



LONG BEACH
T R A N S I T

LONG BEACH PUBLIC TRANSPORTATION COMPANY RETIREMENT PLAN -
SALARIED EMPLOYEES

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

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**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

Principal Officials

Board of Directors

Colleen Bentley	Chair
Michael Clemson	Vice Chair
Adam Carrillo	Secretary/Treasurer
Sumire Gant	Director
Mary Zendejas	Director
Maricela de Rivera	Director
Lea Eriksen	City Representative, City of Long Beach

Pension Committee Members

Kenneth McDonald	President & Chief Executive Officer
Lisa Patton	Executive Director, VP Finance & Budget
LaVerne David	Executive Director, VP Employee & Labor Relations

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Beach Public Transportation Company
Retirement Plan – Salaried Employees

Report on the Financial Statements

We have audited the accompanying financial statements of the Long Beach Public Transportation Company Retirement Plan – Salaried Employees, which comprise the statements of fiduciary net position as of June 30, 2019 and 2018, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary activities of the Long Beach Public Transportation Company Retirement Plan – Salaried Employees as of June 30, 2019 and 2018, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 4-6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the Plan's basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes, schedule of funding progress and contributions and changes in net pension liability and related ratios, and schedule of revenues by source and expenses by type are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Long Beach, California
November 15, 2019

LONG BEACH PUBLIC TRANSPORTATION COMPANY RETIREMENT PLAN - SALARIED EMPLOYEES

Management's Discussion and Analysis

As management of Long Beach Public Transportation Company (Long Beach Transit or the Company), we offer readers this narrative overview and analysis of the financial activities of the Long Beach Public Transportation Company Retirement Plan – Salaried Employees (the Plan) for the fiscal years ended June 30, 2019, 2018, and 2017.

FINANCIAL HIGHLIGHTS

- The net position of the Plan at the close of the fiscal year 2019 is \$30.9 million. All of the assets are available to meet the Plan's ongoing obligations to plan participants and their beneficiaries.
- The Plan's total net position held in trust for pension benefits increased by \$3.1 million, or 11.0%, due to contributions and an increase in investment market value.
- The Plan's pension contributions increased by approximately \$474k, or 16.0%, primarily due to an increase in the annually required contribution as the plan is closed to new employees.
- Pension benefit distributions decreased by approximately \$552k, or 36.7%, for the fiscal year primarily due to a decrease in number of employees retiring.

OVERVIEW of the FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Plan's financial statements and notes to the financial statements.

The Statements of Fiduciary Net Position are a snapshot of account balances at fiscal year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time. The Statements of Changes in Fiduciary Net Position provide a view of current year additions to and deductions from the Plan. Both statements are in compliance with accounting principles generally accepted in the United States of America (GAAP) and by the Governmental Accounting Standards Board (GASB).

The Statements of Fiduciary Net Position and the Statements of Changes in Fiduciary Net Position report information about the Plan's activities. These statements include all assets and liabilities using the accrual basis of accounting. All of the current year's additions and deductions are taken into account regardless of when cash is received or paid. In addition, both realized and unrealized gains and losses are shown on investments.

The Statements of Changes in Plan's Net Position presents information showing how the Plan's net position changed for the two most recent fiscal years. Over time, increases and decreases in the Plan's net position is one indicator of whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Plan's overall financial health.

The Plan's financial statements can be found beginning on page 7 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 beginning on page 9 of this report.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

Management's Discussion and Analysis, continued

FINANCIAL STATEMENT ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Plan's financial position. The assets of the Plan exceeded its liabilities at the close of fiscal years 2019, 2018, and 2017.

Condensed Summary of Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash	\$ 1,792,194	\$ 426,486	\$ 689,280
Receivables	76,421	112,393	78,776
Investments	<u>29,070,336</u>	<u>27,327,661</u>	<u>24,464,824</u>
Total assets	<u>30,938,951</u>	<u>27,866,540</u>	<u>25,232,880</u>
Net position	<u>\$ 30,938,951</u>	<u>\$ 27,866,540</u>	<u>\$ 25,232,880</u>

As of June 30, 2019, \$30.9 million in total net position is held in trust for pension benefits. All of the assets are available to meet the Plan's ongoing obligation to plan participants and their beneficiaries. There was a \$3.1 million, or 11.0%, increase in total net position over the prior year primarily due to an increase in investment market value and annually required contribution. There was a positive investment rate of return of 2.8% due to favorable market conditions at fiscal year-end. The actuarial assumption rate for investment return is 6.0%.

As of June 30, 2018, \$27.9 million in total net position is held in trust for pension benefits. All of the assets are available to meet the Plan's ongoing obligation to plan participants and their beneficiaries. There was a \$2.6 million, or 10.4%, increase in total net position over the prior year primarily due to an increase in investment market value. There was a positive investment rate of return of 5.5% due to favorable market conditions at fiscal year-end. The actuarial assumption rate for investment return is 6.0%.

Condensed Summary of Changes in Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer contributions	\$ 3,111,520	\$ 2,602,155	\$ 2,790,134
Employee contributions	322,305	320,450	340,086
Transfers from Contract Plan	-	37,663	255,041
Investment income	<u>777,683</u>	<u>1,376,782</u>	<u>2,277,537</u>
Total additions	<u>4,211,508</u>	<u>4,337,050</u>	<u>5,662,798</u>
Pension benefits	951,414	1,503,429	3,003,925
Administrative costs	<u>187,683</u>	<u>199,961</u>	<u>203,559</u>
Total deductions	<u>1,139,097</u>	<u>1,703,390</u>	<u>3,207,484</u>
Net increase in plan net position	<u>\$ 3,072,411</u>	<u>\$ 2,633,660</u>	<u>\$ 2,455,314</u>

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

Management's Discussion and Analysis, continued

Additions to Plan's Net Position

The assets needed to finance retirement benefits are accumulated through the collection of employer and employee contributions, and through earnings on investments. The employer contribution rates for fiscal years 2019, 2018, and 2017 were 20.89%, 22.09%, and 24.85%, respectively. Effective July 1, 2011, all full-time salaried employees hired before April 1, 2011, began contributing 5% of their annual salary toward the Plan. The Plan met contribution requirements for all three years.

The actuarial assumption for investment income was 6.0% for fiscal years 2019, 2018, and 2017. In fiscal year 2019 and 2018, the Plan did not exceed the actuarial assumption rate, producing a positive return of 2.8% and 5.5%, respectively. In fiscal year 2017, the Plan exceeded the actuarial assumption rate, producing a positive return of 9.9%.

Deductions from Plan's Net Position

The Plan was created to provide lifetime retirement annuities, survivor benefits, and permanent disability benefits to qualified members and their spouses. The cost of such programs includes recurring benefit payments, as designated by the Plan, and the cost of administering the program.

Total expenditures for the fiscal year ended June 30, 2019 decreased by \$564k, or 33.1%, over fiscal year 2018. In 2019, pension benefit distributions decreased by \$552k due to fewer employees retiring. Administration expenses incurred from the management of plan assets decreased by \$12.3k, or 6.1%, when compared to 2018.

Total expenditures for the fiscal year ended June 30, 2018 decreased by \$1.5 million, or 46.9%, over fiscal year 2017. In 2018, pension benefit distributions decreased by \$1.5 million due to fewer employees retiring. Administration expenses incurred from the management of plan assets remained consistent with a decrease of \$3.6k, or 1.8%, when compared to 2017.

ECONOMIC FACTORS and RATES AFFECTING NEXT YEAR

The Plan completed a new actuarial valuation dated July 1, 2019. The contribution rate specified in the report increased to 22.60% for fiscal year 2020 from the 2019 rate of 20.89%. Effective July 1, 2011, all full-time salaried employees hired before April 1, 2011 began contributing 5% of their annual salary toward the Plan. The funding status of the Plan increased to 92.81% as compared to 89.27% in the prior fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Plan's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director & VP Finance and Budget, Long Beach Transit, 1963 E. Anaheim St., Long Beach, California, 90813.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Statements of Fiduciary Net Position
June 30, 2019 and 2018**

	2019	2018
<u>Assets</u>		
Cash (note 4)	\$ 1,792,194	\$ 426,486
Accounts receivable:		
Contribution receivable	76,421	74,730
Transfer receivable from Contract Plan (note 5)	-	37,663
Total accounts receivable	76,421	112,393
Investments, at fair value (notes 4 and 6):		
Equity mutual funds	20,961,314	19,088,432
Bond mutual funds	3,313,281	3,775,257
Corporate bonds	3,937,718	3,726,295
Government bonds	858,023	737,677
Total investments	29,070,336	27,327,661
Total assets	30,938,951	27,866,540
Net position restricted for pensions	\$ 30,938,951	\$ 27,866,540

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2019 and 2018**

	2019	2018
Additions:		
Contributions:		
Employer contributions	\$ 3,111,520	\$ 2,602,155
Employee contributions	322,305	320,450
Transfers from Contract Plan (note 5)	-	37,663
Total contributions	3,433,825	2,960,268
Investment gain (loss):		
Interest	155,084	158,852
Dividends and capital gains	1,015,058	968,219
Net unrealized loss on investments	(443,172)	(277,964)
Net realized gain on investments	50,713	527,675
Total investment gain, net	777,683	1,376,782
Deductions:		
Expenditures:		
Pension benefits	951,414	1,503,429
Direct administrative costs	73,481	69,491
Other administrative costs	114,202	130,470
Total expenditures	1,139,097	1,703,390
Net increase in plan net position	3,072,411	2,633,660
Net position restricted for pension, beginning of year	27,866,540	25,232,880
Net position restricted for pension, end of year	\$ 30,938,951	\$ 27,866,540

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements
June 30, 2019 and 2018**

(1) Description of Plan

The following brief description of the Long Beach Public Transportation Company Retirement Plan - Salaried Employees (the Plan) is provided for general information purposes only. Participants should refer to the Summary Plan Description or the Plan agreement for more complete information.

Pension Benefits

The Plan is a defined benefit pension plan sponsored by Long Beach Public Transportation (Long Beach Transit or the Company). All full-time salaried employees hired before April 1, 2011 are eligible under the Plan. At June 30, 2019 and 2018, membership consisted of:

	2019	2018
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving such benefits	48	48
Current vested employees	82	84
Total membership	130	132

Participants are eligible for annual benefit payments at the normal retirement age of 64 or at completion of ten years of credited service, whichever is later. Monthly benefit payments 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. Participants are 100% vested after five years of service.

Early retirement may be elected by participants at the age of 54 and upon completion of ten years of credited service. In the case of early retirement, the normal retirement benefit is reduced by 5% for each year the early retirement date precedes the normal retirement date.

A participant may also retire with full benefits at any age if the sum of the participant's age and service is at least 80. If the sum of the participant's age and service is less than 80 but 70 or higher, the full benefit will be reduced for each year the retirement date is below 80.

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

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

Death and Disability Benefits

In the event a Plan member dies while still actively employed, a retirement benefit will be paid to the spouse or domestic partner 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.

If a participant becomes occupationally disabled, he or she is entitled to a monthly benefit equal to 1.70% 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.

Termination

The Plan may be amended, altered or modified, or a successor plan may be adopted at any time with the consent of the employer or its successor in interest. In the event of termination, the assets will be allocated based on the order of priority prescribed in the Plan.

Contributions

During the year ended June 30, 2019, Plan members contributed 5% of their annual salary toward the Plan. The Company contributed the remainder of the actuarially determined rate. Administrative costs of the Plan are a component of the actuarially determined rate.

(2) Summary of Significant Accounting Policies

Reporting Entity

The Long Beach Public Transportation Company is a nonprofit corporation organized to provide public transportation services in Long Beach, California. The Company is governed by a seven-member Board of Directors (the Board) appointed by the Mayor, with the approval of the Long Beach City Council, to serve four-year terms. In turn, the Board appoints a President and Chief Executive Officer who is responsible for overseeing the Company's daily operations.

The Company's basic financial statements are available under separate cover. For accounting purposes, Long Beach Transit is considered a component unit of the City of Long Beach (the City). As such, its general financial statements are included in the City's comprehensive annual financial report as a discretely presented component unit. Those statements do not include the Plan's financial statements.

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.

Written requests for the Company's basic financial statements can be sent to Long Beach Transit, c/o Executive Director & VP Finance and Budget, Long Beach Transit, 1963 E. Anaheim St., Long Beach, California, 90813.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. Contributions are recognized when due and when a formal commitment to provide the contributions has been made. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

Method Used to Value Investments

The Plan Pension Committee has elected to pursue an investment strategy that is intended to provide moderately low risk for any individual investment with a relatively low overall portfolio risk. Plan investments are carried at fair market value. Purchases and sales of investments are recorded on a trade-date basis. The average-cost method is used in the determination of realized gains and losses on sales of investments. Dividend income is recorded on the ex-dividend dates of the investment securities. Interest income is reported as earned.

Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current market value rates. The fair market value of real estate investments is based on independent appraisals.

Trust Fund Managed by the Trustee Bank

Under the terms of a nondiscretionary trust agreement between the trustee bank and the Plan, the trustee bank manages a trust fund on behalf of the Plan. The Plan Pension Committee has discretionary authority concerning purchases and sales of investments in the trust fund. The investments and changes in the trust fund assets are reported to the Plan by the trustee bank.

Investment Management

The Plan Pension Committee has engaged the services of a professional asset management company to manage the investments of the Plan. Investments are held in the Company's name, but discretionary authority concerning purchases and sales of investments within the limits set in the Board-adopted investment policy has been delegated to the investment manager. The investment manager shares co-fiduciary responsibilities and reports on a quarterly basis to the Plan Pension Committee, setting forth an inventory of portfolio assets, a measurement of investment performance, and a narrative assessing the investment outlook for the short and intermediate term.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, the actuarial present value of accumulated plan benefits at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Subsequent Events

The Plan has evaluated subsequent events through November 15, 2019, the date the financial statements were available to be issued.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

(3) Federal Income Taxes

The Plan is intended to constitute a qualified plan under Section 401(a) of the Internal Revenue Code, and the related trust is intended to be exempt from federal income taxes under the provisions of Internal Revenue Code Section 501(a). The Company believes the Plan is currently designed and is operated in accordance with applicable sections of the Internal Revenue Code.

(4) Cash and Investments

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

	2019	2018
Deposits with Trustee	\$ 1,792,194	\$ 426,486
Investments	29,070,336	27,327,661
Total	\$ 30,862,530	\$ 27,754,147

Concentration of Credit Risk - Investment Policy Authorized by the Company's Board of Directors

Plan assets shall be invested to provide safety through diversification in a portfolio of pooled common stocks, bonds, cash equivalents and other investments which may reflect varying rates of return. The approved asset allocation for the Plan is as follows:

	Lower	Strategic Allocation	Upper
U.S. Stocks			
Large Company	15%	20%	25%
Small Company	--	5%	10%
Real Estate Securities	1%	6%	11%
International Equity	18%	23%	28%
Multi-strategy	10%	15%	20%
Fixed Income	25%	30%	35%
Cash Equivalent	--	1%	6%

Investments in any one issuer or fund that represents 5% or more of total Plan net position have been summarized in note 6. Investments shall also be diversified within asset classes. Equities shall be diversified by economic sector, industry, quality and size, and allocated to managers who have distinct and different investment styles.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

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 is to changes in market interest rates. Information about the sensitivity of fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the portfolio percentage and maturity, where applicable, for each asset class or fund at June 30, 2019 and 2018.

<u>Type of Investment</u>	<u>2019</u>			<u>2018</u>		
	<u>Portfolio Percentage</u>	<u>Market Value</u>	<u>Maturity</u>	<u>Portfolio Percentage</u>	<u>Market Value</u>	<u>Maturity</u>
Equities:						
Domestic Large Capitalization	24%	\$ 6,997,608	N/A	24%	\$ 6,597,537	N/A
Small Capitalization	5%	1,445,479	N/A	5%	1,424,478	N/A
Real Estate Securities	7%	2,048,975	N/A	3%	834,332	N/A
International Securities	20%	5,850,397	N/A	22%	5,905,396	N/A
Multi-strategy	16%	4,618,855	N/A	16%	4,326,689	N/A
Fixed Income	11%	3,313,281		14%	3,775,257	5.0 years
Bonds	16%	<u>4,795,741</u>	3.0 years	16%	<u>4,463,972</u>	3.5 years
Total		<u>\$29,070,336</u>			<u>\$27,327,661</u>	

N/A – not applicable

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. As of June 30, 2019, equity mutual funds comprise 72% of the Plan's asset portfolio and are not rated. The remaining 28% of the Plan assets are in corporate bonds, bond mutual funds, and fixed income.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

Credit ratings for the fixed income investments held at June 30, 2019 and 2018 are as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>2019 Fair Value</u>	<u>2018 Fair Value</u>
Government Bonds	Not rated	\$ 452,879	\$ 346,737
	AA+	<u>405,144</u>	<u>390,940</u>
		<u>858,023</u>	<u>737,677</u>
Bond Mutual Funds	Not rated	1,144,701	1,095,273
	AAA	735,806	1,013,906
	BBB	-	549,884
	BB	<u>1,432,774</u>	<u>1,116,194</u>
		<u>3,313,281</u>	<u>3,775,257</u>
Corporate Bonds	AA	102,566	103,728
	AA-	333,300	95,668
	A+	253,576	392,121
	A	647,559	653,840
	A-	659,838	571,027
	BBB+	805,745	677,533
	BBB	829,131	680,133
	BBB-	<u>306,003</u>	<u>552,245</u>
		<u>3,937,718</u>	<u>3,726,295</u>
		<u>\$ 8,109,022</u>	<u>\$ 8,239,229</u>

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. Per the Plan's investment policy, the percentage of total assets allocated to cash deposits should be sufficient only to assure liquidity to meet disbursement needs, which are minimal.

Custodial credit risk for investments generally applies 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.

Risks and Uncertainties

The Plan may invest in various types of investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Fiduciary Net Position.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

(5) Plan Transfer Contribution

During the fiscal year ended 2018, there were contract employees who accepted salaried positions and became eligible to participate in the Company's Salaried Employees Retirement Plan. Service years earned while in their union positions are recognized under the Salaried Plan. Benefit calculations for these employees have been prepared by the Company's actuary using each affected employees' service years and age at the time of transfer to their new position. For the year ended 2018, benefit transfers from the Contract Plan equaled \$37,663. There were no such transfers in fiscal year ended June 30, 2019.

(6) Investments and Fair Value Measurements

The following investments accounted for 5% or more of the total net position (at fair value) at June 30, 2019 and 2018:

<u>Description of Investments</u>	<u>Cost</u>	<u>Fair Value</u>
2019:		
Stone Ridge Elements US Portfolio	\$ 1,832,561	\$ 2,103,555
Russell Multifactor US Equity Fund	1,714,609	2,042,062
Elements Emerging Markets Portfolio	1,814,192	1,794,016
iShares MSCI EAFE ETF	<u>1,464,722</u>	<u>1,471,695</u>
	6,826,084	7,411,328
Remaining investments not exceeding 5% of total net position	<u>22,822,146</u>	<u>21,659,008</u>
Total	<u>\$ 29,648,230</u>	<u>\$ 29,070,336</u>

<u>Description of Investments</u>	<u>Cost</u>	<u>Fair Value</u>
2018:		
Stone Ridge Elements US Portfolio	\$ 1,788,453	\$ 1,926,222
Russell Multifactor US Equity Fund	1,530,960	1,913,387
iShares Russell 1000	1,049,644	1,385,299
Russell Strategic Call Overwriting Fund	<u>1,070,210</u>	<u>1,372,629</u>
	5,439,267	6,597,537
Remaining investments not exceeding 5% of total net position	<u>21,023,114</u>	<u>20,730,124</u>
Total	<u>\$ 26,462,381</u>	<u>\$ 27,327,661</u>

Fair Value Measurements

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1:* Quoted prices for identical investments in active markets;
- *Level 2:* Observable inputs other than quoted market prices; and,
- *Level 3:* Unobservable inputs.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

The Plan has the following fair value measurements as of June 30, 2019:

<u>Fair Value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 20,961,314	\$ 18,694,723	\$ -	\$ 2,266,591
Bond mutual funds	3,313,281	735,806	1,068,522	1,508,953
Corporate bonds	3,937,718	3,937,718	-	-
Government bonds	<u>858,023</u>	<u>858,023</u>	<u>-</u>	<u>-</u>
	<u>\$ 29,070,336</u>	<u>\$ 24,226,270</u>	<u>\$ 1,068,522</u>	<u>\$ 3,775,544</u>

The Plan has the following fair value measurements as of June 30, 2018:

<u>Investments by Fair Value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 19,088,432	\$ 18,088,687	\$ -	\$ 999,745
Bond mutual funds	3,775,257	1,588,467	709,743	1,477,047
Corporate bonds	3,726,295	3,726,295	-	-
Government bonds	<u>737,677</u>	<u>737,677</u>	<u>-</u>	<u>-</u>
	<u>\$ 27,327,661</u>	<u>\$ 24,141,126</u>	<u>\$ 709,743</u>	<u>\$ 2,476,792</u>

Investments classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 investments are valued based on market quotations of similar investments, which are readily available; and, for those not actively traded, the investments are valued based upon data provided by an independent market-maker or independent brokers that regularly provide firm bids, and utilization of an independent data delivery vendor to aggregate and provide the pricing data. Fair value of Level 3 investments are determined by an independent third party Valuation Committee comprised of officers of the investment adviser and established pursuant to the policies and procedures adopted by the Board, based on factors such as: (i) indications or quotes from brokers, (ii) valuations provided by a third-party pricing agent, (iii) internal models that take into consideration different factors determined to be relevant by the Adviser; or (iv) any combination of the above. Fair value pricing may require subjective determinations about the value of an asset or liability. The values of the investments in publicly traded foreign equity securities generally will be determined by a pricing service using pricing models designed to estimate likely changes in the values of those securities between the times in which the trading in those securities is substantially completed and the close of the NYSE. Fair values used to determine the investment fund's net asset values may differ from quoted or published prices, or from prices that are used by others, for the same investments.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Notes to Financial Statements, continued
June 30, 2019 and 2018**

(7) Annual Pension Cost and Net Pension Obligation

As of June 30, 2019, Plan members contributed 5% of their annual salary toward the Plan. The Company contributed the remainder of the actuarially determined rate. The Company's annual pension cost and net pension obligation at June 30, 2019 and 2018 are as follows:

<u>Year Ended June 30</u>	<u>Actuarially Determined Amount</u>	<u>Actual Contribution</u>	<u>Net Pension Obligation</u>
2019	\$ 1,611,520	\$ 3,111,520	-
2018	\$ 1,602,155	\$ 2,602,155	-

(8) Funded Status and Funding Progress

The status of funding progress is based on the actuarial valuations performed as of July 1, 2019 and 2018. The actuarial accrued liability is calculated using the entry-age method.

(dollar amounts in thousands)

<u>Actuarial valuation date (July 1)</u>	<u>(a) Actuarial value of assets</u>	<u>(b) Actuarial accrued liability (AAL)- entry age</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded ratio</u>	<u>(c) Covered payroll</u>	<u>((b-a)/c) UAAL as a percentage of covered payroll</u>
2019	\$ 30,939	\$ 33,336	\$ 2,397	92.81%	\$ 4,783	50.11%
2018	\$ 27,867	\$ 31,216	\$ 3,349	89.27%	\$ 4,859	68.92%

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.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Assets Held for Investment Purposes
June 30, 2019 and 2018**

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
June 30, 2019:			
<u>Equity mutual funds:</u>			
Stone Ridge Elements US Portfolio	170,605	\$ 1,832,561	\$ 2,103,555
Russell Multifactor US Equity Fund	159,287	1,714,609	2,042,062
Elements Emerging Markets Portfolio	179,402	1,814,192	1,794,016
iShares Msci EAFE ETF	22,390	1,464,722	1,471,695
iShares Russell 1000	8,788	1,362,792	1,430,624
Russell Strategic Call Overwriting Fund	101,454	1,084,422	1,421,367
AQR Managed Futures Strategy #15283	149,413	1,426,488	1,207,258
Stone Ridge US Large Cap Variance Risk Fund	111,551	1,134,474	1,153,438
Predex Fund Class I	43,862	1,145,792	1,147,417
PIMCO All Asset All Authority Fund	136,900	1,235,607	1,136,269
Stone Ridge All Asset Variance Risk	124,378	1,248,030	1,121,890
Russell Multifactor International Equity Fund	104,995	988,574	997,454
Stone Ridge Elements International Portfolio	96,562	1,055,802	994,589
Russell Global Real Estate Secs Fund	25,959	901,572	901,558
Acuitas US Microcap Fund	84,799	867,317	852,230
Stone Ridge Elements US Small Cap Portfolio	54,880	544,459	593,249
Stone Ridge US Master Variance Risk Fund	59,803	593,259	592,643
Total equity mutual funds		<u>20,414,672</u>	<u>20,961,314</u>
<u>Bond mutual funds:</u>			
Stone Ridge Tr Alternative Lending Fund	112,778	1,157,827	1,144,701
Stone Ridge High Yield Reinsurance Risk	118,593	1,156,429	1,068,522
Ishares Core US Aggregate Bond ETF	6,608	723,995	735,806
Stone Ridge Reinsurance Risk	44,584	412,384	364,252
Total bond mutual funds		<u>3,450,635</u>	<u>3,313,281</u>
<u>Corporate bonds:</u>			
Intercontinental Exchange Inc 4.0% Due 10-15-23	175,000	184,581	186,253
Citigroup Inc 3.875% Due 10-25-23	175,000	181,170	185,082
Amgen Inc 3.875% Due 11-15-21	175,000	183,034	180,600
American Elec Power 2.95% Due 12-15-22	175,000	176,722	177,686
Nike Inc 2.25% Due 5-01-23	175,000	163,216	175,938
Janus Cap Group Inc 4.875% Due 8-01-25	150,000	155,373	161,376
General Mtrs Co 4.875% Due 10-05-23	150,000	158,992	159,075
Visa Inc 3.15% Due 12-14-25	150,000	154,643	157,362
AT&T Inc 3.60% Due 2-17-23	150,000	154,494	155,691
Abbvie Inc 2.9% Due 11-06-22	150,000	150,612	151,001
Ebay Inc Sr Global 2.20% Due 8-1-19	150,000	150,816	149,951
GE Capital International 2.342% Due 11-15-20	150,000	146,748	149,288
Leucadia National Corp 5.50% Due 10-18-23	125,000	128,338	134,860
Phillips 66 Sr Glbl 4.30% Due 4-01-22	125,000	134,809	131,650
Prudential Finl Inc 4.50% Due 11-16-21	125,000	139,951	131,418
Washington Real Estate Invt 3.95% Due 10-15-22	125,000	125,817	129,521

See Independent Auditors' Report

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Assets Held for Investment Purposes, continued
June 30, 2019 and 2018**

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
General Elec Cap Corp 5.30% Due 2-11-21	125,000	129,250	129,508
BP Cap Mkts Sr Note 3.245% Due 5-06-22	125,000	129,829	128,700
Smucker J M Co 3.50% Due 10-15-21	125,000	134,779	128,008
Autozone Inc 4.00% Due 11-15-20	125,000	133,638	127,328
Qualcomm Inc 3.00% Due 5-20-22	125,000	131,543	127,321
Intel Corp Sr Note 2.70% Due 12-15-22	125,000	116,883	127,181
Wells Fargo Co 3.069% Due 1-24-23	125,000	123,470	126,946
Texas Instruments 2.75% Due 3-12-21	125,000	127,164	126,395
Lowes Cos Inc 4.625% Due 4-15-20	125,000	143,495	125,870
Motorola Inc 4.00% Due 9-01-24	100,000	97,714	104,133
Genzyme Corp 5.00% Due 6-15-20	100,000	108,850	102,566
Synchrony Finl Sr Global 3.00% Due 8-15-19	67,000	68,479	67,010
Total corporate bonds		<u>3,934,410</u>	<u>3,937,718</u>
<u>Government bonds:</u>			
Federal Farm Credit Banks 3.05% Due 11-15-21	200,000	200,850	205,802
Federal Farm Credit Banks 2.05% Due 4-18-23	200,000	200,608	199,342
US Treasury Note 2.00% Due 10-31-22	175,000	171,955	176,556
US Treasury Note 2.125% Due 12-31-21	150,000	152,629	151,469
US Treasury Note 1.75% Due 12-31-20	125,000	122,471	124,854
Total US agency bonds		<u>848,513</u>	<u>858,023</u>
Total investments		<u>\$ 28,648,230</u>	<u>\$ 29,070,336</u>

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
June 30, 2018:			
<u>Equity mutual funds:</u>			
Stone Ridge Elements US Portfolio	166,628	\$ 1,788,453	\$ 1,926,222
Russell Multifactor US Equity Fund	142,790	1,530,960	1,913,387
iShares Russell 1000	9,115	1,049,644	1,385,299
Russell Strategic Call Overwriting Fund	100,412	1,070,210	1,372,629
Ishares Short Treasury Bond	12,150	1,341,234	1,341,846
Elements Emerging Markets	128,532	1,318,247	1,298,169
Stone Ridge US Variance Risk Premium Fund	103,474	1,068,178	1,105,101
PIMCO All Asset All Authority Fund	128,132	1,168,460	1,096,807
Stone Ridge All Asset Variance Risk	106,696	1,086,344	999,745
AQR Managed Futures Strategy #15283	119,627	1,164,614	996,497
Russell Multifactor International Fund	93,954	887,791	941,422
Stone Ridge Elements International	87,000	959,018	940,464
Russell Global Infrastructure Fund	76,855	862,879	852,326
Acuitas US Microcap Fund	59,993	623,682	850,098
Russell Global Real Estate Secs Fund	24,824	864,681	834,332
Stone Ridge Elements US Small Cap	49,558	488,724	574,380
Acuitas International Small Cap Fund	52,229	505,106	531,169

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**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Assets Held for Investment Purposes, continued
June 30, 2019 and 2018**

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
AQR Managed Futures Strategy #15255	15,637	128,367	128,539
Total equity mutual funds		<u>17,906,592</u>	<u>19,088,432</u>
<u>Bond mutual funds:</u>			
Stone Ridge Tr Alternative Lending Fund	107,275	1,101,931	1,095,273
Ishares Core US Aggregate Bond ETF	9,536	1,045,620	1,013,906
Stone Ridge High Yield Reinsurance	75,585	763,894	709,743
PIMCO Emerging Markets	76,373	621,671	549,884
Stone Ridge Reinsurance Risk Premium	41,953	389,009	381,774
Pimco Enhanced Short Maturity Active ETF	243	24,662	24,677
Total bond mutual funds		<u>3,946,787</u>	<u>3,775,257</u>
<u>Corporate bonds:</u>			
AFLAC Inc St Nt 2.40% Due 3-16-20	175,000	173,747	173,052
General Mtrs 4.785% Due 10-02-23	150,000	158,992	154,206
Janus Cap Group Inc 4.875% Due 8-1-25	150,000	155,373	153,353
Ebay Inc Sr Global 2.20% Due 8-1-19	150,000	150,816	148,749
AT&T Inc 3.60% Due 2-17-23	150,000	154,494	147,782
GE Capital International 2.342% Due 11-15-20	150,000	146,748	146,622
Abbvie Inc 2.9% Due 11-6-22	150,000	150,611	145,556
Visa Inc 3.15% Due 12-14-25	150,000	154,643	145,107
Prudential Financial Inc 4.50% Due 11-16-21	125,000	139,951	129,659
Leucadia National Corp 5.50% Due 10-18-23	125,000	128,337	129,169
Phillips 66 Sr Glbl 4.30% Due 4-1-22	125,000	134,809	128,741
Lowes Cos Inc 4.625% Due 4-15-20	125,000	143,495	127,813
Intercontinental Exchange 4.0% Due 10-15-23	125,000	133,573	127,650
Autozone Inc Sr Global Note 4.00% Due 11-15-20	125,000	133,637	127,106
Amgen Inc Sr Note 3.875% Due 11-15-21	125,000	132,530	126,793
Washington Real Estate Invt 3.95% Due 10-15-22	125,000	125,817	125,544
Smucker J M Co 3.50% Due 10-15-21	125,000	134,779	125,495
Citigroup Inc 3.875% Due 10-25-23	125,000	131,436	125,010
Synchrony Finl Sr Global 3.00% Due 8-15-19	125,000	127,759	124,735
BP Cap Markets Sr Note 3.245% Due 5-6-22	125,000	129,829	124,606
Texas Instrs 2.75% Due 3-12-21	125,000	127,164	124,599
Qualcomm Inc 3.00% Due 5-20-22	125,000	131,542	123,116
Intel Corp Sr Note 2.70% Due 12-15-22	125,000	116,883	122,415
American Elec Pwr 2.95% Due 12-15-22	125,000	127,939	121,680
Genzyme Corp. 5.00% Due 6-15-20	100,000	108,850	103,728
Kohls Corp 4.00% Due 11-1-21	100,000	100,799	101,371
Time Warner Cable Due 7-1-18	100,000	104,687	100,000
Motorola Inc 4.00% Due 9-1-24	100,000	97,714	96,970
Nike Inc 2.25% Due 5-1-23	100,000	91,326	95,668
Total corporate bonds		<u>3,848,280</u>	<u>3,726,295</u>

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Assets Held for Investment Purposes, continued
June 30, 2019 and 2018**

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
<u>Government bonds:</u>			
Federal Natl Mtg Assn 1.875% Due 2-19-19	200,000	205,158	199,566
US Treasury Note 1.375% Due 11-30-18	200,000	202,327	199,414
Federal Farm Credit Banks 2.05% Due 4-18-23	200,000	200,608	191,374
US Treasury Note 2.125% Due 12-31-21	150,000	<u>152,629</u>	<u>147,323</u>
Total US agency bonds		<u>760,722</u>	<u>737,677</u>
Total investments		<u>\$ 26,462,381</u>	<u>\$ 27,327,661</u>

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2019 and 2018**

The following table summarizes the status of funding progress based on the actuarial valuations performed as of the dates indicated. The actuarial accrued liability is calculated using the entry-age method in accordance with GASB. Prior year unfunded actuarial accrued liability (UAAL) figures, and related column calculations, have been restated in accordance with GASB.

**Schedule of Funding Progress
(dollar amounts in thousands)**

<u>Actuarial valuation date (July 1)</u>	<u>(a) Actuarial value of assets</u>	<u>(b) Actuarial accrued liability (AAL)- entry age</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded ratio</u>	<u>(c) Covered payroll</u>	<u>((b-a)/c) UAAL as a percentage of covered payroll</u>
2019	\$ 30,939	\$ 33,336	\$ 2,397	92.81%	\$ 4,783	50.11%
2018	27,867	31,216	3,349	89.27%	4,859	68.92%
2017	25,233	29,528	4,295	85.45%	5,187	82.80%
2016	22,778	29,966	7,188	76.01%	6,023	119.34%
2015	19,819	25,561	5,742	77.54%	6,381	89.99%
2014	16,655	25,412	8,757	65.54%	6,925	126.46%
2013	13,864	24,503	10,639	56.58%	7,801	136.38%
2012	11,028	18,424	7,396	59.86%	7,603	97.28%
2011	12,022	18,158	6,136	66.21%	7,122	86.16%
2010	9,950	18,267	8,317	54.47%	7,729	107.61%

The following table summarizes contributions required (based on the actuarial valuations) and contributions made for the ten years ended:

Schedule of Contributions

<u>Year ended June 30</u>	<u>Actuarially determined amount</u>	<u>Annual required contribution as a percentage of covered payroll</u>	<u>Employer contribution</u>	<u>Employee contribution</u>
2019	\$ 1,933,825	25.89%	\$ 3,111,520	\$ 322,305
2018	1,922,605	27.09%	2,602,155	320,450
2017	2,030,220	29.85%	2,790,134	340,086
2016	2,000,708	24.55%	4,270,185	365,367
2015	2,605,222	27.52%	4,758,243	402,617
2014	2,484,256	28.46%	2,847,508	436,748
2013	1,886,343	20.97%	2,244,185	449,958
2012	1,632,231	18.89%	1,244,244	387,987
2011	2,041,762	22.18%	2,041,762	-
2010	1,964,523	23.11%	1,964,523	-

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2019 and 2018**

Schedule of Changes in Net Pension Liability and Related Ratios							
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total pension liability							
Service cost	\$ 800,422	\$ 831,665	\$ 858,666	\$ 769,704	\$ 845,302	\$ 773,964	\$ 641,489
Interest	1,673,123	1,589,310	1,626,217	1,724,678	1,704,802	1,809,528	1,355,511
Differences between expected and actual experience	598,675	770,200	80,484	427,104	(582,806)	667,873	1,089,429
Changes of assumptions	-	-	-	2,816,346	-	-	3,694,438
Benefit payments	(951,414)	(1,503,429)	(3,003,925)	(1,332,112)	(1,818,412)	(2,342,868)	(702,018)
Net change	<u>2,120,806</u>	<u>1,687,746</u>	<u>(438,558)</u>	<u>4,405,720</u>	<u>148,886</u>	<u>908,497</u>	<u>6,078,849</u>
Beginning total pension liability	<u>31,215,626</u>	<u>29,527,880</u>	<u>29,966,438</u>	<u>25,560,718</u>	<u>25,411,832</u>	<u>24,503,335</u>	<u>18,424,486</u>
Ending total pension liability	<u>\$ 33,336,432</u>	<u>\$ 31,215,626</u>	<u>\$ 29,527,880</u>	<u>\$ 29,966,438</u>	<u>\$ 25,560,718</u>	<u>\$ 25,411,832</u>	<u>\$ 24,503,335</u>
Plan fiduciary net position							
Employer contributions	\$ 3,111,520	\$ 2,602,155	\$ 2,790,134	\$ 4,270,185	\$ 4,758,243	\$ 2,847,508	\$ 2,244,185
Employee contributions	322,305	320,450	340,086	365,367	402,617	436,748	449,958
Investment income (loss)	777,683	1,376,812	2,277,537	(194,989)	(11,557)	1,750,047	960,977
Pension benefits	(951,414)	(1,503,429)	(3,003,925)	(1,332,112)	(1,818,412)	(2,342,868)	(702,018)
Administrative expenses	(187,683)	(199,961)	(203,559)	(167,603)	(167,173)	(142,202)	(117,013)
Net transfer to/from Contract Plan	-	37,663	255,041	17,501	288	241,886	-
Net change	<u>3,072,411</u>	<u>2,633,690</u>	<u>2,455,314</u>	<u>2,958,349</u>	<u>3,164,006</u>	<u>2,791,119</u>	<u>2,836,089</u>
Beginning plan fiduciary net position	<u>27,866,570</u>	<u>25,232,880</u>	<u>22,777,566</u>	<u>19,819,217</u>	<u>16,655,211</u>	<u>13,864,092</u>	<u>11,028,003</u>
Ending plan fiduciary net position	<u>\$ 30,938,981</u>	<u>\$ 27,866,570</u>	<u>\$ 25,232,880</u>	<u>\$ 22,777,566</u>	<u>\$ 19,819,217</u>	<u>\$ 16,655,211</u>	<u>\$ 13,864,092</u>
Company's net pension liability	<u>\$ 2,397,451</u>	<u>\$ 3,349,056</u>	<u>\$ 4,295,000</u>	<u>\$ 7,188,872</u>	<u>\$ 5,741,501</u>	<u>\$ 8,756,621</u>	<u>\$ 10,639,243</u>
Plan fiduciary net position as a % of total pension liability	92.81%	89.27%	85.45%	76.01%	77.54%	65.54%	56.58%
Covered payroll	\$ 4,783,000	\$ 4,859,000	\$ 5,187,000	\$ 6,023,000	\$ 6,381,000	\$ 6,925,000	\$ 7,801,000
Company's net pension liability as a % of covered payroll	50.11%	68.92%	82.80%	119.34%	89.99%	126.46%	136.38%

Note: The information presented above is not available for years prior to the year ended June 30, 2013.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2019 and 2018**

**Salaried Plan
Schedule of Contributions
Last 10 Fiscal Years**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Actuarially determined contribution	\$ 1,933,825	\$ 1,922,605	\$ 2,030,220	\$ 2,000,708	\$ 2,605,222	\$ 2,484,256	\$ 1,886,343	\$ 1,632,231	\$ 2,041,762	\$ 1,964,523
Employer contributions	3,111,520	2,602,155	2,790,134	4,270,185	4,758,243	2,847,508	2,244,185	1,244,244	2,041,762	1,964,523
Employee contributions	<u>322,305</u>	<u>320,450</u>	<u>340,086</u>	<u>365,367</u>	<u>402,617</u>	<u>436,748</u>	<u>449,958</u>	<u>387,987</u>	<u>-</u>	<u>-</u>
Total contributions	<u>3,433,825</u>	<u>2,922,605</u>	<u>3,130,220</u>	<u>4,635,552</u>	<u>5,160,860</u>	<u>3,284,256</u>	<u>2,694,143</u>	<u>1,632,231</u>	<u>2,041,762</u>	<u>1,964,523</u>
Contribution deficiency (excess)	<u>\$ (1,500,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,100,000)</u>	<u>\$ (2,634,844)</u>	<u>\$ (2,555,638)</u>	<u>\$ (800,000)</u>	<u>\$ (807,800)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 4,783,000	\$ 4,859,000	\$ 5,187,000	\$ 6,023,000	\$ 6,381,000	\$ 6,925,000	\$ 7,801,000	\$ 7,603,000	\$ 7,122,000	\$ 7,729,000
Contributions as a percentage of covered-employee payroll	71.79%	60.15%	60.35%	76.96%	80.88%	47.43%	34.54%	21.47%	28.67%	25.42%

See Independent Auditors' Report

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2019 and 2018**

The information presented in the preceding tables was determined as part of the actuarial valuations at the dates indicated. The latest actuarial valuation assumptions include the following:

Valuation date	July 1, 2019
Actuarial cost method	Entry age normal cost frozen initial liability
Amortization method	Level dollar closed
Remaining amortization period on interest rate assumption	0 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Discount rate	6.0%
Projected salary increases	3.0%
Cost-of-living adjustments	None

Mortality rates were based on the IRS 2007 Current Liability Combined table.

The following presents the net pension liability calculated using the discount rate of 6.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current rate (dollar amounts in thousands):

<u>Discount Rate</u>	<u>Net Pension Liability</u>
5.0%	\$ 4,637
6.0%	2,398
7.0%	423

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - SALARIED EMPLOYEES**

**Schedule of Revenues by Source and Expenses by Type
Last Ten Fiscal Years**

Revenues by source					
Fiscal year	Contributions*	Benefit transfers	Investment income (loss)	Rate of return	Total
2019	\$ 3,433,825	\$ -	\$ 777,683	2.79%	\$ 4,211,508
2018	2,922,605	37,663	1,376,782	5.46%	4,337,050
2017	3,130,220	255,041	2,277,537	9.85%	5,662,798
2016	4,635,552	17,501	(194,989)	(1.07)%	4,458,064
2015	5,160,860	30,160	(11,557)	(0.08)%	5,179,463
2014	3,284,256	241,886	1,750,047	12.90%	5,276,189
2013	2,694,143	-	960,977	9.00%	3,655,120
2012	1,632,231	25,643	(238,790)	(2.10)%	1,419,084
2011	2,041,762	168,731	2,235,151	23.00%	4,445,644
2010	1,964,523	158,341	1,169,295	15.00%	3,292,159

* Contributions were made in accordance with actuarially determined contribution requirements.

Expenses by type					
Fiscal year	Benefits	Direct administrative costs	Other administrative costs	Benefit transfers	Total
2019	\$ 951,414	\$ 73,481	\$ 114,202	\$ -	\$ 1,139,097
2018	1,503,429	69,491	130,470	-	1,703,390
2017	3,003,925	61,873	141,686	-	3,207,484
2016	1,332,112	51,850	115,753	-	1,499,715
2015	1,818,412	44,789	122,384	29,872	2,015,457
2014	2,342,868	48,398	93,804	-	2,485,070
2013	702,018	34,391	82,622	-	819,031
2012	2,294,168	28,269	90,188	-	2,412,625
2011	2,255,212	30,636	88,191	-	2,374,039
2010	950,146	24,917	69,716	-	1,044,779