SINGLE AUDIT REPORTS
AND GRANT ACTIVITY REPORTS
LONG BEACH PUBLIC TRANSPORTATION COMPANY
For the Year Ended June 30, 2016

LONG BEACH TRANSIT

LONG BEACH PUBLIC TRANSPORTATION COMPANY
SINGLE AUDIT AND GRANT ACTIVITY REPORTS
YEAR ENDED JUNE 30, 2016

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LONG BEACH PUBLIC TRANSPORTATION COMPANY

Principal Officials

Board of Directors

Maricela de Rivera	Chair of the Board
Sumire Gant	Vice Chair
Mary Zendejas	Secretary - Treasurer
Colleen Bentley	Director
April Economides	Director
Nancy Pfeffer	Director
Barbara Sullivan George	Director
Amy Bodek	Ex-Officio Member, City of Long Beach
Eric Widstrand	Ex-Officio Member, City of Long Beach

Management

Kenneth A. McDonald	President & CEO
Debra Johnson	Deputy CEO
Lee Burner	Executive Director, VP Transit Service Delivery & Planning
Lisa Patton	Executive Director, VP Finance & Budget
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

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

To the Board of Directors of
Long Beach Public Transportation Company

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Long Beach Public Transportation Company (a nonprofit organization), which comprise the statement of net position as of June 30, 2016, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 9, 2016.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Windes, Inc.

Long Beach, California
December 9, 2016

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Long Beach Public Transportation Company

Report on Compliance for Each Major Federal Program

We have audited Long Beach Public Transportation Company's compliance with the types of compliance requirements described in the *OMB 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, 2016. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Long Beach Public Transportation Company's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Long Beach Public Transportation Company's compliance.

Opinion on Each Major Federal Program

In our opinion, Long Beach Public Transportation Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Long Beach Public Transportation Company is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Long Beach Public Transportation Company's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

We have audited the financial statements of Long Beach Public Transportation Company as of and for the year ended June 30, 2016, and have issued our report thereon dated December 9, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and non-federal awards is presented for purposes of additional analysis as required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal and non-federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

Windes, Inc.

Long Beach, California
December 9, 2016

Schedule 1

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2016

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration			
	CA-90-Y652	**CA-04-134**	**CA-90-Y798**	**CA-90-Y880**
Grant Period:				
From	08/04/08	09/08/09	09/15/10	08/30/11
To	11/20/15	Completion	Completion	Completion
Total grant award(s):				
Federal	$ 13,051,166	$ 1,783,466	$ 13,994,380	$ 15,774,862
Non-Federal	1,987,866	398,823	3,359,861	11,261
Total	$ 15,039,032	$ 2,182,289	$ 17,354,241	$ 15,786,123
Revenues:				
Federal:				
Cash received	$ 70,363	$ 34,135	$ 13,820	$ 40,244
(Accrued) deferred, July 1, 2015	(28,409)	(34,135)	(2,794)	---
Accrued (deferred), June 30, 2016	---	---	---	---
Grant revenue recognized	41,954	---	11,026	40,244
Non-Federal	9,366	---	2,640	---
Total revenues	$ 51,320	$ 0	$ 13,666	$ 40,244
Expenditures:				
Federal	$ 41,954	$ ---	$ 11,026	$ 40,244
Non-Federal	9,366	---	2,640	---
Total expenditures	$ 51,320	$ ---	$ 13,666	$ 40,244

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

Schedule 1-2

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2016

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration			
	CA-04-184	**CA-90-Y957**	**CA-88-004**	**CA-90-Z053**
Grant Period:				
From	07/05/12	09/05/12	09/19/12	12/10/13
To	Completion	Completion	Completion	Completion
Total grant award(s):				
Federal	$ 2,863,280	$ 16,248,527	$ 6,700,000	$ 17,391,081
Non-Federal	860,720	14,319	2,871,429	1,489,629
Total	$ 3,724,000	$ 16,262,846	$ 9,571,429	$ 18,880,710
Revenues:				
Federal:				
Cash received	$ 5,220	$ 46,226	$ 272,467	$ 6,638,045
(Accrued) deferred, July 1, 2015	---	---	(35,414)	(135,585)
Accrued (deferred), June 30, 2016	76	---	---	2,368
Grant revenue recognized	5,296	46,226	237,053	6,504,828
Non-Federal	1,324	4,200	101,250	5,811
Total revenues	$ 6,620	$ 50,426	$ 338,303	$ 6,510,639
Expenditures:				
Federal	$ 5,296	$ 46,226	$ 237,053	$ 6,504,828
Non-Federal	1,324	4,200	101,250	5,811
Total expenditures	$ 6,620	$ 50,426	$ 338,303	$ 6,510,639

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

Schedule 1-3

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2016

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration		
	CA-90-Z120	CA-90-Z232	Sub Total CFDA No. 20.507
Grant Period:			
From	07/30/14	09/23/15	
To	Completion	Completion	
Total grant award(s):			
Federal	$ 20,701,104	$ 14,113,447	$ 122,621,313
Non-Federal	1,570,742	90,824	12,655,474
Total	$ 22,271,846	$ 14,204,271	$ 135,276,787
Revenues:			
Federal:			
Cash received	$ 6,886,619	$ 1,523,780	$ 15,530,919
(Accrued) deferred, July 1, 2015	(5,455,457)	---	(5,691,794)
Accrued (deferred), June 30, 2016	7,401	98,289	108,134
Grant revenue recognized	1,438,563	1,622,069	9,947,259
Non-Federal	315,348	---	439,939
Total revenues	$ 1,753,911	$ 1,622,069	$ 10,387,198
Expenditures:			
Federal	$ 1,438,563	$ 1,622,069	$ 9,947,259
Non-Federal	315,348	---	439,939
Total expenditures	$ 1,753,911	$ 1,622,069	$ 10,387,198

(Continued)

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

Schedule 1-4

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards
Year ended June 30, 2016

	Program of Federal Domestic Assistance Catalogue No. 20.516 Department of Transportation Federal Transit Administration		
	JARC CA-37-124	JARC CA-37-X100 CA-37-X123	Totals CFDA No. 20.507 & 20.516
Grant Period:			
From	09/5/12	08/20/2014	
To	04/15/16	Completion	
Total grant award(s):			
Federal	$ 4,596,602	$ 1,777,136	$ 128,995,051
Non-Federal	427,306	219,602	13,302,382
Total	$ 5,023,908	$ 1,996,738	$ 142,297,433
Revenues:			
Federal:			
Cash received	$ 810,697	$ 818,545	$ 17,160,161
(Accrued) deferred, July 1, 2015	---		(5,691,794)
Accrued (deferred), June 30, 2016	---		108,134
Grant revenue recognized	810,697	818,545	11,576,501
Non-Federal	---	219,603	659,542
Total revenues	$ 810,697	$ 1,038,148	$ 12,236,043
Expenditures:			
Federal	$ 810,697	$ 818,545	$ 11,576,501
Non-Federal	---	219,603	659,542
Total expenditures	$ 810,697	$ 1,038,148	$ 12,236,043

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Notes to the Schedule of Expenditures of Federal and Non-Federal Awards
Year ended June 30, 2016

(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 Presentation

The accompanying Schedule of Expenditures of Federal and Non-Federal Awards (the Schedules) include the award activities of Long Beach Public Transportation Company under programs of the federal, state, or local government for the year ended June 30, 2016. The information in these Schedules are present in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedules present only a selected portion of the operations of Long Beach Public Transportation Company, it is not intended to and does not present the financial position, changes in net position, or cash flows of Long Beach Public Transportation Company.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Long Beach Public Transportation Company has elected not to use the 10 percent de minis indirect cost rate allowed under the Uniform Guidance.

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Findings and Questioned Costs
Year ended June 30, 2016

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued – Unmodified

Internal control over financial reporting

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – 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? – None reported
3. Type of auditors' report issued on compliance for major programs? – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – No
5. Identification of major programs: Federal Transit Administration Formula Grants (CFDA No. 20.507).
6. Dollar threshold used to distinguish between type A and type B programs was $750,000.
7. Auditee qualified as low-risk auditee? – Yes

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None

SECTION III – FINDING AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

INDEPENDENT AUDITORS' 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, 2016, and have issued our report thereon, dated December 9, 2016. 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 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 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.

Windes, Inc.

Long Beach, California
December 9, 2016

Schedule 2

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of State of California Expenditures of Awards
Year ended June 30, 2016

	State of California Southern California Association of Governments SB-325		
	LTF Art. 4	**STA 15/16**	**1BPTMISEA**
Grant Period:			
From	07/01/16	07/01/16	06/05/08
To	Completion	Completion	Completion
Total grant award(s):			
TDA 15/16	$ 21,396,826	$ ---	$ ---
STA 15/16	---	3,353,916	---
1B PTMISEA 07/08	---	---	3,710,249
1B PTMISEA 08/09	---	---	2,090,089
1B PTMISEA 09/10	---	---	2,099,367
1B PTMISEA 10/11	---	---	9,275,621
1B PTMISEA 14/15	---	---	5,011,952
Bond Interest 08/09	---	---	88,529
Bond Interest 09/10	---	---	36,857
Bond Interest 10/11	---	---	28,707
Bond Interest 11/12	---	---	27,081
Bond Interest 12/13	---	---	8,166
Bond Interest 13/14	---	---	26,009
Bond Interest 14/15	---	---	28,482
Bond Interest 15/16	---	---	56,928
Total	$ 21,396,826	$ 3,353,916	$ 22,488,037
Revenues:			
State:			
Cash received	$ 21,396,826	$ 1,676,958	$ 71,998
(Accrued) deferred, July 1, 2015	---		13,657,777
Accrued (deferred), June 30, 2016	---	1,676,958	(13,420,005)
Total revenues	$ 21,396,826	$ 3,353,916	$ 309,770
Expenditures:	$ 21,396,826	$ 3,353,916	$ 309,770

(Continued)

See accompanying Independent Auditors' 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, 2016

	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 15/16	---	$ 21,396,826
STA 15/16	---	3,353,916
1B PTMISEA 07/08	---	3,710,249
1B PTMISEA 08/09	---	2,090,089
1B PTMISEA 09/10	---	2,099,367
1B PTMISEA 10/11	---	9,275,621
1B PTMISEA 14/15	---	5,011,952
Bond Interest 08/09-15/16	---	300,759
1B SEC 07/08	$ 371,111	371,111
1B SEC 08/09	371,122	371,122
1B SEC 09/10	371,122	371,122
1B SEC 10/11	371,112	371,112
1B SEC 11/12	371,112	371,112
1B SEC 12/13	371,112	371,112
1B SEC 13/14	371,112	371,112
1B SEC 14/15	371,112	371,112
1B SEC Interest 11/12-15/16	10,444	10,444
Total	$ 2,979,359	$ 50,218,138
Revenues:		
State:		
Cash received	$ 377,162	23,522,944
(Accrued) deferred, July 1, 2015	742,127	14,399,904
Accrued (deferred), June 30, 2016	(474,919)	(12,217,966)
Total revenues	$ 644,370	$ 25,704,882
Expenditures:	$ 644,370	$ 25,704,882

See accompanying Independent Auditors' 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 the Schedule of State of California Expenditures of Awards
Year ended June 30, 2016

(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, 2016

Total operating costs, excluding depreciation	$	76,373,577
Add:		
Depreciation		18,355,286
Capital outlay expenditures		10,233,655
		28,588,941
Less:		
Federal grants received		16,341,616
Local Transportation funds - capital intensive received		---
State Transit Assistance funds - capital intensive received		---
		16,341,616
Total		88,620,902
50% of total		43,310,451
Add total Local Transportation funds - capital intensive received		---
Total permissible expenditures - (Local Transportation funds)	$	44,310,451

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

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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, 2016, 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 2015 Reporting Manual. As of the date of this report, the 2016 reporting model was not yet available. 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, 2016 for each of the following modes:

- Fixed Route – A directly operated transportation service.
- Purchased Transportation – Water Taxi (ferry boats) operations are 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, 2016, 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 2015 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.

Windes, Inc.

Long Beach, California
December 9, 2016

AGREED-UPON PROCEDURES

A. *Obtain and read a copy of written procedures 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 2015 Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for 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 Planning Assistant Scheduler
- Service Planning Specialists
- Director of Financial Services

B. *Discuss the procedures (written or informal) with the personnel assigned responsibility for 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 these transit personnel 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, dated January 15, 1993 and as presented in the 2015 Policy Manual.*

We discussed the procedures with LBT personnel and were informed of 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 2015 NTD Policy Manual.

C. *Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting the NTD data reported on the Federal Funding Allocation Statistics form.*

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 from items A and B above, identify all the source documents that the transit agency must retain 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 at least five years, which exceeds the three-year minimum required by NTD. This is primarily done electronically:

- Passenger Miles Sampling (Trip Sheets) – Checker Survey Sheets
- Fixed Guideway Directional Route Miles – Electronically stored
- 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. Inquire whether separate 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 these individuals perform such reviews.*

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

- Service Planning Specialist will enter survey data (passenger count and passenger miles) collected from the random surveys and enter into an Access database, then will extract the data from Access and summarize the data onto worksheets formatted like the NTD reports.
- Schedule & Service Planner reviews and approves the summaries for reasonableness
- Service Development Planner Assistant submits the data to the NTD on a monthly basis.
- Service Planning Manager 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 personnel document supervisors' reviews.*

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 Planning Assistant Scheduler for reasonableness prior to submission.

G. *Obtain the worksheets used to prepare the final data that the transit agency transcribes 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 summaries.*

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 procedure for accumulating and recording passenger miles traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2015 Policy Manual.*

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 Passport routes. LBT utilizes statistical sampling procedures approved in FTA Circular 2710.1A, which takes eleven samples per week.

AGREED-UPON PROCEDURES

I. *Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:*

- *According to the 2010 Census, the public transit agency serves an UZA with a 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 UZA).*
- *Service purchased from a seller 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 (2014) and determine that statistical sampling was conducted and meets the 95% confidence and ± 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 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 PMT data. If the transit agency used average trip length, determine that the universe of runs was the sampling frame. Determine that the methodology used to select specific runs from the universe resulted in a random selection of runs. If the transit agency missed a selection sample run, determine that a replacement sample run was random. 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 eleven samples per week. We were also informed the sample is taken from the entire route universe. A random number 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 data and determine that the data 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 summary.*

We haphazardly selected a sample of 40 source documents (trip sheets) for accumulating passenger mile data for fiscal year 2016 and inspected the documents to determine if all required data were recorded and the computations were accurately performed. From our testing, we noted one exception where the trip sheet (assignment report) for 10/20/2015 documenting the trip data taken was missing. An electronic file from the HASTUS program showing what data was inputted for the provided as back-up. No other exceptions were noted for the remaining sample selected.

	Date	PTN	Route
1	8/9/2015	5612714	94
2	8/12/2015	1891576	51
3	9/9/2015	2833328	93
4	9/14/2015	1512152	112
5	9/18/2015	2833130	92
6	9/24/2015	4885632	1
7	9/27/2015	1515784	61
8	10/4/2015	1513764	51
9	10/7/2015	4802431	172
10	10/8/2015	5644268	96
11	10/10/2015	1515847	91
12	10/11/2015	1514488	191
13	10/16/2015	2833242	92
14	10/17/2015	4371073	151
15	10/20/2015	1511298	61
16	11/6/2015	5647964	131
17	11/19/2015	1511200	52
18	12/19/2015	2800122	94
19	1/2/2016	1511965	102
20	1/25/2016	1510382	121
21	1/27/2016	1511107	52
22	1/29/2016	2833113	93
23	2/13/2016	1890764	51
24	2/15/2016	1510035	1
25	2/17/2016	2473330	121
26	2/18/2016	1512551	181
27	3/1/2016	1891558	52
28	3/2/2016	2949943	81
29	3/30/2016	2542523	121
30	4/9/2016	3800539	171
31	4/11/2016	4885595	72
32	4/19/2016	2833151	94
33	4/30/2016	2977892	61
34	5/2/2016	2576871	172
35	5/14/2016	1744338	1
36	5/21/2016	4371116	151
37	5/26/2016	1512333	172
38	6/1/2016	1512758	192
39	6/14/2016	3865915	103
40	6/21/2016	1510114	22

AGREED-UPON PROCEDURES

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 they followed the stated procedures. 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 the Customer Service Department and Training Department, respectively. We reviewed the worksheets maintained to track charter and training miles and tested 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 VRMs 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 VRMs. Test the arithmetical accuracy of the summary.*
- *If actual VRMs 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 summary of intermediate accumulations.*
- *If actual VRMs 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.*

We 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 VRMs 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.

O. *If fixed guideway or High Intensity Bus directional route miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting the NTD data whether the operations meet the FTA definition of fixed guideway (FG) or High Intensity Bus (HIB) in that the service is:*

- *Rail, trolleybus (TB), ferryboat (FB), or aerial tramway (TR); or*
- *Bus (MB, CB, or RB) 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; and*
  - *High Occupancy / Toll (HO/T) lanes meet FHWA requirements for traffic flow and use of toll revenues. The transit agency has provided the NTD a copy of the State's certification to the U.S. Secretary of Transportation stating that it has established a program for monitoring, assessing and reporting on the operation of the HOV facility with HO/T lanes.*

We discussed with LBT personnel and determined that fixed guideway directional miles are reported on the NTD. The fixed guideway is a segment located on 1st Street between Pacific and Long Beach Blvd. and meets FTA's definition of fixed guideway in that the bus service operates over a controlled access right-of-way, the access is restricted, legitimate need for restricted access is demonstrated by peak period level of service D, and the restricted access is enforced by Long Beach Police.

P. *Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine he or she computed the mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.*

Testing done in conjunction with Procedure R. See Procedure R for results.

Q. *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 FG segment(s), the following apply:*

- *Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.*
- *If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. The FTA will make a determination on how to report the DRMs.*

We discussed with LBT personnel and noted no interruptions in service during the current year.

AGREED-UPON PROCEDURES

R. *Measure FG/HIB DRM from maps or by retracing route.*

We discussed with LBT personnel about how fixed guideway directional route miles are measured and were informed LBT utilizes a computer mapping system to measure the mileage. We verified the segment measurement reported on the NTD report agreed with the measurement per the mapping software.

S. *Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and OE for the service operated over the same FG/HIB.*

We discussed with LBT personnel and determined that two other public transit agencies utilize the fixed guideway. LBT personnel have informed us that adequate coordination exists such that operations in the fixed guideway are reported only once.

T. *Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2015 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2015 report year, the Agency Revenue Service Date must occur within the transit agency's 2015 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (5337) and Bus and Bus Facilities (5339) programs, the 7-year age requirement for fixed guideway/High Intensity Bus segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to NTD.*

We discussed with LBT personnel and determined LBT has one fixed guideway segment located on 1st Street between Pacific and Long Beach Boulevard. This segment has been in service since 1963. We obtained and reviewed the S-20 and determined the data has been entered correctly.

U. *Compare operating expenses with audited financial data after reconciling items are removed.*

We discussed with LBT personnel and determined that operating expense reported on the NTD is taken directly from the audited financial data. We compared operating expense reported on the NTD to the audited financial data and noted no exceptions.

V. *If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.*

We discussed with LBT personnel and determined fare revenues from purchased transportation services are recorded and tracked in LBT's accounting records. The amount on the accounting records equals the amount reported on the Contractual Relationship form (B-30).

AGREED-UPON PROCEDURES

W. *If the transit agency's report contains data for PT services and assurances of the data for those services are not included, obtain a copy of the IAS-FFA regarding the data for the 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 for the PT data.*

We discussed with LBT personnel and determined transportation services are purchased from Global Paratransit, which does not file its own NTD report and data for those riders are included in LBT's NTD report. As such, an Independent Auditor Statement is not necessary.

X. *If the transit agency purchases transportation services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract, and determine that copies of the contracts are retained for three years.*

We discussed with LBT personnel and determined that LBT purchased transportation services from Global Paratransit. We obtained and reviewed a copy of the contract and determined the contract (1) specifies the services to be provided; (2) specifies the monetary consideration; (3) specifies the period covered; (4) is signed by both parties; and (5) the contract is retained in the Purchasing department at the end of the contract for three years.

Y. *If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.*

We discussed with LBT personnel and determined that LBT only provides services in one urbanized area and does not allocate between urbanized and non-urbanized areas.

Z. *Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10%, or FG DRM data that have increased or decreased. 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 vehicle revenue mile, passenger mile, and operating expense data reported on the current FFA-10 form to comparable data reported for the prior reporting period and calculated the percentage change for the two fiscal years and noted no increases or decreases greater than 10%. We also compared fixed guideway miles reported on the current FFA-10 form to comparable data reported for the prior reporting period and noted a decrease of about 4%. We interviewed the Service Planning Assistance Scheduler and were informed the decrease was due to less trips made through the fixed guideway.