

LONG BEACH PUBLIC TRANSPORTATION COMPANY

AGREED-UPON PROCEDURES

YEAR ENDED JUNE 30, 2018

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

To the Board of Directors of
Long Beach Public Transportation Company
and the Federal Transit Administration

We have performed the procedures enumerated below, on the application of the requirements of the Federal Transit Administration (FTA) as set forth in its applicable National Transit Database (NTD) Uniform System of Accounts (USOA) by the Long Beach Public Transportation Company (Long Beach Transit or the Organization) for the fiscal year ended June 30, 2018. Such procedures, which were agreed to by the management of Long Beach Transit and the FTA, were performed to assist Long Beach Transit and FTA in determining conformance with USOA requirements based on the following assertion by Long Beach Transit's management:

The accounting system from which the NTD reports for the year ended June 30, 2018, were derived, uses the accrual basis of accounting and is directly translated, using a clear audit trail, to the accounting treatment and categories specified by the USOA.

The Organization's management is responsible for conformance with the requirements described above. The sufficiency of these procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures and associated findings are as follows:

1) Procedure: NTD Crosswalk

a. Obtain the following NTD Reporting Forms prepared by management for the year ended June 30, 2018:

- **NTD Form F-10, Sources of Funds – Funds Expended and Funds Earned (USOA Section 2)**
- **NTD Form F-20, Uses of Capital (USOA Section 3)**
- **NTD Form F-30, Operating Expenses (USOA Section 4, 5, and 6 and Appendix A)**
- **NTD Form F-40, Operating Expenses Summary**
- **NTD Form F-60, Financial Statement**

- b. Obtain the reconciliation documentation management prepares (referred to as “the crosswalk” throughout this report) to reconcile the chart of accounts, general ledger, and/or trial balance and other supporting documents such as Excel spreadsheets (collectively referred to as the accounting system) to the respective NTD Reporting Forms identified above.*
- c. Inquire of management as to whether the crosswalk obtained in procedure 1.b is supported by the accounting system.*
- d. For a transit agency that is part of a larger reporting entity, inquire of management as to whether the crosswalk includes the full cost of providing transit service, including costs incurred by the larger reporting entity to specifically support the agency’s transit service.*
- e. Inspect the crosswalk to determine that it incorporates NTD reporting using the applicable modes and types of service identified in the bulleted list below:*
 - Sources of Funds, Form F-10 – Funding sources, passenger fares by mode and service type, passenger fares by passenger paid or by organization paid fares, revenue object class, and funds expended on operations and capital fund types*
 - Uses of Capital, Form F-20 - Type of use, asset classifications, and modes and service types*
 - Operating Expenses, Form F-30 - Modes, service types, object classes and functions*
 - Operating Expenses Summary, Form F-40 - Expense reconciling items*
 - Financial Statement, Form F-60 - Current assets, non-current assets, deferred outflows of resources, current liabilities, non-current liabilities, and deferred inflows of resources.*

Findings:

For the NTD Crosswalk, no exceptions were noted as a result of procedures performed. The NTD forms and crosswalk obtained were supported by Long Beach Transit’s accounting system and audited financial statement for the year ended June 30, 2018, which is on an accrual basis. Long Beach Transit is a stand-alone transit operator and has incorporated the NTD reporting requirements in the respective forms.

2) Procedure: Accrual Accounting

- a. Obtain the most recent audited financial statements that include the transit agency and inspect the notes to the financial statements to determine whether the accrual basis of accounting was used.*
- b. Inquire of management as to whether the accrual basis of accounting has continued to be used since the last audited reporting period and that it is used for NTD reporting in the current period.*
- c. If the notes to the financial statements indicate that an accrual basis of accounting is not being used, or the results of the inquiry to management in procedure 2.b indicate the accrual basis of accounting is not being used in the current period, inspect the crosswalk to determine that the transit agency made adjustments to convert to an accrual basis for NTD reporting.*

Findings:

For the Accrual Accounting, we performed the following procedures and no exceptions were noted as a result of these procedures:

- a) Per review of the audited financial statements for the year ended June 30, 2018, Long Beach Transit utilizes the accrual basis of accounting.
- b) Per discussion with Long Beach Transit's Comptroller, the accrual basis of accounting has been continued to be used since the last auditing period and is used for the NTD reporting.
- c) No additional work performed, as Long Beach Transit was utilizing the accrual basis of accounting.

3) Procedure: Sources of Funds (Form F-10)

- a. Trace and agree total sources of funds from Form F-10 to revenue reported in the accounting system using the crosswalk.*
- b. Inspect the crosswalk for a written reconciliation between total revenues reported in the audited financial statements or the accounting system and the total revenues reported on Form F-10.*
- c. Trace and agree the two largest directly generated fund passenger fare revenue modes (all service types) from Form F-10 to the accounting system.*
- d. Trace and agree the largest revenue object class (other than passenger fares) in the following major categories of funds from Form F-10 to the accounting system: (1) Local Government; (2) State Government; (3) Federal Funds; and (4) Other Directly Generated Funds (i.e., 4100 and 4200 combined).*
- e. Inspect the crosswalk to determine that it identifies, evaluates, and classifies financial transactions into categories of funds expended on operations and funds expended on capital (USOA Section 2) for the reporting year.*

Findings:

For the Sources of Funds (Form F-10), we performed the following and no exceptions were noted as a result of these procedures:

- a) We obtained the Form F-10 and traced the total source of funds to the amounts reported in Long Beach Transit's crosswalk and their accounting system.
- b) Reconciling items between the audited financial statements and the Form F-10 were noted and review. The reconciling items were appropriately documented with support and explanation.
- c) The two largest directly generated fund passenger fare revenue modes were MB DO and DR PT. Total passenger fares for those modes were traced to Long Beach Transit's crosswalk and the audited financial statements.
- d) Amounts reported in Local Government Funds, State Government Funds, and Federal funds were traced to the crosswalk and the 2018 audited financial statements. There were no Other Directly Generated Funds noted on Form F-10.
- e) We reviewed Long Beach Transit's crosswalk and determine Long Beach Transit has identified, evaluated, and classified financial transactions into categories expended on operations and funds expended on capital for the reporting year.

4) Procedure: Uses of Capital (Form F-20)

- a. Obtain accounting system documentation on capital asset additions for the reporting period.*
- b. Trace and agree total uses of capital from Form F-20 to the crosswalk reconciliation of total capital asset additions.*
- c. Trace and agree types of use (existing service and expansion of service) from Form F-20 to the crosswalk or other supporting documentation reflecting the nature of the uses of capital.*
- d. Trace and agree asset classifications (guideway, revenue vehicles, etc.) from Form F-20 to the crosswalk or other documentation reflecting the assets classes of capital additions.*
- e. For the largest mode/service type, trace and agree the type of use classification and asset classification from Form F-20 to the crosswalk or other documentation reflecting the uses of capital.*
- f. If capital projects support multiple modes/types of services or and/or asset classifications, inquire of management as to whether management reported the use of capital considering the predominant use rules as described in the "Predominant Use" section of the 2018 NTD Policy Manual.*
- g. If capital projects involve: 1) Rehabilitation/Reconstruction/Replacement/Improvement for Existing Service; and 2) Expansion of Service; inquire of management as to whether project costs were allocated between the two project purposes and whether such allocation was documented in the crosswalk or other supporting documentation.*

Findings:

For the Sources of Funds (Form F-20), we performed the following and no exceptions were noted as a result of these procedures:

- a) We obtained the Form F-20 and Long Beach Transit's crosswalk between the form and their accounting system.
- b) We traced the total use of capital reported on Form F-20 to Long Beach Transit's crosswalk reconciliation of total capital asset additions.
- c) Long Beach Transit has only reported Rehabilitation - Reconstruction -Replacement - Improvement for Existing Service as the sole source of use type on the Form F-20. The amounts were traced to Long Beach Transit's cross-walk.
- d) The amounts reported as assets classifications by Long Beach Transit on the Form F-20 were Administrative Building, Maintenance Building, Revenue Vehicles, Service Vehicles, Fare Collection Equipment, Communication Systems, and Other Capital Expenses. Each asset classification was traced to Long Beach Transit's crosswalk.
- e) The largest mode/service type reported by Long Beach Transit was MB (Bus) and the amounts reported on the Form F-20 were traced to Long Beach Transit's crosswalk.

- f) The Form F-20 showed capital projects support multiple modes/types of services (MB and DR). Per discussions with Long Beach Transit management, the process to allocate and report the amounts are based on the asset category assigned in the general ledger code, which is in line with NTD's policy of "Predominant Use."
- g) Step is not applicable as Long Beach Transit has not reported capital project involving Rehabilitation/Reconstruction/Replacement/Improvement for Existing Service; and 2) Expansion of Service.

5) Procedure: Operating Expenses (Form F-30)

- a. For the two largest modes/type of services, trace and agree functions (vehicle operations, vehicle maintenance, etc.) from Form F-30 to the crosswalk or other written documentation of functional expenses.*
- b. For the two largest modes/type of services, trace and agree object classes (natural expenses) from Form F-30 to the crosswalk or other written documentation of object class categories.*
- c. If management allocated shared operating expenses, inquire of management as to whether (1) the operating expenses are split between direct and shared costs; (2) shared costs were allocated across modes, services types and functions, (3) the allocation was documented in the crosswalk or other supporting documentation; and (4) the driving variables used are updated annually.*

Findings:

For the Sources of Funds (Form F-30), we performed the following and no exceptions were noted as a result of these procedures:

- a) The largest mode/type of services reported on Form F-30 were MB DO and DR PT. We obtained Long Beach Transit's crosswalk and traced the amount reported on Form F-30 to the audited financial statements.
- b) We traced the amounts reported by natural expenses to Long Beach Transit's crosswalk, which also traced back to the audited financial statements.
- c) We inquired with management about allocated shared operating expenses and noted the following:
 - 1) Operating expenses on Form F-30 contain both direct and shared costs.
 - 2) Shared costs are allocated between modes, service type, and function based on the nature that derived the expenditure.
 - 3) The allocations are documented in spreadsheets maintained to reconcile between LBT's general ledger and the NTD reporting forms.
 - 4) The variables used in the allocations are reviewed and updated annually as necessary.

- 6) **Procedure: Operating Expenses Summary (Form F-40)**
- a. **Obtain total expenses from the accounting system for the reporting period. Trace and agree total expenses from Form F-40 to the accounting system using the crosswalk.**
 - b. **Trace and agree the reconciling items appearing on Form F-40 through the crosswalk to the accounting system.**

Findings:

For the Financial Statement (Form F-40), we performed the following and no exceptions were noted as a result of these procedures:

- a. We obtained the total expenses from the accounting system for fiscal year ended June 30, 2018 and using Long Beach Transit's crosswalk, traced the amounts from the accounting system to the amounts report Form F-40.
- b. Reconciling items noted on Form F-40 were traced to Long Beach Transit's crosswalk and the audited financial statements.

- 7) **Procedure: Financial Statement (Form F-60)**
- a. **Trace and agree (1) Current Assets; (2) Non-Current Assets; (3) Deferred Outflows of Resources; (4) Current Liabilities; (5) Non-Current Liabilities; and (6) Deferred Inflows of Resources appearing on Form F-60 to the crosswalk or other supporting documentation.**

Findings:

For the Financial Statement (Form F-60), we performed the following and no exceptions were noted as a result of these procedures:

- a) We traced and agreed the line items noted above from the Form F-60 to the audited financial statements for the year ended June 30, 2018.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, the Organization's conformance with the requirements described above, for the year ended June 30, 2018. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management of the Organization and the FTA and is not intended to be and should not be used by anyone other than these specified parties.



Long Beach, California
March 13, 2019