

2010

COMPREHENSIVE ANNUAL FINANCIAL REPORT



LONG BEACH TRANSIT

For the year ended June 30, 2010 Long Beach, CA

A component unit of the City of Long Beach

Prepared by the Finance Department

Jennifer Abro, Controller

Lisa Patton, Executive Director/VP



100% Recycled Fiber

All text pages of this report are made from 100%
Recycled Fiber and manufactured Carbon Neutral
Plus, with 100% renewable green electricity.



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

TABLE OF CONTENTS

Introductory Section

Letter of Transmittal	i
Reporting Entity	ii
Services	ii
Accomplishments	v
Key Performance Results	vii
Factors Affecting Financial Condition	vii
Innovation and Recognition	x
Acknowledgments	x
Organization Chart	xii
Principal Officials	xiii

Financial Section

Independent Auditors' Report	1
Management's Discussion and Analysis	3
Financial Highlights	3
Overview of the Financial Statements	3
Financial Statement Analysis	4
Capital Assets	7
Economic Factors and Next Year's Financial Plan	9
Statements of Net Assets	10
Statement of Revenues, Expenses and Changes in Net Assets	12
Statements of Cash Flows	13
Notes to Financial Statements	15
(1) Summary of Significant Accounting Policies	15
(2) Cash and Investments	17
(3) Operating Subsidies	21
(4) Accounts Receivable	22
(5) Restricted and Designated Assets and Deferred Revenues	22
(6) Estimated Liability for Insurance Claims	23
(7) Deferred Compensation	24
(8) Capital Assets	25

TABLE OF CONTENTS
(Continued)

(9)	Subsidy Deferral	27
(10)	Commitments and Contingencies	27
(11)	Employee Benefits	28
(12)	Subsequent Events	29
(13)	Pension Benefits	29
Required Supplementary Information		33
Schedule of Funding Progress – Contract Employees Retirement Plan		
Schedule of Funding Progress – Salaried Employees Retirement Plan		

Statistical Section

Exhibit

Financial Trends

1	Net Assets by Component	35
2	Operating Expenses by Type	35
3	Changes in Net Assets	36
4	Capital Expenditures by Type	37

Revenue Capacity

5	Operating Subsidy Sources	38
6	Farebox Recovery Percentage	38
7	Fare History	39

Demographic and Economic Information

8	Demographic Statistics	40
9	Summary of Major Employers	41

Operating Information

10	Key Performance Indicators	42
11	Customer Satisfaction Trends	43
12	Fixed Route Statistics	44
13	Dial-A-Lift Statistics	45
14	Water Taxi Statistics	46
15	Schedule of Insurance in Force	47
16	Summary of Service Frequency & Hours of Operation	48

Pension Information

17	Employer Pension Contributions	49
18	Pension Revenues by Source & Expenses by Type	50

Grant Information

19	Capital Grant History, Federal	51
20	Capital Grant History, State	53
21	Capital Grant History, Local	55



INTRODUCTION



LONG BEACH

T R A N S I T

P.O. Box 731

1963 E. Anaheim Street

Long Beach, CA 90801

Phone: (562) 592-8753

Fax: (562) 218-1994

October 29, 2010

To the Board of Directors of
Long Beach Public Transportation Company:

We are pleased to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of Long Beach Public Transportation Company (Long Beach Transit or the Company) for fiscal year July 1, 2009 to June 30, 2010.

The CAFR has become the standard format used in presenting the results of the Company's annual financial operations for the fiscal year. We believe this report is presented in a manner designed to fairly disclose the financial position and results of operations of the Company as measured by its financial activities. To the best of our knowledge and belief the disclosures are accurate in all material respects.

The accompanying basic financial statements, supplemental schedules and statistical information are the representations of the Company's management which bears the responsibility for their accuracy and completeness. Our Independent Auditors' Report, prepared by Windes & McClaghry Accountancy Corporation, is included along with other necessary disclosures to enable the reader to gain maximum understanding of the Company's financial activities.

The independent audit of the accompanying basic financial statements of Long Beach Transit was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the accompanying basic financial statements, but also on the audited agency's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Long Beach Public Transportation Company's separately issued Single Audit Report.

Governmental Accounting Standards Board (GASB) requires management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Company's MD&A can be found immediately following the report of the independent auditors.

Laurence W. Jackson, President and CEO

Long Beach Public Transportation Company

REPORTING ENTITY

The Company is a nonprofit corporation, formed in 1963 with the purchase of the local transit system from a private carrier leaving the business.

Long Beach Transit is governed by a seven-member Board of Directors (Board) which provides broad policy and financial decisions, setting direction for management. The Mayor, with the approval of the Long Beach City Council, appoints residents of the community to the Board to serve overlapping four-year terms. In addition, two designees of the City Manager's Office may serve as ex officio members of the Board but do not have voting authority. The Board designates a Chief Executive Officer who is responsible for overseeing daily operations. Long Beach Transit's management is represented by the Chief Operating Officer, Chief Administrative Officer and five Executive Directors heading Finance, Maintenance, Risk Management and Human Resources, Information Services, and Customer and Community Services. The Company's organizational chart is shown later in this introductory section.

The Company's reporting entity includes only transit operations and there is no other organization within the City of Long Beach providing a similar scope of public transportation service.

In accordance with GASB, the Company is considered a component financial reporting unit of the City of Long Beach (City). As such, the Company's financial statements are included in the City's comprehensive annual financial report as a discretely presented component unit. Long Beach Transit has a separate legal status and has historically operated as an independently managed and operated nonprofit corporation, receiving no direct administrative or financial support from the City. For the present, there has been no expressed intent to alter the status of this financial reporting and administrative relationship.

SERVICES

Long Beach Transit's mission is "to provide public transit services that enhance and improve the quality of life for the residents of our community." The corporate business plan provides a framework for accomplishing this mission. The business plan serves as a foundation for the preparation of annual action plans and budgets which detail specific objectives to be achieved and the financial resources that will be provided to achieve them. The plan is updated each year to ensure goals are consistent with current and anticipated operating and economic conditions.

Long Beach Transit is a full service public transit system, providing a wide range of transit services, including:

- Fixed route bus service
- Shuttle service (Passport)
- Demand responsive paratransit service (Dial-A-Lift)
- Water taxi service (AquaBus and AquaLink)
- Charter and community special service

Long Beach Public Transportation Company

Fixed Route Bus Service

The Company provides fixed route bus service to a 98 square mile area, which includes the cities of Long Beach, Lakewood and Signal Hill; and portions of Bellflower, Carson, Cerritos, Hawaiian Gardens, Norwalk, Paramount and Seal Beach. This service covers 38 routes, requiring 223 buses and shuttles.

The Transit Mall, located in downtown Long Beach, is the focal point of the fixed route system as well as Metro Blue Line rail service running between Long Beach and downtown Los Angeles. The Transit Mall provides special features such as exclusive bus lanes and traffic control equipment, special bus stop improvements, passenger shelters equipped with graphic displays, and electronic monitors displaying real-time schedule information. A new customer and information service center was opened on the Transit Mall in June 2009.

Of the 38 fixed routes operated by the Company, 32 radiate from the Transit Mall. This location is a major transfer point not only for the Company's routes but for the Metro Blue Line Light Rail System as well as other bus services provided by Torrance Transit, the Los Angeles Department of Transportation (LADOT), and Los Angeles County Metropolitan Transportation Authority (Metro).

All of Long Beach Transit's fixed-route service vehicles are low-floor and wheelchair accessible. These coaches are maintained and dispatched from two facilities. Approximately 60% of the vehicles are stored at the central administrative, operating and maintenance facility located at 1963 E. Anaheim St. in Long Beach. The remaining coaches are assigned to a satellite maintenance facility at 6860 Cherry Street in North Long Beach. Besides the coaches, the Company owns a fleet of automobiles used for supervisory and administrative functions and various maintenance vehicles for emergency road services and bus stop support.

Long Beach Transit maintains neighborhood bus shelters, benches, and standard bus stops providing customer convenience and comfort. There are over 2000 stops throughout the system and each year the Company ensures the stops are well-maintained and meet cleanliness standards.

Passport Shuttle Service

Passport service travels along Long Beach's sun-dappled coast to the Long Beach Museum of Art, Belmont Shore, Alamitos Bay Landing, the college campus at CSULB and on to shopping and restaurants.

Passport B now serves 4th Street's Retro Row shopping and dining. It provides service between downtown Long Beach and Belmont Heights including Cesar Chavez Park and Pine Avenue.

The Passport C route, serving Pine Avenue, Shoreline Drive, the Aquarium of the Pacific and the iconic Queen Mary, is a free service that connects downtown Long Beach's finest attractions and destinations, including the AquaBus and AquaLink water taxis.

Passport service is provided by 30 low-floor minibuses. Passport vehicles are stored and maintained at the main administrative facility on Anaheim St. During fiscal year 2010, the Passport carried 2.9 million passengers.

Long Beach Public Transportation Company

Demand Responsive Paratransit Service (Dial-A-Lift)

Long Beach Transit is a member of Access Services (ASI) which provides mandated paratransit transportation services to Los Angeles County under the Americans with Disabilities Act. To complement the service provided by ASI, the Company offers Dial-A-Lift paratransit service for persons with disabilities. This curb-to-curb service operates on a subscription or call-in basis and is provided by a private contractor. All vehicles are owned by the Company, but stored, maintained and dispatched by the contractor.

The Dial-A-Lift service is operated by a local taxi company using a fleet of mini-van taxis. The contractor supplements Dial-A-Lift rides with its ordinary taxi service on an as-needed basis, eliminating the need for additional dedicated vans. This results in lower overall costs. There were 49,049 boardings on Dial-A-Lift in 2010.

Water Taxi Service (AquaBus and AquaLink)

The Aquarium of the Pacific, Convention Center, and the Pike venue with restaurants, retail and theatres, continue to attract many visitors to the City's downtown waterfront. As a complement to the Passport shuttles which serve the area, the Company also operates water taxi service in Queensway Bay and along the Long Beach coastline.

There are two AquaBus boats that provide links to the Queen Mary, Aquarium, and Shoreline Village. These boats, which carry up to 49 passengers, tie directly with the downtown shuttle buses and parking facilities, allowing visitors to see Long Beach's many attractions without having to get in their car. For passengers wanting to travel further down the coast, the AquaLink, a 75-seat catamaran, provides service from the Aquarium/Queen Mary area to Alamitos Bay Landing.

The service is provided by a private contractor. The vessels are owned by Long Beach Transit, but stored and maintained at the contractor's docking facilities. This service runs daily during the summer months. Annual ridership for fiscal year 2010 was 44,922 boardings.

Charter and Community Special Service

Charter service is provided to various community groups upon request and vehicle availability. This service provides these groups with a cost-effective solution for transporting their members to programs and special events. Each year, the Company also supports the Toyota Grand Prix of Long Beach and other large, special events by providing supplemental service where needed.

Long Beach Transit provides a Museum Express bus service to major museum and garden attractions in Los Angeles and Orange Counties. Tickets can be purchased in advance for the service, which runs from June through September. The Museum Express offers residents who would not ordinarily ride the bus an opportunity to try transit and is particularly beneficial to our senior and transit dependent customers who can rely on the service to access attractions they could not travel to on their own.

Long Beach Public Transportation Company

ACCOMPLISHMENTS

Long Beach Transit's mission is "to provide public transit services that enhance and improve the quality of life for the residents of our community". To accomplish this mission, the Company has undertaken a wide variety of initiatives to continue improving the overall quality, effectiveness, and efficiency of transit services.

Fleet Improvements

The Company continued the practice of mid-life cosmetic upgrading of buses at six years of age, with 13 articulated coaches completed during the year. These coaches received new paint, upgraded air conditioning, aluminum wheels, windows, upholstery replacement and other improvements to make them look new.

As part of the ongoing effort to keep our bus fleet modern, attractive, clean and functioning to our highest standards for our customers and community, we developed a program to replace the passenger seats of all coaches every three years. With the introduction of Federal Economic Stimulus funds, we were able to re-upholster and replace the passenger seats on 78 coaches.

Customer Amenities

With the receipt of the economic stimulus funds, we have begun to upgrade the overall appearance of our Transit Mall. Our goal is to make the Transit Mall a more vibrant and functional facility that will benefit our customers and be a welcome place and centerpiece for the entire downtown community. The purpose is to upgrade the mall by installing new bus shelters, landscaping, lighting, street furniture and public art.

The Company has dedicated over \$1 million in Federal Economic Stimulus funds to implement major improvements to bus stops throughout our service area. These improvements provide both added convenience to our customers and a pleasing neighborhood environment. Twenty-one high volume stops have been identified and will receive new shelters, benches, public art work and TranSmart real-time information signage. Work has begun and is estimated for completion in November, 2010.

Facility Upgrades

Three facility upgrades were completed at our Jackson Transit Center located in North Long Beach. The first upgrade was to install emergency generators that allow us to continue providing critical transportation services in the event of a power outage, disaster or emergency situation. The second upgrade was to convert an existing diesel fuel tank to an unleaded fuel tank, providing a better balance for our fuel availability. The third upgrade installed improved components to help better monitor the vapor recovery systems within our existing fuel tanks.

As a result of funding from the Federal Economic Stimulus program, we were able to begin renovations to portions of the Maintenance and Operations buildings at our Anaheim Street facility. The remodel of the Operations building will improve communications and coordination between the dispatch and communication employees by bringing these two critical functions together into one open space. The maintenance remodel will modernize and upgrade various elements of the facility. Work is estimated for completion in October, 2010.

Sustainability Program

Long Beach Transit is committed to being a leader in environmental preservation and resource

Long Beach Public Transportation Company

efficiency by using sustainable materials, methods and technologies that improve the environmental, social and economic health of the communities we serve.

Our commitment to sustainability includes the operation of the largest hybrid gasoline-electric bus fleet in the nation (87 coaches). Further, our Board of Directors has approved an alternative fuel policy that includes plans to purchase not only additional hybrid coaches, but the introduction of CNG-powered vehicles as well. Seventy-seven percent of our on-road service vehicles such as maintenance trucks are hybrid-powered.

In the past year, we partnered with Southern California Edison to audit electricity usage and introduce new energy conservation practices, resulting in a 10% reduction in electricity costs between fiscal year 2010 and 2009. Similarly, we achieved a 31% reduction in natural gas costs and reduced our water consumption by 19%. We greatly expanded both our waste recycling program and the number of solar-powered bus stops.

Long Beach Transit is a signatory to both the International Association of Public Transportation and American Public Transportation Association sustainability charters, committing the agency to ongoing conservation and sustainability efforts.

Federal and State Audits

Every third year, Long Beach Transit is subject to comprehensive audits by the Federal Transit Administration (FTA) and the State of California. Both of these triennial audits were completed in fiscal year 2010. The federal audit found Long Beach Transit 100% compliant in all 24 areas, and the state performance audit highlighted the Company's successful efforts to control costs.

KEY PERFORMANCE RESULTS

Performance Statistics

One of the several methods used to monitor performance is through key indicators that track service quality, efficiency, and productivity. The results for fiscal year 2010 are on page 42.

Despite the continuing difficult economic environment in which we operate, Long Beach Transit achieved many excellent results during the fiscal year. In particular, our rate of preventable accidents dropped to 1.3 per 100,000 miles. Fewer accidents can translate to reduced claims costs, so our total risk management costs for the year were 6.9% of total operating costs, an outstanding result.

One of the actions we have taken to keep our budget balanced is to delay the purchase of new buses. This means we have older buses on the street operating more miles. Despite this, we saw a significant improvement in the miles between roadcalls, a bell weather measurement of service reliability for our customers, during the quarter ending June 30. The miles between road calls increased to 6,331, a more than 20% improvement from the previous quarter.

Even with the state economy that has resulted in an unemployment rate of 14% in Long Beach, our ridership held reasonably steady during the fiscal year at 42 passengers per vehicle service hour.

Community Evaluation

Long Beach Transit also tracks the degree of customer satisfaction with the quality of services provided. An independent research firm is engaged annually to randomly sample customers and non-riders and measure perceptions of service quality. As a result of budget cutbacks, no community evaluation was conducted in fiscal year 2010. Results for prior years are shown on page 43. The information provided by these surveys is a key source for the development of the Company's annual business plan. Ratings and customer comments are analyzed in detail to ensure Long Beach Transit is responsive to customer and community concerns and ideas.

FACTORS AFFECTING FINANCIAL CONDITION

General Economic Conditions

Long Beach Transit, like transit systems and businesses all across California and the nation, is operating in an exceedingly difficult economic climate. We face the twin challenges of the worst national economy since the 1930's and the State Legislature's decision to slash state transit assistance. The result is state and county transit subsidies, which account for more than two-thirds of our operating budget, declined by 20% in the last two years. Some of this shortfall has been made up by the introduction of Measure R revenues deriving from a voter-approved one-half cent transit sales tax in Los Angeles County, but certainly not all. Further, we have asked customers to absorb two fare increases, one in 2009 and another in 2010. We have implemented a 3% reduction in vehicle service hours by increasing the time between buses on several routes and we have implemented a wide variety of cost reductions such as unfilled management staff positions, a two-year salary freeze, negotiations with suppliers to reduce costs, significant reductions to operator overtime, and others. To date we have avoided layoffs and the major service reductions that have been implemented by transit systems throughout California. Our ability to maintain existing service levels to the communities we serve will depend upon how quickly economic conditions improve.

Long Beach Public Transportation Company

Financial Policies

The Company procures the majority of its capital assets through annual grants awarded through the Federal Transit Administration. The federal grants are allocated by region under Section 5307 and 5309 of the Safe, Accountable, Flexible, and Efficient Transportation Equity Act – A Legacy for Users (SAFETEA-LU) of 2005. The Company is eligible to receive funds based on a formula allocation and discretionary money for specific projects such as buses.

During 2006, a state-wide bond initiative was passed that provides Los Angeles County with additional capital funds for buses and security-related projects. The availability of these funds is based on the State's ability to issue bonds. Bond proceeds are distributed based on the existing County formula allocation. Any remaining capital needs not funded by federal or bond monies are financed through state and local grants.

The Company currently has no long-term debt and has historically only used available grant funds to procure capital acquisitions. The Company has no immediate plans to issue debt and will continue to fund future capital needs through formula and discretionary grants.

Daily operations are financed by fare revenue, annual sales tax subsidies received from state and county programs, and miscellaneous other revenue such as income from advertising on Company vehicles and investment income. The amount of sales tax subsidies received each year is based on a regional formula comprised of fares, revenue miles, and passengers.

In February 2010, the Company increased fares. The base cash fare changed from \$1.10 to \$1.25. As a result, fixed route fare revenue increased 4% during fiscal year 2010.

Accounting System

Internal Control Structure

In evaluating and developing the accounting system, Federal Transit Administration (FTA) and generally accepted accounting principles (GAAP) are applied to achieve an adequate system of internal accounting controls which ensures assets are protected against loss from unauthorized use or disposition and the data used to prepare financial statements are timely and reliable. These controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance is to ensure the cost of the control does not exceed the benefit received. It also recognizes the evaluation of costs and benefits require estimates and judgments by management. We believe the Company's internal accounting controls adequately safeguard assets and provide reasonable assurance financial transactions are properly recorded.

Basis of Accounting

Long Beach Transit is a single enterprise proprietary fund using the accrual method of accounting. Under this method, revenues are recorded when earned and expenses are recorded when liabilities are incurred.

Government grants for operating assistance and the acquisition of capital assets are not formally recognized in the accounts until the grant becomes a valid receivable as a result of the Company complying with appropriate grant requirements. Operating assistance grants are included in non-operating revenues in the year in which the grant is applicable and the related reimbursable expenditure is incurred. It is the Company's policy to record capital grants as an addition to capital assets and net assets as the related expenditures are incurred.

Long Beach Public Transportation Company

Cash Management

Idle cash during the year was invested with the State Treasurer's Local Agency Investment Fund (LAIF), bond funds and money market accounts. All investments are governed by an investment policy adopted by the Board. The policy is in accordance with the California Government Code and all other applicable federal, state and local laws, as well as using prudent money management. The Company is authorized to participate in obligations of the federal government and its agencies, commercial paper, bankers' acceptances, repurchase agreements, certificates of deposit, and mutual funds issued by diversified management companies.

All deposits are covered by federal insurance or collateralized under the California Government Code requiring the financial institution to pledge government securities as collateral with a market value of at least 110% of deposits.

Risk Management

Long Beach Transit is self-insured for each occurrence of workers' compensation and public liability and property damage claimed up to \$2 million and \$1 million, respectively. Claims in excess of \$2 million for workers' compensation and \$1 million for public liability and property damage are covered under policies in force with an independent insurer up to \$25 million for workers' compensation and \$10 million for public liability and property damage. Risk retention levels for public liability and property damage did not change during fiscal year 2010. However, in 2008, the risk retention limit for workers' compensation declined to \$1.5 million from the \$3 million maintained during fiscal year 2007. The amount of settlements for both programs has not exceeded the insurance coverage limits for the last three fiscal years.

An independent claims manager estimates losses and recommends reserve levels with losses recognized on an accrual basis. Cash and investments are maintained to fully fund the estimated liabilities. Additional information on Long Beach Transit's risk management activity can be found on page 23 in note (6) of the notes to the accompanying basic financial statements.

Pension Benefits

The Company sponsors two single employer defined benefit pension plans, one for contract employees and the other for salaried employees. Each year, an independent actuary calculates the amount of annual contribution that Long Beach Transit must make to the pension plans to ensure the plans will be able to fully meet its obligations to retired employees on a timely basis.

Long Beach Transit contributes funding to each plan based on the actuary's calculation of future benefits. When taking into consideration future projected benefits, the funding status is 64% and 54% for the Contract Plan and Salaried Plan, respectively. The remaining unfunded future liability is being systematically funded over 30 years as determined by the actuary.

The financial statements for the plans are available under separate cover. There is also additional information regarding the pension plans in this CAFR which can be found on page 29 in note (13) of the notes to the accompanying basic financial statements.

Long Beach Public Transportation Company

INNOVATION AND RECOGNITION

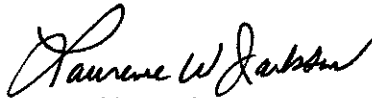
For the 19th straight year, the GFOA of the United States and Canada awarded a Certificate of Achievement for excellence in Financial Reporting to Long Beach Transit for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. A Certificate of Achievement is valid for a period of one year only. In order to receive the award, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report in compliance with the GFOA policies, procedures and program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

Long Beach Transit was acknowledged by the International Association of Public Transport for our contribution as a pledge charter signatory for 2010 - 2012 in pursuing sustainable development practices. LBT is committed to the continuation of sustainable development as a strategic objective and has put in place practices for regular reporting on the social, environmental and economic performance of the organization. We also received similar recognition from the American Public Transportation Association for our sustainability efforts.

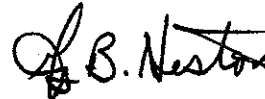
Long Beach Transit received the 2010 Electrical Excellence Award for the Los Angeles County Chapter of the National Electrical Contractors Association. The Company received this award for the design and installation of our security system at the Transit and Visitors Information Center.

ACKNOWLEDGMENTS

We wish to acknowledge the participation and professional contribution of the accountancy firm of Windes & McClaughry in providing technical assistance when needed. In addition, we wish to recognize those Finance and Administrative staff members who contributed their time and efforts in preparing this document. Special thanks to Jennifer Abro, Controller.



President and
Chief Executive Officer



Executive Vice President and
Chief Operating Officer



Executive and
VP of Financial Services

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to
Long Beach
Public Transportation Company
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



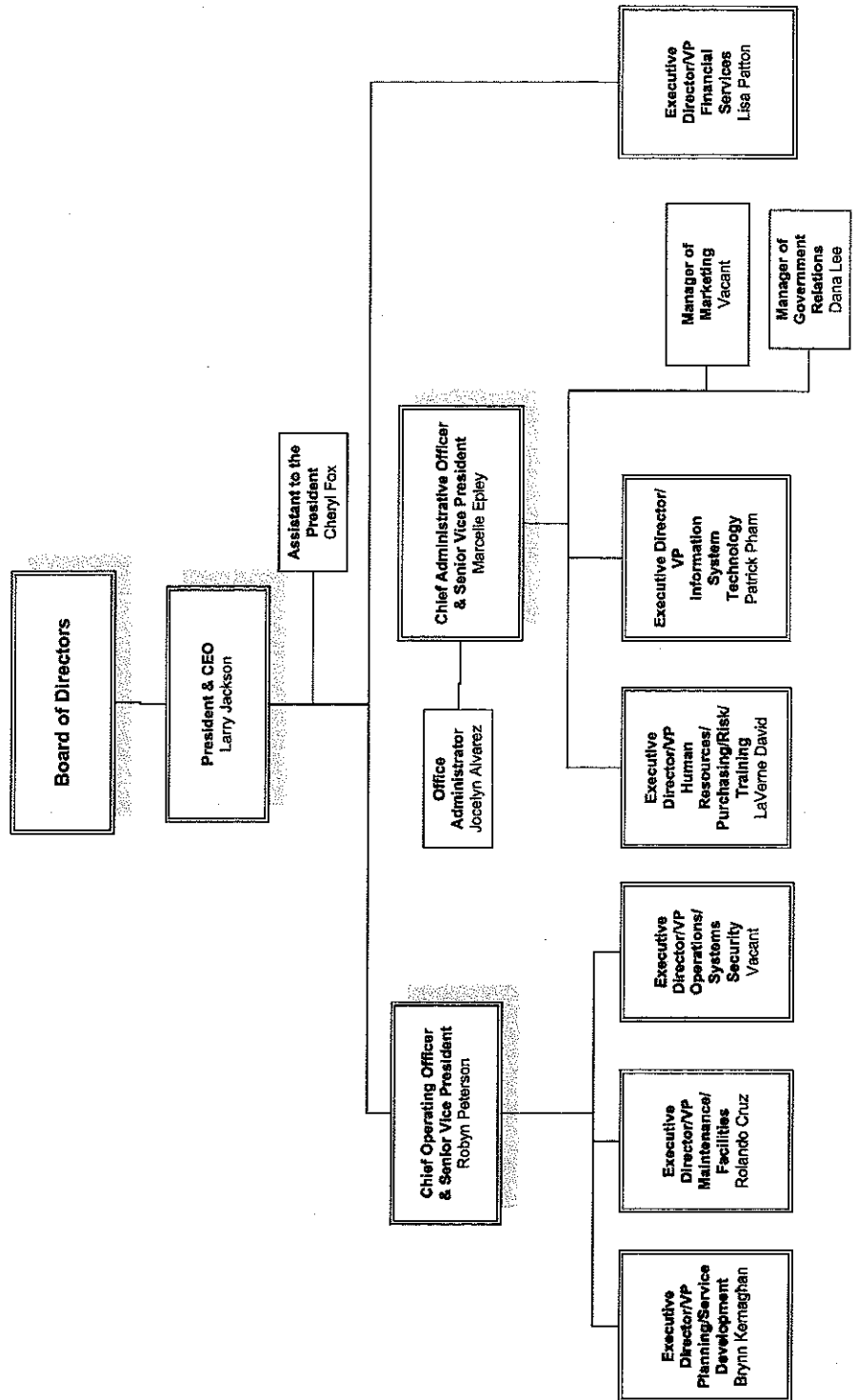
A stylized handwritten signature in black ink, appearing to read "JHR".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

Long Beach Transit General Management



Long Beach Public Transportation Company

Board of Directors

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

Management

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

Long **B**each **P**ublic **T**ransportation **C**ompany

Intentionally Left Blank



FINANCIAL

FINANCIAL



WINDES & McCLAUGHRY
ACCOUNTANCY CORPORATION

Certified Public Accountants & Consultants

EXCEEDING EXPECTATIONS SINCE 1926

Landmark Square
111 West Ocean Boulevard
Twenty-Second Floor
Long Beach, CA 90802

T: (562) 435-1191
F: (562) 495-1665

www.windes.com

Other Offices:
Irvine
Torrance

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Beach Public Transportation Company

We have audited the accompanying financial statements of the Long Beach Public Transportation Company (Company), a component unit of the City of Long Beach, California, as of and for the year ended June 30, 2010 and 2009, as listed in the table of contents. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in note 1, the financial statements referred to above include only the financial activities of the Long Beach Public Transportation Company and are not intended to present fairly the financial position and results of operations of the City of Long Beach, California in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Long Beach Public Transportation Company, as of June 30, 2010 and 2009, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2010, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audits.

The management's discussion and analysis and budgetary comparison information on pages 3 through 9 and the required supplementary information on page 31, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Long Beach Public Transportation Company's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Winters & McCaughey

Long Beach, California
October 29, 2010



MD&A

MD&A

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of Long Beach Public Transportation Company (Long Beach Transit or the Company), we offer readers of Long Beach Transit's financial statements this narrative overview and analysis of the financial activities of the Company for the fiscal years ended June 30, 2010, 2009 and 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-x of this report.

FINANCIAL HIGHLIGHTS

- Long Beach Transit's assets exceeded its liabilities at June 30, 2010 by \$87.9 million (net assets). Of this amount, \$3.6 million (unrestricted net assets) may be used to meet the Company's ongoing obligations arising from providing transportation service to the community.
- The State of California suspended State Transit Assistance (STA) funding to transit operators in 2010.
- Measure R, approved by the voters, provides a ½ cent sales tax for transportation improvements. In fiscal year 2010, we received \$5.2 million in Measure R funds.
- The Company implemented a fare increase in February 2010.
- Operating expenses before depreciation increased 2.6%.
- In order to balance the operating budget, the Company elected to fund preventive maintenance operating expenses with capital grant funds, as permitted by Federal law.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to Long Beach Transit's financial statements and notes to the financial statements.

The statements of net assets present information on all of Long Beach Transit's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Long Beach Transit is improving or deteriorating.

The statements of revenues, expenses, and changes in net assets present information showing how the Company's net assets changed for the two most recent fiscal years. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

The statements of cash flows present information on the Company's cash receipts, cash payments and net changes in cash (and cash equivalents) for the two most recent fiscal years. Generally accepted accounting principles for governmental units require that cash flows be classified into one of four categories:

- Cash flows from operating activities
- Cash flows from noncapital financing activities
- Cash flows from capital and related financing activities
- Cash flows from investing activities

The Company's financial statements can be found on pages 10-14 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15-33 of this report.

FINANCIAL STATEMENT ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the Company's financial position. In the case of Long Beach Transit, assets exceeded liabilities by \$87.9 million at the close of fiscal year 2010.

Long Beach Public Transportation Company's Condensed Summary of Net Assets

	Year - Ended		
	2010	2009	2008
Current assets	\$ 34,825,780	\$ 33,910,993	\$ 32,465,510
Other noncurrent assets	23,670,356	19,909,267	22,447,751
Capital assets, net	<u>84,286,309</u>	<u>87,250,464</u>	<u>72,514,620</u>
Total assets	<u>142,782,445</u>	<u>141,070,724</u>	<u>127,427,881</u>
Current liabilities	32,013,149	31,121,815	30,019,746
Noncurrent liabilities	<u>22,878,208</u>	<u>19,093,666</u>	<u>21,288,736</u>
Total liabilities	<u>54,891,357</u>	<u>50,215,481</u>	<u>51,308,482</u>
Net assets:			
Invested in capital assets	84,286,309	87,250,464	72,514,620
Restricted	16,747	102,205	259,954
Unrestricted	<u>3,588,032</u>	<u>3,502,574</u>	<u>3,344,825</u>
Total net assets	<u>\$ 87,891,088</u>	<u>\$ 90,855,243</u>	<u>\$ 76,119,399</u>

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

Almost all of Long Beach Transit's net assets (96%) reflect its investment in capital assets (e.g., fleet, buildings, passenger facilities, shop equipment). The Company uses these capital assets to provide transportation service to the community; consequently, these assets are not available for future spending. All of Long Beach Transit's capital assets were procured with federal, state and local grant funds. The remaining balance of unrestricted net assets (\$3.6 million in 2010, \$3.5 million in 2009 and \$3.3 million in 2008) may be used to meet the Company's ongoing obligations arising from providing transportation service to the community.

For fiscal year 2010, Long Beach Transit's net assets decreased by \$2.9 million due to the annual depreciation expense exceeding capital purchases by \$2.9 million. Long Beach Transit spent \$13.5 million for capital assets which included the ground-breaking for the renovation of certain portions of our main operations and maintenance facility, a new bus washer, upgrades to passenger facilities, and routine replacement of bus tires, shop, office and IT equipment.

In fiscal year 2009, Long Beach Transit's net assets increased by \$14.7 million. This is due to capital purchases exceeding annual depreciation by \$14.7 million. Long Beach Transit spent \$28.7 million for capital assets which included procurement of 23 replacement coaches, new farebox equipment, construction of a customer service center, service vehicles, bus stop improvements, and routine expenditures such as bus components and shop and EDP equipment.

Long Beach Public Transportation Company's Condensed Summary of Changes in Net Assets

	Year - Ended		
	2010	2009	2008
Operating revenues:			
Passenger fares and special events	\$ 16,545,718	\$ 15,857,912	\$ 14,893,788
Advertising	609,161	797,814	857,449
Other	25,861	14,551	20,610
Total operating revenues	<u>17,180,740</u>	<u>16,670,277</u>	<u>15,771,847</u>
Non-operating revenues:			
Subsidies	51,773,322	50,720,199	52,151,341
Interest	938,330	740,135	1,561,541
Total non-operating revenues	<u>52,711,652</u>	<u>51,460,334</u>	<u>53,712,882</u>
Total revenues	<u>69,892,392</u>	<u>68,130,611</u>	<u>69,484,729</u>
Expenses:			
Transportation	36,416,765	34,874,385	32,376,023
Maintenance	18,546,811	18,602,288	19,612,265
Administration	14,928,816	14,653,938	17,496,441
Depreciation	16,519,346	14,009,081	17,441,700
Total expenses	<u>86,411,738</u>	<u>82,139,692</u>	<u>86,926,429</u>
Change before capital grants	(16,519,346)	(14,009,081)	(17,441,700)
Capital grants	<u>13,555,191</u>	<u>28,744,925</u>	<u>15,194,512</u>
Change in net assets	<u>\$ (2,964,155)</u>	<u>\$ 14,735,844</u>	<u>\$ (2,247,188)</u>

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

Operating revenues. Overall total operating revenues for 2010 increased only 3%. Fare revenue comprises 96% of operating revenues.

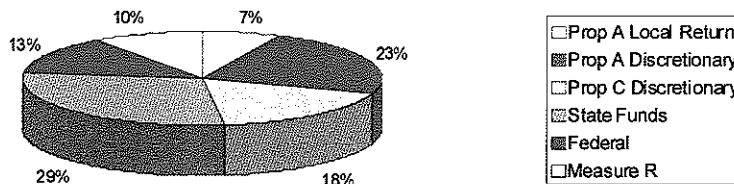
Fare and special events revenue in 2010 rose \$687,806 or 4% due to a fare increase implemented in February 2010. This was the third consecutive year of increased fare revenue as 2009 totals increased 6% over 2008 and 2008 totals increased 4% over 2007. Fiscal year 2008's increase was mainly due to rising fuel prices that resulted in increased public transit usage and changes to the county's regional pass price that resulted in some passengers moving to other fare media such as Long Beach Transit's monthly and day passes.

The current economic recession has negatively affected the advertising industry, resulting in less advertising revenue for the past two years. In 2010, advertising revenue decreased \$188,653 or 24%. In 2009, advertising revenue decreased \$59,635 or 7%.

Non-operating revenues. To make up for the decrease in state and local subsidies, capitalization of preventive maintenance funds was used to transfer a portion of our capital grants to the operating budget to pay for maintenance costs. Subsidies, which comprise 74% of total revenues, increased \$1.1 million or 2% in 2010. This increase is a direct result of higher expenses due to higher pension and unemployment costs.

In 2009, subsidy revenue decreased \$1.4 million or 2%. This decrease is a direct result of lower expenses due to a drop in fuel prices and savings in both self-insurance programs. In addition, the State of California, facing significant budget short falls, significantly reduced State Transit Assistance (STA) funds to transit operators. This loss was partially offset by a one-time allocation of Proposition C funds by the Los Angeles County Metropolitan Transportation Authority.

2010 Subsidy Revenue by Source



Expenses. Fiscal year 2010 operating expenses, before depreciation, increased 2.6% primarily due to increased pension and workers' compensation costs. Pension costs increased \$1,547,024 or 33%. Workers' compensation costs increased 10% or \$209,804.

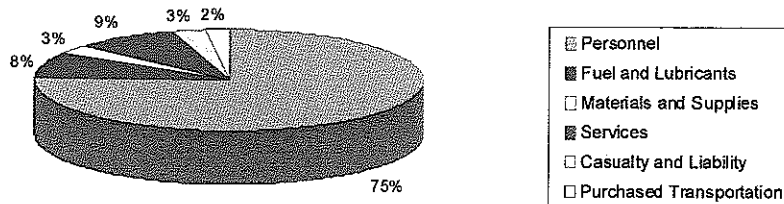
In fiscal year 2009, operating expenses before depreciation decreased 2% primarily due to lower fuel prices and savings in self-insurance costs. Fuel expenditures declined 20% or \$1.4 million from 2008. Casualty and liability payouts also decreased from 2008 by almost \$700,000 as there were 10% fewer preventable accidents.

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

In 2010, depreciation expense increased 17.9% and exceeded capital acquisitions by \$2.9 million. In 2009, depreciation expense decreased 20%. Capital acquisitions exceeded depreciation by \$14.7 million as the Company took receipt of 23 new buses in June 2009

2010 Operating Expenses (before depreciation)



CAPITAL ASSETS

Long Beach Transit's investment in capital assets as of June 30, 2010, amounted to \$84.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, fleet, communication and farebox systems, machinery and equipment, and passenger facilities. All assets have been purchased with federal, state or local grants awarded to the Company, and Long Beach Transit has never issued any debt to fund the procurement of capital assets.

The total net decrease in the Company's investment in capital assets for the current fiscal year was 3.3%. Long Beach Transit had \$13.5 million in new capital contributions during the year, a decrease of \$15.2 million when compared to 2009. In 2010, the Company started construction on the renovation of maintenance and operation buildings at the Anaheim location, upgraded multiple passenger facilities, and replaced engines, transmissions, tires, and shop equipment.

As noted above, all assets are purchased with grants, the majority coming from federal funding. Total grant awards will vary each year as Long Beach Transit is eligible for a formula percentage of the County's federal funding, plus one-time grants available for specific projects, such as bus replacement. The Company received \$16.3 million in one-time American Recovery and Reinvestment Act (ARRA) federal stimulus funds which have been programmed for bus stop and improvements at our Long Beach Transit Mall, service vehicles, safety and training equipment, bus components and EDP equipment. Grant requirements allow, on average, three years to expend these funds. As of June 30, 2010, the Company had \$75.6 million in grant funds designated for capital procurements. This is a \$1.8 million increase from the available balance at the end of fiscal year 2009.

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

Significant capital asset acquisitions during 2010 included the following:

- The Company started construction on the renovation of maintenance and operation buildings at the Anaheim location in 2010. Expenses were \$1.2 million.
- Almost \$2.2 million was spent on upgrades to passenger facilities with the installation of new shelters and variable message signs displaying real-time schedule information.
- Routine replacement of engines, transmissions, tires and bus components totaling \$6.4 million, which included a special stimulus project to update bus air conditioners totaling \$1.3 million.
- Office and Shop equipment was acquired at the cost of \$3.6 million which included an emergency generator, a bus washer and other routine equipment replacement.

Long Beach Public Transportation Company's Capital Assets (net of depreciation)

	Year - Ended		
	2010	2009	2008
Land	\$ 5,525,000	\$ 5,525,000	\$ 5,525,000
Buildings and improvements	14,135,974	15,960,594	13,821,510
Fleet	50,217,378	54,462,434	43,950,608
Communications systems	238,180	293,096	300,057
Fare collection system	3,870,634	4,810,431	3,315,097
Office, shop and garage equipment	4,795,035	2,645,899	1,954,336
Passenger facilities	2,322,206	2,427,228	988,563
Construction in progress	<u>3,181,902</u>	<u>1,125,782</u>	<u>2,659,449</u>
Total assets, net of depreciation	<u>\$ 84,286,309</u>	<u>\$ 87,250,464</u>	<u>\$ 72,514,620</u>

Long Beach Transit's investment in capital assets as of June 30, 2009, amounted to \$87.3 million (net of accumulated depreciation). The Company had \$28.7 million in new capital contributions during the year, an increase of \$13.6 million when compared to 2008. In fiscal year 2009, the Company took delivery of 23 new hybrid coaches, completed construction of a new customer service center and purchased new farebox equipment. Other asset acquisitions during the fiscal year were mainly for on-going programs and upgrades and replacements of existing assets.

Significant capital asset acquisitions during 2009 included the following:

- Receipt of 23 buses during the year at a cost of \$14.3 million.
- Construction of a new Transit Visitor and Information Center in downtown Long Beach. Construction and equipment costs during 2009 were \$2.8 million.
- Installation of ticket-issuing and magnetic card readers for the farebox system at a cost of \$1.9 million.
- Routine replacement of engines, transmissions, tires, and shop and office equipment totaling \$3.2 million.
- Almost \$1.5 million for upgrades to passenger facilities with the installation of new shelters and variable message signs displaying real-time schedule information
- Procurement of 20 new service cars and trucks totaling \$504,000.

Management's Discussion and Analysis, continued

Additional information on Long Beach Transit's capital assets can be found in note (8) in the notes to the accompanying financial statements beginning on page 25 of this report.

ECONOMIC FACTORS and NEXT YEAR'S FINANCIAL PLAN

Long Beach Transit, like transit systems all across California and the nation, is operating in an exceedingly difficult economic climate. We face the twin challenges of the worst national economy since the 1930's and the state's decision to slash state transit assistance. The result is state transit subsidies, which account for more than one-third of our operating budget, have dropped by 43% during the last two years. Despite concerted efforts to reduce costs and asking our customers to absorb two fare increases, we have been forced to draw down significant operating reserves in order to keep our budget in balance without cutting service levels.

The final financial plan approved in May 2010 for fiscal year 2011 totals \$74.1 million. It includes significant increases for fuel and health-care benefits. During FY 2011, we will have to reduce service levels by making service frequency reductions. None of the service changes involve the elimination of a route or changing the start or stop time of any route. However, they will involve longer intervals between buses on certain routes.

Management continues to focus on cost containment by reducing or eliminating various expenses and programs, leaving several staff positions unfilled, implementing fuel and energy conservation programs and achieving improved results in the casualty and liability programs.

Local sales taxes comprise the largest revenue source for Long Beach Transit. Retail sales continue to suffer in the current economy which means less overall revenue for transit operations. With dwindling sales tax revenue, we will balance our budget through a combination of cost reductions, spending down of reserves and capitalizing our preventive maintenance costs. Capitalizing our preventive maintenance costs means we are transferring a portion of our capital grants to the operating budget to pay for maintenance. This practice means we are underfunding our basic capital replacement program and we will not be able to do so indefinitely.

While management believes Long Beach Transit's conservative financial practices will allow us to meet these funding challenges for the upcoming year, we will closely monitor all of these issues to ascertain whether future service reductions may become necessary.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Long Beach Public Transportation Company's finances for all those with an interest in the Company's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director of Financial Services, Long Beach Transit, P.O. Box 731, Long Beach, California, 90801.

Long **B**each **P**ublic **T**ransportation **C**ompany

Intentionally Left Blank



FINANCIAL STATEMENTS

Long Beach Public Transportation Company

Statements of Net Assets June 30, 2010 and 2009

	Assets	
	2010	2009
Current assets:		
Cash and investments (note 2)	\$ 14,878,159	\$ 12,137,945
Accounts receivable (note 4)	654,934	6,207,108
Materials and supplies inventory	1,107,177	929,354
Prepaid expenses	273,872	228,492
Restricted and designated assets:		
Cash and investments (notes 2 and 5)	2,451,433	1,719,508
Accounts receivable (note 5)	8,819,248	5,798,360
Cash and investments designated for insurance claims (notes 2, 5 and 6)	6,640,957	6,890,226
Total current assets	<u>34,825,780</u>	<u>33,910,993</u>
Noncurrent assets:		
Cash and investments - contingency reserve (notes 2 and 5)	2,000,000	2,000,000
Restricted assets:		
Cash and investments (notes 2 and 5)	21,670,356	17,909,267
Capital assets (note 8):		
Land	5,525,000	5,525,000
Buildings and improvements	39,863,758	38,985,746
Fleet	122,838,875	117,411,570
Communications systems	6,906,803	6,864,780
Fare collection system	7,443,078	7,437,141
Office, shop and garage equipment	19,152,628	15,646,978
Passenger facilities	4,145,118	4,128,570
Construction-in-progress	3,181,902	1,125,782
Less accumulated depreciation	<u>(124,770,853)</u>	<u>(109,875,103)</u>
Total net capital assets	<u>84,286,309</u>	<u>87,250,464</u>
Total noncurrent assets	<u>107,956,665</u>	<u>107,159,731</u>
Total assets	<u>\$ 142,782,445</u>	<u>\$ 141,070,724</u>

The notes to the financial statements are an integral part of these statements.

Long Beach Public Transportation Company

Statements of Net Assets, Continued June 30, 2010 and 2009

Liabilities and Net Assets

	2010	2009
Current liabilities:		
Accounts payable	\$ 2,173,851	\$ 2,203,635
Accrued payroll expenses	930,269	832,866
Compensated absences payable (note 11)	2,465,240	2,353,992
Retiree health care benefits (note 11)	41,887	64,573
Subsidy deferral (note 9)	12,595,680	12,896,119
Current liabilities payable from restricted or designated assets:		
Deferred revenue (note 5)	7,165,265	5,880,404
Estimated liability for insurance claims (note 6)	6,640,957	6,890,226
Total current liabilities	32,013,149	31,121,815
Noncurrent liabilities:		
Liabilities payable from restricted or designated assets:		
Deferred revenue (note 5)	21,763,530	18,101,132
Retiree health care benefits (note 11)	1,114,678	992,534
Total noncurrent liabilities	22,878,208	19,093,666
Total liabilities	54,891,357	50,215,481
Net Assets:		
Invested in capital assets	84,286,309	87,250,464
Restricted for capital procurement	16,747	102,205
Unrestricted	3,588,032	3,502,574
Total net assets	\$ 87,891,088	\$ 90,855,243

The notes to the financial statements are an integral part of these statements.

Long Beach Public Transportation Company

Statements of Revenues, Expenses and Changes in Net Assets June 30, 2010 and 2009

	2010	2009
Operating revenues:		
Passenger fares	\$ 16,473,909	\$ 15,785,523
Special events	71,809	72,389
Advertising	609,161	797,814
Other revenue	25,861	14,551
	17,180,740	16,670,277
Total operating revenues		
Operating expenses:		
Transportation	36,416,765	34,874,385
Maintenance	18,546,811	18,602,288
Administration	14,928,816	14,653,938
Depreciation (note 8)	16,519,346	14,009,081
	86,411,738	82,139,692
Total operating expenses		
Operating loss	(69,230,998)	(65,469,415)
Nonoperating income:		
Subsidies (note 3)	51,773,322	50,720,199
Interest income	938,330	740,135
	52,711,652	51,460,334
Total nonoperating income		
Change in net assets before capital grants	(16,519,346)	(14,009,081)
Capital grants	13,555,191	28,744,925
Change in net assets	(2,964,155)	14,735,844
Total net assets, July 1	90,855,243	76,119,399
Total net assets, June 30	\$ 87,891,088	\$ 90,855,243

The notes to the financial statements are an integral part of these statements.

Long Beach Public Transportation Company

Statements of Cash Flows Years Ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Cash received from customers	\$ 17,067,130	\$ 16,751,840
Cash paid to employees for services	(35,066,960)	(34,960,736)
Cash paid to other suppliers of goods or services	(34,859,950)	(33,174,106)
Net cash used in operating activities	<u>(52,859,780)</u>	<u>(51,383,002)</u>
Cash flows provided by noncapital financing activities:		
Operating subsidies received	<u>57,487,717</u>	<u>50,256,885</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	27,338	77,533
Purchase of capital assets	(13,555,191)	(28,744,925)
Capital grant contributions received	<u>14,843,699</u>	<u>25,769,434</u>
Net cash (used in) provided by capital and related financing activities	<u>1,315,846</u>	<u>(2,897,958)</u>
Cash flows provided by investing activities:		
Purchase of investments	(9,756,602)	(14,224,993)
Interest received on cash and investments	<u>523,992</u>	<u>859,239</u>
Net cash used in investing activities	<u>(9,232,610)</u>	<u>(13,365,754)</u>
Net decrease in cash and cash equivalents	(3,288,827)	(17,389,829)
Cash and cash equivalents, July 1	<u>26,372,453</u>	<u>43,762,282</u>
Cash and cash equivalents, June 30 (note 2)	<u>\$ 23,083,626</u>	<u>\$ 26,372,453</u>

The notes to the financial statements are an integral part of these statements.

Long Beach Public Transportation Company

Statements of Cash Flows, Continued Years Ended June 30, 2010 and 2009

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	2010	2009
Operating loss	\$ (69,230,998)	\$ (65,469,415)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	16,519,346	14,009,081
Decrease in accounts receivable from operations	46,019	121,129
Increase in materials and supplies inventory	(177,823)	(91,505)
Decrease (increase) in prepaid expenses	(45,380)	161,562
Decrease in accounts payable	(29,784)	(604,255)
Increase in accrued payroll expenses and compensated absences payable	308,109	390,930
Increase (decrease) in estimated liability for insurance claims	(249,269)	99,471
Total adjustments	16,371,218	14,086,413
Net cash used in operating activities	\$ (52,859,780)	\$ (51,383,002)

The notes to the financial statements are an integral part of these statements.

Long Beach Public Transportation Company

Notes to Financial Statements June 30, 2010 and 2009

(1) Summary of Significant Accounting Policies

Reporting Entity

The Long Beach Public Transportation Company (Long Beach Transit or the Company) is a nonprofit corporation organized to provide public transportation services to the citizens of Long Beach, California. The Company is governed by a seven-member Board of Directors appointed to serve four-year terms by the Mayor with the approval of the Long Beach City Council. In turn, the Board Members appoint a Chief Executive Officer who is responsible for overseeing the Company's daily operations. The Company is responsible for the preparation of its own annual financial plan.

In accordance with U.S. generally accepted accounting principles (GAAP), the Company is considered a component financial reporting unit of the City of Long Beach (City), California. As such, the Company's financial statements are included in the City's comprehensive annual financial report as a discretely presented component unit. Long Beach Transit has a separate legal status and has historically operated as an independently managed and operated nonprofit corporation, receiving no direct administrative or financial support from the City. For the present, there has been no expressed intent to alter the status of this financial reporting and administrative relationship.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with Government Accounting Standards Board (GASB) Statement No. 20, the Company applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, or Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedures.

The Company distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with the Company's principal ongoing operations. The principal operating revenues of the Company include passenger fares charged for transportation service to the community and advertising fees. Operating expenses include the cost of transportation services, maintenance of capital assets and facilities, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as non-operating revenues and expenses.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Material and Supplies Inventories

Inventories are valued at cost on a first-in, first-out basis as applied on a moving-average-cost method, or market, whichever is lower.

Capital Assets

Capital assets, which include property, plant and equipment, are defined by the Company as assets with initial project values exceeding \$5,000, with individual federally funded items costing more than \$500 and having an estimated useful life of more than one year. The Federal Transit Administration (FTA) excludes the bus tire lease from this requirement as it is depreciated over a twelve-month period. Capital assets are valued at historical cost. Depreciation is provided using the straight-line method, with no allowance for salvage values. Donated capital assets are recorded at estimated fair market at the date of donation. The Company did not receive any donated capital assets during fiscal years 2010 and 2009.

Estimated useful lives of the Company's capital assets are as follows:

Buildings and improvements	25 years
Buses and vessels	12 years
Fare boxes	10 years
Smaller coaches	7 years
Furniture, equipment and passenger facilities	5 years
Service trucks	4 years
EDP equipment	3 years
Bus components	3 years
Service autos	3 years
Bus tires	1 year

Financial Plan

The Company adopts an annual financial plan for management information purposes only. Accordingly, financial statements presenting comparison of budgeted and actual results are not included.

Government Grants

Grants, with the exception of Proposition A local share (noted below) for operating assistance, for the acquisition of equipment or other capital outlay are not formally recognized in the accounts until the grant becomes a valid receivable as a result of the Company complying with appropriate grant requirements.

Operating assistance grants are included in non-operating revenues in the year in which a related reimbursable expenditure is incurred or in deferred revenue for use in the subsequent fiscal year.

The Company's policy is to report revenues from capital grants separately after non-operating revenues as the related expenditures are incurred. Assets acquired with capital grant funds are included in capital assets. Capital monies received prior to an expenditure being incurred are recorded as deferred revenue.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

The City allocates a portion of its Proposition A local share funding to the Company in accordance with an agreement between the Company, the City and the Los Angeles County Metropolitan Transportation Authority (Metro) (see notes 3 and 5). The Company records such Proposition A funds received and due from the City as deferred revenue until used for operating assistance and/or capital expenditures. Those Proposition A funds used for operating assistance are included in non-operating subsidies income and those funds used for capital expenditures are included in net assets.

Statements of Cash Flows

For purposes of the statements of cash flows, the Company considers all of its cash deposits and investments with an original maturity of three months or less, including restricted and designated cash and investments, to be cash and cash equivalents. Monies invested with the State Treasurer's Local Agency Investment Fund (LAIF) may have maturities longer than 90 days; however, LAIF functions as a demand deposit account. Therefore, the Company considers such investments to be cash equivalents. There were no significant noncash capital and related financing activities in 2010 and 2009.

(2) Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows as of June 30:

	<u>2010</u>	<u>2009</u>
Current unrestricted cash and investments	\$ 14,878,159	\$ 12,137,945
Current restricted and designated cash and investments	2,451,433	1,719,508
Current cash and investments designated for insurance claims	6,640,957	6,890,226
Noncurrent restricted cash and investments	<u>23,670,356</u>	<u>19,909,267</u>
Total cash and investments	<u>\$ 47,640,905</u>	<u>\$ 40,656,946</u>

Cash and investments consist of the following as of June 30:

	<u>2010</u>	<u>2009</u>
Cash on hand	\$ 59,131	\$ 63,506
Deposits with financial institutions	95,855	272,570
Cash equivalents	<u>22,928,640</u>	<u>26,036,377</u>
Total cash and cash equivalents	<u>23,083,626</u>	<u>26,372,453</u>
Investments	<u>24,557,279</u>	<u>14,284,493</u>
Total cash, cash equivalents, and investments	<u>\$ 47,640,905</u>	<u>\$ 40,656,946</u>

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Investments Authorized by the California Government Code and Long Beach Public Transportation Company's Investment Policy

The table below identifies the investment types that are authorized for Long Beach Transit by the Company's investment policy. The table also identifies certain provisions of the Company's investment policy that address interest rate risk, credit risk, and concentration of credit risk. During fiscal year 2010 and 2009, the Company elected to have its investments with LAIF and a similarly structured investment vehicle managed by an independent manager.

	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Percentage In One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	10%	10%
Money Market Mutual Funds	N/A	None	None
Bankers Acceptances	180 days	40%	10%
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	92 days	20%	None
Mutual Funds	N/A	15%	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Bonds	5 years	10%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Company manages its exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to no more than two years.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Information about the sensitivity of fair values of the Company's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment at June 30, 2010 and 2009, respectively.

Weighted Average Maturity (Yrs)

Type	2010	Weighted Average Maturity (Yrs)
<u>Cash Equivalents</u>		
Local Agency Investment Fund (LAIF)	\$ 19,524,240	.56
Bank of America Money Market	2,028,806	N/A
Fidelity Municipal Money Market	99,881	N/A
Russell Money Market	1,275,713	N/A
Total cash equivalents	\$ 22,928,640	
<u>Investments</u>		
iShares Barclays 1-3 year Treasury Bond	\$ 5,156,220	1.93
PIMCO 1-3 year US Treasury Index	5,151,785	1.89
iShares Barclays MBS Bond	2,604,653	2.21
iShares Barclays Short Treasury Bond	5,128,671	.41
iShares Barclays TIPS Bond	2,625,282	3.45
Russell Investment Grade Bond	1,326,485	4.40
PIMCO Short Term	1,270,234	.60
Russell Short Duration Bond	1,293,949	2.30
Total investments	\$ 24,557,279	
<u>2009</u>		
<u>Cash Equivalents</u>		
Local Agency Investment Fund (LAIF)	\$ 17,845,419	.64
Bank of America Money Market	2,414,775	N/A
Fidelity Municipal Money Market	5,028,060	N/A
Russell Money Market	748,123	N/A
Total cash equivalents	\$ 26,036,377	
<u>Investments</u>		
iShares Barclays 1-3 year Treasury Bond	\$ 3,003,599	1.81
PIMCO 1-3 year US Treasury Index	3,002,696	1.84
iShares Barclays MBS Bond	1,507,610	1.46
iShares Barclays Short Treasury Bond	2,992,745	.32
iShares Barclays TIPS Bond	1,518,603	5.61
Russell Investment Grade Bond	755,686	3.90
PIMCO Short Term	750,458	.63
Russell Short Duration Bond	753,096	1.80
Total investments	\$ 14,284,493	

N/A – not applicable

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization. For 2010 ratings on the investments, excluding LAIF and money market accounts, are as follows at June 30, 2010.

<u>Investment Type</u>	<u>Rating</u>
iShares Barclays Short Treasury Bond	AAA/Aaa
iShares Barclays 1-3 year Treasury Bond	AAA/Aaa
PIMCO 1-3 year US Treasury Index	AAA/Aaa
iShares Barclays TIPS Bond	AAA/Aaa
iShares Barclays MBS Bond	AAA/Aaa
PIMCO Short Term	AA
Russell Short Duration Bond	A
Russell Investment Grade Bond	AA

Concentration of Credit Risk

The investment policy of the Company contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents 5% or more of total Company investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Company's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools, such as LAIF.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(3) Operating Subsidies

Subsidies from the following sources were earned during the years ended June 30:

	2010	2009
Proposition A, County of Los Angeles	\$ 12,069,662	\$ 12,500,860
TDA and STA, State of California	14,777,565	21,266,639
Proposition C, County of Los Angeles	9,178,568	9,848,459
Proposition A Allocation, City of Long Beach	3,536,593	4,067,755
Preventative Maintenance, Federal	6,704,200	2,378,850
Measure R	5,196,066	---
Other local sources	310,668	657,636
	<u>\$ 51,773,322</u>	<u>\$ 50,720,199</u>
Total	\$ 51,773,322	\$ 50,720,199

The voters of the County of Los Angeles approved Proposition A in November 1980 and Proposition C in November 1990. These voter approved sales tax initiatives each provide a 1/2% sales tax within the County to be used for mass transit and transportation purposes. A substantial portion of these funds are distributed to the various County transit operators by Metro on both a formula and discretionary basis.

Additionally, each city in Los Angeles County receives a formula allocation of certain Proposition A revenues. The City of Long Beach in turn allocates a portion of its Proposition A local share funding to the Company in accordance with an agreement between the Company, the City and Metro. The portion of the local Proposition A funds used for operating assistance is included above.

The State of California's Transportation Development Act (TDA) of 1971 designated a portion of County sales tax receipts to finance transit operations and development. This financing is made available to eligible transit operators within the County through allocations from the Local Transportation Fund of Los Angeles County and administered by Metro. State Transportation Assistance Funds (STA) are generated from a portion of the statewide sales tax and are disbursed to transit agencies based on a formula allocation by Metro.

In accordance with the Federal Transit Administration (FTA) regulations, the Company is allowed to use a portion of federal grant monies for operating preventative maintenance expenditures. These funds are shown as subsidy income in the Company's accompanying financial statements. The FTA funds 80% of the costs with the remaining 20% matched by Proposition C funds.

Measure R, approved by the voters in November 2009, provides a 1/2 cent sales tax for transportation improvements.

Other local monies are reimbursement for service hours supplied to seven surrounding cities and Job Access Reverse Commute funds (JARC) awarded through Metro for service to the Villages at Cabrillo.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(4) Accounts Receivable

Unrestricted accounts receivable were comprised of the following at June 30:

	<u>2010</u>	<u>2009</u>
Subsidies	\$ 35,725	\$ 5,440,034
Insurance reimbursements	119,079	233,328
Interest	20,723	122,569
Trade	<u>479,407</u>	<u>411,177</u>
Total	<u>\$ 654,934</u>	<u>\$ 6,207,108</u>

Accounts are written off when determined to be uncollectible. In the opinion of management, all significant accounts receivable at June 30, 2010 and 2009 are fully collectible.

(5) Restricted and Designated Assets and Deferred Revenue

At June 30, 2010 and 2009, the balance of restricted and designated assets and deferred revenue accounts were as follows:

	<u>Restricted and Designated Assets</u>	
	<u>2010</u>	<u>2009</u>
Current cash and investments:		
Proposition A funds, City of Long Beach	\$ 2,451,433	\$ 1,719,508
Cash and investments designated for insurance claims	<u>6,640,957</u>	<u>6,890,226</u>
Total current cash and investments	<u>9,092,390</u>	<u>8,609,734</u>
Noncurrent cash and investments:		
Board mandated contingency reserve	2,000,000	2,000,000
Capital grant funds	<u>21,670,356</u>	<u>17,909,267</u>
Total noncurrent cash and investments	<u>23,670,356</u>	<u>19,909,267</u>
Total restricted and designated cash and investments:	<u>\$ 32,762,746</u>	<u>\$ 28,519,001</u>
Accounts receivable:		
Proposition A funds due from City	\$ 4,835,232	\$ 4,160,896
Capital grants receivable	<u>3,984,016</u>	<u>1,637,464</u>
Total restricted and designated accounts receivable	<u>\$ 8,819,248</u>	<u>\$ 5,798,360</u>

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

	<u>Deferred Revenue</u>	
	<u>2010</u>	<u>2009</u>
Current deferred revenue:		
Proposition A funds, City of Long Beach	<u>\$ 7,165,265</u>	<u>5,880,404</u>
Total current deferred revenue	<u>7,165,265</u>	<u>5,880,404</u>
Noncurrent deferred revenue:		
Capital grant funds	<u>20,898,307</u>	<u>17,208,227</u>
Other	<u>865,223</u>	<u>892,905</u>
Total noncurrent deferred revenue	<u>21,763,530</u>	<u>18,101,132</u>
Total deferred revenue	<u>\$ 28,928,795</u>	<u>23,981,536</u>

The Company maintains a \$2 million contingency reserve mandated by the Board of Directors to meet unexpected cash shortfalls.

Proposition A funds from the City are local share Proposition A funds received by the City from Metro and are allocated to the Company in accordance with the agreements described in note 3 in the notes to the accompanying financial statements. Such monies are for the Company's use as operating assistance and/or to finance capital expenditures. The unused portion of Proposition A funds received from and due from the City is included in deferred revenue.

Capital grants receivable are grant funds earned and shown as capital contributions through purchase or construction of qualifying capital assets, but not yet received. Capital grant funds included in restricted and designated cash and investments and deferred revenue are funds the Company has received in advance for capital asset acquisition or construction but which have not been expended at the date of the statements of net assets.

Other noncurrent deferred revenue includes proceeds from the sale of assets originally purchased with capital grant contributions, which will be used for future asset acquisitions, and escheat checks.

(6) Estimated Liability for Insurance Claims

Under its insurance programs, the Company retains the risk for each occurrence of workers' compensation and public liability and property damage claimed up to \$2 million and \$1 million, respectively. Claims in excess of \$2 million for workers' compensation and \$1 million for public liability and property damage are covered under policies in force with an independent insurer up to \$25 million for workers' compensation and \$10 million for public liability and property damage. Individual claim settlements for both workers' compensation and public liability and property damage did not exceed insurance coverage limits in fiscal years 2010 and 2009.

The level of risk retention is dictated by the insurance market and the rates available to the Company. The Company weighs the increased premium costs against the risk level attempting to minimize overall program expenses. Risk retention levels for both worker's compensation and public liability and property damage did not change during fiscal year 2010.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

The Company's policy is to estimate and recognize losses on the accrual basis based on the report of the Company's independent claims manager or an actuarial report and to maintain designated cash and investments to fund the estimated liabilities. Liability may also be accrued if it is reasonable to suspect claims may arise from an incident that has occurred, but has yet to be reported to our independent claims manager.

The changes in estimated liabilities for reported claims are as follows:

	Public Liability and Property Damage	Workers' Compensation	Total
Estimated liabilities at July 1, 2008	\$ 1,764,233	\$ 5,026,522	\$ 6,790,755
Reserves:			
New claims	558,402	456,879	1,015,281
Adjustments to existing claims	1,090,910	1,908,813	2,999,723
Payouts	(1,867,862)	(2,047,671)	(3,915,533)
Estimated liabilities at June 30, 2009	1,545,683	5,344,543	6,890,226
Reserves:			
New claims	444,263	375,417	819,680
Adjustments to existing claims	916,870	2,228,061	3,144,931
Payouts	(1,956,405)	(2,257,475)	(4,213,880)
Estimated liabilities at June 30, 2010	\$ 950,411	\$ 5,690,546	\$ 6,640,957

(7) Deferred Compensation

The Company offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is administered by an independent contractor. The Plan is available to all Company employees and permits them to defer a portion of their salary until future years. Plan assets consist of money market and mutual funds and are purchased based on elections made by the Company's employees. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death or unforeseeable emergency.

Existing assets in the Plan are maintained in a qualified custodial account. The Custodian holds the Plan's assets for the exclusive benefit of participants and beneficiaries. The Plan's assets are not the legal property of the Company and are not subject to the claims of the Company's general creditors nor can they be used by the Company for any purpose other than the payment of benefits to employees participating in the Plan or their designated beneficiaries. Therefore, deferred compensation funds are not shown on the Company's Statements of Net Assets.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(8) Capital Assets

Capital asset activity for the years ended June 30, 2010 and 2009 was as follows:

	Balance at June 30, 2009	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2010
Capital assets not being depreciated:					
Land	\$ 5,525,000	\$ ---	\$ ---	\$ ---	\$ 5,525,000
Construction in progress	1,125,782	(1,060,025)	3,116,145	---	3,181,902
Total capital assets not being depreciated	6,650,782	(1,060,025)	3,116,145	---	8,706,902
Capital assets being depreciated:					
Buildings & improvements	38,985,746	36,603	841,409	---	39,863,758
Fleet	117,411,570	478,528	5,927,222	(978,445)	122,838,875
Communications systems	6,864,780	---	42,023	---	6,906,803
Fare collection system	7,437,141	---	5,937	---	7,443,078
Office, shop & garage equipment	15,646,978	146,596	3,394,609	(35,555)	19,152,628
Passenger facilities	4,128,570	398,298	227,846	(609,596)	4,145,118
Total capital assets being depreciated	190,474,785	1,060,025	10,439,046	(1,623,596)	200,350,260
Less accumulated depreciation:					
Buildings & improvements	(23,025,152)	---	(2,702,632)	---	(25,727,784)
Fleet	(62,949,136)	---	(10,650,806)	978,445	(72,621,497)
Communications systems	(6,571,684)	---	(96,939)	---	(6,668,623)
Fare collection system	(2,626,710)	---	(945,734)	---	(3,572,444)
Office, shop & garage equipment	(13,001,079)	---	(1,392,069)	35,555	(14,357,593)
Passenger facilities	(1,701,342)	---	(731,166)	609,596	(1,822,912)
Total accumulated depreciation	(109,875,103)	---	(16,519,346)	1,623,596	(124,770,853)
Total capital assets, being depreciated, net	80,599,682	1,060,025	(6,080,300)	---	75,579,407
Total capital assets, net	\$ 87,250,464	\$ ---	\$ (2,964,155)	\$ ---	\$ 84,286,309

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

	Balance at June 30, 2008	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2009
Capital assets not being depreciated:					
Land	\$ 5,525,000	\$ ---	\$ ---	\$ ---	\$ 5,525,000
Construction in progress	2,659,449	(2,592,075)	1,058,408	---	1,125,782
Total capital assets not being depreciated	8,184,449	(2,592,075)	1,058,408	---	6,650,782
Capital assets being depreciated:					
Buildings & improvements	34,845,322	1,043,549	3,096,875	---	38,985,746
Fleet	100,603,056	294,051	19,833,862	(3,319,399)	117,411,570
Communications systems	6,584,559	192,669	87,552	---	6,864,780
Fare collection system	5,353,035	102,926	1,981,180	---	7,437,141
Office, shop & garage equipment	14,716,110	92,403	1,622,474	(784,009)	15,646,978
Passenger facilities	5,303,616	866,477	1,064,574	(3,106,097)	4,128,570
Total capital assets being depreciated	167,405,698	2,592,075	27,686,517	(7,209,505)	190,474,785
Less accumulated depreciation:					
Buildings & improvements	(21,023,811)	---	(2,001,341)	---	(23,025,152)
Fleet	(56,652,449)	---	(9,616,086)	3,319,399	(62,949,136)
Communications systems	(6,284,502)	---	(287,182)	---	(6,571,684)
Fare collection system	(2,037,938)	---	(588,772)	---	(2,626,710)
Office, shop & garage equipment	(12,761,774)	---	(1,023,314)	784,009	(13,001,079)
Passenger facilities	(4,315,053)	---	(492,386)	3,106,097	(1,701,342)
Total accumulated depreciation	(103,075,527)	---	(14,009,081)	7,209,505	(109,875,103)
Total capital assets, being depreciated, net	64,330,171	2,592,075	13,677,436	---	80,599,682
Total capital assets, net	\$ 72,514,620	\$ ---	\$ 14,735,844	\$ ---	\$ 87,250,464

The Company operates from two locations within the City of Long Beach. The principal maintenance facility is located in the central portion of the City and the satellite facility is in North Long Beach. Land included on the Company's books includes a parcel adjacent to the principal maintenance facility and the North Long Beach site. Land occupied by the Company's principal facility has been deeded to the City of Long Beach and is recorded in the accounts of the City.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(9) Subsidy Deferral

The amount of subsidies received each year is based upon estimated funding marks prepared by Metro. These estimates are used for budget preparation, with final marks received after final budgets are approved. Subsidies received in excess of expenditures are carried over for use in the next year. Subsidy deferrals of \$12,595,680 and \$12,896,119, for 2010 and 2009, respectively, have been included in the accompanying financial statements.

(10) Commitments and Contingencies

The Company is subject to claims and lawsuits arising in the normal course of business. Such claims are routinely evaluated by the Company's legal counsel. Management may make provisions for probable losses if deemed appropriate on advice of legal counsel. To the extent provisions for damages are considered necessary, appropriate amounts are reflected in the accompanying financial statements. It is the opinion of management, based on consultation with legal counsel, that the estimated liability for unreserved claims and suits will not have a material impact on the Company's financial statements.

Purchase Contracts

The Company had the following significant purchase commitments outstanding at June 30, 2010. These purchase orders are for future goods and services the Company has yet to receive and can be cancelled prior to delivery by either party subject to the provisions of each individual contract. The balances listed represent some contingency balances, therefore, actual costs may be lower than shown.

<u>Vendor</u>	<u>Project</u>	<u>Amount</u>	<u>Expected Completion</u>
Pro Petroleum	Fuel	\$ 3,771,600	June 2011
Complete Coach Works	Mid life Rehab	1,030,680	February 2011
Landscape Forms	Bus Stop Shelters	652,671	June 2011
	Maintenance/Ops		
Norm Wilson & Sons	Renovation	643,514	October 2010
Goodyear Tire & Rubber Co.	Tires	301,209	June 2011
El Camino Construction Co.	Bus Stop	250,001	June 2011
MIG	A&E Services	140,849	April 2011
Unistruct International	Fall Restraint System	135,333	September 2010

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

<u>Vendor</u>	<u>Project</u>	<u>Amount</u>	<u>Expected Completion</u>
Maneri Signs	IVR Signs	\$ 133,147	November 2010
Thermo King	A/C conversion	125,958	January 2011
Long Beach Auto Repair	Coach Detailing	118,968	February 2011
Windes & McClaughry Accountancy Corp.	Audit services	100,000	November 2010

Lease Obligations

The Company's tire lease is eligible for capitalization and is depreciated over a twelve (12) month period. Under the terms of the lease, the vendor supplies the tires and invoices the Company based on monthly mileage. There are no minimum guarantee payments required in the contracts. Total lease costs were \$551,468 and \$514,012 for the years ended June 30, 2010 and 2009, respectively.

(11) Employee Benefits

Vacation Compensation

Employees accrue vacation by reason of tenure at annual rates ranging from 12 to 30 days per year. Salaried employees may accumulate and carry-over no more than the number of vacation days earned in the previous year. Contract employees are paid their earned vacation in full each year. On June 30, 2010 and 2009, accrued unpaid vacation for all Company employees amounted to \$2,465,240 and \$2,353,992, respectively.

<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/10</u>	<u>Due Within One Year</u>
\$ 2,353,992	\$ 2,465,240	(\$2,353,992)	\$ 2,465,240	\$ 2,465,240
<u>Balance 6/30/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/09</u>	<u>Due Within One Year</u>
\$ 2,189,350	\$ 2,353,992	(\$ 2,189,350)	\$ 2,353,992	\$ 2,353,992

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Once a year the Company allows employees to sell back a portion of their earned vacation in lieu of taking the time off. The Company has agreed to buy back vacation time in excess of ten (10) days earned during the calendar year. Vacation days carried over from the previous year are not eligible for this program. The Company paid \$190,628 and \$183,373 under this program during 2010 and 2009, respectively.

Post-Retirement Health Care Benefits

Full-time Company employees are entitled to receive up to 96 hours of sick leave per year. Contract employees can accrue a maximum of 1,200 unused sick hours. Unused sick leave may be accumulated until retirement with the cash value, or a percentage thereof for Contract retirees, used to pay health and dental insurance premiums under the Company's Retired Employees Health Insurance Program (REHIP). Once the cash value of the retiring employee's unused sick leave is exhausted, the retiree is required to pay all health and dental premiums.

There were 63 participants in the Company's REHIP at June 30, 2010 and 61 at June 30, 2009. The cash value equivalent of the remaining unused sick leave for the current retirees totaled \$286,181 and \$266,345, respectively. Total premiums paid by the Company under the REHIP during the fiscal year ended June 30, 2010 and 2009, were \$55,830 and \$104,243, respectively.

The Company has established a liability related to unused sick leave which it estimates will be used by retirees to cover premiums under the REHIP. The estimated costs of the REHIP for both current and expected future payments is \$1,156,565 and \$1,057,107 at June 30, 2010 and 2009, respectively.

<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/10</u>	<u>Due Within One Year</u>
\$ 1,057,107	\$ 155,288	(\$ 55,830)	\$ 1,156,565	\$ 41,887
<u>Balance 6/30/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/09</u>	<u>Due Within One Year</u>
\$ 983,885	\$ 177,465	(\$ 104,243)	\$ 1,057,107	\$ 64,573

(12) Subsequent Events

Union Labor Agreement

The labor agreement between the Company and Amalgamated Transit Union, Local 1277 (ATU) expired September 30, 2009. An agreement on a new contract has not been reached, but both parties are continuing negotiations and no disruption of service is anticipated at this time.

(13) Pension Benefits

Plan Descriptions

The Company sponsors two single employer defined benefit pension plans: one for contract employees, the Long Beach Public Transportation Company Retirement Plan - Contract Employees (Contract Plan), and one for salaried employees, the Long Beach Public Transportation Company Retirement Plan - Salaried Employees (Salaried Plan).

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

The Company's payroll for employees covered by each plan for the years ended June 30, 2010 and 2009 was \$25,501,412 and \$25,266,127 for the Contract Plan, respectively, and \$9,337,229 and \$9,375,890 for the Salaried Plan, respectively. Total Company payroll for 2010 and 2009 was \$35,066,960 and \$34,960,736, respectively.

The Contract and the Salaried Plans are noncontributory single employer defined benefit pension plans sponsored by the Company. All full-time employees in a job classification covered by a collective bargaining agreement between the Company and the Union participate in the Contract Plan as of their date of employment. All full-time employees not covered by a collective bargaining agreement participate in the Salaried Plan as of their date of employment. Participants in both the Contract and Salaried Plans are eligible for annual benefit payments at the normal retirement age of 64 and completion of ten years of credited service and become 100% vested after five credited years of service. Employees covered under the Salaried Plan can retire prior to 64 with a normal retirement benefit if the combination of the employee's age and service equals 80 or more.

Plan Benefits

Benefit payments for the Salaried Plan are determined as 1.70% of adjusted final monthly earnings multiplied by years of credited service (maximum credit of 40 years). Adjusted final monthly earnings are the employee's highest average monthly wage for 36 consecutive months of earnings during the last ten calendar years of employment, prior to normal retirement date, which provide the highest value.

Benefit payments for the Contract Plan are determined as the sum of the following:

1. 1.23% of the first \$500 of adjusted monthly earnings multiplied by the years of credited service (maximum credit of 40 years).
2. 1.7% of adjusted final monthly earnings greater than \$500 multiplied by the years of credited service (maximum credit of 40 years).

Contract employees who are at least 54 years of age with ten years of service or more, will have their pension benefits, calculated as the sum of items 1 and 2 above, increased by 15%.

Adjusted final monthly earnings under the Contract Plan are the employee's highest average monthly wage for 60 consecutive months of earnings during the last 10 calendar years of employment, prior to normal retirement date, which provide the highest value.

Retirees for both Plans, if married, are eligible to receive a joint annuity with a reduced annuity to the surviving spouse or domestic partner and, if unmarried, a straight-life annuity. These benefits are actuarially equivalent at the normal retirement date. Plan members are entitled, upon leaving service, to a vested termination of employment benefit if they have completed five years of credited service on their termination date. The vested termination of employment benefit is equal to the normal retirement benefit earned to the termination date.

Death and Disability Benefits

In the event a Plan member dies after reaching retirement age, while still actively employed, a retirement benefit will be paid to the spouse in the amount of 50% of the amount the Plan member would have received under the joint and 50% survivor spouse annuity, assuming retirement occurred the day immediately prior to death.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

If a Salaried Plan participant becomes occupationally disabled, he or she is entitled to a monthly benefit equal to 1.7% of the participant's average monthly final earnings for each year of service earned. The minimum monthly disability benefit is 17% of the participant average earnings regardless of the length of service or vesting status.

If a Contract Plan participant is totally and permanently disabled with ten or more years of credited service, the participant is entitled to receive the full normal retirement benefit earned to the date of disability, without actuarial reduction, commencing six months after the date of disablement. A reduced occupational disability benefit is available for those Plan members unable to perform their usual work duties who leave service after 10 or more years of credited service.

Termination

The Plans may be amended, altered or modified, or successor plans may be adopted at any time with the consent of the employer and its Board of Directors or its successor in interest. In the event of termination, the net assets will be allocated based on the order of priority prescribed in the Plans.

Funding Policy and Annual Pension Cost

Plan members are not required or allowed to make contributions to the Plans. The Company is required to contribute to the Plans at an actuarially determined rate. The contribution rates for 2010 were 16.20% and 23.11% for the Contract and Salaried Plans, respectively. For 2010, the Company's annual pension costs were \$4,111,605 and \$1,964,523 for the Contract and Salaried Plans, respectively. The required contributions were determined as part of the July 1, 2009 actuarial valuation using the entry age normal cost frozen initial liability cost method. The actuarial assumptions were as follows:

- Remaining amortization period 28 years
- Asset valuation method Market value
- Mortality Table IRS 2007 Current Liability Combined
- Investment rate of return 7.5%
- Projected salary increases* 4.0%
- *includes inflation at 1.5%
- Cost-of-living adjustments None

Funding Progress

The status of funding progress for both Plans is based on the actuarial valuations performed as of July 1, 2010 and 2009. The actuarial accrued liability is calculated using the entry-age method.

Salaried Plan

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL)-- entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of covered payroll
2010	\$ 9,950	\$ 18,267	\$ 8,317	54.47%	\$ 9,337	89.08%
2009	7,703	16,255	8,552	47.39	9,376	91.21

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Contract Plan

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL) - entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of covered payroll
2010	\$ 29,212	\$ 45,374	\$ 16,162	64.38%	\$ 25,501	63.38%
2009	24,228	42,569	18,341	56.91	25,266	72.59

The Schedule of Funding Progress, presented as Required Supplemental Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Three-Year Trend Information

Contract Plan

Year ended June 30	Annual required contribution	Percentage contributed	Net Pension Obligation
2010	\$4,111,605	100%	\$0
2009	3,048,814	100	0
2008	2,661,268	100	0

Salaried Plan

Year ended June 30	Annual required contribution	Percentage contributed	Net Pension Obligation
2010	\$1,964,523	100%	\$0
2009	1,582,975	100	0
2008	1,202,609	100	0

Financial statements for the Contract and Salaried Plans are available under separate covers. Copies of the financial statements can be obtained by writing to Long Beach Transit, Attn: Executive Director, VP Financial Services, P.O. Box 731, Long Beach, CA 90801.

Long Beach Public Transportation Company

Required Supplementary Information

The following tables (which are unaudited) summarize the status of funding progress for the two Company sponsored defined benefit pension plans – Long Beach Public Transportation Company Retirement Plan – Contract Employees (Contract Plan) and Long Beach Public Transportation Company Retirement Plan – Salaried Employees (Salaried Plan). These tables are based on the actuarial valuations performed as the dates indicated.

Contract Plan

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL) – entry age	(b-a) Unfunded (Funding Excess) (AAL)	(a/b) Funded ratio	(c) Covered payroll	((b-a)/c) UAAL as a percentage of covered payroll
2010	\$ 29,212	\$ 45,374	\$ 16,162	64.38%	\$ 25,501	63.38%
2009	24,228	42,569	18,341	56.91	25,266	72.59
2008	28,444	38,557	10,113	73.77	23,643	42.77

Salaried Plan

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL) – entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded ratio	(c) Covered payroll	((b-a)/c) Percentage of covered payroll
2010	\$ 9,950	\$ 18,267	\$ 8,317	54.47%	\$ 9,337	89.08%
2009	7,703	16,255	8,552	47.39	9,376	91.21
2008	9,631	15,259	5,628	63.12	9,127	61.67



STATISTICS

STATISTICS

Long Beach Public Transportation Company

STATISTICAL SECTION

This part of Long Beach Public Transportation Company's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Company's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to assess how the Company's financial performance and well-being have changed over time.</i>	35
Revenue Capacity <i>These schedules contain information on the Company's revenue sources and their fluctuations over time.</i>	38
Demographic and Economic Information <i>These schedules offer demographic and economic indicators regarding the environment within which the Company's financial activities take place.</i>	40
Operating Information <i>These schedules contain information about services the Company provides and the activities it performs.</i>	42
Pension Information <i>The Company's Pension Plans' financial statements are issued under separate cover. The schedules contained in this section include general financial and actuarial information providing data concerning the Plans' funding status and general activity.</i>	49
Grant Information <i>The Company's grant programs are issued under separate cover in the Single Audit. The schedules contained in this section provide a summary of capital grant activity for Federal, State and Local sources.</i>	51

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Long Beach Public Transportation Company

Financial Trends Net Assets by Component 2001 - 2010

Exhibit 1

	Invested in Capital Assets (2)	Restricted	Unrestricted	Total
2001	\$ 63,709,904	\$ 249,821	\$ 3,534,257	(1) \$ 67,493,982
2002	65,847,844	31,951	3,574,975	69,454,770
2003	77,966,453	---	3,606,926	81,573,379
2004	72,060,726	166,914	3,437,866	75,665,506
2005	87,934,270	166,914	3,437,866	91,539,050
2006	83,588,365	113,048	3,491,732	87,193,145
2007	74,761,808	84,674	3,520,105	78,366,587
2008	72,514,620	259,954	3,344,825	76,119,399
2009	87,250,464	102,205	3,502,574	90,855,243
2010	84,286,309	16,747	3,588,032	87,891,088

- (1) The Company adopted GASB Statement No. 34 which required reclassification of certain balances, including the presentation of net assets formerly labeled retained earnings and contributed capital.
- (2) Fluctuations in balances reflect the Company's procurement of capital assets in each year. Significant changes occur in years which included the receipt of new buses.

Financial Trends Operating Expenses By Type 2001 - 2010

Exhibit 2

	Personnel Wages & Benefits	Fuel & Lubricants	Supplies & Materials	Services	Casualty & Liability	Purchased Transportation	Depreciation	Total
2001	\$ 35,647,176	\$ 2,584,996	\$ 2,306,176	\$ 3,863,431	\$ 1,297,859	\$ 1,101,174	\$ 9,835,476	\$56,636,288
2002	36,871,022	2,086,874	2,341,896	3,767,081	1,438,326	1,372,084	11,564,783	59,442,066
2003	38,769,171	2,448,437	2,103,616	4,238,861	1,740,925	1,272,669	13,608,074	64,181,753
2004	41,828,220	3,165,438	2,146,233	4,205,815	1,973,444	1,365,827	13,673,096	68,358,073
2005	41,013,333	4,254,173	2,327,356	4,403,307	1,398,575	1,304,570	15,209,043	69,910,357
2006	43,174,005	5,748,498	1,999,984	4,769,648	1,506,641	1,320,429	16,316,882	74,836,087
2007	45,273,578	5,580,884	2,041,326	5,670,338	1,454,319	1,331,373	16,712,820	78,064,638
2008	49,895,725	7,146,145	2,198,443	6,023,734	2,812,729	1,407,953	17,441,700	86,926,429
2009	50,711,153	5,721,736	2,442,697	5,758,880	2,115,349	1,380,796	14,009,081	82,139,692
2010	52,742,176	5,625,348	2,280,932	5,997,208	1,897,047	1,349,681	16,519,346	86,411,738

Long Beach Public Transportation Company

Financial Trends Changes in Net Assets 2001 - 2010

Exhibit 3

Expenses	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Transportation	\$ 22,952,978	\$ 23,511,227	\$ 25,385,931	\$ 27,723,568	\$ 27,366,019	\$ 29,156,285	\$ 30,454,056	\$ 32,376,023	\$ 34,874,385	\$ 36,416,765
Maintenance	12,555,495	12,736,587	13,400,059	14,154,855	15,781,778	16,800,999	17,251,960	19,612,265	18,602,288	18,546,811
Risk Management	5,414,268	5,681,131	5,026,416	6,076,869	4,223,185	5,068,951	5,191,201	8,119,926	5,278,264	5,266,428
Marketing &										
Customer Service	1,362,181	1,144,752	1,567,140	1,263,387	1,296,256	1,286,531	1,397,475	1,631,278	1,578,839	1,673,878
General										
Administration	4,515,890	4,803,586	5,194,133	5,466,298	6,034,076	6,206,439	7,057,126	7,745,237	7,796,835	7,988,510
Depreciation	9,835,476	11,564,783	13,608,074	13,673,096	15,209,043	16,316,882	16,712,820	17,441,700	14,009,081	16,519,346
Total Expenses	\$ 56,636,288	\$ 59,442,066	\$ 64,181,753	\$ 68,358,073	\$ 69,910,357	\$ 74,836,087	\$ 78,064,638	\$ 86,926,429	\$ 82,139,692	\$ 86,411,738
Revenues										
Passenger Fares	\$ 12,601,278	\$ 12,571,238	\$ 12,382,726	\$ 12,676,716	\$ 12,814,406	\$ 14,542,379	\$ 14,239,543	\$ 14,789,817	\$ 15,785,523	\$ 16,473,909
Special Events	120,365	26,150	85,589	91,467	85,671	38,346	52,275	103,971	72,389	71,809
Advertising	962,666	937,932	787,856	906,250	743,750	724,158	847,296	857,449	797,814	609,161
Subtotal Operating	13,684,309	13,535,320	13,256,171	13,674,433	13,643,827	15,304,883	15,139,114	15,751,237	16,655,726	17,154,879
Subsidies	31,983,169	33,627,182	36,932,476	40,615,870	40,444,529	42,078,890	44,495,763	52,151,341	50,720,199	51,773,322
Interest & Other	1,133,334	536,630	385,032	394,674	612,958	1,135,432	1,716,941	1,582,151	754,686	964,191
Subtotal Non-Op	33,116,503	34,163,812	37,317,508	41,010,544	41,057,487	43,214,322	46,212,704	53,733,492	51,474,885	52,737,513
Total Revenues	\$ 46,800,812	\$ 47,699,132	\$ 50,573,679	\$ 54,684,977	\$ 54,701,314	\$ 58,519,205	\$ 61,351,818	\$ 69,484,729	\$ 68,130,611	\$ 69,892,392
Net Expense	\$ (9,835,476)	\$ (11,742,934)	\$ (13,608,074)	\$ (13,673,096)	\$ (15,209,043)	\$ (16,316,882)	\$ (16,712,820)	\$ (17,441,700)	\$ (14,009,081)	\$ (16,519,346)
Capital Grants	11,576,408	13,703,722	25,726,683	7,765,223	31,082,587	11,970,977	7,886,262	15,194,512	28,744,925	13,555,191
Change in Net Assets	\$ 1,740,932	\$ 1,960,788	\$ 12,118,609	\$ (5,907,873)	\$ 15,873,544	\$ (4,345,905)	\$ (8,826,558)	\$ (2,247,188)	\$ 14,735,844	\$ (2,964,155)

**Financial Trends
Capital Expenditures By Type
2001 - 2010**

Exhibit 4

Fiscal Year	Facilities	Fleet	Passenger Facilities	AVL, Farebox & Radio Equipment	Furniture & EDP Equipment	Shop & Garage Equipment	Total
2001	\$ 350,339	\$ 14,117,206	\$ 327,718	\$ 78,434	\$ 961,265	\$ 208,457	\$ 16,043,419
2002	953,180	6,940,199	801,494	1,424,775	3,388,494	195,580	13,703,722
2003	563,536	20,082,479	702,691	3,301,673	785,846	290,458	25,726,683
2004	469,413	3,503,160	2,302,210	818,230	358,811	313,399	7,765,223
2005	761,993	27,650,227	719,055	728,378	1,032,081	190,853	31,082,587
2006	903,110	4,311,805	991,917	4,219,234	728,595	816,316	11,970,977
2007	2,013,508	4,839,412	257,740	267,526	193,018	315,058	7,886,262
2008	1,427,166	11,386,235	1,142,643	337,773	744,408	156,287	15,194,512
2009	3,133,478	20,214,981	1,557,227	2,068,732	1,468,789	301,718	28,744,925
2010	1,224,068	6,436,753	2,149,479	47,960	1,796,856	1,900,075	13,555,191

Long Beach Public Transportation Company

Revenue Capacity Operating Subsidy Sources 2001 - 2010

Exhibit 5

	Prop A Funds City of Long Beach	Prop A Funds L.A. County	Prop C & Measure R Funds L.A. County	State Assistance	Federal Preventative Maintenance Program	Other Sources	Total
2001	\$ 2,730,907	\$ 13,391,456	\$ 3,797,283	\$ 10,972,272	\$ 660,000	\$ 431,251	\$ 31,983,169
2002	3,924,805	11,464,183	4,376,041	12,518,354	924,976	418,823	33,627,182
2003	5,421,163	8,714,058	5,328,950	14,231,214	2,928,720	308,371	36,932,476
2004	6,561,550	9,448,398	5,557,841	17,755,993	836,800	455,288	40,615,870
2005	5,740,953	7,956,295	5,296,405	18,236,348	2,533,066	681,462	40,444,529
2006	5,014,805	11,333,677	4,145,171	20,655,260	302,184	627,793	42,078,890
2007	4,656,775	11,840,403	5,507,340	21,864,340	---	626,905	44,495,763
2008	7,087,958	11,679,125	5,224,479	25,777,123	2,126,915	255,741	52,151,341
2009	4,067,755	12,500,860	9,848,459	21,266,639	2,378,850	657,636	50,720,199
2010	3,536,593	2,069,662	14,374,634	14,777,565	6,704,200	310,668	51,773,322

Revenue Capacity Farebox Recovery Percentage 2001 - 2010

Exhibit 6

<u>Year</u>	<u>Percentage</u>
2001	27.7%
2002	27.3
2003	25.2
2004	23.8
2005	24.1
2006	25.8
2007	23.8
2008	21.9
2009	23.9
2010	23.4

NOTE: Represents passenger fares divided by fixed route operating expenses before depreciation.

Long Beach Public Transportation Company

Revenue Capacity Fare History 2000 - 2010

Exhibit 7

	<u>2000-2002</u>	<u>2003-2005</u>	<u>2006-2008</u>	<u>2009</u>	<u>2010</u>
Fixed Route Service:					
<u>Cash Fares:</u>					
Regular	\$.90	\$.90	\$.90	\$ 1.10	\$ 1.25
Student	.75	.75	.90	1.10	1.25
Senior & Disabled	.45	.45	.45	.50	.60
Local transfer	.10	.10	---	---	---
Interagency transfer	.35	.35	.50	.50	.50
 <u>Day Pass:</u>					
Regular			\$ 2.50	\$ 3.50	\$ 4.00
Discounted			1.50	2.00	2.50
 <u>Monthly Pass:</u>					
Regular	\$ 40.00	\$ 40.00	\$ 50.00	\$ 60.00	\$ 65.00
Student	23.00	23.00	31.00	35.00	40.00
Senior & Disabled	11.00	11.00	19.00	21.00	24.00
 Dial-A-Lift Service:					
Cash Fares	\$ 1.00	\$ 1.00	\$ 1.50	\$ 2.00	\$ 2.00
 Water Taxi:					
<u>Cash Fares:</u>					
AquaBus	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00	\$ 1.00
AquaLink		2.00	3.00	5.00	5.00

**Demographic and Economic Information
City of Long Beach
Demographic Statistics
2000-2010***

Exhibit 8

Fiscal Year Ended June 30	Estimated Population (A)	Personal Income (in millions) (B)	Per Capital Personal Income (B)	Public School Enrollment (C)	Unemployment Rate (D)
2000	461,522	9,568	20,732	91,465	6.0
2001	467,072	10,101	20,627	93,694	6.3
2002	472,763	10,420	22,042	96,488	7.5
2003	480,114	10,940	22,787	97,212	7.7
2004	485,797	11,620	23,919	97,560	7.2
2005	488,367	12,385	23,266	96,319	5.9
2006	489,673	13,461	27,490	93,589	5.3
2007	488,848	13,953	28,543	90,663	5.6
2008	489,864	14,211	29,011	88,186	8.2
2009	492,682	N/A	N/A	87,519	12.8

Sources:

- (A) California Department of Finance.
- (B) Bureau of Economic Analysis. Personal income and per capita personal income, with exception of 2005, are based on percent change of per capita personal income for Los Angeles-Long Beach-Santa Ana, CA (Metropolitan Statistic Area). Personal income and per capita personal income are not available for 2009.
- (C) California Department of Education Educational Demographic Unit. Annual school census from Long Beach Unified School District for preschool, grades kindergarten through 12.
- (D) Average annual rate reported by California Employment Development Department (EDD).

N/A - not available.

* Data not available for 2010.

Long Beach Public Transportation Company

Demographic and Economic Information City of Long Beach Principal Employers Current Year and Nine Years Ago*

Exhibit 9

Employer	2009 Number of Employees	Percentage of Total City Employment	2000 Number of Employees	Percentage of Total City Employment
Long Beach Unified School District	8,304	3.57%	15,000	7.16%
Boeing, N.A. (Previously - McDonnell Douglas)	7,684	3.31	14,000	6.68
California State University, Long Beach	6,690	2.88	2,755	1.32
Long Beach Memorial Medical Center	5,805	2.50	4,102	1.96
City of Long Beach	5,570	2.40	6,166	2.94
Veterans Affairs Medical Center	2,332	1.00	1,985	.95
Long Beach City College	2,276	.98	N/A	.00
Verizon	1,500	.65	653	.31
St. Mary's Medical Center	1,479	.64	1,650	.79
United States Postal Service	1,434	.62	910	.43
GTE	N/A	N/A	1,700	.81

Source: City of Long Beach, Department of Community Development and the US Census Bureau Labor Force as of 2005.

* This is the latest information available.

N/A – data not available.

Long Beach Public Transportation Company

Operating Information Key Performance Indicators 2001 – 2010

Exhibit 10

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>Fixed Route</u>										
Operating Cost Per Vehicle Service Hour	\$70.16	\$70.74	\$73.74	\$76.52	\$75.64	\$83.12	\$87.48	\$96.17	\$96.28	\$98.73
Operating Cost Per Passenger	\$ 1.74	\$ 1.79	\$ 1.89	\$ 1.96	\$ 1.95	\$ 2.08	\$ 2.22	\$ 2.36	\$ 2.20	\$ 2.34
Roadcalls	1,158	942	1,034	978	1,133	871	1,142	1,339	1,392	1,481
Miles Between Roadcalls	6,511	7,207	7,338	8,257	7,211	9,014	6,771	5,904	5,716	5,384
Total Accidents	902	837	819	854	754	883	937	923	940	923
Preventable Accidents	157	143	105	139	138	164	154	166	149	100
Preventable Accidents Per 100,000 Miles	2.23	2.01	1.34	1.72	1.69	2.09	1.99	2.10	1.87	1.25
Passengers per Vehicle Service Hour	45	45	43	41	41	40	42	43	44	43
Service Delivery Rate	99.95%	99.99%	99.75%	99.72%	99.73%	99.35%	99.45%	99.88%	99.88%	99.85%
Number of Vehicles	219	224	221	221	228	229	229	229	263	265
Number of Employees	616	672	711	715	691	680	737	739	742	732
<u>Special Services</u>										
Dial-A-Lift Cost Per Passenger	\$12.45	\$12.71	\$13.42	\$14.71	\$15.97	\$18.57	\$19.96	\$21.32	\$21.65	\$23.02
Dial-A-Lift Passengers Per Vehicle Service Hour	4.2	5.1	5.6	6.1	5.9	5.3	5.0	4.8	4.7	4.8
Number of Dial-A-Lift Vehicles	23	18	18	18	18	18	18	17	16	17
Water Taxi Cost Per Passenger	\$ 4.16	\$ 5.69	\$ 4.69	\$ 5.91	\$ 6.29	\$ 7.10	\$ 8.24	\$10.17	\$ 9.47	\$10.99
Water Taxi Passengers Per Vehicle Service Hour	10.6	12.9	18.1	15.6	18.56	14.03	13.50	14.54	14.96	13.81
Number of Water Taxi Vessels	2	3	3	3	3	3	3	3	3	3

Long Beach Public Transportation Company

Operating Information Customer Satisfaction Trends 1998-2009*

Exhibit 11

Service Element	% of Customers Rating Favorably										
	1998	1999	2000	2001	2002	2003	2004	2006	2007	2008	2009
LBT Overall	92	91	96	94	92	94	92	90	95	96	95
LBT Compared to Others	86	94	92	86	87	88	91	87	94	92	89
Driver Appearance	97	96	98	100	96	96	96	97	97	99	97
Fares	94	91	91	89	90	94	92	88	90	91	85
Driver Courtesy	92	89	92	89	86	89	86	90	91	88	90
Driver Safety	95	97	95	92	91	93	92	93	93	93	97
On Board Safety	95	94	92	93	90	91	88	91	90	93	95
Route Convenience	91	91	93	90	93	96	85	92	93	96	93
Information Available	89	92	92	90	91	89	89	88	88	93	93
Telephone Information	92	88	88	88	86	86	86	81	90	92	91
Bus Stop Safety	91	90	90	92	87	84	83	86	82	91	87
Bus Stop Convenience	93	93	94	95	96	94	---	94	95	97	95
Schedule Reliability	66	82	80	82	75	84	69	74	72	77	78
Bus Cleanliness	91	92	88	88	88	90	79	84	76	88	85
Bus Stop Cleanliness	76	88	85	84	82	74	80	81	75	89	84
Customer Satisfaction Index**	90	91	91	90	89	90	86	88	88	92	90

Source: Annual community survey.

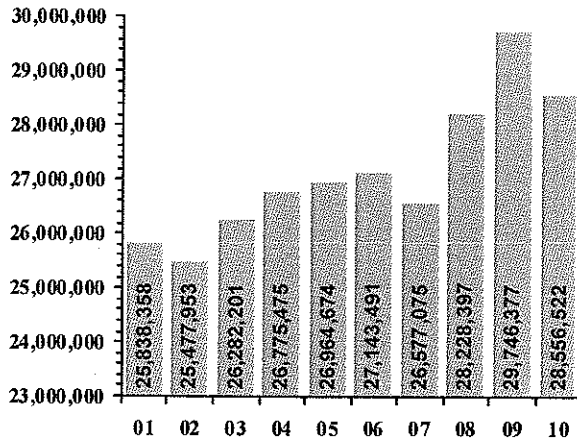
* Formal customer surveys were not performed for fiscal years 2005 and 2010.

** The customer satisfaction index is an average of the above ratings.

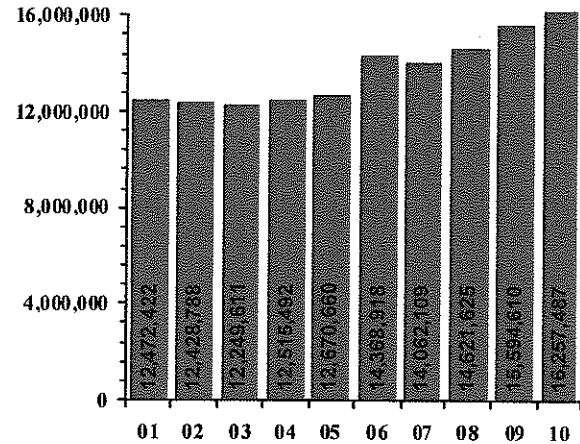
Operating Information Fixed Route Statistics 2001 - 2010

Exhibit 12

Annual Ridership

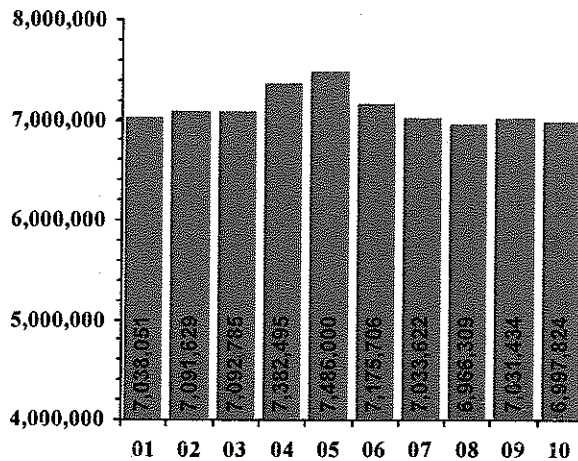


Annual Passenger Fare Revenues

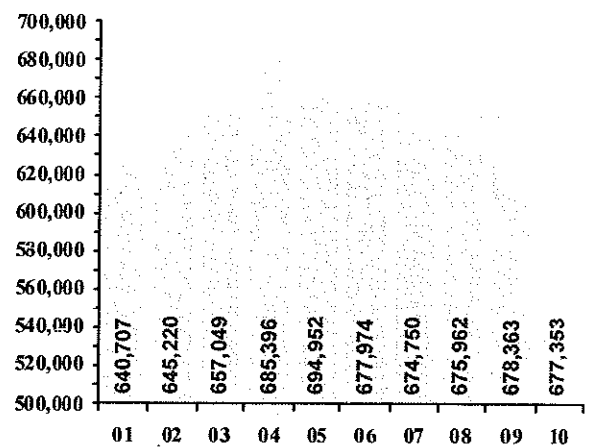


Ridership has dropped due to high unemployment and the cessation of the UPASS for the summer months. A fare increase initiated in February 2010 produced a 4% increase in fare revenue for the fixed route service. Service levels remained virtually unchanged from 2009. A weakening economy and lower subsidy dollars limited the Company's ability to provide additional or new service.

Annual Revenue Miles



Annual Revenue Hours

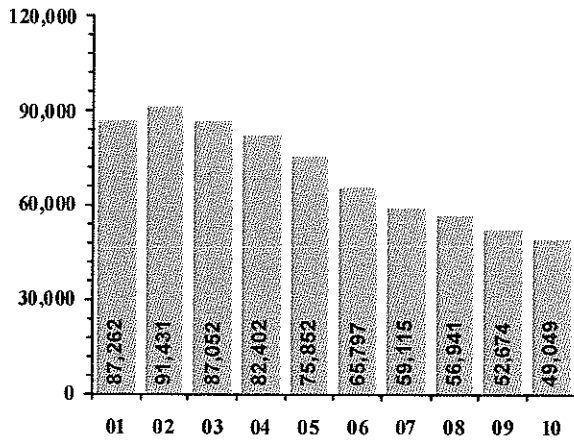


Source: Long Beach Transit's Annual National Transit Database Report

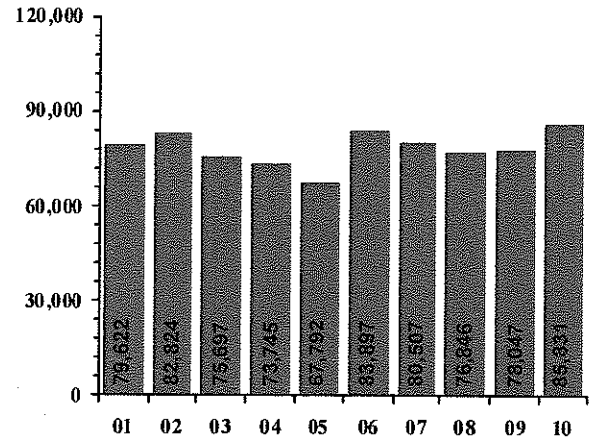
Operating Information
Dial-A-Lift Statistics
2001 - 2010

Exhibit 13

Annual Ridership

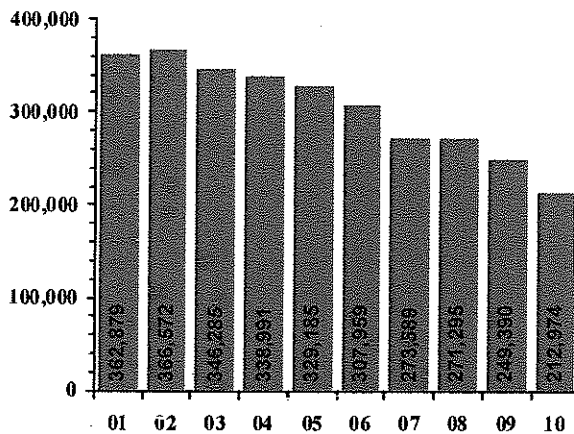


Annual Passenger Fare Revenues

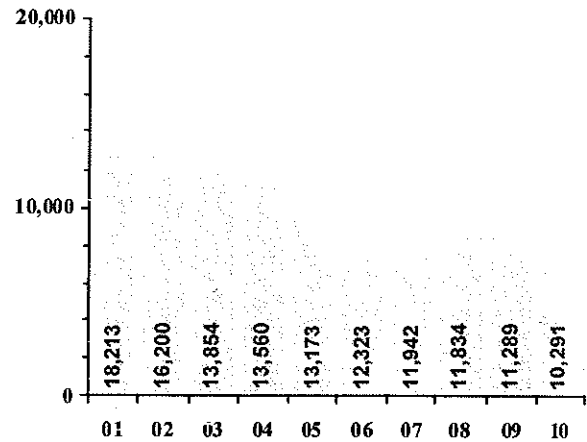


We continue to see a drop in Dial-A-Lift customers as they move to the fixed route bus system which is 100% accessible. The size of the active members in the current program has also declined slightly. The Dial-A-Lift service is supplied by a local taxi company which supplements Dial-A-Lift van rides with taxi trips on an as-needed basis. Recommendations for better cost effectiveness and service reporting (e.g. more shared rides, a reduction in vans used, and expanded service data) made in a recent comprehensive operational analysis are being implemented to reduce costs while maintaining a high level of service.

Annual Revenue Miles



Annual Revenue Hours

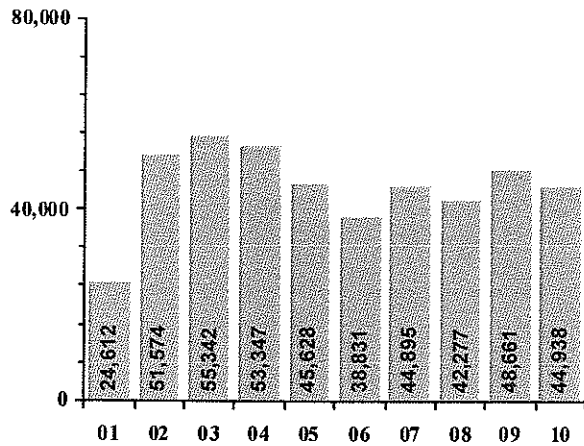


Source: Long Beach Transit's Annual National Transit Database Report

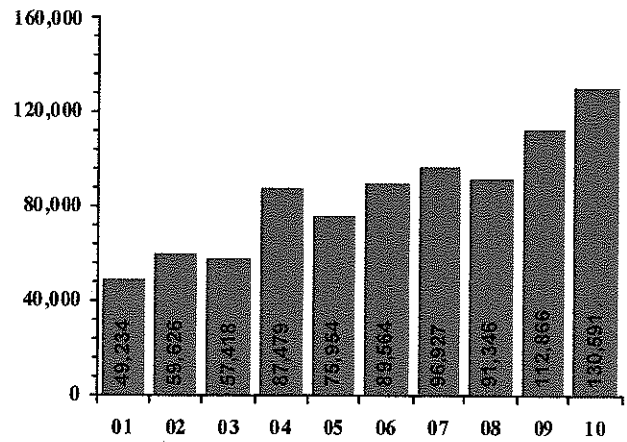
Operating Information Water Taxi Statistics 2001-2010

Exhibit 14

Annual Ridership

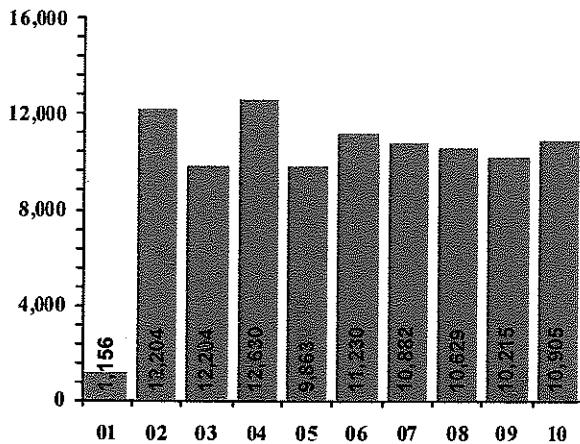


Annual Passenger Fare Revenues

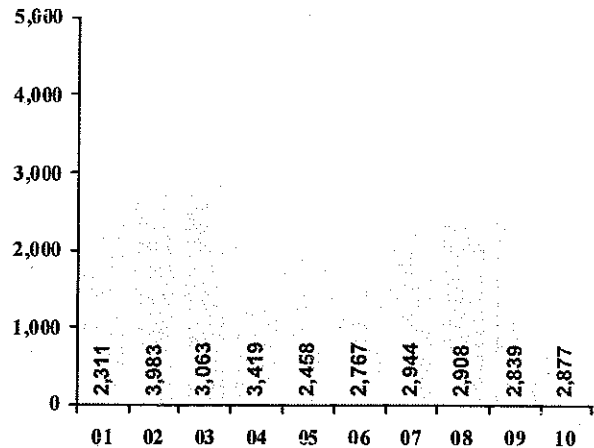


There are two routes for the water taxi service. The Aquabus is assigned two smaller vessels and the Aqualink service is provided by a larger catamaran. Even though ridership declined in 2010, revenue increased by 15% due to a full year of the fare increase for the Aqualink that was initiated in mid-2009.

Annual Revenue Miles



Annual Revenue Hours



Source: Long Beach Transit's Annual National Transit Database Report

Long Beach Public Transportation Company

Operating Information Schedule of Insurance in Force June 30, 2010

Exhibit 15

<u>Program</u>	<u>Expiration Term</u>	<u>Company</u>	<u>Amount/Limit</u>
<u>LIABILITY</u>			
A. Auto and General Liability			
	7/1/11 1 yr	Everest National Insurance Company	\$10,000,000 excess of \$1,000,000 SIR
B. Underground Storage Tank- Third-Party Liability			
	3/4/11 1 yr	Illinois Union Insurance Co.	\$1,000,000 - each incident \$2,000,000 - aggregate Deductible \$10,000
<u>PROPERTY & SPECIAL MULTI-FLEX</u>			
	3/14/11 1 yr	Hartford Fire Insurance Company	\$ 21,304,010 Real Property \$ 31,231,000 Business Personal Property \$ 25,000 Deductible for buses in the open \$ 475,000 Extra Expense \$ 2,500 per occurrence; except \$25,000 for buses in the yard
<u>WORKERS' COMPENSATION</u>			
	7/1/11 1 yr	Safety National Casualty Corp	\$25,000,000 excess of \$2,000,000 Specific retention \$1,500,000
<u>CRIME SHIELD POLICY</u>			
	8/8/11 1 yr	Hartford Fire Insurance Co.	\$1,000,000 - employee theft; \$20,000 deductible \$1,000,000 - computer and funds transfer fraud; \$5,000 deductible \$100,000 - theft, disappearance and destruction; \$5,000 deductible
<u>FELONIOUS ASSAULT POLICY</u>			
	7/1/11 3 yr	Chubb and Son, A Division of Federal Insurance Company	\$100,000 - life insurance policy

Source: Long Beach Transit's Risk Management Department.

Operating Information Fixed-Route Bus Service Summary of Service Frequency and Hours of Operation

Exhibit 16

DAILY HOURS OF OPERATION

FREQUENCY OF SERVICE

ROUTES	Peak/Base (5am-6pm)			Evening/Night (after 6pm)			DAILY HOURS OF OPERATION		
	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday
1	20/30	40	40	30/60	40	40	538A - 905P	515A - 1002P	515A - 1002P
20	15	20	20	15/30/60	20/30/60	20/30/60	440A - 105X	515A - 1253X	515A - 1253X
40	7.5	12	15	12/30	15/30	15/30	436A - 1251X	504A - 1251X	504A - 1251X
50	12	15	20	20/30	20/30	25/30	445A - 1225X	505A - 1225X	505A - 1225X
60	12	15	20	20/30	30	30	450A - 105X	536A - 105X	537A - 105X
70	20/30	40	40	30	40	40	502A - 823P	---	---
80	40/60	--	--	--	--	--	617A - 605P	---	---
90	10/12	15	20	15/30	20/30	20/30	410A - 1259X	505A - 1256X	500A - 1254X
96 ZAP	12	--	--	--	--	--	636A-914A	---	---
100	15/30	30/60	--	20/40	--	--	1250P-513P	---	---
110	15/20	30/35	30/35	15/30/60	30/60	30/60	454A - 1013P	550A - 735P	---
130	40/45	60	60	45	60	60	500A - 111X	533A - 1253X	533A - 1253X
170	15	15	15	15/30	20/30	20/30	515A - 810P	600A - 646P	600A - 646P
171	30	--	--	30/40	--	--	458A - 1252X	523A - 1252X	523A - 1252X
180	40	40	40	60	60	60	500A - 1048P	---	---
190	15	20	20	15/30	20/30	20/30	455A - 1248X	511A - 1248X	511A - 1248X
Passport A/D	15	15	15	15/20	15/20	15/20	449A - 110X	515A - 115X	515A - 115X
Passport B	15	20	20	20/30	20/30	20/30	500A - 1256X	520A - 1253X	520A - 1253X
Passport C	10	8	8	10/20	8/20	8/20	432A - 1247X	459A - 1247X	459A - 1247X
							514A - 101X	520A - 101X	520A - 101X

Source: Long Beach Transit's Service Development Department

**Pension Information
Employer Pension Contributions
2001 - 2010**

<u>Fiscal Year Ended June 30</u>	<u>Employer Contribution*</u>	<u>Payroll</u>	<u>Contribution as a Percentage of Payroll</u>
<u>Contract Plan</u>			
2001	\$ 1,299,915	18,640,591	7.00%
2002	1,456,659	18,702,293	7.88
2003	1,908,129	19,213,438	9.94
2004	2,099,246	20,188,278	10.49
2005	1,910,696	20,859,915	9.11
2006	2,055,584	21,628,593	10.08
2007	2,777,353	21,866,049	12.32
2008	2,661,268	23,643,084	11.35
2009	3,048,814	25,266,127	12.18
2010	4,111,605	25,501,412	16.20
<u>Salaried Plan</u>			
2001	\$ 697,882	6,413,045	11.46%
2002	938,473	6,999,408	13.54
2003	1,241,173	7,516,706	16.54
2004	1,194,982	7,783,115	15.42
2005	1,052,894	7,849,876	13.35
2006	1,060,300	7,954,923	12.88
2007	1,006,587	8,486,732	12.30
2008	1,202,609	9,125,649	13.43
2009	1,582,975	9,554,774	17.26
2010	1,964,523	9,337,229	23.11

* Total contribution amounts reflect year-end accruals which are adjusted for actual pay in the following fiscal year.
Source: Contract and Salaried pension plan financial statements for the year-ended June 30, 2010.
These financial statements are prepared under separate cover and contain additional trend information.

Long Beach Public Transportation Company

Pension Information Pension Revenues by Source and Expenses by Type 2001 - 2010

Exhibit 18

Fiscal Year Ended June 30	Revenues by Source				Expenses by Type			
	Employer Contribution	Benefit transfer receivable	Investment Return	Total	Administrative Expenses	Benefit Payments	Benefit transfer payable	Total
<u>Contract</u>								
<u>Plan</u>								
2001	\$ 1,299,915	\$ ---	\$ (1,242,132)	\$ 57,783	\$ 190,122	\$ 2,294,629	\$ ---	\$ 2,484,751
2002	1,456,659	---	(978,566)	478,093	168,646	2,842,807	---	3,011,453
2003	1,908,129	---	927,966	2,836,095	159,046	1,327,836	720,171	2,207,053
2004	2,099,246	---	2,752,163	4,851,409	203,377	1,835,296	22,853	2,061,526
2005	1,910,696	---	2,029,549	3,940,245	191,829	2,294,689	31,496	2,518,014
2006	2,055,584	---	2,599,457	4,655,041	226,499	3,095,306	160,267	3,482,072
2007	2,777,353	---	3,485,553	6,262,906	224,618	2,847,651	365,198	3,437,467
2008	2,661,268	---	571,633	3,232,901	242,097	2,238,944	6,800	2,487,841
2009	3,048,814	---	(5,613,626)	(2,564,812)	167,515	1,448,156	35,377	1,651,048
2010	4,111,605	---	(3,780,305)	331,300	204,627	2,544,902	158,341	2,907,870
<u>Salaried</u>								
<u>Plan</u>								
2001	\$ 697,882	\$ ---	\$ (222,349)	\$ 475,533	\$ 80,988	\$ 743,032	\$ ---	\$ 824,020
2002	938,473	---	(239,242)	699,231	81,827	652,957	---	734,784
2003	1,241,173	720,171	423,704	2,385,048	89,856	380,953	---	470,809
2004	1,194,982	22,853	1,253,069	2,470,904	108,519	788,282	---	896,801
2005	1,052,894	31,496	976,622	2,061,012	107,490	1,202,742	---	1,310,232
2006	1,060,300	160,267	1,014,406	2,234,973	130,980	1,669,281	---	1,800,261
2007	1,006,587	365,198	1,687,859	3,059,644	134,999	2,092,796	---	2,227,795
2008	1,202,609	6,800	(184,115)	1,025,294	124,292	3,654,399	---	3,778,691
2009	1,582,975	35,377	(1,889,274)	(270,922)	90,378	1,567,196	---	1,657,574
2010	1,964,523	158,341	(1,169,295)	953,569	94,633	950,146	---	1,044,779

Source: Contract and Salaried pension plan financial statements for the year-ended June 30, 2010.
These financial statements are prepared under separate cover and contain additional trend information.

Long Beach Public Transportation Company

Exhibit 19

Grant Information Capital Grant History Federal Grants 2001 - 2010

FTA Grants	Authorized Amount	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CA-03-0368	\$13,875,000										
CA-90-X671	7,362,000	\$ 19,972									
CA-90-X717	3,397,000	11,122									
CA-03-0468	1,488,850			\$ 829,949							
CA-03-0474	992,500	72,358	\$ 189,578	508							
CA-90-X778	3,267,220	576,287	540,713								
CA-90-X841	3,793,248	924,112	254,938	11,406							
CA-03-0496	1,465,794	1,104,549	94,610	92,632	\$ 66,258						
FBD	1,200,000	1,138,548									
CA-90-X915	8,769,677	951,221	846,627	5,875,660	176,109	\$ 320,232	\$ (1,267)				
CA-90-X950	6,249,570	2,483,944	1,126,987	80,438	1,288,310	1,212,151	(21,161)				
CA-90-Y057	10,381,045	447,781	5,197,417	2,201,222	899,083	1,225,417	273,569	\$ 127,546			
CA-90-Y082	11,356,000		170,751	5,195,237	407,214	1,177,836	3,478,611	227,586	\$ 79,907	\$ 608,104	
CA-90-Y117	7,751,180		1,577,124	4,024,566	591,854	529,645	104,451	104,124	582,745	239,603	
CA-03-0596	1,980,630		60			1,966,039	23,702				
CA-90-X011	35,000			13,096	21,905						
CA-90-Y136	7,788,668			2,916,966	1,381	4,526,858	297,813	36,203			
CA-90-Y226	10,958,295			83,659	1,875,129	6,216,499	2,077,500	166,025	452,558	241,178	\$ 57,407
CA-90-Y271	9,982,170				35,834	5,154,206	1,574,121	1,168,787	754,104	1,132,509	130,707
CAL0301	204,000				131,611		(131,611)				
CA-03-0642	1,980,058					1,921,249	58,809				
CA-03-0664	2,074,022					1,668,386	53,052				
CA-90-Y391	13,354,479					454,548		1,974,135	5,457,189	2,125,881	484,648
CA-90-Y440	1,295,708							1,295,708	1,343,478	3,394,798	178,157
Subtotal		\$7,729,894	\$9,998,745	\$21,325,399	\$5,494,688	\$25,918,518	\$8,242,137	\$5,100,114	\$8,669,981	\$7,742,073	\$850,919

Continued

Long Beach Public Transportation Company

Grant Information Capital Grant History (Continued) Federal Grants 2001 - 2010

Exhibit 19

FTA Grants	Authorized Amount	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Subtotal		\$7,729,894	\$9,998,745	\$21,325,399	\$5,494,688	\$25,918,518	\$8,242,137	\$5,100,114	\$8,669,981	\$ 7,742,073	\$ 850,919
CA-90-Y502	\$14,756,941								1,979,965	10,160,890	1,582,195
CA-90-Y652	13,051,166								5,821	1,446,032	1,569,176
CA-95-X040	447,000								18,538	70,418	300,763
CA-03-0714	970,874								970,874		
CA-04-0061	1,915,492								3,651	1,911,839	
CA-90-Y731	14,960,635									71,794	5,850,160
CA-03-0759	485,888									485,888	
CA-96-X007	16,497,214									496,563	6,466,024
TOTAL		\$7,729,894	\$9,998,745	\$21,325,399	\$5,494,688	\$25,918,518	\$8,242,137	\$5,100,114	\$11,648,830	\$22,385,497	\$16,619,237

Long Beach Public Transportation Company

Grant Information Capital Grant History State Grants 2001 - 2010

Exhibit 20

State Grants	Authorized Amount	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
CA-03-0368	\$ 4,625,000	\$ 669	\$ 699								
CA-90-X671	1,841,000	5,493									
CA-90-X717	849,250	3,078									
CA-03-0468	372,212			\$ 207,873							
CA-03-0474	250,000	18,090	47,394	127							
CA-90-X778	816,805	144,072	130,385								
CA-90-X841	947,812	231,028	63,738	10,362							
CA-90-X915	2,142,753	237,806	211,656	1,453,638	\$ 44,035	\$ 77,936	\$ 329				
CA-03-0496	366,448	276,138	23,652	20,809	41,566						
CA-90-X950	1,660,481	620,458	281,791	123,719	399,844	204,778	11,388				
CA-90-Y057	2,429,263	111,692	1,245,281	557,130	224,773	302,449	79,382	\$ 33,271			
CA-90-Y082	1,471,292		22,122	671,328	52,759	152,352	450,691	29,486	\$ 10,394	\$ 84,231	
CA-90-Y117	1,937,795		392,840	1,035,009	147,967	132,350	26,111	26,047	145,681	59,932	
MTAP6059	100,000		18,334	13,433	5,088						
CA-03-0596	495,158			15		491,442	3,701				
CA-90-Y136	1,404,025			378,326	323	968,205	51,248	4,689			
CA-90-Y226	2,739,574			18,730	468,790	1,331,200	440,036	39,728	111,941	88,662	\$ 14,374
CA-03-0642	405,554					438,604	(33,049)				
CA-95-X040	203,182								8,427	32,009	11,826
Subtotal		\$1,648,524	\$2,437,892	\$4,490,499	\$1,385,145	\$4,099,316	\$1,029,837	\$ 133,221	\$ 276,443	\$ 264,834	\$ 26,200

Continued

Long Beach Public Transportation Company

Grant Information Capital Grant History (continued) State Grants 2001 - 2010

Exhibit 20

State Grants	Authorized Amount	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Subtotal		\$1,648,524	\$2,437,892	\$4,490,499	\$1,385,145	\$4,099,316	\$1,029,837	\$ 133,221	\$ 276,443	\$ 264,834	\$ 26,200
TDA 96	\$4,072,000	55,480	27,975	33,548							
TDA 99	792,000										
TDA 00	3,250,000	2,995,587									
TDA 01	468,185	333,185	133,860	1,130							
TDA 02	32,225	7,549		222,698							
TDA 03	655,624			384,298			(1,161)				
STA 00	1,012,135	5,500									
STA 01	990,696	638,201	272,786	235,864	41,609	6,257	557		7,280		
STA 02	1,341,400		807,476	530,452	57,677	(25,150)	27,391	3,568	2,230		
STA 03	838,329			440	631,646	153,430	19,189	30,568	3,698		
STA 07	910,000								746,044		
STA 08	3,528,162								102,135	2,352,877	440,431
MSRC 05	335,453										
PTMISEA						330,453					
SEC 08	371,111									240,999	678,325
TOTAL		\$5,676,477	\$3,687,538	\$5,675,101	\$2,339,905	\$4,605,316	\$1,075,813	\$ 167,357	\$1,137,830	\$2,858,710	\$1,144,956

Long Beach Public Transportation Company

Grant Information Capital Grant History Local Grants 2001 - 2010

Exhibit 21

Local Grants	Authorized Amount	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Prop A FY 96	\$1,300,000										
Prop A FY 97	1,185,000										
Prop A FY 98	1,207,000										
Prop A FY 99	1,933,150										
Prop A - FBD	309,000										
Prop C Security FY00	245,000		\$ 22,484								
Prop A FY 00	3,243,000	\$2,746,887	323,983	\$ 15,606							
Prop A FY 01	40,000	35,854									
Prop C FY 01	2,100,000		559,705	1,535,061							
Prop C Security FY 01	152,000					\$ 12,882					
Prop A FY 02	40,000		44,000								
Prop C Security FY 02	65,000		1,700	49,204	\$ 11,051	4,745					
Prop C Security FY 03	349,154				193,599	24,817	\$ 60,772	\$ 40,346	\$ 23,888	\$ 4,096	
AQMD 03	684,837			684,837							
Prop C Security FY 04	923,452				5,674	825,606	36,957	5,603	16,208	127	
Prop C - CA-90-Y271	2,375,547				8,960	1,199,967	388,360	300,489	173,882	212,278	\$ 27,101
Prop C FY 02	1,041,853				331,967	395,502	242,904	60,541	3,004		
Prop C FY 03	1,123,797				130,606	592,344	61,441	223,736	111,223		
Prop C-CA-03-0664	352,584					341,786	10,798				
Prop C FY 04	923,452					203,569	164,860	5,018	98,592	335	
Subtotal		\$2,782,741	\$ 951,872	\$2,284,708	\$ 681,857	\$3,601,218	\$ 966,092	\$ 635,733	\$ 426,797	\$ 216,836	\$ 27,101

Continued

Long Beach Public Transportation Company

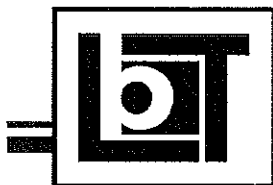
Grant Information Capital Grant History (Continued) Local Grants 2001 - 2010

Exhibit 21

Local Grants	Authorized Amount	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Subtotal		\$2,782,741	\$ 951,872	\$2,284,708	\$ 681,857	\$3,601,218	\$ 966,092	\$ 635,733	\$ 426,797	\$ 216,836	\$ 27,101
Prop C Security FY 05	324,000					194,669	11,742			110,000	
Prop C FY 05	1,324,200						382,558	639,725	237,755	39,410	
Prop C-CA-90-Y391	2,934,372						101,084	455,102	1,168,738	486,797	118,327
Prop C-CA-90-Y440	1,329,020							242,753	331,894	682,488	36,085
Prop C FY 06	1,398,323							12,717	1,364,204		
MTA8320	65,625						65,624				
Prop C FY 07	152,022							291	13,570	137,823	
Prop C Security FY 07	24,000							4,731	18,279		
Prop C Sec-CA-90-Y440	138,600							81,202	3,943	44,280	8,456
Prop C FY 08	987,014								237,858	670,767	111,424
Prop C-CA-90-Y502	3,469,451								495,589	2,562,193	394,626
Prop C-CA-90-Y652	1,940,738								1,455	245,504	289,667
Prop C-CA-03-0714	198,854								198,854		
Prop C-CA04-0061	392,330								748	391,582	
MTA 8111	428,774								162,341	62,909	164,545
AQMD 08	81,744									81,744	
Prop C- CA03-0759	99,520									99,520	
Prop C Sec-CA-90-Y652	47,128									13,381	33,761
Prop C Sec FY08	31,896									31,896	
Prop C FY 09	971,734									142,767	322,747
Prop C-CA90-Y731	3,287,112									63,292	1,484,939
Prop C FY 10											60,825
TOTAL		\$2,782,741	\$ 951,872	\$2,284,708	\$ 681,857	\$3,795,887	\$1,527,100	\$2,072,254	\$4,662,025	\$ 6,083,189	\$3,052,503

Intentionally Left Blank

***SINGLE AUDIT REPORTS
AND GRANT ACTIVITY REPORTS***
LONG BEACH PUBLIC TRANSPORTATION COMPANY
For the Year Ended June 30, 2010



LONG BEACH TRANSIT

LONG BEACH PUBLIC TRANSPORTATION COMPANY
SINGLE AUDIT AND GRANT ACTIVITY REPORTS
YEAR ENDED JUNE 30, 2010

Table of Contents

Principal Officials	1
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2
Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	4
Schedule 1	
<i>Schedule of Expenditures of Federal and Non-Federal Awards</i>	6
Notes to Schedule of Expenditures of Federal and Non-Federal Awards	10
Schedule of Findings and Questioned Costs	11
Report on the Long Beach Public Transportation Company's Compliance with the State of California Transportation Development Act	12
Schedule 2	
<i>Schedule of State of California Expenditures of Awards</i>	13
Notes to Schedule of State of California Expenditures of Awards	15
Schedule 3	
<i>Transportation Development Act - 50% Expenditure Limitation Calculation</i>	16
Independent Accountants' Report on Applying Agreed-Upon Procedures	17

LONG BEACH PUBLIC TRANSPORTATION COMPANY
Principal Officials

Board of Directors

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

Management

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



WINDES & MCCLAUGHRY
ACCOUNTANCY CORPORATION
Certified Public Accountants & Consultants
EXCEEDING EXPECTATIONS SINCE 1926

Landmark Square
111 West Ocean Boulevard
Twenty-Second Floor
Long Beach, CA 90802

T: (562) 435-1191
F: (562) 495-1665

www.windes.com

Other Offices:
Irvine
Torrance

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

To the Board of Directors of
Long Beach Public Transportation Company

We have audited the financial statements of Long Beach Public Transportation Company as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Winder & McClaughry

Long Beach, California
October 29, 2010



WINDES & MCCLAUGHRY
ACCOUNTANCY CORPORATION
Certified Public Accountants & Consultants
EXCEEDING EXPECTATIONS SINCE 1926

Landmark Square
111 West Ocean Boulevard
Twenty-Second Floor
Long Beach, CA 90802

T: (562) 435-1191
F: (562) 495-1665

www.windes.com

Other Offices:
Irvine
Torrance

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

To the Board of Directors of
Long Beach Public Transportation Company

Compliance

We have audited the Long Beach Public Transportation Company's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Long Beach Public Transportation Company's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Long Beach Public Transportation Company's management. Our responsibility is to express an opinion on Long Beach Public Transportation Company's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Long Beach Public Transportation Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Long Beach Public Transportation Company's compliance with those requirements.

In our opinion, Long Beach Public Transportation Company complied, in all material respects, with the 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, 2010.

Internal Control Over Compliance

Management of Long Beach Public Transportation Company is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Long Beach Public Transportation Company's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Long Beach Public Transportation Company's internal control over compliance.

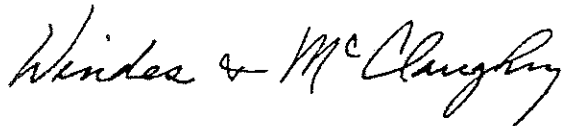
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

Schedule of Expenditures of Federal and Non-Federal Awards

We have audited the financial statements of the Long Beach Public Transportation Company as of and for the year ended June 30, 2010 and have issued our report thereon, dated October 29, 2010, which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards is presented for the purposes of additional analysis as required by OMB Circular A-133, and is not a required part 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 as a whole.

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



Long Beach, California
October 29, 2010

Schedule 1
LONG BEACH PUBLIC TRANSPORTATION COMPANY
 Schedule of Expenditures of Federal and Non-Federal Awards
 Year ended June 30, 2010

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration			
	<u>CA-90-226</u>	<u>CA-90-271</u>	<u>CA-90-391</u>	<u>CA-90-440</u>
Grant Period:				
From	08/26/03	05/19/05	12/15/05	07/24/06
To	Completion	Completion	Completion	Completion
Total grant award(s):				
Federal	\$ 11,170,983	\$ 9,982,170	\$ 13,354,479	\$ 6,358,401
Non-Federal	<u>2,526,887</u>	<u>2,375,547</u>	<u>3,026,551</u>	<u>1,507,494</u>
Total	<u>\$ 13,697,870</u>	<u>\$ 12,357,717</u>	<u>\$ 16,381,030</u>	<u>\$ 7,865,895</u>
Revenues:				
Federal:				
Cash received	\$ 60,323	\$ 134,812	\$ 626,996	\$ 226,442
(Accrued) deferred, July 1, 2009	(2,916)	(4,105)	(159,707)	(48,285)
Accrued (deferred), June 30, 2010	---	---	17,359	---
Grant revenue recognized	<u>57,407</u>	<u>130,707</u>	<u>484,648</u>	<u>178,157</u>
Non-Federal	<u>14,373</u>	<u>27,102</u>	<u>120,125</u>	<u>44,541</u>
Total revenues	<u>\$ 71,780</u>	<u>\$ 157,809</u>	<u>\$ 604,773</u>	<u>\$ 222,698</u>
Expenditures:				
Federal	\$ 57,407	\$ 130,707	\$ 484,648	\$ 178,157
Non-Federal	<u>14,373</u>	<u>27,102</u>	<u>120,125</u>	<u>44,541</u>
Total expenditures	<u>\$ 71,780</u>	<u>\$ 157,809</u>	<u>\$ 604,773</u>	<u>\$ 222,698</u>

(Continued)

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

Schedule 1-2

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2010

	Program of Federal Domestic Assistance Catalogue No. 20.507 Department of Transportation Federal Transit Administration			
	<u>CA-90-502</u>	<u>CA-90-652</u>	<u>CA-95-040</u>	<u>CA-04-061</u>
Grant Period:				
From	08/17/07	08/04/08	09/07/07	12/19/07
To	Completion	Completion	Completion	Completion
Total grant award(s):				
Federal	\$ 14,756,941	\$ 13,051,166	\$ 447,000	\$ 1,915,492
Non-Federal	3,769,727	1,987,866	230,273	392,330
Total	<u>\$ 18,526,668</u>	<u>\$ 15,039,032</u>	<u>\$ 677,273</u>	<u>\$ 2,307,822</u>
Revenues:				
Federal:				
Cash received	\$ 2,526,156	\$ 1,604,868	\$ 298,696	\$ 42,381
(Accrued) deferred, July 1, 2009	(993,348)	(155,055)	(1,980)	(42,381)
Accrued (deferred), June 30, 2010	49,388	119,363	4,047	---
Grant revenue recognized	1,582,196	1,569,176	300,763	---
Non-Federal	393,238	323,428	154,945	---
Total revenues	<u>\$ 1,975,434</u>	<u>\$ 1,892,604</u>	<u>\$ 455,708</u>	<u>\$ ---</u>
Expenditures:				
Federal	\$ 1,582,196	\$ 1,569,176	\$ 300,763	\$ ---
Non-Federal	393,238	323,428	154,945	---
Total expenditures	<u>\$ 1,975,434</u>	<u>\$ 1,892,604</u>	<u>\$ 455,708</u>	<u>\$ ---</u>

(Continued)

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

Schedule 1-3

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2010

**Program of Federal Domestic
Assistance Catalogue No. 20.516
Department of Transportation
Federal Transit Administration**

	<u>JARC CA-37-057</u>	<u>JARC CA-37-082</u>	<u>JARC CA-37-082</u>
Grant Period:			
From	07/22/04	05/26/08	05/26/08
To	Completion	Completion	Completion
Total grant award(s):			
Federal	\$ 343,955	\$ 175,219	\$ 219,024
Non-Federal	343,955	175,219	219,024
Total	<u>\$ 687,910</u>	<u>\$ 350,438</u>	<u>\$ 438,048</u>
Revenues:			
Federal:			
Cash received	\$ 2,842	\$ 114,907	\$ 92,772
(Accrued) deferred, July 1, 2009	---	(72,177)	(82,533)
Accrued (deferred), June 30, 2010	---	---	3,585
Grant revenue recognized	2,842	42,730	13,824
Non-Federal	2,842	42,730	13,824
Total revenues	<u>\$ 5,684</u>	<u>\$ 85,460</u>	<u>\$ 27,648</u>
Expenditures:			
Federal	\$ 2,842	\$ 42,730	\$ 13,824
Non-Federal	2,842	42,730	13,824
Total expenditures	<u>\$ 5,684</u>	<u>\$ 85,460</u>	<u>\$ 27,648</u>

(Continued)

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

Schedule 1-4

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal and Non-Federal Awards

Year ended June 30, 2010

**Program of Federal Domestic
Assistance Catalogue No. 20.507
Department of Transportation
Federal Transit Administration**

	<u>ARRA</u> <u>CA-96-007</u>	<u>CA-90-731</u>	<u>Totals</u>
Grant Period:			
From	06/29/09	08/04/09	
To	Completion	Completion	
Total grant award(s):			
Federal	\$ 16,497,214	\$ 14,960,635	\$ 103,232,679
Non-Federal	---	3,558,764	20,113,637
Total	<u>\$ 16,497,214</u>	<u>\$ 18,519,399</u>	<u>\$ 123,346,316</u>
Revenues:			
Federal:			
Cash received	\$ 5,993,306	\$ 4,003,577	\$ 15,728,078
(Accrued) deferred, July 1, 2009	(496,563)	(71,794)	(2,130,844)
Accrued (deferred), June 30, 2010	969,281	1,918,377	3,081,400
Grant revenue recognized	6,466,024	5,850,160	16,678,634
Non-Federal	2,057	1,573,388	2,712,593
Total revenues	<u>\$ 6,468,081</u>	<u>\$ 7,423,548</u>	<u>\$ 19,391,227</u>
Expenditures:			
Federal	\$ 6,466,024	\$ 5,850,160	\$ 16,678,634
Non-Federal	2,057	1,573,388	2,712,593
Total expenditures	<u>\$ 6,468,081</u>	<u>\$ 7,423,548</u>	<u>\$ 19,391,227</u>

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

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Notes to Schedule of Expenditures of Federal and Non-Federal Awards
Year ended June 30, 2010

(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, 2010. (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, 2010

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued – Unqualified

Internal control over financial reporting

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

Federal awards

Internal control over major programs

1. Material weakness(es) identified? – No
2. Significant deficiencies identified that are not considered to be material weakness(es)? – None reported
3. Type of auditors’ report issued on compliance for major programs? – Unqualified
4. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? – No
5. Identification of major programs: United States Department of Transportation Cluster – Federal Transit Administration Capital and Operating Assistance Formula Grants (CFDA No. 20.507).
6. Dollar threshold used to distinguish between type A and type B programs was \$500,359.
7. Auditee qualified as low-risk auditee? – Yes

SECTION II – FINANCIAL STATEMENTS FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None



WINDES & McCLAUGHRY
ACCOUNTANCY CORPORATION
Certified Public Accountants & Consultants
EXCEEDING EXPECTATIONS SINCE 1926

Landmark Square
111 West Ocean Boulevard
Twenty-Second Floor
Long Beach, CA 90802

T: (562) 435-1191
F: (562) 495-1665

www.windes.com

Other Offices:
Irvine
Torrance

**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, 2010, and have issued our report thereon, dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Schedule of State of California Expenditures of Awards

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

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

Long Beach, California
October 29, 2010

Schedule 2
LONG BEACH PUBLIC TRANSPORTATION COMPANY
 Schedule of State of California Expenditures of Awards
 Year ended June 30, 2010

State of California Southern California Association of Governments SB-325				
	<u>CA-90-226</u>	<u>CA-95-040</u>	<u>LTF Art. 4</u>	<u>STA 06/07</u>
Grant Period:				
From	08/26/03	09/07/07	07/01/08	07/01/06
To	Completion	Completion	Completion	Completion
Total grant award(s):				
TDA 02/03	\$ 2,739,574	\$ ---	\$ ---	\$ ---
TDA 05/06	---	203,182	---	---
TDA 09/10	---	---	14,777,565	---
STA 06/07	---	---	---	6,789,516
Total	\$ 2,739,574	\$ 203,182	\$ 14,777,565	\$ 6,789,516
Revenues:				
State:				
Cash received	\$ 14,979	\$ 12,726	\$ 14,777,565	\$ ---
(Accrued) deferred, July 1, 2009	(605)	(900)	---	1,091,972
Accrued (deferred), June 30, 2010	---	---	---	(651,541)
Total revenues	\$ 14,374	\$ 11,826	\$ 14,777,565	\$ 440,431
Expenditures:	\$ 14,374	\$ 11,826	\$ 14,777,565	\$ 440,431

(Continued)

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

Schedule 2-1
LONG BEACH PUBLIC TRANSPORTATION COMPANY
 Schedule of State of California Expenditures of Awards
 Year ended June 30, 2010

State of California Southern California Association of Governments SB-325				
Grant Period:	<u>STA 08/09</u>	<u>1BPTMISEA</u>	<u>1B SEC</u>	<u>Totals</u>
From	07/01/08	06/05/08	08/11/08	
To	Completion	Completion	Completion	Completion
Total grant award(s):				
TDA 02/03	\$ ---	\$ ---	\$ ---	\$ 2,739,574
TDA 05/06	---	---	---	203,182
TDA 09/10	---	---	---	14,777,565
STA 06/07	---	---	---	6,789,516
STA 08/09	1,457,776	---	---	1,457,776
1B PTMISEA 07/08	---	3,710,249	---	3,710,249
1B PTMISEA 08/09	---	2,090,089	---	2,090,089
Bond Interest 08/09	---	88,529	---	88,529
Bond Interest 09/10	---	36,857	---	36,857
1B SEC 07/08	---	---	371,111	371,111
1B SEC 08/09	---	---	371,122	371,122
Total	<u>\$ 1,457,776</u>	<u>5,925,724</u>	<u>\$ 742,233</u>	<u>32,635,570</u>
Revenues:				
State:				
Cash received	\$ 727,414	\$ 2,126,946	\$ 371,122	18,030,752
(Accrued) deferred, July 1, 2009	(727,414)	3,798,778	130,113	4,291,944
Accrued (deferred), June 30, 2010	---	(5,925,724)	(84,191)	(6,661,456)
Total revenues	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 417,044</u>	<u>\$ 15,661,240</u>
Expenditures:	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ 417,044</u>	<u>\$ 15,661,240</u>

(Continued)

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

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Notes to Schedule of State of California Expenditures of Awards
Year ended June 30, 2010

(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, 2010

Total operating costs, excluding depreciation	\$ 69,892,392
Add:	
Depreciation	16,519,346
Capital outlay expenditures	13,555,191
	30,074,537
Less:	
Federal grants received	15,728,078
Local Transportation funds - capital intensive received	27,705
State Transit Assistance funds - capital intensive received	---
	15,755,783
Total	84,211,146
50% of total	42,105,573
Add total Local Transportation funds - capital intensive received	27,705
Total permissible expenditures - (Local Transportation funds)	\$ 42,133,278

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



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

To the Board of Directors of
Long Beach Public Transportation Company

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

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

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

We have performed the procedures enumerated in the attachment to this report on the data contained in Long Beach Transit's Urbanized Area Formula Statistics Form (FFA-10) for the fiscal year ended June 30, 2010, solely to assist the management of Long Beach Transit in evaluation 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 2010 Reporting Manual. Long Beach Transit's management is responsible for the Urbanized Area Formula Statistics Form (FFA-10).

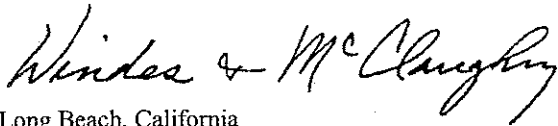
This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in the report. Consequently, we make 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, 2010 for each of the following modes:

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

The results of the procedures performed are included in the accompanying attachment. We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Long Beach Transit's NTD report Urbanized Area Formula Statistics Form (FFA-10) for the fiscal year ended June 30, 2010, 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 2010 Reporting Manual. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above and does not extend to Long Beach Transit's financial statements, or the forms in Long Beach Transit's NTD report other than the Urbanized Area Formula Statistics Form (FFA-10), for any date or period.

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



Long Beach, California
October 29, 2010

AGREED-UPON PROCEDURES

- A. *Obtain and read a copy of written procedures related to the system for reporting and maintaining data in accordance with the NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2010 Reporting Manual. If procedures are not written, discuss the procedures with the personnel assigned responsibility of supervising the NTD data preparation and maintenance.*

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

- Service Development Planning Manager
- Service Development Planner
- Service Development Planner, Assistant
- Grants and Revenue Manager

- B. *Discuss the procedures (written or informal) with the personnel assigned responsibility of supervising the preparation and maintenance of NTD data to determine:*
- *The extent to which the transit agency followed the procedures on a continuous basis, and*
 - *Whether they believe such procedures result in accumulation and reporting of data consistent with the NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, January 15, 1993 and as presented in the 2010 Reporting Manual.*

We discussed the procedures with LBT personnel and were informed the informal procedures to complete the NTD report are the same guidelines issued by NTD in 49 CFR Part 630. Those procedures are followed continuously such that the accumulation and data reported is consistent with NTD definitions and requirements set forth in 49 CFR Part 630, and as presented in the 2010 Reporting Manual.

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

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

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

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

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

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

AGREED-UPON PROCEDURES

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

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

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

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

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

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

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

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

Discussed with LBT personnel about procedures for accumulating passenger mile data and was informed that a statistical sampling is used for their regular routes and 100% for Passport routes. LBT utilizes statistical sampling procedures approved in FTA circular 2710.1A, which is taking three samples every other day.

AGREED-UPON PROCEDURES

- I. *Discuss with transit agency staff (the accountant 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 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:*
1. *According to the 2000 Census, the public transit agency serves an urbanized area (UZA) of less than 500,000 population.*
 2. *The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size urbanized area (UZA)).*
 3. *The service is purchased from a seller operating fewer than 100 revenue vehicles in annual maximum revenue service, and is included in the transit agency's NTD report.*

For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2010) and determine that statistical sampling was conducted and meets the 95% confidence and $\pm 10\%$ precision requirements.

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

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

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

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

AGREED-UPON PROCEDURES

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

We haphazardly selected a sample of 25 source documents (trip sheets) for accumulating passenger mile data for fiscal year 2010 and inspected the documents to determine if all required data were recorded and the computations were accurately performed and no exceptions were noted for the sample selected.

	<u>Date</u>	<u>PTN</u>	<u>Route</u>
1	7/7/2009	1510171	22
2	7/15/2009	1511703	91
3	7/25/2009	1513873	62
4	8/10/2009	2409323	46
5	8/28/2009	1512384	173
6	9/9/2009	2901371	96
7	9/25/2009	2833237	94
8	10/17/2009	1890704	51
9	11/6/2009	1510245	21
10	11/28/2009	1514189	111
11	12/3/2009	1512193	112
12	12/14/2009	1510152	21
13	12/28/2009	1511087	51
14	1/3/2010	1513818	51
15	1/31/2010	1514564	191
16	2/16/2010	2833139	94
17	2/24/2010	1511255	61
18	3/8/2010	1511387	61
19	4/1/2010	1509909	1
20	4/17/2010	1513970	61
21	5/11/2010	2409043	46
22	5/21/2010	1512145	112
23	6/2/2010	1512397	172
24	6/10/2010	1511181	51
25	6/20/2010	1513818	51

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

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

AGREED-UPON PROCEDURES

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

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

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

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

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

We discussed with LBT personnel and determine 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 directional route miles (FG DRM) are reported, interview 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 (TB), ferryboat (FB), or aerial tramway (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, and
 - 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 form (S-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 US 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 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.

AGREED-UPON PROCEDURES

- P. *Discuss the measurement of fixed guideway directional route miles (FG DRM) 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 decrease in directional route miles (DRM). If a service change resulted in a change in overall directional route mileage (DRM), re-compute 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).*

The auditor should 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 LBT personnel and determined the identification and measurement of the FG DRM is performed in accordance with FTA guidance. The fixed guideway segment has been the same for years and there were no service changes or interruptions that would have increased or decreased the segment directional miles.

- Q. *Measure FG 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.

- R. *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 transit agency(ies) such that the directional route miles (DRM) for the segment of fixed guideway (FG) are reported only once to the NTD on the Federal Funding Allocation Statistics form (FFA-10). Each transit agency should report the actual vehicle revenue miles (VRM), passenger miles and operating expense (OE) for the service operated over the same fixed guideway.*

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.

AGREED-UPON PROCEDURES

- S. *Review the Fixed Guideway Segments form S-20. Discuss with the persons reporting NTD data the Agency Revenue Service Start Date for any segments added in the 2010 report year. This is the commencement date of revenue service for each fixed guideway (FG) segment. Determine that the date is reported as when the agency begins 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 2010 fiscal year, the Agency Revenue Service Date must occur within the transit agency's 2010 fiscal year. Segments are summarized by like characteristics. Note that for apportionment purposes under the Capital Program for Fixed Guideway Modernization, the 7-year age requirement for fixed guideway 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 and has not been changed or altered during the reporting year. We obtained and reviewed the S-20 and determined the data has been entered correctly.

- T. *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.

- U. *If the transit 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 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).

- V. *If the transit agency's report contains data for purchased transportation (PT) services and assurances of the data for those services is not included, 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 discussed with LBT personnel and determined transportation services are purchased from Taxi Systems, Incorporated, 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.

AGREED-UPON PROCEDURES

- W. 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 public 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 discussed with LBT personnel and determined that LBT purchased transportation services from Taxi System, Incorporated. 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.

- X. If the transit agency provides service in more than one urbanized area (UZA), or between an urbanized area (UZA) and a non-urbanized area (non-UZA), inquire of the person responsible for maintaining the NTD data regarding the procedures for allocation of statistics between urbanized areas (UZA) and non-urbanized areas (non-UZA). Agencies that operate service in both within a UZA and outside of a UZA (non-UZA) will report to the 2010 Annual NTD database. Agencies who operate service only in a non-UZA should report the 2010 NTD Rural Report. Obtain and review the fixed guideway (FG) segment 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 discussed with LBT personnel and determined that LBT only provides services in one urbanized area and does not allocate between urbanized and nonurbanized areas.

- Y. 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 the prior year to the current year. For actual vehicle revenue mile (VRM), passenger mile, or operating expense (OE) data that have increased or decreased by more than 10%, or fixed guideway directional route mile (FG DRM) 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. The auditor should document the specific procedures followed, documents reviewed, and tests performed in the work papers. The work papers should be available for FTA review for a minimum of three years following the NTD report year. The auditor may perform additional procedures, which are agreed to by the auditor and the transit agency, if desired. The auditor should clearly identify the additional procedures performed in a separate attachment to the statement as procedures that were agreed to by the transit agency and the auditor, but not by FTA.*

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 that only operating expense had increased greater than 10%. We interviewed Service Department Planning Manager and was informed that the increase is primarily due to increase in fuel prices seen during the current reporting period. 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 percentage change of less than 1%.