funds."
Condition	<p>The City incurred expenditures prior to receiving approval from Metro for the following projects:</p> <ul style="list-style-type: none"> (a) PCLRF's Proposition C Administration Program Project Code 620 in the amount of \$337,230; (b) PCLRF's Street Maintenance on Magnolia Avenue between Spring Street and Wardlow Road Project Code 705 in the amount of \$30,009; (c) PCLRF's Queens Way Drive between Queens Way Underpass and Harbor Plaza Project Code 705 in the amount of \$979; (d) PCLRF's Ocean Boulevard between Long Beach Boulevard and Atlantic Avenue Project Code 705 in the amount of \$82,300; (e) PCLRF's Magnolia Avenue between 4th and Anaheim Project Code 705 in the amount of \$42,804. <p>However, the projects above were subsequently approved on October 14, 2021.</p>
Cause	It is the City's understanding that the new financial reporting system in fiscal year 2020-21 will carry over the previously Metro-approved projects to the next fiscal year. Since the City staff was not aware of the updated functionality of Metro's new financial reporting system, the submission of the budgets for the above projects was overlooked.
Effect	The City did not comply with the Guidelines as expenditures for PCLRF projects were incurred prior to Metro's approval.
Recommendation	We recommend that the City establish procedures to ensure that it obtains approval from Metro prior to implementing any Proposition C Local Return projects, and properly enter the budgeted amount for each project in the Local Return Management System (LRMS) and submit before the requested due date so that the City's expenditures of Proposition C Local Return Funds are in accordance with Metro's approval and the Guidelines.

CITY OF LONG BEACH
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2021
(Continued)

PCLRF: Finding No. 2021-002 (Continued)

Management's Response	The City will perform periodic reviews of project activity to ensure that all prior fiscal year approved project budgets are included in the current fiscal year's budget submittal request to Metro in the new system, LRMS.
Corrected During the Audit	Metro Program Manager granted retroactive approval of the said expenditures on October 14, 2021. No follow-up is required.

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, 2021

An exit conference was held on December 29, 2021 with the City of Long Beach. Those in attendance were:

Simpson & Simpson Representative:

John Longoria, Senior Auditor

City's Representatives:

Stefannie Kodrat, Assistant City Controller
Sarah Castillo-Wright, Grants Accounting Officer
Georgia Will, Senior Accountant
Alex Powers, Accountant

Matters Discussed:

Results of the audit disclosed no significant control deficiencies and two (2) 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:

Sarah Castillo-Wright, Grants Accounting Officer

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, 2021 AND 2020

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, 2021 and 2020 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