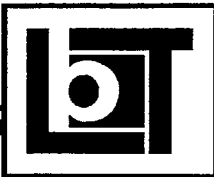


***SINGLE AUDIT REPORTS
AND GRANT ACTIVITY REPORTS***

LONG BEACH PUBLIC TRANSPORTATION COMPANY

For the Year Ended June 30, 2011



LONG BEACH TRANSIT

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
SINGLE AUDIT AND GRANT ACTIVITY REPORTS
YEAR ENDED JUNE 30, 2011**

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LONG BEACH PUBLIC TRANSPORTATION COMPANY

Principal Officials

Board of Directors

Mark Curtis	Chair of the Board
Dr. James P. Norman, Jr.	Vice Chair
Barbara Sullivan George	Secretary - Treasurer
Vacant	Assistant Secretary - Treasurer
Robert W. Parkin	Director
Lori Ann Farrell	Director
Freda Hinsche Otto	Director
Michael Conway	Ex-Officio Member, City of Long Beach
David Roseman	Ex-Officio Member, City of Long Beach

Management

Laurence W. Jackson	President & CEO
Robyn Peterson	Senior Vice President & Chief Operating Officer
Marcelle Epley	Senior Vice President & Chief Administrative Officer
Lisa Patton	Executive Director, VP Financial Services
Rolando Cruz	Executive Director, VP Maintenance & Facilities
LaVerne David	Executive Director, VP Risk Management Training & Human Resources
Patrick Pham	Executive Director, VP Information Systems & Technology
Brynn Kernaghan	Executive Director, VP Community & Customer Services



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

To the Board of Directors of
Long Beach Public Transportation Company

We have audited the financial statements of Long Beach Public Transportation Company as of and for the year ended June 30, 2011, and have issued our report thereon dated December 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Long Beach Public Transportation Company's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Long Beach Public Transportation Company's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Long Beach Public Transportation Company's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Long Beach Public Transportation Company's financial statements are free of 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*.

We noted certain other matters related to statistical reporting that we reported to management of Long Beach Public Transportation Company in a separate letter.

This report is intended solely for the information and use of the Board of Directors and management of the Long Beach Public Transportation Company, its federal awarding agencies and pass-through entities, and other agencies granting funds to the Long Beach Public Transportation Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Winder & McCaughey

Long Beach, California
December 14, 2011



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133**

To the Board of Directors of
Long Beach Public Transportation Company

Compliance

We have audited the Long Beach Public Transportation Company'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 Long Beach Public Transportation Company's major federal programs for the year ended June 30, 2011. Long Beach Public Transportation Company's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Long Beach Public Transportation Company's management. Our responsibility is to express an opinion on Long Beach Public Transportation Company's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 Long Beach Public Transportation Company'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. Our audit does not provide a legal determination of Long Beach Public Transportation Company's compliance with those requirements.

In our opinion, Long Beach Public Transportation Company complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of Long Beach Public Transportation Company is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Long Beach Public Transportation Company's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 Long Beach Public Transportation Company's internal control over compliance.

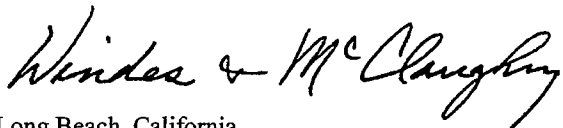
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal and Non-Federal Awards

We have audited the financial statements of the Long Beach Public Transportation Company as of and for the year ended June 30, 2011 and have issued our report thereon, dated December 14, 2011, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended solely for the information and use of the Board of Directors and management of the Long Beach Public Transportation Company, its federal awarding agencies, pass-through entities, and other agencies granting funds to Long Beach Public Transportation Company and is not intended to be, and should not be, used by anyone other than these specified parties.



Long Beach, California
December 14, 2011

Schedule 1

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2011

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration			
	<u>CA-90-391</u>	<u>CA-90-440</u>	<u>CA-90-502</u>	<u>CA-90-652</u>
Grant Period:				
From	12/15/05	07/24/06	08/17/07	08/04/08
To	Completion	Completion	Completion	Completion
Total grant award(s):				
Federal	\$ 13,354,479	\$ 6,358,401	\$ 14,756,941	\$ 13,051,166
Non-Federal	<u>3,026,551</u>	<u>1,507,494</u>	<u>3,769,727</u>	<u>1,987,866</u>
Total	<u>\$ 16,381,030</u>	<u>\$ 7,865,895</u>	<u>\$ 18,526,668</u>	<u>\$ 15,039,032</u>
Revenues:				
Federal:				
Cash received	\$ 113,208	\$ 35,420	\$ 131,076	\$ 691,848
(Accrued) deferred, July 1, 2010	(17,359)	---	(49,388)	(119,363)
Accrued (deferred), June 30, 2011	---	---	---	<u>82,043</u>
Grant revenue recognized	95,849	35,420	81,688	654,528
Non-Federal	<u>21,172</u>	<u>8,855</u>	<u>20,417</u>	<u>163,628</u>
Total revenues	<u>\$ 117,021</u>	<u>\$ 44,275</u>	<u>\$ 102,105</u>	<u>\$ 818,156</u>
Expenditures:				
Federal	\$ 95,849	\$ 35,420	\$ 81,688	\$ 654,528
Non-Federal	<u>21,172</u>	<u>8,855</u>	<u>20,417</u>	<u>163,628</u>
Total expenditures	<u>\$ 117,021</u>	<u>\$ 44,275</u>	<u>\$ 102,105</u>	<u>\$ 818,156</u>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.

Schedule 1-2

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2011

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration			
	CA-95-040	CA-04-065	ARRA CA-96-007	CA-90-731
	09/07/07 Completion	09/22/08 Completion	06/29/09 Completion	08/04/09 Completion
Grant Period:				
From	09/07/07	09/22/08	06/29/09	08/04/09
To	Completion	Completion	Completion	Completion
Total grant award(s):				
Federal	\$ 447,000	\$ 2,604,050	\$ 16,497,214	\$ 14,960,635
Non-Federal	230,273	542,822	---	3,558,764
Total	<u>\$ 677,273</u>	<u>\$ 3,146,872</u>	<u>\$ 16,497,214</u>	<u>\$ 18,519,399</u>
Revenues:				
Federal:				
Cash received	\$ 61,329	\$ 1,591,642	\$ 9,734,267	\$ 6,872,837
(Accrued) deferred, July 1, 2010	(4,047)	---	(969,281)	(1,918,377)
Accrued (deferred), June 30, 2011	---	407,290	75,954	11,304
Grant revenue recognized	57,282	1,998,932	8,840,940	4,965,764
Non-Federal	29,502	499,766	2,069	1,239,842
Total revenues	<u>\$ 86,784</u>	<u>\$ 2,498,698</u>	<u>\$ 8,843,009</u>	<u>\$ 6,205,606</u>
Expenditures:				
Federal	\$ 57,282	\$ 1,998,932	\$ 8,840,940	\$ 4,965,764
Non-Federal	29,502	499,766	2,069	1,239,842
Total expenditures	<u>\$ 86,784</u>	<u>\$ 2,498,698</u>	<u>\$ 8,843,009</u>	<u>\$ 6,205,606</u>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.

Schedule 1-3

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2011

	Program of Federal Domestic Assistance Catalogue No. 20.516 Department of Transportation Federal Transit Administration	
	JARC	JARC
	<u>CA-37-082</u>	<u>CA-37-124</u>
Grant Period:		
From	05/26/08	09/15/10
To	Completion	Completion
Total grant award(s):		
Federal	\$ 219,024	\$ 427,306
Non-Federal	<u>219,024</u>	<u>427,306</u>
Total	<u><u>\$ 438,048</u></u>	<u><u>\$ 854,612</u></u>
Revenues:		
Federal:		
Cash received	\$ 3,585	\$ 44,980
(Accrued) deferred, July 1, 2010	(3,585)	---
Accrued (deferred), June 30, 2011	<u>---</u>	<u>---</u>
Grant revenue recognized	---	44,980
Non-Federal	<u>---</u>	<u>44,980</u>
Total revenues	<u><u>\$ ---</u></u>	<u><u>\$ 89,960</u></u>
Expenditures:		
Federal	\$ ---	\$ 44,980
Non-Federal	<u>---</u>	<u>44,980</u>
Total expenditures	<u><u>\$ ---</u></u>	<u><u>\$ 89,960</u></u>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.

Schedule 1-4

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2011

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration		
	<u>CA-04-034</u>	<u>CA-90-798</u>	<u>Totals</u>
Grant Period:			
From	09/08/09	09/15/10	
To	Completion	Completion	
Total grant award(s):			
Federal	\$ 1,783,466	\$ 13,994,380	\$ 98,454,062
Non-Federal	351,817	3,359,861	18,981,505
Total	<u>\$ 2,135,283</u>	<u>\$ 17,354,241</u>	<u>\$ 117,435,567</u>
Revenues:			
Federal:			
Cash received	\$ 193,353	\$ 2,894,006	\$ 22,367,551
(Accrued) deferred, July 1, 2010	----	----	(3,081,400)
Accrued (deferred), June 30, 2011	29,599	152,124	758,314
Grant revenue recognized	222,952	3,046,130	20,044,465
Non-Federal	55,704	767,026	2,852,961
Total revenues	<u>\$ 278,656</u>	<u>\$ 3,813,156</u>	<u>\$ 22,897,426</u>
Expenditures:			
Federal	\$ 222,952	\$ 3,046,130	\$ 20,044,465
Non-Federal	55,704	767,026	2,852,961
Total expenditures	<u>\$ 278,656</u>	<u>\$ 3,813,156</u>	<u>\$ 22,897,426</u>

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Notes to Schedule of Expenditures of Federal and Non-Federal Awards
Year ended June 30, 2011

(1) General

The accompanying Schedule of Expenditures of Federal and Non-Federal Awards presents the activity of Federal financial assistance programs of the Long Beach Public Transportation Company.

(2) Basis of Accounting

The accompanying Schedule of Expenditures of Federal and Non-Federal Awards is presented using the accrual basis of accounting, whereby grant revenues are recognized when they are earned and expenses are recognized when they are incurred.

(3) Definition of Major Federal Financial Assistant Program

The Single Audit Act Amendments of 1996 define major Federal award programs based upon total Federal expenditures of the grantee during the period reported and inherent risk of the programs audited. Based on guidelines established by the OMB Circular A-133, the Department of Transportation – Federal Transit Administration Capital and Operating Assistance Formula Grants (CFDA No. 20.507) are collectively considered to be a major Federal financial assistance program for the year ended June 30, 2011. (See summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.)

(4) 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 taken as a whole.

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Findings and Questioned Costs
Year ended June 30, 2011

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued – Unqualified

Internal control over financial reporting

1. Material weakness(es) identified? – No
2. Significant deficiencies identified that are not considered to be material weakness(es)? – None reported
3. Noncompliance material to financial statements noted? – No

Federal awards

Internal control over major programs

1. Material weakness(es) identified? – No
2. Significant deficiencies identified that are not considered to be material weakness(es)? – None reported
3. Type of auditors' report issued on compliance for major programs? – Unqualified
4. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? – No
5. Identification of major programs: United States Department of Transportation Cluster – Federal Transit Administration Capital and Operating Assistance Formula Grants (CFDA No. 20.507).
6. Dollar threshold used to distinguish between type A and type B programs was \$601,334.
7. Auditee qualified as low-risk auditee? – Yes

SECTION II – FINANCIAL STATEMENTS FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



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**REPORT ON THE LONG BEACH PUBLIC TRANSPORTATION
COMPANY'S COMPLIANCE WITH THE STATE OF CALIFORNIA
TRANSPORTATION DEVELOPMENT ACT**

To the Board of Directors of
Long Beach Public Transportation Company

We have audited the financial statements of Long Beach Public Transportation Company as of and for the year ended June 30, 2011, and have issued our report thereon, dated December 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the Long Beach Public Transportation Company's financial statements are free of material misstatement, we performed the procedures contained in the Transportation Development Act (TDA) Handbook published by the State of California Department of Transportation, to test the Long Beach Public Transportation Company's compliance with the published rules and regulations of the TDA. Compliance audit procedures performed in accordance with the handbook have been determined to be adequate by the State of California for compliance with the published rules and regulations of the TDA with respect to fiscal and conformance audits of Public Transportation claimants. Such procedures would not necessarily disclose all instances of noncompliance because they were based on selective tests of the accounting records and related data. In addition, providing an opinion on compliance with the published rules and regulations of the TDA was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance, which would lead us to believe that the allocated funds were not expended in conformance with the published rules and regulations of the TDA.

Schedule of State of California Expenditures of Awards

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedules of State of California Expenditures of Awards and the Transportation Development Act – 50% expenditure limitation calculation are presented for purposes of additional analysis as required by the State of California Transportation Development Act and are not required parts of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of directors and management of the Long Beach Public Transportation Company, its federal awarding agencies, pass-through entities, and other agencies granting funds to Long Beach Public Transportation Company and is not intended to be, and should not be, used by anyone other than these specified parties.

Long Beach, California
December 14, 2011

Schedule 2
LONG BEACH PUBLIC TRANSPORTATION COMPANY
 Schedule of State of California Expenditures of Awards
 Year ended June 30, 2011

State of California Southern California Association of Governments SB-325				
Grant Period:	<u>LTF Art. 4</u>	<u>STA 06/07</u>	<u>STA 10/11</u>	<u>1BPTMISEA</u>
From	07/01/08	07/01/06	07/01/10	06/05/08
To	Completion	Completion	Completion	Completion
Total grant award(s):				
TDA 10/11	\$ 13,781,761	\$ ---	\$ ---	\$ ---
STA 06/07	---	6,789,516	---	---
STA 10/11	---	---	3,698,590	---
1B PTMISEA 07/08				3,710,249
1B PTMISEA 08/09				2,090,089
Bond Interest 08/09				88,529
Bond Interest 09/10				36,857
Bond Interest 10/11				28,707
Total	\$ 13,781,761	\$ 6,789,516	\$ 3,698,590	\$ 5,954,431
Revenues:				
State:				
Cash received	\$ 13,781,761	\$ ---	\$ 3,698,590	\$ ---
(Accrued) deferred, July 1, 2010	---	651,541	---	5,925,724
Accrued (deferred), June 30, 2011	---	(611,464)	---	(5,925,724)
Total revenues	\$ 13,781,761	\$ 40,077	\$ 3,698,590	\$ ---
Expenditures:	\$ 13,781,761	\$ 40,077	\$ 3,698,590	\$ ---

(Continued)

See accompanying Report on the Long Beach Public Transportation Company's Compliance with the State of California Transportation Development Act.

Schedule 2-1
LONG BEACH PUBLIC TRANSPORTATION COMPANY
 Schedule of State of California Expenditures of Awards
 Year ended June 30, 2011

**State of California
 Southern California Association
 of Governments SB-325**

	1B SEC		Totals
Grant Period:			
From	08/11/08		
To	Completion	Completion	
Total grant award(s):			
TDA 10/11	\$ ---	\$	13,781,761
STA 06/07	---		6,789,516
STA 10/11	---		3,698,590
1B PTMISEA 07/08	---		3,710,249
1B PTMISEA 08/09	---		2,090,089
Bond Interest 08/09	---		88,529
Bond Interest 09/10	---		36,857
Bond Interest 10/11	---		28,707
1B SEC 07/08	371,111		371,111
1B SEC 08/09	371,122		371,122
1B SEC 09/10	371,122		371,122
Total	\$ 1,113,355	\$	31,337,653
Revenues:			
State:			
Cash received	\$ 371,122	\$	17,851,473
(Accrued) deferred, July 1, 2010	84,191		6,661,456
Accrued (deferred), June 30, 2011	(354,417)		(6,891,605)
Total revenues	\$ 100,896	\$	17,621,324
Expenditures:	\$ 100,896	\$	17,621,324

(Continued)

See accompanying Report on the Long Beach Public Transportation Company's Compliance with the State of California Transportation Development Act.

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Notes to Schedule of State of California Expenditures of Awards
Year ended June 30, 2011

(1) General

The accompanying Schedule of State of California Expenditures of Awards presents the activity of State of California financial assistance programs of the Long Beach Public Transportation Company.

(2) Basis of Accounting

The accompanying Schedule of State of California Expenditures of Awards is presented using the accrual basis of accounting, whereby grant revenues are recognized when they are earned and expenses are recognized when they are incurred.

(3) Relationship to Long Beach Public Transportation Company Financial Reports

Amounts reported in the accompanying schedule agree, in all material respects, with the amounts reported in the related Long Beach Transportation Company financial reports taken as a whole.

Schedule 3
LONG BEACH PUBLIC TRANSPORTATION COMPANY
 Transportation Development Act - 50% Expenditure Limitation Calculation
 Year ended June 30, 2011

Total operating costs, excluding depreciation	\$ 73,440,639
Add:	
Depreciation	17,588,757
Capital outlay expenditures	17,130,510
	34,719,267
Less:	
Federal grants received	22,367,551
Local Transportation funds - capital intensive received	---
State Transit Assistance funds - capital intensive received	---
	22,367,551
Total	85,792,355
50% of total	42,896,178
Add total Local Transportation funds - capital intensive received	---
Total permissible expenditures - (Local Transportation funds)	\$ 42,896,178

See accompanying Independent Auditor's Report on the Long Beach Public Transportation Company's Compliance with the State of California Transportation Development Act.



**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING
 AGREED-UPON PROCEDURES**

To the Board of Directors of
 Long Beach Public Transportation Company

Long Beach Public Transportation Company (Long Beach Transit) is eligible to receive grants under Section 9 of the Urban Mass Transportation Act of 1964, as amended, and in connection therewith, Long Beach Transit is required to report certain information to the Federal Transit Administration (FTA). Furthermore, we understand that Long Beach Transit has contracted with Catalina Express and Taxi Systems, Inc. for specific mass transportation services.

The FTA has established the following standards with regard to the data reported in the Urbanized Area Formula Statistics Form (FFA-10) of Long Beach Transit's annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data is being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data is fully documented and securely stored.
- A system of internal controls is in place to ensure the accuracy of the data collection process and to ensure the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or meet FTA requirements.
- The deadhead miles as computed appear to be accurate.
- Data as reported is consistent with prior reporting periods and appears reasonable based upon Long Beach Transit's operations.

We have performed the procedures enumerated in the attachment to this report on the data contained in Long Beach Transit's Urbanized Area Formula Statistics Form (FFA-10) for the fiscal year ended June 30, 2011, solely to assist the management of Long Beach Transit in evaluating whether Long Beach Transit complied with the standards described in the second paragraph of this report and whether the information included in the NTD report Urbanized Area Formula Statistics Form (FFA-10) is presented in conformity with the requirements of the Urban Mass Transportation Industry Uniform System of Accounts and Records and Reporting Systems, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2011 Reporting Manual. Long Beach Transit's management is responsible for the Urbanized Area Formula Statistics Form (FFA-10).

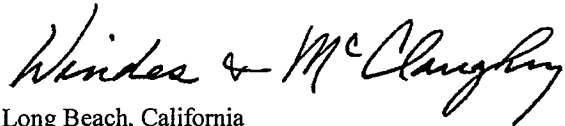
This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attachment either for the purpose for which this report has been requested or for any other purpose.

The procedures described in the attachment to this report were applied separately to the information systems used to develop the reported vehicle revenue miles, passenger miles, and operating expenses of Long Beach Transit for the fiscal year ended June 30, 2011 for each of the following modes:

- Fixed route directly operated transportation service,
- Purchased Transportation – Water Taxi (ferry boats) operations is provided by Catalina Express
- Purchased Transportation – Demand responsive service provided by Taxi Systems, Inc. for residents of Long Beach, Signal Hill and Lakewood who are at least 18 years old and are unable to use Long Beach Transit's fixed route systems because of permanent mobility impairment.

The results of the procedures performed are included in the accompanying attachment. We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Long Beach Transit's NTD report Urbanized Area Formula Statistics Form (FFA-10) for the fiscal year ended June 30, 2011, which is presented in conformity with the requirements of the Urban Mass Transportation Industry Uniform System of Accounts and Records and Reporting Systems, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2011 Reporting Manual. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above and does not extend to Long Beach Transit's financial statements, or the forms in Long Beach Transit's NTD report other than the Urbanized Area Formula Statistics Form (FFA-10), for any date or period.

This report is intended solely for the information and use of the board of directors and management of the Long Beach Public Transportation Company and the FTA, and is not intended to be, and should not be, used by anyone other than those specified parties.



Long Beach, California
December 14, 2011

AGREED-UPON PROCEDURES

- A. *Obtain and read a copy of written procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2011 Reporting Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.*

We were informed Long Beach Public Transportation Company (LBT) does not have formal written policies and procedures relating to the system for reporting and maintaining transit data for the NTD. Specific procedures in completing the NTD report were discussed with personnel responsible for completing and/or supervising the process. Personnel interviewed include the following:

- Service Development Planning Manager
- Service Development Planner
- Service Development Planner, Assistant
- Director of Financial Services

- B. *Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:*
- *The extent to which the transit agency followed the procedures on a continuous basis, and*
 - *Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2011 Reporting Manual.*

We discussed the procedures with LBT personnel and were informed the informal procedures to complete the NTD report are the same guidelines issued by NTD in 49 CFR Part 630. Those procedures are followed continuously such that the accumulation and data reported is consistent with NTD definitions and requirements set forth in 49 CFR Part 630, and as presented in the 2011 Reporting Manual.

- C. *Inquire of same person concerning the retention policy that is followed by the transit agency with respect to source documents supporting the NTD data, Total Modal Operating Expenses data (F-30, line 15, column e), Actual Vehicle Revenue Mile and Passenger Miles Traveled (S-10, lines 12 and 20, column d).*

We discussed the retention policy with LBT personnel and determined that source documents supporting the data reported on the FFA-10 is maintained for a minimum of five years, which exceeds the three year minimum required by NTD.

- D. *Based on a description of the transit agency's procedures obtained in items A and B above, identify all the source documents which are to be retained by the transit agency for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.*

We discussed with LBT personnel and noted the following source documents are maintained for five years, which exceeds the three years minimum required by NTD:

- Passenger Miles Sampling (Trip Sheets) – Checker Survey Sheets
- Fixed Guideway Directional Route Mile
- Operating Expenses
- Contractual Agreement for Purchased Transportation

We reviewed the source documents maintained by LBT and observed that source documents existed and was organized in folders by month.

AGREED-UPON PROCEDURES

- E. *Discuss the system of internal controls with the person responsible for supervising and maintaining the NTD data. Inquire whether individuals, independent of the individuals preparing source documents and posting data summaries, review the source documents and data summaries for completeness, accuracy and reasonableness and how often such reviews are performed.*

We discussed with LBT personnel about internal controls and determined the following personnel were involved with the NTD reporting process:

- Operations Specialist will enter survey data (passenger count and passenger mile) collected from the random surveys into an Access database.
- Service Development Planner, Assistant extracts the data from Access and summarizes the data onto worksheets formatted similar to the NTD reports.
- Service Development Planner reviews the summaries for reasonableness.

- F. *Select a random sample of the source documents and determine whether supervisors' signatures are present as required by the system of internal controls. If supervisors' signatures are not required, inquire how the supervisors' reviews are documented.*

Discussions with LBT personnel indicated that supervisors' signatures are not required to document the review of source documents. LBT does not have formal procedures requiring supervisors to document their review. However, all source documents and summaries prepared for NTD reporting are reviewed by the Service Development Planner for reasonableness prior to submission.

- G. *Obtain the worksheets utilized by the transit agency to prepare the final data that are transcribed onto the Federal Funding Allocation Statistics form. Compare the periodic data included on the worksheets to the periodic summaries prepared by the transit agency. Test the arithmetical accuracy of the summarizations.*

We obtained the worksheets utilized by LBT to summarize the final data that are transcribed onto the FFA-10 form. We compared the worksheets to the FFA-10 form and noted no exceptions. We also tested the arithmetical accuracy of the summary and noted no exceptions.

- H. *Discuss the transit agency's procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure used is (1) a 100% count of actual PMT or (2) an estimate of PMT based on statistical sampling meeting FTA's 95% confidence and $\pm 10\%$ precision requirements. If the transit agency conducts a statistical sample for estimating PMT, inquire whether the sampling procedure is (1) one of the two procedures suggested by FTA and described in FTA Circulars 2710.1A or 2710.2A; or (2) an alternative sampling procedure if the transit agency uses an alternative sampling procedure, inquire whether the procedure has been approved by FTA or whether a qualified statistician has determined that the procedure meets FTA's statistical requirements. Note as a negative finding in the report use of an alternative sampling procedure that has not been approved in writing by a qualified statistician.*

Discussed with LBT personnel about procedures for accumulating passenger mile data and was informed that a statistical sampling is used for their regular routes and 100% for Passport routes. LBT utilizes an alternative sampling procedure that has been reviewed by a statistician and determined to meet FTA's statistical requirements.

AGREED-UPON PROCEDURES

- I. *Discuss with transit agency staff the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets one of the three criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:*
 1. *According to the 2000 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population.*
 2. *The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size urbanized area).*
 3. *The service is purchased from a seller operating fewer than 100 revenue vehicles in annual maximum revenue service, and is included in the transit agency's NTD report.*

For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2011) and determine that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements.

Determine how the transit agency estimated annual PMT for the current report year.

We discussed with LBT personnel about the eligibility to conduct statistical sampling of passenger miles every third year and were informed that LBT has chosen to perform statistical sampling on an annual basis. Statistical sampling was utilized to determine passenger miles in the current reporting year.

- J. *Obtain a description of the sampling procedure for estimation of PMT used by the transit agency. Obtain a copy of the transit agency's working papers or methodology used to select the actual sample of runs for recording PMT data. If the average trip length was used, determine that the universe of runs was used as the sampling frame. Determine that the methodology to select specific runs from the universe resulted in a random selection of runs. If a selected sample run was missed, determine that a replacement sample run was randomly selected. Determine that the transit agency followed the stated sampling procedure.*

We discussed with LBT personnel about sampling procedures and were informed that LBT utilizes procedures approved in FTA circular 2710.1A, which is taking three samples every other day. We were also informed the sample is taken from the entire route universe. A random generator built into the scheduling software will randomly select the routes to be sampled. If the route was missed, another route is selected from the generator. We did not note any instances of any missed samples. LBT is following the stated sampling procedure.

AGREED-UPON PROCEDURES

- K. *Select a random sample of the source documents for accumulating PMT and determine that they are complete (all required data are recorded) and that the computations are accurate. Select a random sample of the accumulation periods and re-compute the accumulations for each of the selected periods. List the accumulation periods that were tested. Test the arithmetical accuracy of the summarization.*

We haphazardly selected a sample of 40 source documents (trip sheets) for accumulating passenger mile data for fiscal year 2011 and inspected the documents to determine if all required data were recorded and the computations were accurately performed and no exceptions were noted for the sample selected.

	<u>Date</u>	<u>PTN</u>	<u>Route</u>
1	7/6/2010	2576875	173
2	7/12/2010	1512154	111
3	7/20/2010	1512698	191
4	7/24/2010	1744363	71
5	8/3/2010	1511072	51
6	8/11/2010	1510136	22
7	8/19/2010	1512270	131
8	8/25/2010	1510330	32
9	9/3/2010	349823	31
10	9/9/2010	1509955	71
11	9/17/2010	1511424	61
12	10/3/2010	1514447	181
13	10/7/2010	3155037	34
14	10/17/2010	1514496	191
15	10/31/2010	1512881	22
16	11/4/2010	2409309	45
17	11/16/2010	3498423	31
18	11/20/2010	3578739	46
19	11/30/2010	2409051	46
20	12/6/2010	2833117	94
21	12/14/2010	1509991	72
22	12/30/2010	3395487	173
23	1/5/2011	1510106	22
24	1/13/2011	1512636	191
25	1/19/2011	1509985	1
26	1/27/2011	2833218	92
27	2/12/2011	1514124	103
28	2/18/2011	1511094	51
29	2/26/2011	1513077	32
30	3/6/2011	1515916	112
31	3/12/2011	2800124	94
32	3/20/2011	15114480	191
33	3/28/2011	1511920	102
34	4/3/2011	2225107	172
35	4/11/2011	1511381	61
36	4/25/2011	2450125	46
37	5/11/2011	1512381	173
38	5/25/2011	1512658	192
39	6/10/2011	1511648	94
40	6/24/2011	1512701	191

- L. *Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles with transit agency staff and determine that stated procedures are followed. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.*

We discussed with LBT personnel about the excluding charter, school buses, and other ineligible vehicle miles from the calculation of actual vehicle miles and noted that LBT does provide charter services but no school buses. We obtained worksheets documenting the calculation of vehicle miles and noted that charter miles and training miles are excluded from the calculations. Charter and training miles were maintained on worksheets by Customer Service Department and Training Department, respectively. We reviewed the worksheets maintained to track charter and training miles and test for arithmetical accuracy. No exceptions were noted.

- M. *For actual vehicle revenue mile (VRM) data, document the collection and recording methodology and determine that deadhead miles are systematically excluded from the computation. This is accomplished as follows:*

If actual VRM's are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated and re-compute the daily total of missed trips and missed VRM. Test the arithmetical accuracy of the summarization.

- *If actual VRM's are calculated from hubodometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hubodometer readings and determine that the stated procedures for hubodometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summarization of intermediate accumulations.*
- *If actual VRM's are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA's definitions.*

Discussed the methodology of calculating vehicle revenue miles with LBT personnel and determined that the calculation is based on time schedules of each route. Worksheets are utilized by LBT to track VRM on a monthly basis. For each month, we vouched the miles back to summary reports (Time & Mile Report) prepared by the Scheduling Department. We also tested the mathematical accuracy of the worksheet and noted no exceptions. LBT will then multiply the monthly total by a ratio (total vehicle miles vs. scheduled service miles) to determine the final VRM to be reported on NTD. We recalculated the computation and noted no exceptions.

- N. *For rail modes, review the recording and accumulation sheets for actual VRM's and determine that locomotive miles are not included in the computation.*

We discussed with LBT personnel and determined LBT does not operate rail modes or have locomotive miles. As such, this procedure does not apply for the current reporting period.

