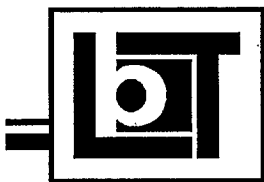


***SINGLE AUDIT REPORTS  
AND GRANT ACTIVITY REPORTS***  
**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
***For the Year Ended June 30, 2006***



**LONG BEACH TRANSIT**

**LONG BEACH PUBLIC TRANSPORTATION COMPANY  
SINGLE AUDIT AND GRANT ACTIVITY REPORTS  
YEAR ENDED JUNE 30, 2006**

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**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
Principal Officials

**Board of Directors**

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Robert W. Parkin	Chairman of the Board
Terry Fiskin	Vice Chairman
Renee B. Simon	Secretary - Treasurer
Mark Curtis	Vice Secretary - Treasurer
Yolanda F. Benavidez	Director
Brigida A. Knauer	Director
Dr. James P. Norman, Jr.	Director
Christine F. Shippey	Ex Officio Member, City of Long Beach
Christine F. Anderson	Ex Officio Member, City of Long Beach

**Management**

---

Laurence W. Jackson	President & CEO
Guy Heston	Executive Vice President & COO
Deborah Ellis	Senior Vice President & CFO Financial & Information Services
Ed King	Executive Director, VP Operations & System Security
Jim Ditch	Executive Director, VP Maintenance & Facilities
LaVerne David	Executive Director, VP Risk Management & Human Relations
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***

The Honorable Board of Directors  
Long Beach Public Transportation Company:

We have audited the financial statements of the Long Beach Public Transportation Company as of and for the year ended June 30, 2006 and have issued our report thereon, dated September 8, 2006. 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 the Long Beach Public Transportation Company's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Long Beach Public Transportation Company's financial statement are free of material misstatements, 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*.

This report is intended solely for the information and use of the board of directors and management of the Long Beach Public Transportation Company, as well as 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.

KPMG LLP

September 8, 2006



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**Independent Auditors' Report on Compliance with Requirements Applicable  
to Each Major Program and on Internal Control over Compliance  
in Accordance with U.S. Office of Management and Budget Circular A-133**

The Honorable Board of Directors  
Long Beach Public Transportation Company:

**Compliance**

We have audited the compliance of the Long Beach Public Transportation Company with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2006. The Long Beach Public Transportation Company's major federal program is 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 its major federal program is the responsibility of the Long Beach Public Transportation Company's management. Our responsibility is to express an opinion on the 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 the 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 the Long Beach Public Transportation Company's compliance with those requirements.

In our opinion, the Long Beach Public Transportation Company complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2006.

**Internal Control over Compliance**

The management of the 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 the Long Beach Public Transportation Company's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

#### **Schedule of Expenditures of Federal and Nonfederal Awards**

We have audited the basic financial statements of the Long Beach Public Transportation Company as of and for the year ended June 30, 2006 and have issued our report thereon, dated September 8, 2006. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal and nonfederal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Additionally, the accompanying schedule of state of California expenditures of awards is presented for purposes of additional analysis and is not a required part 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 oversight agency, 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.

**KPMG LLP**

September 8, 2006

Schedule 1  
**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
 Schedule of Expenditures of Federal and Non-Federal Awards  
 Year ended June 30, 2006

Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration				
	<u>CA-90-X915</u>	<u>CA-90-X950</u>	<u>CA-90-Y057</u>	<u>CA-90-Y082</u>
<b>Grant Period:</b>				
From	09/30/99	12/31/00	02/28/01	02/28/02
To	Completion	Completion	Completion	Completion
<b>Total grant award(s):</b>				
Federal	\$ 8,769,677	\$ 6,249,570	\$ 10,381,045	\$ 11,356,000
Non-Federal	2,192,419	1,660,481	2,540,955	1,471,292
Total	<u>\$ 10,962,096</u>	<u>\$ 7,910,051</u>	<u>\$ 12,922,000</u>	<u>\$ 12,827,292</u>
<b>Revenues:</b>				
Federal:				
Cash received	\$ 40	\$ (21,000)	\$ 273,569	\$ 3,586,346
(Accrued) deferred, July 1, 2005	---	(161)	---	(107,735)
Accrued (deferred), June 30, 2006	---	---	93	5,692
Grant revenue recognized	40	(21,161)	273,662	3,484,303
Non-Federal	330	11,374	79,405	451,427
Total revenues	<u>\$ 370</u>	<u>\$ (9,787)</u>	<u>\$ 353,067</u>	<u>\$ 3,935,730</u>
<b>Expenditures:</b>				
Federal	\$ 40	\$ (21,161)	\$ 273,662	\$ 3,484,303
Non-Federal	330	11,374	79,405	451,427
Total expenditures	<u>\$ 370</u>	<u>\$ (9,787)</u>	<u>\$ 353,067</u>	<u>\$ 3,935,730</u>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards and accompanying Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Office of Management and Budget Circular A-133.



Schedule 1-2  
**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
 Schedule of Expenditures of Federal and Non-Federal Awards  
 Year ended June 30, 2006

Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration				
	<u>CA-90-Y117</u>	<u>CA-90-Y136</u>	<u>CA-90-Y226</u>	<u>CA-90-Y271</u>
<b>Grant Period:</b>				
From	03/21/02	07/25/02	08/26/03	08/26/03
To	Completion	Completion	Completion	Completion
<b>Total grant award(s):</b>				
Federal	\$ 7,751,180	\$ 7,788,668	\$ 10,958,295	\$ 9,982,170
Non-Federal	<u>1,937,795</u>	<u>1,404,025</u>	<u>2,739,574</u>	<u>2,375,547</u>
Total	<u>\$ 9,688,975</u>	<u>\$ 9,192,693</u>	<u>\$ 13,697,869</u>	<u>\$ 12,357,717</u>
<b>Revenues:</b>				
Federal:				
Cash received	\$ 107,538	\$ 318,512	\$ 2,133,628	\$ 2,749,966
(Accrued) deferred, July 1, 2005	(3,087)	(20,699)	(56,128)	(1,175,883)
Accrued (deferred), June 30, 2006	<u>2,765</u>	<u>9,384</u>	<u>9,924</u>	<u>208,297</u>
Grant revenue recognized	107,216	307,197	2,087,424	1,782,380
Non-Federal	<u>26,802</u>	<u>52,466</u>	<u>442,123</u>	<u>440,437</u>
Total revenues	<u>\$ 134,018</u>	<u>\$ 359,663</u>	<u>\$ 2,529,547</u>	<u>\$ 2,222,817</u>
<b>Expenditures:</b>				
Federal	\$ 107,216	\$ 307,197	\$ 2,087,424	\$ 1,782,380
Non-Federal	<u>26,802</u>	<u>52,466</u>	<u>442,123</u>	<u>440,437</u>
Total expenditures	<u>\$ 134,018</u>	<u>\$ 359,663</u>	<u>\$ 2,529,547</u>	<u>\$ 2,222,817</u>

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal Awards and accompanying Independent Auditor's accompanying Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Office of Management and Budget Circular A-133.

Schedule 1-3  
**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
 Schedule of Expenditures of Federal and Non-Federal Awards  
 Year ended June 30, 2006

Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration				
	<u>CA-90-Y391</u>	<u>CA-90-Y440</u>	<u>CA-03-0642</u>	<u>CA-03-0596</u>
<b>Grant Period:</b>				
From	12/15/05	07/24/06	09/17/03	02/18/03
To	Completion	Completion	Completion	Completion
<b>Total grant award(s):</b>				
Federal	\$ 13,354,479	\$ 6,326,401	\$ 1,980,058	\$ 1,980,630
Non-Federal	<u>2,934,372</u>	<u>1,617,992</u>	<u>405,554</u>	<u>495,158</u>
Total	<u>\$ 16,288,851</u>	<u>\$ 7,944,393</u>	<u>\$ 2,385,612</u>	<u>\$ 2,475,788</u>
<b>Revenues:</b>				
Federal:				
Cash received	\$ 437,651	\$ ---	\$ 58,809	\$ 45,581
(Accrued) deferred, July 1, 2005	---	---	---	(21,879)
Accrued (deferred), June 30, 2006	<u>241,393</u>	<u>98,865</u>	<u>---</u>	<u>---</u>
Grant revenue recognized	679,044	98,865	58,809	23,702
Non-Federal	<u>157,324</u>	<u>24,727</u>	<u>(33,049)</u>	<u>3,701</u>
Total revenues	<u>\$ 836,368</u>	<u>\$ 123,592</u>	<u>\$ 25,760</u>	<u>\$ 27,403</u>
<b>Expenditures:</b>				
Federal	\$ 679,044	\$ 98,865	\$ 58,809	\$ 23,702
Non-Federal	<u>157,324</u>	<u>24,727</u>	<u>(33,049)</u>	<u>3,701</u>
Total expenditures	<u>\$ 836,368</u>	<u>\$ 123,592</u>	<u>\$ 25,760</u>	<u>\$ 27,403</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and Independent Auditor's accompanying Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Office of Management and Budget Circular A-133.

Schedule 1-4  
**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
 Schedule of Expenditures of Federal and Non-Federal Awards  
 Year ended June 30, 2006

Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration				
	CA-03-0664	CAL0301	JARC	Totals
<b>Grant Period:</b>				
From	05/21/04	06/30/05	07/22/04	
To	Completion	Completion	Completion	
<b>Total grant award(s):</b>				
Federal	\$ 1,721,438	\$ 204,000	\$ 291,488	\$ 99,095,099
Non-Federal	352,584	75,720	291,488	22,494,956
Total	<u>\$ 2,074,022</u>	<u>\$ 279,720</u>	<u>\$ 582,976</u>	<u>121,590,055</u>
<b>Revenues:</b>				
Federal:				
Cash received	\$ 53,053	\$ ---	\$ 153,207	\$ 9,896,900
(Accrued) deferred, July 1, 2005	---	(131,611)	(81,175)	(1,598,358)
Accrued (deferred), June 30, 2006	---	---	36,840	613,253
Grant revenue recognized	53,053	(131,611)	108,872	8,911,795
Non-Federal	10,798	---	108,872	1,776,737
Total revenues	<u>\$ 63,851</u>	<u>\$ ---</u>	<u>\$ 217,744</u>	<u>\$ 10,688,532</u>
<b>Expenditures:</b>				
Federal	\$ 53,053	\$ (131,611)	\$ 108,872	\$ 8,911,795
Non-Federal	10,798	---	108,872	1,776,737
Total expenditures	<u>\$ 63,851</u>	<u>\$ (131,611)</u>	<u>\$ 217,744</u>	<u>\$ 10,688,532</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards and Independent Auditor's accompanying Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with Office of Management and Budget Circular A-133.

## **LONG BEACH PUBLIC TRANSPORTATION COMPANY**

Notes to Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2006

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### **(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, 2006. (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, 2006**

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### **(1) Summary of Auditors' Results**

- (a) The type of report issued on the financial statements: **Unqualified Opinion.**
- (b) Reportable conditions in internal controls were disclosed by the audit of the financial statements: **None Reported**; Material weaknesses: **None.**
- (c) Noncompliance which is material to the financial statements: **None.**
- (d) Reportable conditions in internal controls over major programs: **None Reported.**
- (e) The type of report issued on compliance for major programs: **Unqualified Opinion.**
- (f) Any audit findings which are required to be reported under Section .510(a) of OMB Circular A-133: **No.**
- (g) Major program: **United States Department of Transportation Cluster – Federal Transit Administration Capital and Operating Assistance Formula Grants (CFDA No. 20.507).**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000.**
- (i) Auditee qualified as a low-risk auditee under section.530 of OMB Circular A-133: **Yes.**

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

**None.**

### **(3) Findings Relating to Federal Awards**

**None.**



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**Independent Auditors' Report on the Long Beach  
Public Transportation Company's Compliance with  
the State of California Transportation Development Act**

The Honorable Board of Directors  
Long Beach Public Transportation Company:

We have audited the financial statements of the Long Beach Public Transportation Company as of and for the year ended June 30, 2006 and have issued our report thereon, dated September 8, 2006. 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) Conformance Auditing Guide (Guide), published by the Southern California Association of Governments (SCAG), to test the Long Beach Public Transportation Company's compliance with the published rules and regulations of the TDA. Procedures performed in accordance with the Guide have been determined to be adequate by SCAG for compliance with the published rules and regulations of the TDA with respect to fiscal and conformance audits of Public Transportation Company 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 instances 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 and the allocation instructions of SCAG.

**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 state oversight agency, 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.

KPMG LLP

September 8, 2006

Schedule 2  
**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
 Schedule of State of California Expenditures of Awards  
 Year ended June 30, 2006

		State of California Southern California Association of Governments SB-325			
		<u>CA-90-X915</u>	<u>CA-90-X950</u>	<u>CA-90-Y057</u>	<u>CA-90-Y082</u>
<b>Grant Period:</b>					
From	09/30/99	12/31/01	02/28/01	02/28/01	
To	Completion	Completion	Completion	Completion	
<b>Total grant award(s):</b>					
TDA 98/99	\$ 1,580,877	\$ ---	\$ ---	\$ ---	
TDA 99/00	---	518,387	---	---	
TDA 00/01	---	129,959	2,429,263	203,696	
TDA 01/02	---	---	---	1,267,596	
STA 98/99	561,876	---	---	---	
STA 99/00	---	1,012,135	---	---	
Total	<u>\$ 2,142,753</u>	<u>\$ 1,660,481</u>	<u>\$ 2,429,263</u>	<u>\$ 1,471,292</u>	
<b>Revenues:</b>					
State:					
Cash received	\$ 7,185	\$ 8,780	\$ 194,583	\$ 530,393	
(Accrued) deferred, July 1, 2005	(6,855)	2,594	(176,910)	(123,942)	
Accrued (deferred), June 30, 2006	---	---	61,732	44,978	
Total revenues	<u>\$ 330</u>	<u>\$ 11,374</u>	<u>\$ 79,405</u>	<u>\$ 451,429</u>	
<b>Expenditures:</b>	<u>\$ 330</u>	<u>\$ 11,374</u>	<u>\$ 79,405</u>	<u>\$ 451,429</u>	

(Continued)

See accompanying Independent Auditor's 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, 2006

State of California Southern California Association of Governments SB-325					
	<u>CA-90-Y117</u>	<u>CA-90-Y136</u>	<u>CA-90-Y226</u>	<u>CA-03-0642</u>	<u>CA-03-0596</u>
<b>Grant Period:</b>					
From	03/21/02	07/25/02	08/26/03	09/17/03	02/18/03
To	Completion	Completion	Completion	Completion	Completion
<b>Total grant award(s):</b>					
TDA 00/01	\$ 46,245	\$ 1,404,025	\$ ---	\$ ---	\$ ---
TDA 01/02	1,319,921	---	---	---	---
TDA 02/03	---	---	2,739,574	405,554	495,158
STA 99/00	1,730	---	---	---	---
STA 00/01	569,899	---	---	---	---
Total	<u>\$ 1,937,795</u>	<u>\$ 1,404,025</u>	<u>\$ 2,739,574</u>	<u>\$ 405,554</u>	<u>\$ 495,158</u>
<b>Revenues:</b>					
State:					
Cash received	\$ 25,951	\$ 1,008,418	\$ 1,445,839	\$ 405,555	\$ 495,143
(Accrued) deferred, July 1, 2005	(4,015)	(967,997)	(1,033,098)	(438,604)	(491,442)
Accrued (deferred), June 30, 2006	4,865	12,045	29,382	---	---
Total revenues	<u>\$ 26,801</u>	<u>\$ 52,466</u>	<u>\$ 442,123</u>	<u>\$ (33,049)</u>	<u>\$ 3,701</u>
<b>Expenditures:</b>	<u>\$ 26,801</u>	<u>\$ 52,466</u>	<u>\$ 442,123</u>	<u>\$ (33,049)</u>	<u>\$ 3,701</u>

(Continued)

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

Schedule 2-2  
**LONG BEACH PUBLIC TRANSPORTATION COMPANY**  
 Schedule of State of California Expenditures of Awards  
 Year ended June 30, 2006

State of California Southern California Association of Governments SB-325				
	<u>TDA 02/03</u>	<u>LTF Art. 4</u>	<u>STA 00/01</u>	<u>STA 01/02</u>
<b>Grant Period:</b>				
From	07/01/02	07/01/05	07/01/01	07/01/01
To	Completion	Completion	Completion	Completion
<b>Total grant award(s):</b>				
TDA 02/03	\$ 380,624	\$ ---	\$ ---	\$ ---
TDA 05/06	---	18,765,621	---	---
STA 00/01	---	---	1,173,815	---
STA 01/02	---	---	---	1,341,400
<b>Total</b>	<u>\$ 380,624</u>	<u>\$ 18,765,621</u>	<u>\$ 1,173,815</u>	<u>\$ 1,341,400</u>
<b>Revenues:</b>				
State:				
Cash received	\$ 14,929	\$ 18,765,621	\$ ---	\$ ---
(Accrued) deferred, July 1, 2005	(16,090)	---	11,266	33,191
Accrued (deferred), June 30, 2006	---	---	(10,709)	(5,800)
<b>Total revenues</b>	<u>\$ (1,161)</u>	<u>\$ 18,765,621</u>	<u>\$ 557</u>	<u>\$ 27,391</u>
<b>Expenditures:</b>	<u>\$ (1,161)</u>	<u>\$ 18,765,621</u>	<u>\$ 557</u>	<u>\$ 27,391</u>

(Continued)

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

## Schedule 2-3

**LONG BEACH PUBLIC TRANSPORTATION COMPANY**

Schedule of State of California Expenditures of Awards

Year ended June 30, 2006

State of California Southern California Association of Governments SB-325				
	<u>STA 02/03</u>	<u>STA 04/05</u>	<u>STA 05/06</u>	<u>MSRC 05</u>
<b>Grant Period:</b>				
From	07/01/02	07/01/04	07/01/05	08/27/04
To	Completion	Completion	Completion	Completion
<b>Total grant award(s):</b>				
STA 02/03	\$ 838,329	\$ ---	\$ ---	\$ ---
STA 04/05	---	974,096	---	---
STA 05/06	---	---	1,889,636	---
AQMD 02/03	---	---	---	330,453
Total	<u>\$ 838,329</u>	<u>\$ 974,096</u>	<u>\$ 1,889,636</u>	<u>\$ 330,453</u>
<b>Revenues:</b>				
State:				
Cash received	\$ ---	\$ 487,048	\$ 1,417,227	\$ 330,453
(Accrued) deferred, July 1, 2005	53,456	(487,048)	---	(330,453)
Accrued (deferred), June 30, 2006	(34,267)	---	472,409	---
Total revenues	<u>\$ 19,189</u>	<u>\$ ---</u>	<u>\$ 1,889,636</u>	<u>\$ ---</u>
<b>Expenditures:</b>	<u>\$ 19,189</u>	<u>\$ ---</u>	<u>\$ 1,889,636</u>	<u>\$ ---</u>

## **LONG BEACH PUBLIC TRANSPORTATION COMPANY**

Notes to Schedule of State of California Expenditures of Awards  
Year ended June 30, 2006

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### **(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, 2006

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Total operating costs, excluding depreciation	\$ 58,519,205
Add:	
Depreciation	16,316,882
Capital outlay expenditures	<u>11,970,977</u>
	<u>28,287,859</u>
Less:	
Federal grants received	25,137,125
Local Transportation funds - capital intensive received	4,154,430
State Transit Assistance funds - capital intensive received	<u>---</u>
	<u>29,291,555</u>
Total	<u>57,515,509</u>
50% of total	28,757,755
Add total Local Transportation funds - capital intensive received	<u>4,154,430</u>
Total permissible expenditures - (Local Transportation funds)	<u><u>\$ 32,912,185</u></u>

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



KPMG LLP  
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Los Angeles, CA 90071-1568

## Independent Accountants' Report on Applying Agreed-Upon Procedures

The Honorable Board of Directors  
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, 2006, 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 2006 Reporting Manual (2006 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 the procedures is solely the responsibility of the specified users of the 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, 2006 for each of the following modes:

- Fixed route directly operated transportation service,
- Demand response purchased transportation service provided by Catalina Express for water taxi operation (ferry boats), and
- Demand response purchased transportation service provided by Taxi Systems, Inc. for elderly and handicapped transportation.

The results of the procedures performed are included in the accompanying attachment. We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the fairness of information included in Long Beach Transit's NTD report Urbanized Area Formula Statistics Form (FFA-10) for the fiscal year ended June 30, 2006, 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 2006 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 these specified parties.

KPMG LLP

September 8, 2006

## AGREED-UPON PROCEDURES

### Background:

*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 2006 Reporting Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance (Item A).*

We were informed that Long Beach Transit does not have formal written procedures relating to the system for reporting and maintaining the Long Beach Transit's statistical data. We discussed specific procedures for each mode and type of services provided by Long Beach Transit with personnel assigned the responsibility of supervising the NTD data preparation and maintenance. The individuals (collectively, Long Beach Transit personnel) with whom procedures were discussed include the following:

- Long Beach Transit Service Development Planner
- Long Beach Transit Service Development Assistant

### Agreed-Upon Procedures:

A. *Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of the NTD data to determine:*

- *The extent to which the transit agency followed the procedures on a continuous basis*
- *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 (49 CFR Part 630), and as presented in the 2006 Reporting Manual.*

We inquired of Long Beach Transit personnel the extent to which the procedures referenced above are followed on a continuous basis and whether the procedures result in the accumulation and reporting of data consistent with the NTD definitions and the requirements set forth in 49 CFR Part 630. We were informed that, to the best of Long Beach Transit personnel's knowledge, the procedures were followed on a continuous basis and that such procedures result in the accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, and as presented in the 2006 Reporting Manual.

B. *Inquire of the same person concerning the retention policy that is followed by the transit agency with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form (FFA-10).*

We inquired of Long Beach Transit personnel regarding the retention policy that is followed with respect to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics Form. We were informed that source documents are retained for a minimum of three years.

C. *Based on a description of the transit agency's procedures obtained in Background and item A 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.*

Based on the description of Long Beach Transit's procedures obtained in Background and item A on the previous page, we identified the following source documents that are retained for a minimum of three years:

- Passenger Miles Sampling
- Fixed Guideway Directional Route Mile
- Operating Expenses
- Contract Agreement for Purchased Service Provider.

We selected the months of November 2005, February 2006, and April 2006 and observed that all source documents existed for each month selected.

- D. *Discuss the system of internal controls with the personnel responsible for supervising and maintaining the NTD data. Inquire whether individuals, independent of the individuals preparing the 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 Long Beach Transit's system of internal controls with the Long Beach Transit personnel responsible for supervising and maintaining the NTD data. We were informed that individuals, independent of the individuals preparing the source documents and posting the data summaries, review the source documents for completeness, accuracy, and reasonableness on a daily basis.

- E. *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.*

We inquired of Long Beach Transit personnel whether supervisors' signatures are required to document supervisors' reviews, and were informed that approval signatures are presented as required by the system of internal controls. We haphazardly selected a sample of 10 for Section 15 Variance Sheets for fiscal year 2006 to determine whether approval signatures were present. We noted that no other source documents require a supervisor's signature. No exceptions were noted as a result of performing this procedure.

- F. *Obtain the worksheets utilized by the transit agency to prepare the final data that are transcribed onto the Federal Funding Allocation Statistics Form (FFA-10). 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 Long Beach Transit to prepare the fiscal year 2006 final data that are transcribed onto the Federal Funding Allocation Statistics Form (FFA-10). We compared the periodic data included on the worksheets to the periodic summaries presented by Long Beach Transit on the Federal Funding Allocation Statistics Form (FFA-10) and tested the arithmetical accuracy of the summarizations. No exceptions were noted as a result of performing this procedure.

- G. *Discuss the transit agency's procedure for accumulating and recording passenger mile data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure used is (1) a 100% count of actual passenger miles or (2) an estimate of passenger miles based on statistical sampling meeting FTA's 95% confidence and 10% precision requirements.*

*If the transit agency conducts a statistical sample for estimating passenger miles, inquire whether the sampling procedure is (1) one of the two procedures suggested by the 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 an exception in the report use of an alternative sampling procedure that has not been approved in writing by a qualified statistician.*

We discussed Long Beach Transit's procedure for accumulating and recording passenger mile data in accordance with NTD requirements with Long Beach Transit personnel and were informed that the procedure used by Long Beach Transit is an estimate of passenger miles based on statistical sampling meeting FTA's 95% confidence and 10% precision requirements.

We were informed by Long Beach Transit personnel that the passenger mile data was accumulated using a sampling procedure suggested by the FTA described in the FTA circular 2710.4A.

- H. *Discuss with transit agency staff the transit agency's eligibility to conduct statistical sampling for passenger mile 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 passenger mile data every third year rather than annually. Specifically:*

- *According to the 2000 Census, the public transit agency serves an urbanized area of population less than 500,000.*
- *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) (UZA).*
- *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 (2005) and determine that statistical sampling was conducted and meets the 95% confidence and 10% precision requirements.*

*Determine how the transit agency estimated annual passenger miles for the current report year.*

We discussed with Long Beach Transit personnel Long Beach Transit's eligibility to conduct statistical sampling for passenger mile data every third year. We were informed by Long Beach Transit personnel that Long Beach Transit performs statistical sampling on an annual basis.

- I. *Obtain a description of the sampling procedure for estimation of passenger mile data 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 passenger mile (PM) data. If the average trip length was*

*used, determine that the universe of runs was used as the sampling frame. Determine that the methodology was 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 obtained a description of the sampling procedures for estimation of passenger mile data used by Long Beach Transit and were informed by Long Beach Transit personnel that the universe of runs was used as the sampling frame. We were informed by Long Beach Transit personnel that the methodology used to select specific runs from the universe resulted in a random selection of runs. We were told by Long Beach Transit personnel that sample runs which are missed are replaced with another randomly selected run from the cluster sample and that all sampling procedures were followed.

- J. *Select a random sample of the source documents for accumulating passenger mile data 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 recompute the accumulations for each of the selected periods. List the accumulation periods which were tested. Test the arithmetical accuracy of the summarization.*

## Attachment

We selected a haphazard sample of 25 source documents for accumulating passenger mile data throughout fiscal year 2006 and inspected these documents to determine if all required data was recorded and if computations were accurately performed. We recomputed the accumulation and summarization of passenger mile data for the fiscal year ended June 30, 2006 for these samples. No exceptions were noted as a result of performing this procedure.

	<u>Date</u>	<u>Trip</u>	<u>Start time</u>
1	03/01/06	689	2:54 PM
2	11/13/05	2779	3:46 PM
3	10/20/05	4661	6:38 PM
4	10/26/05	4587	6:21 PM
5	12/05/05	2320	7:35 PM
6	01/20/06	5572	10:39 AM
7	11/09/05	645	7:37 AM
8	12/03/05	808	2:15 PM
9	03/25/06	2509	11:19 AM
10	01/22/06	2313	7:50 AM
11	06/07/06	8759	6:05 PM
12	09/22/05	972	11:05 PM
13	06/25/06	1080	2:55 PM
14	04/10/06	2516	2:20 PM
15	03/19/06	1980	9:55 AM
16	06/18/06	5900	1:47 PM
17	01/20/06	740	2:17 PM
18	02/03/06	1992	9:40 AM
19	12/05/05	7870	5:54 PM
20	09/26/05	4712	7:59 AM
21	02/01/05	7699	5:30 AM
22	03/09/06	5453	3:00 PM
23	01/30/06	2737	2:50 PM
24	02/15/06	4888	6:13 PM
25	12/11/05	7689	2:59 PM

- K. *Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of 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 the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle school buses, and other ineligible vehicle miles from the calculation of vehicle revenue miles with Long Beach Transit personnel and were informed that Long Beach Transit does provide round-trip charter coaches exclusively for California State University Long Beach athletic teams to Los Angeles area game destinations and the airport.

We selected a sample included in Long Beach Transit's calculation of vehicle revenue miles for fiscal year 2006, to test the arithmetical accuracy of the computation, noting no exceptions.

- L. *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 vehicle revenue miles (VRM) are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated and recompute the daily total of missed trips and missed vehicle revenue miles. Test the arithmetical accuracy of the summarization.*
- *If actual vehicle revenue miles (VRM) 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 vehicle revenue miles (VRM) are calculated from vehicle logs, select a random sample of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA's definitions.*

We discussed with Long Beach Transit personnel the methodology for the collection and recording of vehicle mile data.

We obtained the calculation worksheets for Vehicle Revenue Miles, Vehicle Miles, Vehicle Revenue Hours, and Vehicle Hours. We randomly selected five dates in fiscal year 2006 on each of the calculation worksheets and vouched the miles or hours back to the mileage summary reports prepared by the scheduling department. We tested the mathematical accuracy of the calculation worksheets and agreed the total hours/miles to the mileage summary report by hours/miles. No exceptions were noted as a result of performing this procedure.

We obtained the missed service worksheet that is used to calculate the missed service percentages. We haphazardly selected 10 days in fiscal year 2006 of data from the missed service worksheet and vouched the total missed service hours reported for each mode of transportation to the missed service reports. No exceptions were noted as a result of performing this procedure.

- M. *For rail modes, review the recording and accumulation sheets for vehicle revenue miles and determine that locomotive miles are not included in the computation.*

We were informed by personnel that Long Beach Transit does not operate rail modes or have locomotive miles. As such, this procedure is deemed to be not applicable.

- N. *If fixed guideway directional route miles (FG DRM) are reported, inquire of the person responsible for maintaining and reporting the NTD data whether the operations meet FTA's definition of fixed guideway (FG) in that the service is:*

- *Rail, trolleybus (LTB), or ferryboat (FB); or aerial transway (TR), or*
- *Bus (MB) service operating over exclusive or controlled access rights-of-way (ROW) and:*
  - *Access is restricted*
  - *Legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway*

- *Restricted access is enforced for freeways*
- *Priority lanes used by other high occupancy vehicles (HOV) (i.e., vanpools (VP), carpools) must demonstrate safe operation (see Fixed Guideway Segments from (5-20)).*
- *High Occupancy/Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues, and that the transit agency has provided to NTD a copy of the State's certification to the U.S. Secretary of Transportation that it has established a program for monitoring, assessing and reporting on the operation of the HOV facility with HO/T lanes.*

We were informed Long Beach Transit reports fixed guideway directional route miles as the fixed route bus services meet FTA's definition of fixed guideway in that the bus service operates over exclusive or controlled access rights-of-way and access is restricted, legitimate need for restricted access is demonstrated by peak period level of service D or worse on parallel adjacent highway and restricted access is enforced.

We were also informed Long Beach Transit also has services called the "Aqua Bus" and "Aqua Link Water" (water taxi service) for transporting the general public across Long Beach Harbor. However, we were informed the service has been outsourced to Catalina Express (the Contractor).

- O. *Discuss the measurement of fixed guideway directional route miles with the person reporting the NTD data and determine that the mileage is computed in accordance with FTA's definitions of fixed guideway (FG) and directional route miles.*

*Inquire whether there were service changes during the year that resulted in an increase or a decrease in directional route miles (DRM). If a service change resulted in a change in overall directional route mileage, recompute the average monthly directional route miles (DRM) and reconcile the total to the fixed guideway directional route miles (FG DRM) reported on the Federal Funding Allocation Statistics Form (FFA-10).*

*Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a fixed guideway (FG) segment(s), the following apply:*

- *Directional route miles (DRM) for the segment(s) should be reported for the entire report year if the interruption is less than 12 months in duration. The months of operation on the Fixed Guideway Segments form (S-20) should be reported as 12. The transit agency should have completed a Form Note describing the interruption.*
- *If the improvements cause a service interruption on the fixed guideway segment(s) directional route miles (DRM) lasting more than 12 months, the transit agency should contact their validation analyst to discuss. FTA will make a determination on how the directional route miles (DRM) should be reported.*

We discussed with Long Beach Transit personnel the measurement of fixed guideway directional route miles and were informed that the mileage is computed in accordance with FTA's definitions. Based on these discussions, we understand that there were no service changes during the fiscal year 2006, which resulted in changes in directional route miles.

- P. *Measure fixed guideway directional route miles from maps or by retracing route.*

We recomputed the fixed guideway directional route miles reported on the Federal Funding Allocation Statistics Form by retracing sections of one motor bus route for fiscal year 2006 using mapping system referred to as arcGIS. No exceptions were noted as a result of performing this procedure.

- Q. *Discuss with the person reporting the NTD data whether other public transit agencies operate service over the same fixed guideway (FG) as the transit agency. If yes, determine that the transit agency coordinated with the other agency(ies) such that the directional route miles (DRM) for the segment of fixed guideway are reported only once to the NTD on the Federal Funding Allocation Statistics Form.*

We were informed by Long Beach Transit personnel that two other agencies operate passenger service over the same fixed guideway as Long Beach Transit. We inquired of the responsible Long Beach Transit personnel and were informed that there has been adequate coordination of the Dial-a-Lift/Paratransit Service and the "Aqua Bus" and "Aqua Link Water" taxi operation so that the segment of fixed guideway is reported only once.

- R. *Review the Fixed Guideway Segments Form (S-20). Discuss the commencement date of revenue service for each fixed guideway (FG) segment with the person reporting the NTD data and determine that the date is reported as when revenue service began. This is the opening date of revenue service, even though the transit agency may not have been the original operator. Review the fixed guideway worksheets in Internet reporting and determine that the information has been properly entered. There should be a date for segments put into revenue service on or after September 30, 1998. If the segments opened earlier, they should be simply classified as older than seven years. Segments on the fixed guideway worksheets are summarized by like characteristics.*

We obtained and read the Transit Agency Service Form fixed guideway worksheets for fiscal year 2006 in Internet reporting for each of Long Beach Transit's modes of transportation noting that a date was recorded for segments put into revenue service on or after September 30, 1998. For those segments put into service before September 30, 1998, we noted that they were classified as older than seven years.

- S. *Compare operating expenses with audited financial data, after reconciling items are removed.*

We compared the operating expenses included in the NTD Operating Expense Form for fiscal year 2006 to the operating expenses reported in Long Beach Transit's audited financial statements for fiscal year 2006. No exceptions were noted as a result of performing this procedure.

- T. *If the agency purchases transportation services, interview the personnel reporting the NTD data regarding the amount of purchased transportation (PT) generated fare revenues. The purchased transportation (PT) fare revenues should equal the amount reported on the Contractual Relationship Form (B-30).*

We interviewed the personnel reporting the NTD data and were informed that Long Beach Transit purchased transportation services, Taxi, Systems, Inc. (TSI), and Catalina Channel Express. We inquired of the responsible Long Beach Transit personnel and were informed that the amount of purchased transportation generated fare revenues equals the generated fare

revenue amount reported on the Contractual Relationship Form for fiscal year 2006. No exceptions were noted as a result of performing this procedure.

- U. *If the transit agency's report contains data for purchased transportation (PT) services from sellers operating fewer than 100 vehicles in maximum service, and assurances of the data for those services is not included in the engagement, obtain a copy of the Independent Auditor Statement for Federal Funding Allocation data of the purchased transportation (PT) service. Attach a copy of the statement to the report. Note as an exception if the transit agency does not have an Independent Auditor Statement (IAS) for the purchased transportation (PT) data.*

We were informed by Long Beach Transit personnel that the seller of the purchased transportation services, Taxi Systems Inc., operates fewer than 100 vehicles in maximum service and did not file its own NTD report for the fiscal year 2006. Accordingly, Taxi Systems, Inc. data is included in Long Beach Transit's fiscal year 2006 NTD report and an Independent Auditor Statement for Federal Funding Allocation is not required.

- V. *If the transit agency purchases transportation (PT) services, obtain a copy of the purchased transportation (PT) contract and determine that the contract (1) specifies the specific mass transportation services to be provided; (2) specifies the monetary consideration obligated by the transit agency or governmental unit contracting for the service; (3) specifies the period covered by the contract and that this period is the same as, or a portion of, the period covered by the transit agency's NTD report; and (4) is signed by representatives of both parties to the contract. Interview the person responsible for maintaining the NTD data regarding the retention of the executed contract and determine that copies of the contracts are retained for three years.*

We obtained a copy of the purchased transportation contract between Long Beach Transit and the purchased service provider, Taxi Systems, Inc., and noted that the contract (1) specifies the specific mass transportation services to be provided by Taxi Systems, Inc; (2) specifies the monetary considerations obligated by Long Beach Transit; (3) specifies the period covered by the contract and that the contract period covers this NTD report period; and (4) is signed by representatives of both parties to the contract. We were also informed by Long Beach Transit personnel that executed copies of all contracts are retained through the term of the agreement, which exceeds three years.

- W. *If the transit agency provides service in more than one urbanized area, or between an urbanized area and a nonurbanized area, inquire of the person responsible for maintaining the NTD data regarding the procedures for allocation of statistics between urbanized areas (UZA) and nonurbanized areas (Non-UZA). Obtain and review the worksheets, route maps, and urbanized area(UZA) boundaries used for allocating the statistics and determine that the stated procedure is followed and that the computations are correct.*

We were informed by Long Beach Transit personnel that Long Beach Transit provides services in only one urbanized area and it is therefore not necessary for Long Beach Transit to perform an allocation between urbanized and nonurbanized areas.



- X. *Compare the data reported on the Federal Funding Allocation Statistics Form (FFA-10) to comparable data for the prior report year and calculate the percentage change from prior year to the current year. For vehicle revenue mile (VRM), passenger mile (PM), or operating expense (OE) data that have increased or decreased by more than 10%, or fixed guideway directional route mile data that have increased or decreased by more than 1%, interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.*

We compared the vehicle revenue mile, passenger mile, and operating expense data reported on the Federal Funding Allocation Statistics Form (FFA-10) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year and noted that there were no fluctuations of more than of 10%. We compared fixed guideway directional route mile data reported on the Federal Funding Allocation Statistics Form (FFA-10) to comparable data for the prior report year and calculated the percentage change from the prior year to the current year and noted that there were fluctuations of more than 1%.

