CITY OF LONG BEACH, CALIFORNIA

Audit of Expenditures of Federal Awards Performed in Accordance with the Uniform Guidance

Year Ended September 30, 2022

(With Independent Auditors' Report Thereon)

CITY OF LONG BEACH, CALIFORNIA

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KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

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 the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

Qualified and Unmodified Opinions

We have audited the City of Long Beach, California's (the City's) compliance with the types of compliance requirements identified as subject to audit in the *OMB 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, 2022. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Other Matter – Federal Expenditures Not Included in the Compliance Audit

The City's financial statements include the operations of the Long Beach Transportation Company, the discretely presented component unit, which expended $35,195,575 in federal awards which is not included in the City's schedule of expenditures of federal awards for the year ended September 30, 2022. Our compliance audit, described in the Qualified and Unmodified Opinions section of our report, does 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 the Uniform Guidance.

Qualified Opinion on the HOME Investment Partnership Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Home Investment Partnership Program for the year ended September 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on the Home Investment Partnership Program

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding eligibility for the Home Investment Partnership Program as described in finding number 2022-001. Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The City is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be material weaknesses.

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

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The City is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The City's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited 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 as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 27, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion 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 the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

KPMG LLP

Los Angeles, California
June 28, 2023

KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

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 aggregate 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, 2022, 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 27, 2023. Our report contains and emphasis of matter paragraph referring to the City's adoption, in 2022, of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our report includes reference to other auditors who audited the financial statements of Long Beach Public Transportation Company (the Company), which is the City's only 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 control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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Report on Compliance and Other Matters

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

Purpose of This Report

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

KPMG LLP

Los Angeles, California
March 27, 2023

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal grantor/pass-through agency/program title	Assistance Listing Number	Federal grantor/ pass-through entity identifying number	Federal disbursements/ expenditures	Passed through to subrecipients
Department of Agriculture:				
Passed through the State of California, Department of Public Health:				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Non-Cash Value	$ 12,460,602	—
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	15-10061	4,347,107	—
Total WIC Special Supplemental Nutrition Program for Women, Infants, and Children (10.557)			16,807,709	—
Passed through the State of California, Department of Education:				
Summer Food Service Program for Children	10.559	19-81908V	207,264	—
Passed through the State of California, Department of Public Health:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	19-10327	674,841	—
Total Department of Agriculture			17,689,814	—
Department of Commerce:				
Direct:				
Economic Adjustment Assistance	11.307	07-49-05046	1,180,504	—
COVID-19 Economic Adjustment Assistance	11.307	07-79-07579	467,503	—
Total Department of Commerce			1,648,007	—
Department of Housing and Urban Development:				
Direct:				
Community Development Block Grants/Entitlement Grants	14.218	B-17-MC-06-0522	325,395	—
Community Development Block Grants/Entitlement Grants	14.218	B-18-MC-06-0522	352,340	—
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-06-0522	442,500	—
COVID-19 Community Development Block Grants/Entitlement Grants	14.218	B-20-MW-06-0522	901,313	—
Community Development Block Grants/Entitlement Grants	14.218	B-20-MC-06-0522	751,877	—
Community Development Block Grants/Entitlement Grants	14.218	B-21-MC-06-0522	2,828,599	—
Total Community Development Block Grant/Entitlement Grants (14.218)			5,602,024	—
COVID-19 Emergency Solutions Grant Program	14.231	E-20-MW-06-0522	5,888,129	1,042,191
Emergency Solutions Grant Program	14.231	E-20-MC-06-0522	252,097	—
Emergency Solutions Grant Program	14.231	E-21-MC-06-0522	174,601	—
Total Emergency Solutions Grant Program (14.231)			6,314,827	1,042,191
Home Investment Partnerships Program	14.239	PROGRAM INCOME	3,450,906	—
Home Investment Partnerships Program	14.239	M-18-MC-06-0518	73,480,772	—
Home Investment Partnerships Program	14.239	M-19-MC-06-0518	2,327,920	—
Home Investment Partnerships Program	14.239	M-20-MC-06-0518	218,720	—
Total Home Investment Partnerships Program (14.239)			79,478,318	—
Passed through the City of Los Angeles:				
Housing Opportunities for Persons with AIDS (HOPWA)	14.241	98,256	890,133	—
Direct:				
Continuum of Care Program	14.267	CA0000U9D062008	7,967,915	5,926,091
Continuum of Care Program	14.267	CA9999U9D062108	2,310,398	1,761,960
Total Continuum of Care Program (14.267)			10,278,313	7,688,051
Section 8 Housing Choice Vouchers	14.871	CA068VO	109,734,063	—
COVID-19 Section 8 Housing Choice Vouchers	14.HCC	CA068VO	1,873,317	—
Total Section 8 Housing Choice Vouchers (14.871)			111,607,380	—
Family Self-Sufficiency Program	14.896	FSS21CA3966	32,168	—
Family Self-Sufficiency Program	14.896	FSS22CA4487	220,510	—
Total Family Self-Sufficiency Program (14.896)			252,678	—
Lead-Based Pain Hazard Control in Privately-Owned Housing	14.900	CALHB0591-19	1,124,800	
Lead Hazard Reduction Demonstration Grant Program	14.905	CALHD0477-22	73,702	
Total Department of Housing and Urban Development			215,622,175	8,730,242

(Continued)

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal grantor/pass-through agency/program title	Assistance Listing Number	Federal grantor/ pass-through entity identifying number	Federal disbursements/ expenditures	Passed through to subrecipients
Department of the Interior:				
Direct:				
Title XVI Water Reclamation and Reuse – El Dorado Duck Pond	15.504	R21AP10296	$ 3,418	—
Title XVI Water Reclamation and Reuse – Alamitos Tank 19 & 20 Conversion	15.504	R21AP10297	60,045	—
Total Title XVI Water Reclamation and Reuse (15.504)			63,463	—
Water Desalination Research and Development Program	15.506	R15AC00086	98,854	—
Reclamation States Emergency Drought Relief – El Dorado Duck Pond	15.514	R20AP00109	389,024	—
Reclamation States Emergency Drought Relief – Alamitos 9A & 14	15.514	R21AP10354	41,571	—
Total Reclamation States Emergency Drought Relief (15.514)			430,595	—
Water Conservation Field Services (WCFS)	15.530	R22AP00372	85,931	—
Total Department of the Interior			678,843	—
Department of Justice:				
Direct:				
COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034	2020-VD-BX-1444	194,920	—
Passed through the State of California, Office of Emergency Services:				
Services for Trafficking Victims	16.320	2018-VT-BX-0019	260,309	146,552
Passed through the State of California, Office of Emergency Services:				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	2019-R2-CX-0020	139,882	—
Direct:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2017-BJ-BX-0445	189,542	—
Passed through the State of California, Office of Emergency Services:				
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ20167240	34,648	—
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ21177240	3,773	—
Total Paul Coverdell Forensic Sciences Improvement Grant Program (16.742)			38,421	—
Direct:				
Congressionally Recommended Awards	16.753	15PBJA-22-GG-00149-BRND	1,303	—
Smart Prosecution Initiative	16.825	2019-YX-BX-0001	47,961	—
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838	15PBJA-21-GG-04	2,391	—
Total Department of Justice			874,729	146,552
Department of Labor:				
Passed through the State of California, Employment Development Department:				
WIOA Adult Program	17.258	AA111013	20,441	—
WIOA Adult Program	17.258	AA011103	235,652	—
WIOA Adult Program	17.258	AA311013	142,867	—
WIOA Adult Program	17.258	AA111013	311,964	—
WIOA Adult Program	17.258	AA211013	1,195,209	—
Passed through the State of California, Employment Development Department:				
WIOA Adult Program	17.258	AA332181955A6	28,055	—
Passed through the State of California, Employment Development Department:				
WIOA Adult Program	17.258	AA011103	464,237	—
WIOA Adult Program	17.258	C-141843	154,911	—
Total WIOA Adult Program (17.258)			2,553,336	—
Passed through the State of California, Employment Development Department:				
WIOA Youth Activities	17.259	C138844	459,517	—
WIOA Youth Activities	17.259	C-141833	119,885	—
Passed through the State of California, Employment Development Department:				
WIOA Youth Activities	17.259	K8106641	282,944	6,239
WIOA Youth Activities	17.259	AA211013	1,156,869	48,617
WIOA Youth Activities	17.259	AA311013	78,630	—
Total WIOA Youth Activities (17.259)			2,097,845	54,856

(Continued)

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal grantor/pass-through agency/program title	Assistance Listing Number	Federal grantor/ pass-through entity identifying number	Federal disbursements/ expenditures	Passed through to subrecipients
Department of Labor:				
Passed through the State of California, Employment Development Department:				
WIOA Dislocated Worker Formula Grants	17.278	AA011013	$ (116)	—
WIOA Dislocated Worker Formula Grants	17.278	AA111013	45,342	—
WIOA Dislocated Worker Formula Grants	17.278	AA111013	145,357	—
WIOA Dislocated Worker Formula Grants	17.278	AA311013	106,311	—
WIOA Dislocated Worker Formula Grants	17.278	AA111013	58,466	—
WIOA Dislocated Worker Formula Grants	17.278	AA211013	696,961	—
WIOA Dislocated Worker Formula Grants	17.278	AA111013	17	—
WIOA Dislocated Worker Formula Grants	17.278	AA211013	15,222	—
WIOA Dislocated Worker Formula Grants	17.278	AA311013	10,949	—
WIOA Dislocated Worker Formula Grants	17.278	AA211013	64,993	—
WIOA Dislocated Worker Formula Grants	17.278	AA211013	19,533	—
WIOA Dislocated Worker Formula Grants	17.278	AA311013	60,702	—
WIOA Dislocated Worker Formula Grants	17.278	AA211013	217,399	—
COVID-19 WIOA Dislocated Worker Formula Grants	17.278	AA011013	188,891	—
Passed through the State of California, Employment Development Department:				
Passed through the City of Los Angeles:				
WIOA Dislocated Worker Formula Grants	17.278	C138800	206,588	—
WIOA Dislocated Worker Formula Grants	17.278	C-141843	73,069	—
WIOA Dislocated Worker Formula Grants	17.278	C-T6719	74,902	—
WIOA Dislocated Worker Formula Grants	17.278	T6847	28,578	—
Total WIOA Dislocated Worker Formula Grants (17.278):			2,013,164	—
Total WIOA Cluster			6,664,345	54,856
Passed through the State of California, Employment Development Department:				
COVID-19 WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	AA011013	64,512	—
Total Department of Labor			6,728,857	54,856
Department of Transportation:				
Direct:				
Airport Improvement Program	20.106	30601270522021	375,293	—
Airport Improvement Program	20.106	30601270552022	484,679	—
Airport Improvement Program	20.106	30601270462020	698	—
Airport Improvement Program	20.106	30601270482020	16,759,818	—
Airport Improvement Program	20.106	30601270492020	431,950	—
COVID-19 Airport Improvement Program	20.106	30601270532022	13,630,087	—
Total FAA Airport Improvement Program, COVID-19 Airport Improvement Program (20.106)			31,682,525	—
Passed through the State of California, Department of Transportation:				
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STPL 5108(175)	9,651	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	LPPCML5108(185)	202,717	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STIPL-5108(199)	1,239,065	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STIPL-5108(197)	19,651	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	HSIPL-5108(190)	990	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	HSIPL-5108(188)	840	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	HSIPL-5108(178)	1,097	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	HSIPL-5108(190)	807,200	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	STPLR-5108(183)	1,124,373	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ATPL-5108(201)	261	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ATPLNI-5108(202)	13,911	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	BRLS-5108-137	7,791,734	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ACNH 7101-807	43,058,004	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	5108-189	2,980,766	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ATPL-5108-182	84,302	—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ATPL-5108-184-Z301	1,788,108	—
Passed through the County of Los Angeles, Metropolitan Transportation Agency:				—
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	ATPL-5108-184-Z400	1,729,186	—
Total Highway Planning and Construction (Federal-Aid) Highway Program (20.205)			60,851,856	—

(Continued)

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal grantor/pass-through agency/program title	Assistance Listing Number	Federal grantor/ pass-through entity identifying number	Federal disbursements/ expenditures	Passed through to subrecipients
Department of Transportation:				
Passed through the State of California, Department of Traffic Safety:				
State and Community Highway Safety	20.600	0521-0890-101	$ 126,794	—
State and Community Highway Safety	20.600	PS22032	284,884	—
State and Community Highway Safety	20.600	DD22004	131,774	—
Total State and Community Highway Safety (20.600)			543,452	—
National Priority Safety Programs	20.616	DI22024	158,925	—
Total Department of Transportation			93,236,758	—
Department of Treasury:				
Passed through the City of Los Angeles:				
COVID-19 Coronavirus Relief Fund	21.019	C-137191	61,522	—
Passed through the State of California, Department of Housing and Community Development:				
COVID-19 Coronavirus Relief Fund	21.019	20-HK-00134	1,368,017	1,003,206
Total Coronavirus Relief Fund (21.019)			1,429,539	1,003,206
Direct:				
COVID-19 Emergency Rental Assistance Program	21.023	ERAE0209	26,235,362	—
Passed through the State of California, Water Resources Control Board:				
COVID-19 Emergency Rental Assistance Program	21.023	20-ERAP-00018	22,965,795	—
COVID-19 Emergency Rental Assistance Program	21.023	21-ERAP-30018	3,296,861	—
Total Emergency Rental Assistance Program (21.023)			52,498,018	—
Direct:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	57,226,449	—
Passed through the State of California, Water Resources Control Board:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CA1910065	1,102,420	—
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	645129	138,910	—
Passed through the State of California, Department of Community Services & Development:				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	CAPP-PN-2022-05	1,574,298	—
Total COVID-19 Coronavirus State and Local Fiscal Recovery Funds (21.027)			60,042,077	—
Total Department of Treasury			113,969,634	1,003,206
Environmental Protection Agency:				
Direct:				
Diesel Emission Reduction Act (DERA) National Grants	66.039	99T89401	1,500,000	—
Passed through the State of California, State Water Resources Control Board:				
Beach Monitoring and Notification Program Implementation Grants	66.472	SWRCB0000000000D1914103	74,693	—
Beach Monitoring and Notification Program Implementation Grants	66.472	D2214103	21,406	—
Total Beach Monitoring and Notification Program Implementation Grants (66.472)			96,099	—
Total Environmental Protection Agency			1,596,099	—
Department of Health & Human Services:				
Passed through the County of Los Angeles:				
Public Health Emergency Preparedness	93.069	PH-003348	933,089	—
Direct:				
Environmental Public Health and Emergency Response	93.070	NUE1EH001405	94,740	—
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	90ZJ0025	904,354	114,019
Passed through the State of California, Department of Public Health:				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	2175BASE00/ 2175FSIE00 NU52PS910219	134,203	—
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	NU52PS910219	45,180	—
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs (93.116)			179,383	—
Childhood Lead Poisoning Prevention Projects_State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	17-10224	374,661	—
Immunization Cooperative Agreements	93.268	KD2JSY6LNMW7	3,045,710	—
Immunization Cooperative Agreements	93.268	KD2JSY6LNMW7	410,672	—
Total Immunization Cooperative Agreements (93.268)			3,456,382	—

(Continued)

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal grantor/pass-through agency/program title	Assistance Listing Number	Federal grantor/ pass-through entity identifying number	Federal disbursements/ expenditures	Passed through to subrecipients
Department of Health and Human Services:				
Passed through the County of Los Angeles:				
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	PH-003348	$ 715,179	—
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	PH-003348	4,927,156	—
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	PH-003348	10,856,242	—
Total Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (93.323)			16,498,577	—
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	PH-003448	748,023	—
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	PH-003448	76,708	—
Total Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (93.354)			824,731	—
Direct:				
Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	1 NH75OT000004-01-00	1,671,616	169,314
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 Los Angeles:				
Temporary Assistance for Needy Families	93.558	C139451	90,397	—
Temporary Assistance for Needy Families	93.558	C-142212	60,252	—
Passed through the State of California, Department of Health Services:				
Passed through the County of Los Angeles, Department of Public Social Services:				
Temporary Assistance for Needy Families	93.558	IA-0214	158,293	—
Temporary Assistance for Needy Families	93.558	IA-0214	88,272	—
Total Temporary Assistance for Needy Families (93.558)			397,214	—
Passed through the State of California, Department of Health Services:				
Medical Assistance Program (Medicaid, Title XIX)	93.778	20-10011	99,116	—
Medical Assistance Program (Medicaid, Title XIX)	93.778	61-19Evrgrn	80,613	—
Medical Assistance Program (Medicaid, Title XIX)	93.778	City No.62 LB	228,225	—
Medical Assistance Program (Medicaid, Title XIX)	93.778	City No.60 LB	83,386	—
Passed through the County of Los Angeles:				—
Medical Assistance Program (Medicaid, Title XIX)	93.778	PH-002508-17	152,631	—
Medical Assistance Program (Medicaid, Title XIX)	93.778	PH-002508	39,186	—
Total Medical Assistance (Medicaid, Title XIX) Program (93.778)			683,157	—
Passed through the County of Los Angeles:				
HIV Emergency Relief Project Grants	93.914	PH-002900	6,624	—
HIV Emergency Relief Project Grants	93.914	PH-003753	31,353	—
HIV Emergency Relief Project Grants	93.914	PH-003754	143,206	—
HIV Emergency Relief Project Grants	93.914	PH-004606 / H89HA00016	4,547	—
HIV Emergency Relief Project Grants	93.914	PH-002900	62,188	—
HIV Emergency Relief Project Grants	93.914	5 H89HA00016-33-00 / H8900016	59,605	—
HIV Emergency Relief Project Grants	93.914	PH-003753 / H89HA00016	35,904	—
HIV Emergency Relief Project Grants	93.914	PH-003754 / H89HA00016	208,485	—
Total HIV Emergency Relief Project Grants (93.914)			551,912	—
Passed through the State of California, Department of Health Services:				
HIV Care Formula Grants	93.917	15-11059	69,320	—
HIV Care Formula Grants	93.917	18-10872	1,004,343	—
Total HIV Care Formula Grants (93.917)			1,073,663	—
Passed through the State of California, Department of Public Health:				
HIV Prevention Activities_Health Department Based	93.940	19-10424	219,681	—
HIV Prevention Activities_Health Department Based	93.940	PH-003492/NU62PS924569	788,475	—
HIV Prevention Activities_Health Department Based	93.940	PH-003082 W1-2	6,819	—
HIV Prevention Activities_Health Department Based	93.940	PH-003082 W2	16,260	—
Passed through the County of Los Angeles, Department of Public Health:				
HIV Prevention Activities_Health Department Based	93.940	PH-003082-W3	8,253	—
Total HIV Prevention Activities Health Department Based (93.940)			1,039,488	—

(Continued)

CITY OF LONG BEACH, CALIFORNIA

Schedule of Expenditures of Federal Awards

Year ended September 30, 2022

Federal grantor/pass-through agency/program title	Assistance Listing Number	Federal grantor/ pass-through entity identifying number	Federal disbursements/ expenditures	Passed through to subrecipients
Department of Health and Human Services:				
Passed through the State of California, Department of Public Health:				
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	20-10720	$ 105,140	—
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977	21-10562	125,647	—
Total Sexually Transmitted Diseases (STD) Prevention and Control Grants (93.977)			230,787	—
Passed through the State of California, Department of Public Health:				
Maternal and Child Health Services Block Grant to the States	93.994	202160	331,548	—
Maternal and Child Health Services Block Grant to the States	93.994	202260	19,965	—
Maternal and Child Health Services Block Grant to the States	93.994	202160	155,009	—
Maternal and Child Health Services Block Grant to the States	93.994	202160	610,279	—
Maternal and Child Health Services Block Grant to the States	93.994	202260	167,501	—
Maternal and Child Health Services Block Grant to the States	93.994	202260	188,385	—
Total Maternal and Child Health Services Block Grant to the States (93.994)			1,472,687	—
Total Department of Health & Human Services			30,386,441	283,333
Department of Homeland Security:				
Passed through the State of California, California Office of Emergency Services:				
Passed through the County of Los Angeles:				
Emergency Management Performance Grants	97.042	037-00000	77,817	—
COVID-19 Emergency Management Performance Grants	97.042	2020-EP-00019	2,480	—
Total Emergency Management Performance Grants (97.042)			80,297	—
Direct:				
Port Security Grant Program	97.056	EMW-2018-PU-00287	486,491	—
Port Security Grant Program	97.056	EMW-2019-PU-00050	65,594	—
Port Security Grant Program	97.056	EMW2017PU00643	63,031	—
Port Security Grant Program	97.056	EMW2018PU00587	37,560	—
Port Security Grant Program	97.056	EMW2018PU00587	12,520	—
Port Security Grant Program	97.056	EMW2018PU00090	952,229	—
Port Security Grant Program	97.056	EMW2019PU00170	2,473,799	—
Port Security Grant Program	97.056	EMW2020PU00043	867,408	—
Total Port Security Grant Program (97.056)			4,958,632	—
Passed through the State of California, California Office of Emergency Services:				
Passed through the City of Los Angeles:				
Homeland Security Grant Program	97.067	EMW-2019-SS-00035	351,335	—
Homeland Security Grant Program	97.067	2020-SS-00032	1,113,532	—
Homeland Security Grant Program	97.067	2021-SS-00081	33,905	—
Passed through the State of California, California Office of Emergency Services:				
Passed through the County of Los Angeles:				
Homeland Security Grant Program	97.067	EMW-2019-SS-00035	787,022	—
Homeland Security Grant Program	97.067	037-00000	330,450	—
Homeland Security Grant Program	97.067	037-00000	16,275	—
Total Homeland Security Grant Program (97.067)			2,632,519	—
Passed through the County of Los Angeles:				
Passed through the City of Los Angeles:				
Securing the Cities Program	97.106	20CWDSTC0001	35,778	—
Total Department of Homeland Security			7,707,226	—
Total Federal Expenditures			$ 490,138,583	10,218,189

CITY OF LONG BEACH, CALIFORNIA

Notes to Schedule of Expenditures of Federal Awards

September 30, 2022

(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 did not include federal expenditures of $35,195,575 for the year ended June 30, 2022 of the Long Beach Transportation Company (the Company), a discretely presented component unit of the City, as the Company engaged other auditors to perform audits in accordance with the Uniform Guidance. The City's reporting entity is defined in note 1 to the City's basic financial statements.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. These items are reported as negative amounts within the Schedule and represent adjustments or credits made in the normal course of business to amounts reports as expenditures in prior years.

(3) Community-Based Loan Programs with Continuing Compliance

The City considers loans advanced to eligible participants for the Community Development Block/Grant Entitlement Grants (CDBG) and the Home Investment Partnerships Program (HOME) to have continuing compliance requirements. As such, the amounts reported in the accompanying Schedule for the CDBG and HOME programs include current years disbursements as well as the balance of the beginning of the year of loans with continuing compliance requirements.

As of September 30, 2022, the balance of loans with continuing compliance requirements for the HOME program was $78,124,634.

As of September 30, 2022, the balance of the outstanding loans with continuing compliance requirements for the CDBG programs was $6,446,540.

(4) Food Instruments/Vouchers

Food instruments/vouchers expenditures represent the estimate value of the Special Supplemental Nutrition Program for Women, Infants and Children food instruments distributed during the year as communicated by the State of California Department of Health Services. The food instruments/vouchers totaled $12,460,602 but do not represent cash expenditures in the City's basic financial statements for the year ended September 30, 2022.

(5) Indirect Cost Rate

The City did not elect to use the 10% de minimis indirect cost rate as discussed in the Uniform Guidance Section 200.414.

CITY OF LONG BEACH, CALIFORNIA

Schedule of Findings and Questioned Costs

September 30, 2022

(1) Summary of Auditors' Results

Basic Financial Statements

(a) Type of auditors' report issued on whether the basic financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**

(b) Internal control deficiencies over financial reporting disclosed by the audit of the basic financial statements:

- Material weaknesses: **No**
- Significant deficiencies: **None Reported**

(c) Noncompliance material to the basic financial statements: **No**

Federal Awards

(d) Internal control deficiencies over major program disclosed by the audit:

- Material weaknesses: **2022-001**
- Significant deficiencies: **None Reported**

(e) Type of report issued on compliance for major programs: **Unmodified Except for the Home Investment Partnership Program which is Qualified**

(f) Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**

(g) Major program:

- HOME Investment Partnership Program, ALN number 14.239
- WIOA Cluster, ALN numbers 17.258, 17.259 and 17.278
- Airport Improvement Program and COVID-19 Airport Improvement Program, ALN number 20.106
- COVID-19 Emergency Rental Assistance Program, ALN Number 21.023
- COVID-19 Coronavirus State and Local Fiscal Recovery Funds, ALN number 21.027
- Immunization Cooperative Agreements, ALN number 93.268

(h) Dollar threshold used to distinguish between Type A and Type B programs: **$3,000,000**

(i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(Continued)

(3) Findings and Questions Costs Relating to Federal Awards

Finding 2022-001 – Eligibility

Federal Program: Home Investment Partnership Program (HOME)

ALN Number: 14.239

Federal Agency: Department of Housing and Urban Development

Federal Award Year: 2018

Grant number: M-18-MC-06-0518

Pass-Through Entity: None

Criteria

24 CFR92.252 Qualification as affordable housing: Rental housing.

(e) Periods of affordability. The HOME-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning after project completion.

(1) The affordability requirements:

(i) Apply without regard to the term of any loan or mortgage, repayment of the HOME investment, or the transfer of ownership;

(ii) Must be imposed by a deed restriction, a covenant running with the land, an agreement restricting the use of the property, or other mechanisms approved by HUD and must give the participating jurisdiction the right to require specific performance (except that the participating jurisdiction may provide that the affordability restrictions may terminate upon foreclosure or transfer in lieu of foreclosure); and

(iii) Must be recorded in accordance with State recordation laws.

(2) The participating jurisdiction may use purchase options, rights of first refusal or other preemptive rights to purchase the housing before foreclosure or deed in lieu of foreclosure in order to preserve affordability.

(3) The affordability restrictions shall be revived according to the original terms if, during the original affordability period, the owner of record before the foreclosure, or deed in lieu of foreclosure, or any entity that includes the former owner or those with whom the former owner has or had family or business ties, obtains an ownership interest in the project or property.

(Continued)

(4) The termination of the restrictions on the project does not terminate the participating jurisdiction's repayment obligation under § 92.503(b).

Rental housing activity	Minimum period of affordability in years
Rehabilitation or acquisition of existing housing per unit amount of HOME funds: Under $15,000	5
15,000 to $40,000	10
Over $40,000 or rehabilitation involving refinancing	15
New construction or acquisition of newly constructed housing	20

(h) Tenant income. The income of each tenant must be determined initially in accordance with § 92.203(a)(1)(i). In addition, each year during the period of affordability the project owner must re-examine each tenant's annual income in accordance with one of the options in § 92.203 selected by the participating jurisdiction.

24 CFR92.203 Income determinations.

(a) The HOME program has income targeting requirements for the HOME program and for HOME projects. Therefore, the participating jurisdiction must determine each family is income eligible by determining the family's annual income.

(1) For families who are tenants in HOME-assisted housing and not receiving HOME tenant-based rental assistance, the participating jurisdiction must initially determine annual income using the method in paragraph (a)(1)(i) of this section. For subsequent income determinations during the period of affordability, the participating jurisdiction may use any one of the following methods in accordance with § 92.252(h):

(ii) Obtain from the family a written statement of the amount of the family's annual income and family size, along with a certification that the information is complete and accurate. The certification must state that the family will provide source documents upon request.

Title 45 US Code of Federal Regulations Part 75 (45 CFR part 75), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards, section 75.303 also states that nonfederal entities must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations and the terms and conditions of the federal award.

Condition and Context

During our testwork over continuing eligibility requirements for loan recipients of the program, we noted that the City did not have sufficient controls in place for the program, nor were adequate records maintained to verify that the tenant income was verified during the period of affordability.

Cause and Effect

During the period under audit, the City experienced turnover with the staff members responsible for continuing compliance requirement monitoring. As a result of this turnover, the City was unable to provide the necessary documentation. City management was aware that documentation was not available prior to the audit, however, management was not able to recreate all documentation necessary for the audit. As a result, the City was unable to verify that the loans continued to meet the eligibility requirements during the period of affordability.

Questioned Costs

Fifteen loans totaling $9,380,325 were identified as noncompliant. Our sample consisted of 25 loan balances which represents 26% of the total loan balance. Ten loans in our sample totaling $9,056,580 were determined to be compliant.

Isolated or Systemic

Systematic

Whether the sampling was a statistically valid sample

This sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

No

Recommendation

We recommend that the City further refine the design of the internal controls that will ensure that documentation is maintained in a location accessible to multiple employees and that all relevant documentation is retained when there is employee turnover.

Management's Response

The Development Services Department's storage options for data changed rapidly during the quick shift to remote work during the COVID-19 pandemic. As a result, there was a gap in understanding and comprehension of data storage and capabilities, which resulted in the loss of documentation during staff turnover. The eligibility requirements and monitoring for HOME loan recipients were met and management is working on securing all documentation that was lost. As of this writing, 13 of the 15 non-compliant samples have been secured and communication has been sent to retrieve the remaining two from the developers. Internal controls for documentation will be strengthened by filling two vacancies. Until those vacancies are filled, a staff member has been reassigned to review monitoring files for the loan portfolio to ensure that the monitoring files are saved locally in the Housing and Neighborhood Services Bureau's permanent files, and maintained on computer servers as well as in the cloud. When the two vacancies are filled, it will be the procedure to save backups of documents to local servers. Additionally, access to these files will be granted to the Bureau's management team and multiple monitoring staff to prevent the future loss of data.