



CITY OF LONG BEACH, CALIFORNIA

Single Audit Report

Year ended September 30, 2015

(With Independent Auditors' Reports Thereon)

CITY OF LONG BEACH, CALIFORNIA

Table of Contents

	Page(s)
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	1–2
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, <i>Audits of States, Local Governments, and Non-Profit Organizations</i>	3–5
Schedule of Expenditures of Federal Awards	6–14
Notes to Schedule of Expenditures of Federal Awards	15–16
Summary of Findings and Questioned Costs	17
Schedule of Findings and Responses	18–20



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Independent Auditors' 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*

The Honorable Mayor and City Council
City of Long Beach, California:

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 governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California (the City), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 25, 2016. Our report includes an emphasis of matter paragraph regarding the City adopting provisions of Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions* and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the City's basic financial statements. This report does not include the results of the other auditors testing of internal controls over financial reporting or compliance with other matters that are reported on separately by that auditor.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitation, 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. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.



Compliance and Other Matters

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

The City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs as item 2015-001. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Irvine, California
March 25, 2016



KPMG LLP
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20 Pacifica
Irvine, CA 92618-3391

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*

The Honorable Mayor and City Council
City of Long Beach, California:

Report on Compliance for Each Major Federal Program

We have audited the City of Long Beach, California's (the City's) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2015. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The City's financial statements include the operations of the Long Beach Transportation Company, a discretely presented component unit, which received \$24,316,576 in federal awards, which is not included in the schedule of expenditures of federal awards for the year ended September 30, 2015. Our audit, described below, did not include the operations of the discretely presented component unit because Long Beach Transportation Company engaged other auditors to perform an audit in accordance with OMB Circular A-133.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal 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 for each major federal program. However, our audit does not provide a legal determination of the City's compliance.



Opinion on Each of the Major Federal Programs

In our opinion, the City of Long Beach, California complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 with a type of compliance requirement of a federal program 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 a type of compliance requirement of a federal program 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 a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 25, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly



to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Irvine, California
June 24, 2016

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
<u>Department of Agriculture Food and Nutrition Service:</u>			
Passed through the State of California Department of Health Services:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	14-10228	\$ 4,281,624
Passed through the State of California Department of Education:			
Summer Food Service Program for Children	10.559	19-81908V	351,421
Passed through the State of California Department of Health Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561	13-20015	1,049,292
Total Department of Agriculture Food and Nutrition Service			<u>5,682,337</u>
<u>Department of Commerce Economic Development Administration:</u>			
Direct:			
Economic Adjustment Assistance	11.307	07-49-05046	1,086,665
Total Department of Commerce Economic Development Administration			<u>1,086,665</u>
<u>Department of Housing and Urban Development:</u>			
Direct:			
Community Development Block Grant/Entitlement Grants	14.218	B-13-MC-06-0522	4,762,186
Community Development Block Grant/Entitlement Grants	14.218	B-14-MC-06-0522	2,117,446
Community Development Block Grant/Entitlement Grants	14.218	B-15-MC-06-0522	1,763
			<u>6,881,395</u>
Community Development Block Grant/Entitlement Grants – NSP1	14.218	B-08-MN-06-0511	66,878
Community Development Block Grant/Entitlement Grants – NSP3	14.218	B-11-MN-06-0511	7,170
Total Community Development Block Grant/Entitlement Grants Cluster (14.218)			<u>6,955,443</u>
Emergency Solutions Grant Program	14.231	E-13-MC-06-0522	127,976
Emergency Solutions Grant Program	14.231	E-14-MC-06-0522	416,626
Total Emergency Solutions Grant Program (14.231)			<u>544,602</u>
Shelter Plus Care	14.238	CA1014C9D061000	61,429
Shelter Plus Care	14.238	CA1132C9D061100	44,477
Total Shelter Plus Care (14.238)			<u>105,906</u>
Home Investment Partnerships Program	14.239	M-11-MC-06-0518	234,056
Home Investment Partnerships Program	14.239	M-13-MC-06-0518	94,489
Home Investment Partnerships Program	14.239	M-14-MC-06-0518	4,618,119
Home Investment Partnerships Program	14.239	M-15-MC-06-0518	128,550
Total Home Investment Partnerships Program (14.239)			<u>5,075,214</u>
Passed through the City of Los Angeles:			
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	98256	695,115
Direct:			
ARRA – Neighborhood Stabilization Program – NSP2	14.256	B-09-CN-CA-0045	546,965
Continuum of Care Program – CoC 2012	14.267	CA06B9D061205	66,089
Direct:			
Continuum of Care Program – CoC 2013	14.267	CA0000U9D061301	4,283,291

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
<u>Department of Housing and Urban Development (continued):</u>			
Direct:			
Continuum of Care Program – CoC 2014	14.267	CA0000U9D061402	\$ 1,375,281
Continuum of Care Program	14.267	CA0646U9D061306	303,830
Continuum of Care Program	14.267	CA0646U9D061407	92,204
Continuum of Care Program	14.267	CA0647U9D061306	171,289
Continuum of Care Program	14.267	CA0647U9D061407	46,251
Continuum of Care Program	14.267	CA0932L9D061203	5,889
Continuum of Care Program	14.267	CA0932U9D061304	54,337
Continuum of Care Program	14.267	CA0932U9D061405	14,976
Total Continuum of Care Program (14.267)			<u>6,413,437</u>
Section 8 Housing Choice Vouchers	14.871	CA068VO	61,912,439
Family Self-Sufficiency Program	14.896	CA068FSH057A014	184,585
Lead-based Paint Hazard Control in Privately Owned Housing	14.900	CALHB0514-12	819,134
Total Department of Housing and Urban Development			<u>83,252,840</u>
<u>Department of the Interior Bureau of Reclamation:</u>			
Direct:			
Water Reclaim and Reuse Program – Reclaimed Water Expansion	15.504	R15AC00085	573
<u>Research and Development Cluster:</u>			
<u>Department of the Interior Bureau of Reclamation:</u>			
Direct:			
Water Desalination Research and Development Program	15.506	R15AC00086	23,458
Total Department of the Interior Bureau of Reclamation			<u>24,031</u>
<u>Department of Justice :</u>			
Direct:			
Asset Forfeiture	16.000	N/A	437,132
Community-Based Violence Prevention Program	16.123	2014-NY-FX-K005	204
Youth Gang Prevention	16.544	2014-JV-FX-K004	74,905
Public Safety Partnership and Community Policing Grants – Child Sexual Predator Program	16.710	2011-CS-WX-0004	641
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2012-DJ-BX-0802	30,833
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0987	182,076
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2014-DJ-BX-0318	62,775
Total Edward Byrne Memorial Justice Assistance Grant Program (16.738)			<u>275,684</u>
Passed through the State of California Office of Emergency Services:			
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ13 09 7240	1,127
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ14 10 7240	7,509
Total Paul Coverdell Forensic Sciences Improvement Grant Program (16.742)			<u>8,636</u>
Direct:			
National Forum on Youth Violence Prevention	16.819	2014-NY-FX-K005	20,000
Total Department of Justice			<u>817,202</u>

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
Department of Labor:			
Direct:			
H-1B Job Training Grants	17.268	HG-22609-12-60-A-6	\$ 1,048,904
Passed through the State of California Employment Development Department:			
Passed through El Camino College:			
H-1B Job Training Grants	17.268	33821	57,212
H-1B Job Training Grants	17.268	610823	30,980
			<u>88,192</u>
Total H-1B Job Training Grants (17.268)			<u>1,137,096</u>
Passed through the State of California Employment Development Department:			
Workforce Investment Act (WIA) National Emergency Grants	17.277	K491023	58,440
Workforce Investment Act (WIOA) National Dislocated Worker Grants/WIA National Emergency Grants	17.277	K698367	8,500
Passed through the State of California Employment Development Department:			
Passed through the City of Los Angeles:			
Workforce Investment Act (WIA) National Emergency Grants – Multi-Sector National Emergency Grant	17.277	C-122203	27,579
Passed through the South Bay Workforce Investment Board, Inc.:			
Workforce Investment Act (WIA) National Emergency Grants	17.277	EM-22035-11-60-A-6/11-W128	178,909
Total Workforce Investment Act (WIA) National Emergency Grants (17.277)			<u>273,428</u>
Passed through the State of California Employment Development Department:			
Workforce Investment Act (WIA) Title I Adult Program	17.258	K491023	11,990
Workforce Investment Act (WIA) Title I Adult Program	17.258	K594766	1,738,635
			<u>1,750,625</u>
Workforce Investment Act (WIA/WIOA) Adult Program	17.258	K698367	119,950
Passed through the State of California Employment Development Department:			
Passed through the County of Orange:			
Workforce Investment Act (WIA) Title I Adult Program – Vet Assistance Employment Program Adult	17.258	13-28-629342	11,255
Workforce Investment Act (WIA/WIOA) Adult Program	17.258	14-28-0010-OS	103,722
Workforce Investment Act (WIA/WIOA) Adult Program	17.258	15-28-0010-OS	1,892
Workforce Investment Act (WIA/WIOA) Adult Program	17.258	15-28-0005-VEAP	13,731
			<u>119,345</u>
Passed through the State of California Employment Development Department:			
Passed through the City of Los Angeles:			
Workforce Investment Act (WIA) Title I Adult Program – Harbor Worksource Ctr	17.258	C-122914	(304)
Workforce Investment Act (WIA) Title I Adult Program – Harbor Worksource Ctr	17.258	C-124397	496,835
			<u>496,531</u>
Passed through the State of California Employment Development Department:			
Passed through the City of Los Angeles:			
Workforce Investment Act (WIA) Title I Adult Formula – Sector Initiative Adult	17.258	C-121134	(888)
Workforce Investment Act (WIA/WIOA) Adult Program	17.258	C-126394	137,276
Total WIA Adult Program (17.258)			<u>2,634,094</u>

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
Department of Labor (continued):			
Passed through the State of California Employment Development Department:			
Workforce Investment Act (WIA) Title I Youth Program	17.259	K491023	\$ 540,649
Workforce Investment Act (WIA/WIOA) Youth Program Grants	17.259	K491023	73,000
Workforce Investment Act (WIA/WIOA) Youth Program Grants	17.259	K594766	882,011
Workforce Investment Act (WIA/WIOA) Youth Program Grants	17.259	K698367	314,186
			<u>1,269,197</u>
Total WIA Youth Activities (17.259)			<u>1,809,846</u>
Passed through the State of California Employment Development Department:			
Workforce Investment Act (WIA) Dislocated Worker Formula Grants – Layoff Aversion	17.278	K594766	71,324
Workforce Investment Act (WIA) Title I Dislocated Worker Formula Grants	17.278	K491023	3,511
Workforce Investment Act (WIA) Title I Dislocated Worker Formula Grants	17.278	K594766	1,380,555
			<u>1,384,066</u>
Workforce Investment Act (WIA) Title I Dislocated Worker Formula Grants – Rapid Response	17.278	K594766	330,448
Workforce Investment Act (WIA/WIOA) Dislocated Worker Formula Grants	17.278	K698367	113,826
Workforce Investment Act (WIA/WIOA) Dislocated Worker Formula Grants	17.278	K698367	78,297
Workforce Investment Act (WIA/WIOA) Dislocated Worker Formula Grants	17.278	K698367	21,638
			<u>213,761</u>
Passed through the State of California Employment Development Department:			
Passed through the City of Los Angeles:			
Workforce Investment Act (WIA) Title I Dislocated Worker Formula Grants – Harbor Worksource Ctr DW	17.278	C-122914	(205)
Workforce Investment Act (WIA) Title I Dislocated Worker Formula Grants – Harbor Worksource Ctr DW	17.278	C-124397	380,791
			<u>380,586</u>
Workforce Investment Act (WIA/WIOA) Dislocated Worker Formula Grants	17.278	C-126164	9,777
Workforce Investment Act (WIA/WIOA) Dislocated Worker Formula Grants	17.278	C-126394	104,774
			<u>114,551</u>
Passed through the State of California Employment Development Department:			
Passed through the County of Orange:			
Workforce Investment Act (WIA) Title I Dislocated Worker Formula Grants – Vet Assistance Employment Program DW-3	17.278	13-28-629342	4,423
Workforce Investment Act (WIA/WIOA) Adult Program	17.278	14-28-0020-OS	58,455
Workforce Investment Act (WIA/WIOA) Adult Program	17.278	15-28-0010-OS	1,999
Workforce Investment Act (WIA/WIOA) Adult Program	17.278	15-28-0005-VEAP	12,071
			<u>72,525</u>
Workforce Investment Act (WIA/WIOA) Dislocated Worker Formula Grants	17.278	14-28-0010-OS	90,508
Workforce Investment Act (WIA/WIOA) Dislocated Worker Formula Grants	17.278	15-28-0010-OS	100
			<u>90,608</u>
Total WIA Dislocated Worker Formula Grants (17.278)			<u>2,662,292</u>
Total WIA cluster (17.258, 17.259, and 17.278)			<u>7,106,232</u>

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
Department of Labor (continued):			
Passed through the State of California Employment Development Department:			
Workforce Investment Act (WIA/WIOA) Pilots, Demonstrations, and Research Projects	17.280	K698367	\$ 10,000
Passed through the State of California Employment Development Department:			
Passed through Long Beach Community College District:			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Construction Grant	17.282	99721.2	79,625
Total Department of Labor			<u>8,606,381</u>
Department of Transportation:			
Direct:			
Airport Improvement Program	20.106	AIP 3-06-0127-032-2009	(3,249)
Airport Improvement Program	20.106	AIP 3-06-0127-036-2011	193,783
Airport Improvement Program	20.106	AIP 3-06-0127-037-2011	63,355
Airport Improvement Program	20.106	AIP 3-06-0127-038-2011	187,077
Airport Improvement Program	20.106	AIP 3-06-0127-039-2012	154,134
Airport Improvement Program	20.106	AIP 3-06-0127-040-2013	9,192,542
Airport Improvement Program	20.106	AIP 3-06-0127-041-2014	3,436,444
Total Airport Improvement Program (20.106)			<u>13,224,086</u>
Passed through the State of California Department of Transportation:			
Highway Planning and Construction	20.205	ACNH 7101 (807)	85,659,041
Highway Planning and Construction	20.205	BHLS-5108 (155)	10,000
Highway Planning and Construction	20.205	BRLS-5108 (137)	17,769,746
Highway Planning and Construction	20.205	CML-5108 (130)	19,772
Highway Planning and Construction	20.205	CML-5108 (159)	2,590
Highway Planning and Construction	20.205	HPLUL-5108 (126)	95,620
Highway Planning and Construction	20.205	HSIPL-5108 (151)	480,856
Highway Planning and Construction	20.205	PNRSLN-5108 (116)	905,833
Highway Planning and Construction	20.205	RPSTPLE-5108 (153)	980
Passed through the State of California Department of Transportation:			
Highway Planning and Construction	20.205	STPL-5108 (140)	101
Highway Planning and Construction	20.205	STPL-5108 (144)	318,128
Highway Planning and Construction	20.205	STPL-5108 (145)	11,277
Highway Planning and Construction	20.205	STPL-5108 (147)	51,564
Highway Planning and Construction	20.205	STPL-5108 (150)	12,072
Highway Planning and Construction	20.205	STPL-5108 (161)	1,469,097
Highway Planning and Construction	20.205	STPL-5108 (162)	545,631
Highway Planning and Construction	20.205	STPL-5108 (163)	724,458
Highway Planning and Construction – Safe Routes to School	20.205	SRTSNI-5108(149)	71,909
Total Highway Planning and Construction Programs (20.205)	20.205	88A0082	<u>108,148,675</u>
Passed through the State of California Office of Traffic Safety:			
State and Community Highway Safety	20.600	PT1540	209,456
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT14120	(296)
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	PT1540	161,675
Total Minimum Penalties for Repeat Offenders for Driving While Intoxicated (20.608)			<u>161,379</u>
Total Highway Safety Cluster (20.600 and 20.608)			<u>370,835</u>

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
<u>Department of Transportation (continued):</u>			
Passed through the State of California Office of Emergency Services:			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	CAL OES# 037-43000	\$ 5,374
Direct:			
ARRA – Surface Transportation-Discretionary Grants for Capital Investment	20.932	DTMA1G12001	5,206,239
Total Department of Transportation			<u>126,955,209</u>
<u>Department of Treasury:</u>			
Direct:			
Asset Forfeiture	21.000	N/A	16,292
Total Department of Treasury			<u>16,292</u>
<u>National Endowment for the Humanities:</u>			
Passed through California Council for the Humanities:			
Promotion of the Humanities Federal/State Partnership	45.129	CAR13-68	6,147
Total National Endowment for the Humanities			<u>6,147</u>
<u>Institute of Museum and Library Services:</u>			
Passed through California State Library			
Grants to States	45.310	40-8464	5,000
Total Institute of Museum and Library Services			<u>5,000</u>
<u>Environmental Protection Agency:</u>			
Direct:			
National Clean Diesel Emissions Reduction Program	66.039	00T66601	280,336
National Clean Diesel Emissions Reduction Program	66.039	00T95701	132,000
Total National Clean Diesel Emissions Reduction Program (66.039)			412,336
Passed through the State of California Department of Health Services:			
Beach Monitoring and Notification Program Implementation	66.472	12-040-250	24,999
Direct:			
ARRA – Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	V-99T06101-0	4,743
Total Environmental Protection Agency			<u>442,078</u>
<u>Department of Health & Human Services:</u>			
Passed through the County of Los Angeles			
Public Health Emergency Preparedness	93.069	PH-002224	831,963
Passed through the State of California Department of Health Services:			
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU	99,846
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	MOU	31,563
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs (93.116)			<u>131,409</u>
Injury Prevention and Control Research and State and Community Based Programs	93.136	14-10809	34,909
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	11-10545	(1)

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
Department of Health & Human Services (continued):			
Passed through the State of California Department of Health Services:			
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	14-10023	\$ 297,551
Total Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children (93.197)			<u>297,550</u>
Immunization Cooperative Agreements	93.268	13-20297	170,531
Immunization Cooperative Agreements	93.268	15-10428	54,882
Total Immunization Cooperative Agreements (93.268)			<u>225,413</u>
Passed through the State of California:			
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	14-N-15	90,323
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	15-N-11	4,101
Total State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges (93.525)			<u>94,424</u>
Passed through the County of Los Angeles:			
Promoting Safe and Stable Families	93.556	31035	7,422
Promoting Safe and Stable Families	93.556	04-025-14	105,079
Promoting Safe and Stable Families	93.556	05-027-10	46,702
Promoting Safe and Stable Families	93.556	05-028-5	81,728
Total Promoting Safe and Stable Families (93.556)			<u>240,931</u>
Passed through the State of California Department of Health Services:			
Passed through the County of Los Angeles Department of Public Social Services:			
Passed through the City of Hawthorne/South Bay Workforce Investment Board:			
Temporary Assistance for Needy Families – Calworks Transitional Subsidized Emp Pro	93.558	H1372	6
Temporary Assistance for Needy Families – Calworks Transitional Subsidized Emp Pro	93.558	13-W180	146,756
			<u>146,762</u>
Passed through the State of California Department of Health Services:			
Passed through the County of Los Angeles Department of Public Social Services:			
Passed through the City of Inglewood/South Bay Workforce Investment Board:			
Temporary Assistance for Needy Families – Los Angeles County Youth Jobs Program II PY 14-15 CALWORKS	93.558	IA0314	69,426
Temporary Assistance for Needy Families – Los Angeles County Youth Jobs Program PY 15-16 CALWORKS	93.558	IA0615	135,522
Temporary Assistance for Needy Families – Los Angeles County Youth Jobs Program II PY 14-15 FOSTER	93.558	IA0314	18,091
Temporary Assistance for Needy Families – Los Angeles County Youth Jobs Program PY 15-16 FOSTER	93.558	IA0615	9,140
Temporary Assistance for Needy Families	93.558	IA0615	171,273
Total TANF Cluster (93.558)			<u>550,214</u>
Passed through the State of California Department of Health Services:			
Medical Assistance Program – Childhood Health and Disability	93.778	V#002713-00	557,310
Medical Assistance Program – Medical Gateway	93.778	V#002713-00	17,432
Medical Assistance Program – MAA/ TCM Administration	93.778	09-86022-A01	(4,197)
Medical Assistance Program – MAA/ TCM Administration	93.778	14-90021	36,650
			<u>32,453</u>

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
Department of Health & Human Services (continued):			
Passed through the State of California Department of Health Services:			
Medical Assistance Program – Nursing MAA Claiming	93.778	09-86022-A01	\$ (229,866)
Medical Assistance Program – Nursing MAA Claiming	93.778	14-90021	100,000
			<u>(129,866)</u>
Medical Assistance Program – Nursing TCM Claiming	93.778	61-1318	92,502
Total Medical Assistance Program (93.778)			<u>569,831</u>
HIV Emergency Relief Project Grants – AIDS/HIV Benefits Specialty	93.914	H-210813-14	60,414
HIV Emergency Relief Project Grants – AIDS/HIV Benefits Specialty	93.914	PH-002900	62,871
			<u>123,285</u>
Passed through the County of Los Angeles:			
HIV Emergency Relief Project Grants – AIDS EIP Outpatient Medical	93.914	PH002425	62,483
HIV Emergency Relief Project Grants – AIDS EIP Outpatient Medical	93.914	PH002425-2	71,213
			<u>133,696</u>
HIV Emergency Relief Project Grants – Medical Care Coordination	93.914	PH002431	177,362
HIV Emergency Relief Project Grants – Medical Care Coordination	93.914	PH002431-1	246,183
			<u>423,545</u>
Total HIV Emergency Relief Project Grants (93.914)			<u>680,526</u>
Passed through the State of California Department of Health Services:			
HIV Prevention Activities – Health Department Based – AIDS Surveillance	93.940	13-20134	238,175
HIV Prevention Activities – Health Department Based – Care Coordination	93.940	13-20055	788,196
HIV Prevention Activities – Health Department Based – Outreach/Prevention for HIV Positive (Bridge)	93.940	13-20055	125,323
HIV Prevention Activities – Health Department Based – Counseling and Testing	93.940	13-20259	112,757
HIV Prevention Activities – Health Department Based – Counseling and Testing	93.940	14-10964	313,474
			<u>426,231</u>
Total HIV Prevention Activities-Health Department Based (93.940)			<u>1,577,925</u>
Maternal and Child Health Services Block Grant to the States	93.994	201460-MCH	141,710
Maternal and Child Health Services Block Grant to the States	93.994	201560 MCH	87,217
			<u>228,927</u>
Maternal and Child Health Services Block Grant to the States – Black Infant Health	93.994	201460-BIH	292,807
Maternal and Child Health Services Block Grant to the States – Black Infant Health	93.994	201560-BIH	98,789
Total Maternal and Child Health Services Block Grant to the States (93.994)			<u>391,596</u>
			<u>620,523</u>
Total Department of Health & Human Services			<u>5,855,618</u>

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

Federal grantor/pass-through agency/program title	Catalog of federal domestic assistance number	Federal grantor/pass-through entity identifying number	Federal disbursements/expenditures
Department of Homeland Security:			
Direct:			
Emergency Food and Shelter National Board Program	97.024	LRO ID 069500-379 (phase 31)	\$ 15,000
Passed through the State of California – California Office of Emergency Services:			
Passed through the County of Los Angeles:			
Emergency Management Performance Grant	97.042	2013-0047	1
Emergency Management Performance Grant	97.042	2014-0070	79,482
Total Emergency Management Performance Grant (97.042)			<u>79,483</u>
Direct:			
Port Security Grant Program	97.056	EMW-2012-PU-00131	890,650
Port Security Grant Program	97.056	EMW-2013-PU-00522	1,672,646
Port Security Grant Program	97.056	EMW-2014-PU-00210	534,617
Port Security Grant Program	97.056	EMW-2012-PU-00190	344,969
Port Security Grant Program	97.056	EMW-2013-PU-00250	119,615
Port Security Grant Program	97.056	EMW-2013-PU-0096	475,001
Port Security Grant Program	97.056	EMW-2014-PU-00375	13,348
Passed through the Marine Exchange of Los Angeles – Long Beach Harbor:			
Port Security Grant Program	97.056	EMW-2011-PU-K00001	2,119,871
Passed through Marine Exchange of Southern California			
Port Security Grant Program	97.056	EMW-2011-PU-00001	9,137
Total Port Security Grant Program (97.056)			<u>6,179,854</u>
Passed through the State of California – California Office of Emergency Services:			
Passed through the County of Los Angeles:			
Homeland Security Grant Program	97.067	2013-0110	546,488
Homeland Security Grant Program	97.067	2014-00093	80,013
			<u>626,501</u>
Passed through the State of California – California Office of Emergency Services:			
Passed through the City of Los Angeles:			
Homeland Security Grant Program – UASI	97.067	2013-00110	3,197,732
Homeland Security Grant Program – UASI	97.067	2014-00093	1,005,011
			<u>4,202,743</u>
Total Homeland Security Grant Program (97.067)			4,829,244
Passed through the Marine Exchange of Southern California			
Securing the Cities Program	97.106	C-124773	6,414
Total Department of Homeland Security			<u>11,109,995</u>
Total Federal Expenditures			<u>\$ 243,859,795</u>

See accompanying notes to schedule of expenditures of federal awards and the Independent Auditors' Report on Federal Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

CITY OF LONG BEACH, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

(1) General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal financial assistance programs of the City of Long Beach, California (the City). All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through to the City by other government agencies, has been included in the accompanying Schedule. The Schedule does not include federal expenditures of \$24,316,576 for the year ended September 30, 2015 of the Long Beach Transportation Company (LBTC), a discretely presented component unit of the City, as LBTC engaged other auditors to perform audits in accordance with OMB Circular A-133. The City's reporting entity is defined in note 1 to the City's basic financial statements.

(2) Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting. Such basis of accounting is described in note 2 to the City's basic financial statements.

(3) Relationship to Federal Financial Reports

Amounts reported in the accompanying Schedule agree in all material respects with the amounts reported in the related federal financial reports.

(4) Community-Based Loan Programs

Total loans outstanding under the Community Development Block Grants (CDBG) – Entitlement Grants Cluster, Home Investment Partnerships Program, and the Neighborhood Stabilization Program were \$4,002,137, \$67,274,448, and \$10,964,585 at September 30, 2015, respectively. The amounts included in the accompanying Schedule consist of loans advanced to eligible participants of the programs and other administrative costs for the year ended September 30, 2015. Program income of \$798,640 generated from the rental rehabilitation grants were used for eligible purposes under other affordable housing activities. There were no continuing compliance requirements noted for this income, and therefore, these loans have been excluded from the Schedule.

(5) Food Instruments/Vouchers

Food instruments/vouchers expenditures represent the estimated value of the Special Supplemental Nutrition Program for Women, Infants, and Children food instruments as communicated by the State Department of Health Services distributed during the year. The food instruments/vouchers totaled \$16,753,803 but do not represent cash expenditures in the City's basic financial statements for the year ended September 30, 2015.

CITY OF LONG BEACH, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2015

(6) Payments to Subrecipients

Included in the Schedule are the following amounts passed through to subrecipients:

<u>Program title</u>	<u>CFDA numbers</u>	<u>Amount provided to subrecipients</u>
Continuum of Care Program	14.267	\$ 4,570,283
H-1B Job Training Grants	17.268	840,754
Workforce Investment Act (WIA) Youth	17.259	532,184
Workforce Investment Act National Emergency	17.277	25,588
National Clean Diesel Emissions Reduction Program	66.039	412,336

CITY OF LONG BEACH, CALIFORNIA

Summary of Findings and Questioned Costs

Year ended September 30, 2015

(1) Summary of Auditors' Results

Basic Financial Statements

- (a) The type of report on the basic financial statements: **Unmodified**
- (b) Internal control over financial reporting:
- Material weakness(es) identified: **No**
 - Significant deficiencies identified that are not considered to be material weaknesses: **Yes, see item 2015-001**
- (c) Noncompliance that is material to the basic financial statements: **No**

Federal Awards

- (d) Internal control over major programs:
- Material weaknesses identified: **No**
 - Significant deficiencies identified that are not considered to be material weaknesses: **No**
- (e) The type of report issued on compliance for major programs: **Unmodified**
- (f) Any audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: **No**
- (g) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (h) Major programs:
- Section 8 Housing Choice Vouchers, CFDA number 14.871
 - ARRA – Surface Transportation – Discretionary Grants for Capital Investment, CFDA number 20.932
 - Community Development Block Grants/Entitlement Grants, CFDA number 14.218
 - Highway Planning and Construction, CFDA 20.205
 - Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA 10.557
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: **No**

CITY OF LONG BEACH, CALIFORNIA

Schedule of Findings and Responses

Year Ended September 30, 2015

(2) Financial Statement Findings Section

Item 2015-001

Capital Grant Revenue

Condition and Context

During our audit procedures over capital grants, we noted that the Harbor Department of the City of Long Beach (the Department) recognized approximately \$15 million in Nonoperating capital grant revenue during the year ended September 30, 2015, related to capital asset expenditures that were made during the year ended September 30, 2014. Expenditures made by the Department for the related capital asset projects are being reimbursed through contracts held with state and federal agencies.

Criteria

In accordance with Governmental Auditing Standards Board Statement No. 33 (GASB 33), recipients of grants should recognize revenues when all of the following applicable eligibility requirements are met:

- (a) The recipient has the characteristics specified by the provider;
- (b) The time period when use of the resources is required or first permitted has begun
- (c) The recipient has incurred allowable costs; and
- (d) The recipient has complied with any specific actions that the provider has stipulated are mandatory in order for the recipient to qualify for resources.

Based on our testwork, the \$15 million in allowable costs identified were incurred and eligible for reimbursement and revenue recognition during fiscal year 2014, as all of the above requirements were satisfied by the Department when the allowable costs were incurred for the reimbursable construction activities in 2014.

Cause and Effect

The Department did not have a process in place to recognize nonoperating capital grant revenue in the proper financial reporting period for allowable costs eligible for grant reimbursements by the Department. As a result of this deficiency, nonoperating capital grant revenue earned in fiscal year 2014 was recognized in fiscal year 2015.

Recommendation

We recommend that the Department perform a detailed cut-off analysis at year-end to identify all expenditures made during the year that were not yet reimbursed, but eligible to be reimbursed. A guide could be developed to assist in identifying the reimbursable amount at year-end for expenditures made during the year. These steps, and others, could provide for more consistency and accuracy in the reporting of grant revenue.

CITY OF LONG BEACH, CALIFORNIA

Summary of Findings and Questioned Costs

Year ended September 30, 2015

View of Responsible Officials

We agree with the comment and recommendation. The Department made several improvements in grant accounting during fiscal year 2015. A revenue recognition policy was drafted and a monthly grant revenue recognition process has been put in place. Due to a modification of eligible expenditure categories in fiscal year 2013, the Department was required to amend the grant agreement with the grantor. As a result of this delay, \$15 million of Nonoperating capital grant earned in fiscal year 2014 was recognized in fiscal year 2015. All allowable expenditures incurred in fiscal year 2015 were both billed timely and recognized as revenue in the proper accounting period. A procedure manual for a detailed cut-off analysis for eligible grant expenditures at year-end will be developed in fiscal year 2016.

CITY OF LONG BEACH, CALIFORNIA

Schedule of Findings and Responses

Year Ended September 30, 2015

(3) Federal Award Findings and Questioned Cost Section

No matters are reportable.