



LONG BEACH
T R A N S I T

LONG BEACH PUBLIC TRANSPORTATION COMPANY RETIREMENT PLAN -
CONTRACT EMPLOYEES

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

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

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**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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

Long Beach Public Transportation Company:

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

Amalgamated Transit Union Local 1277:

Arturo Aguilar	President
Errol Frazier	Vice President
Jeff Shaffer	Financial Recording Secretary

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Long Beach Public Transportation Company Retirement Plan – Contract 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 – Contract 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 4-7 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 - CONTRACT 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 – Contract 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 \$60.7 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 increased by \$4.7 million, or 8.3%, due to contributions and the increase in investment market value.
- The Plan's contribution increased by approximately \$649k, or 10.0%, primarily due to the increase in actuarially determined rate of required annual contribution.
- Pension benefit distributions decreased by approximately \$1.8 million, or 31.4%, for the year due to a decrease in the 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 Fiduciary Net Position present 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 8 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 10 of this report.

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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 Plan's Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Cash and receivables	\$ 554,478	\$ 718,706	\$ 946,243
Investments	<u>60,124,571</u>	<u>55,340,852</u>	<u>51,796,060</u>
Total assets	<u>60,679,049</u>	<u>56,059,558</u>	<u>52,742,303</u>
Payable due to Contract Plan	<u>-</u>	<u>37,663</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>37,663</u>	<u>-</u>
Net position	<u>\$ 60,679,049</u>	<u>\$ 56,021,895</u>	<u>\$ 52,742,303</u>

As of June 30, 2019, \$60.7 million in total assets 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 \$4.7 million, or 8.3%, increase in total net position over the prior year primarily due to the increase in plan contributions and decrease in benefit distributions. There was a positive investment rate of return of 3.1% due to a favorable investment market. The actuarial assumption rate for investment return was 6.5% as of June 30, 2019.

As of June 30, 2018, \$56.0 million in total assets 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 \$3.3 million, or 6.2%, increase in total net position over the prior year primarily due to the increase in plan contributions and decrease in benefit distributions. There was a positive investment rate of return of 5.4% due to a favorable investment market. The actuarial assumption rate for investment return was 6.5% as of June 30, 2018.

Condensed Summary of Changes in Plan's Net Position

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer contributions	\$ 4,488,508	\$ 4,054,711	\$ 3,877,435
Employee contributions	2,677,045	2,461,892	2,141,425
Investment income	<u>1,715,995</u>	<u>2,807,077</u>	<u>4,919,899</u>
Total additions	<u>8,881,548</u>	<u>9,323,680</u>	<u>10,938,759</u>
Pension benefits	3,859,763	5,626,291	4,615,902
Transfers to Salaried Plan	-	37,663	255,041
Administrative costs	<u>364,631</u>	<u>380,134</u>	<u>376,137</u>
Total deductions	<u>4,224,394</u>	<u>6,044,088</u>	<u>5,247,080</u>
Net increase in plan net position	<u>\$ 4,657,154</u>	<u>\$ 3,279,592</u>	<u>\$ 5,691,679</u>

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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 non-PEPRA contribution rates for fiscal years 2019, 2018, and 2017 were 13.41%, 13.04%, and 12.48%, respectively. The employer PEPRA contribution rates for fiscal year 2019, 2018, and 2017 were 13.07%, 12.57%, and 11.70%, respectively. The Company met contribution requirements for all three years. Effective July 1, 2011, all full-time contract employees began contributing a percentage of their annual salary toward the Plan.

The actuarial assumption for investment income was 6.5% for fiscal years 2019 and 2018, and 7.0% for fiscal year 2017. In fiscal years 2019 and 2018, the Plan did not exceed the 6.5% actuarial assumption rate, producing a positive return of 3.1% and 5.4%, respectively. In fiscal year 2017, the Plan exceeded the 7.0% actuarial assumption rate, producing a positive 10.7% due to an increase in investment market value.

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 approximately \$1.8 million, or 30.11%, over fiscal year 2018. In 2019, pension benefit distributions decreased by approximately \$1.8 million, due to fewer employees retiring. In addition, administration expenses incurred from the management of plan assets decreased by approximately \$16k, or 4.1%, when compared to 2018.

Total expenditures for the fiscal year ended June 30, 2018 increased by approximately \$797k, or 15.2%, over fiscal year 2017. In 2018, pension benefit distributions increased by approximately \$1.0 million, due to more employees retiring. In addition, administration expenses incurred from the management of plan assets increased by approximately \$4k, or 1.1%, 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 21.87% for fiscal year 2020 from the 2019 rate of 21.82%. The Plan's actuarial assumption rate of investment remains at 6.5% for fiscal year 2020.

Any changes that affect the benefits of the Plan are negotiated between the Amalgamated Transit Union Local 1277 (ATU) and the Company. Effective July 1, 2011, all full-time contract employees began contributing a percentage of their annual salary toward the Plan. On June 15, 2012, a decision by the Board of Arbitration specified that the Company shall pay the first 10% of the amount the actuary states is necessary for Plan funding and Contract employees will pay the next 5% necessary to fund the Plan. The Company and Contract employees will equally split any funding amounts over 15%. In addition, for Contract employees hired on or after July 1, 2012, the lump-sum option in the Pension Plan is eliminated. The current contract is effective from July 1, 2017, through June 30, 2021.

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

Management's Discussion and Analysis, continued

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 - CONTRACT EMPLOYEES**

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

	2019	2018
<u>Assets</u>		
Cash (note 4)	\$ 285,342	\$ 474,667
Accounts Receivable:		
Contribution receivable	269,136	244,039
Investments, at fair value (notes 4 and 6):		
Equity mutual funds	43,558,168	38,607,474
Bond mutual funds	6,602,173	7,397,975
Corporate bonds	8,245,532	8,057,529
Government bonds	1,718,698	1,277,874
Total investments	60,124,571	55,340,852
Total assets	\$ 60,679,049	\$ 56,059,558
<u>Liabilities</u>		
Payable due to Salaried Plan (note 5)	-	37,663
Total liabilities	-	37,663
Net position restricted for pensions	\$ 60,679,049	\$ 56,021,895

See Independent Auditors' Report

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

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

	2019	2018
Additions:		
Contributions:		
Employer contributions	\$ 4,488,508	\$ 4,054,711
Employee contributions	2,677,045	2,461,892
Total contributions	7,165,553	6,516,603
Investment gain (loss):		
Interest	326,393	354,645
Dividends and capital gains	2,068,818	2,000,616
Net unrealized loss on investments	(801,024)	(497,224)
Net realized gain on investments	121,808	949,040
Total investment gain, net	1,715,995	2,807,077
Deductions:		
Expenditures:		
Pension benefits	3,859,763	5,626,291
Transfers to Salaried Plan (note 5)	-	37,663
Direct administrative costs	145,775	139,754
Other administrative costs	218,856	240,380
Total expenditures	4,224,394	6,044,088
Net increase in plan's net position	4,657,154	3,279,592
Net position restricted for pensions, beginning of year	56,021,895	52,742,303
Net position restricted for pensions, end of year	\$ 60,679,049	\$ 56,021,895

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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 – Contract Employees (the Plan) is provided for general information purposes only. Participants should refer to the Summary Plan Description of the Plan or the Plan Agreement for more complete information.

Plan Origination

The Long Beach Public Transportation Company (Long Beach Transit or the Company) is a nonprofit corporation, formed in 1963, with the purchase of the local transit system from a private carrier leaving the business. At that time, the labor agreement between the Company and the Amalgamated Transit Union (ATU), dictated what, if any, benefits were to be awarded to a retiree. Those pension benefits were paid from the Company’s annual operating funds. On June 30, 1979, the Company’s Board of Directors approved the formation of the Long Beach Public Transportation Company Retirement Plan for Contract Employees. Any changes to the Plan agreement negotiated between the Company and the ATU are adopted by the Board of Directors and issued as an amendment to the original Plan.

Pension Benefits

The Plan is a defined benefit pension plan sponsored by Long Beach Transit. All full-time employees in a job classification covered by a collective bargaining agreement between the Company and the ATU are eligible under the Plan as of their date of employment. 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	114	114
Current employees:		
Vested	401	404
Nonvested	159	170
Total membership	674	688

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 currently determined by 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. 1.70% of adjusted final monthly earnings greater than \$500 multiplied by the years of credited service (maximum credit of 40 years).

Contract employees that 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%.

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

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

Adjusted final monthly earnings are the employee's highest average monthly wage for 60 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.

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. For employees hired on or after July 1, 2012, the lump-sum option in the Pension Plan is eliminated.

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 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 ten or more years of credited service.

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

Members who were hired on or after January 1, 2013 are subject to the California Public Employees' Pension Reform Act (PEPRA). PEPRA members contribute a percentage of their annual salary to the Plan equal to half of the actuarially determined normal cost toward and the Company contributes the remainder.

During the year ended June 30, 2019, non-PEPRA members contributed 8.41% and PEPRA members contributed 8.75% 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.

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

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

(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 basic 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.

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 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 are reported to the Plan by the trustee bank.

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

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

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 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 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.

(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

At June 30, 2019 and 2018, cash and investments consisted of the following:

	<u>2019</u>	<u>2018</u>
Deposits with Trustee	\$ 285,342	\$ 474,667
Investments	<u>60,124,571</u>	<u>55,340,852</u>
Total	<u>\$ 60,409,913</u>	<u>\$ 55,815,519</u>

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

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

Concentration of Credit Risk - Investment Plan 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:

	<u>Lower</u>	<u>Strategic Allocation</u>	<u>Upper</u>
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 represent 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.

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. 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 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%	\$ 14,514,354	N/A	24%	\$ 13,378,543	N/A
Small Capitalization	5%	3,070,077	N/A	5%	2,999,738	N/A
Real Estate Securities	7%	4,197,084	N/A	3%	1,738,678	N/A
International Securities	20%	12,134,563	N/A	22%	11,723,826	N/A
Multi-strategy	16%	9,642,090	N/A	16%	8,766,689	N/A
Fixed Income	11%	6,602,173	3.9 years	13%	7,397,975	4.9 years
Bonds	17%	<u>9,964,230</u>	3.1 years	17%	<u>9,335,403</u>	3.7 years
Total		<u>\$ 60,124,571</u>			<u>\$ 55,340,852</u>	

N/A – not applicable

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

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

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. 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's assets are in corporate bonds, bond mutual funds, and fixed income.

Credit ratings for the Plan's fixed income investments subject to credit risk as of 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>
Bond Mutual Funds	Not rated	\$ 2,384,484	\$ 2,228,429
	AAA	1,269,371	1,849,497
	BBB	-	1,075,351
	BB	<u>2,948,318</u>	<u>2,244,698</u>
		<u>6,602,173</u>	<u>7,397,975</u>
Corporate Bonds	AA-	742,002	406,589
	A+	608,583	883,047
	A	1,423,729	1,687,149
	A-	1,425,897	985,987
	BBB+	1,636,815	1,888,855
	BBB	1,584,415	1,255,729
	BBB-	<u>824,091</u>	<u>950,173</u>
	<u>8,245,532</u>	<u>8,057,529</u>	
Government Bonds	Not rated	958,245	643,620
	AA+	<u>760,453</u>	<u>634,254</u>
		<u>1,718,698</u>	<u>1,277,874</u>
		<u>\$ 16,566,403</u>	<u>\$ 16,733,378</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.

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

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

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.

(5) Plan Transfer Contribution

During the fiscal year ended June 30, 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 June 30, 2018, benefit transfers to the Salaried Plan totaled \$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:		
Russell Multifactor US Equity Fund	\$ 3,569,407	\$ 4,245,355
Stone Ridge Elements US Portfolio	3,691,403	4,220,657
Elements Emerging Markets Portfolio	<u>3,714,587</u>	<u>3,689,547</u>
	10,975,397	12,155,559
Remaining investments not exceeding 5% of total net position	<u>48,345,418</u>	<u>47,969,012</u>
Total	<u>\$ 59,320,815</u>	<u>\$ 60,124,571</u>
<u>Description of Investments</u>	<u>Cost</u>	<u>Fair Value</u>
2018:		
Russell Multifactor US Equity Fund	\$ 3,135,785	\$ 3,923,096
Stone Ridge Elements US Portfolio	<u>3,638,904</u>	<u>3,901,908</u>
	6,774,689	7,825,004
Remaining investments not exceeding 5% of total net position	<u>46,961,380</u>	<u>47,515,848</u>
Total	<u>\$ 53,736,069</u>	<u>\$ 55,340,852</u>

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

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

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.

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

Investments by Fair Value	Total	Level 1	Level 2	Level 3
Equity mutual funds	\$ 43,558,168	\$ 38,824,715	\$ -	\$ 4,733,453
Bond mutual funds	6,602,173	1,269,371	2,740,128	2,592,674
Corporate bonds	8,245,532	8,245,532	-	-
Government bonds	1,718,698	1,718,698	-	-
	<u>\$ 60,124,571</u>	<u>\$ 50,058,316</u>	<u>\$ 2,740,128</u>	<u>\$ 7,326,127</u>

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

Investments by Fair Value	Total	Level 1	Level 2	Level 3
Equity mutual funds	\$ 38,607,474	\$ 36,526,114	\$ -	\$ 2,081,360
Bond mutual funds	7,397,975	2,924,848	2,018,000	2,455,127
Corporate bonds	8,057,529	8,057,529	-	-
Government bonds	1,277,874	1,277,874	-	-
	<u>\$ 55,340,852</u>	<u>\$ 48,786,365</u>	<u>\$ 2,018,000</u>	<u>\$ 4,536,487</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 using a matrix pricing technique which is used to value securities based on the securities' relationship to benchmark quoted prices. 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 - CONTRACT EMPLOYEES**

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

(7) Annual Pension Cost and Net Pension Obligation

<u>Year Ended June 30</u>	<u>Actuarially Determined Amount</u>	<u>Actual Contribution</u>	<u>Net Pension Obligation</u>
2019	\$ 4,488,508	\$ 4,488,508	-
2018	\$ 4,054,711	\$ 4,054,711	-

(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	\$ 60,679	\$ 91,295	\$ 30,616	66.46%	\$ 30,624	99.97%
2018	\$ 56,022	\$ 87,017	\$ 30,995	64.38%	\$ 31,094	99.68%

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 - CONTRACT 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>			
Russell Multifactor US Equity Fund	331,151	\$ 3,569,407	\$ 4,245,355
Stone Ridge Elements US Portfolio	342,308	3,691,403	4,220,657
Elements Emerging Markets Portfolio	368,955	3,714,587	3,689,547
iShares Russell 1000	18,627	2,889,923	3,032,300
Ishares MSCI EAFE ETF	46,085	3,015,562	3,029,174
Russell Strategic Call Overwriting Fund	215,278	2,244,580	3,016,042
AQR Managed Futures Strategy #15283	303,723	2,866,189	2,454,080
Stone Ridge US Large Cap Variance Risk Prem	233,455	2,374,302	2,413,923
PIMCO All Asset All Authority Fund	290,438	2,830,897	2,410,632
PreDEX Fund Class I	90,596	2,366,534	2,369,998
Stone Ridge All Asset Variance Risk	262,024	2,609,817	2,363,455
Stone Ridge Elements International Portfolio	206,559	2,250,981	2,127,562
Russell Multifactor International Equity Fund	220,221	2,097,079	2,092,095
Acuitas US Microcap Fund	183,977	1,891,582	1,848,964
Russell Global Real Estate Secs Fund	52,608	1,822,970	1,827,086
Stone Ridge Elements US Small Cap	112,962	1,131,247	1,221,113
Elements International Small Cap Portfolio	120,705	<u>1,197,429</u>	<u>1,196,185</u>
Total equity mutual funds		<u>42,564,489</u>	<u>43,558,168</u>
<u>Bond mutual funds:</u>			
Stone Ridge High Yield Reinsurance	304,121	2,984,684	2,740,128
Stone Ridge Tr V Alternative Lending	234,925	2,413,533	2,384,484
Ishares Core US Aggregate Bond ETF	11,400	1,242,753	1,269,371
Stone Ridge Reinsurance Risk Prem	25,482	<u>234,377</u>	<u>208,190</u>
Total bond mutual funds		<u>6,875,347</u>	<u>6,602,173</u>
<u>Corporate bonds:</u>			
BP Cap Markets PLC 3.245% Due 5-06-22	450,000	456,494	463,320
Nike Inc 2.25% Due 5-01-23	425,000	388,112	427,278
Intercontinental Exchange Inc 4.00% Due 10-15-23	350,000	378,784	372,505
AT&T Inc 5.60% Due 2-17-23	350,000	360,472	363,279
Amgen Inc Sr Nt 3.875% Due 11-15-21	350,000	371,346	361,200
Abbvie Inc 2.90% Due 11-06-22	350,000	351,414	352,335
EBay Inc 2.20% Due 8-01-19	350,000	355,176	349,885
GE Capital International 2.342% Due 11-15-20	350,000	342,398	348,338
Phillips 66 4.3% Due 4-01-22	325,000	346,727	342,290
Prudential Finl Inc 4.50% Due 11-16-21	325,000	363,285	341,686
Leucadia National Corp 5.50% Due 10-18-23	300,000	307,509	323,664
Janus Cap Group Inc 4.875% Due 8-01-25	300,000	305,215	322,752
General Mtrs Co Sr Nt 4.875% Due 10-02-23	300,000	326,152	318,150
Citigroup Inc 3.875% Due 10-25-23	300,000	316,063	317,283
Visa Inc 3.15% Due 12-14-25	300,000	314,659	314,724
Motorola Solutions Inc 4.00% Due 9-01-24	300,000	293,127	312,399

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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>
Washington Real Estate Invt 3.95% Due 10-15-22	300,000	301,835	310,851
Smucker JM Co 3.50% Due 10-15-21	300,000	302,194	307,218
Qualcomm Inc 3.0% Due 5-20-22	300,000	315,688	305,571
Intel Corp 2.70% Due 12-15-22	300,000	302,500	305,235
Wells Fargo Co 3.069% Due 1-24-23	300,000	298,174	304,671
American Elec Pwr 2.95% Due 12-15-22	300,000	307,060	304,605
Texas Instruments Inc 2.75% Due 3-12-21	300,000	306,691	303,348
General Elec Cap Corp 5.30% Due 2-11-21	275,000	284,338	284,917
Synchrony Finl 3.00% Due 8-15-19	188,000	189,914	188,028
Total corporate bonds		<u>8,185,327</u>	<u>8,245,532</u>
<u>Government bonds:</u>			
Federal Farm Credit Banks 3.05% Due 11-15-21	400,000	401,690	411,604
US Treasury Note 2.00% Due 10-31-22	350,000	344,268	353,112
Federal Farm Credit Banks 2.05% Due 4-18-23	350,000	350,010	348,849
US Treasury Note 2.125% Due 12-31-21	300,000	305,248	302,937
Federal National Mortgage 2.00% Due 10-05-22	300,000	294,436	302,196
Total US agency bonds		<u>1,695,652</u>	<u>1,718,698</u>
Total investments		<u>\$ 59,320,815</u>	<u>\$ 60,124,571</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>			
Russell Multifactor US Equity Fund	292,768	\$ 3,135,785	\$ 3,923,096
Stone Ridge Elements US Portfolio	337,535	3,638,904	3,901,908
iShares Russell 1000	18,278	2,078,283	2,777,946
Russell Strategic Call Overwriting Fund	203,043	2,075,887	2,775,593
Ishares Short Treasury Bond ETF	24,062	2,655,964	2,657,407
Elements Emerging Markets	252,210	2,586,389	2,547,316
Stone Ridge US Master Variance Fund	210,200	2,141,531	2,244,937
PIMCO All Asset All Authority Fund	253,180	2,549,449	2,167,218
Stone Ridge All Asset Variance Risk	222,130	2,247,508	2,081,360
AQR Managed Futures Strategy #15283	246,735	2,414,679	2,055,304
Russell Multifactor International Equity Fund	192,876	1,853,404	1,932,619
Stone Ridge Elements International Portfolio	171,959	1,906,492	1,858,872
Acuitas US Microcap Fund	127,028	1,332,310	1,799,992
Russell Global Real Estate Secs Fund	51,731	1,802,363	1,738,678
Russell Global Infrastructure Fund	149,687	1,626,058	1,660,025
Stone Ridge Elements US Small Cap	103,516	1,021,225	1,199,746
Acuitas International Small Cap Fund	104,974	1,030,713	1,067,587
AQR Managed Futures Strategy #15255	26,505	220,431	217,870
Total equity mutual funds		<u>36,317,375</u>	<u>38,607,474</u>

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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>Bond mutual funds:</u>			
Stone Ridge Tr Alternative Lending	218,260	2,243,979	2,228,429
Stone Ridge High Yield Reinsurance	214,910	2,171,909	2,018,000
Ishares Core US Aggregate Bond ETF	17,396	1,898,617	1,849,497
PIMCO Emerging Markets	149,354	1,244,140	1,075,351
Stone Ridge Reinsurance Risk Prem	24,912	<u>229,608</u>	<u>226,698</u>
Total bond mutual funds		<u>7,788,253</u>	<u>7,397,975</u>
<u>Corporate bonds:</u>			
BP Cap Markets PLC 3.245% Due 5-06-22	450,000	456,494	448,583
Nike Inc 2.25% Due 5-1-23	425,000	388,112	406,589
Intercontinental Exchange Inc 4.00% Due 10-15-23	350,000	378,784	357,420
Amgen Inc Sr Nt 3.875% Due 11-15-21	350,000	371,346	355,019
Synchrony Finl 3.00% Due 8-15-19	350,000	353,563	349,258
EBay Inc 2.20% Due 8-1-19	350,000	355,176	347,081
AT&T Inc 5.60% Due 5-15-18	350,000	360,471	344,824
GE Capital International 2.342% Due 11-15-20	350,000	342,398	342,118
Abbvie Inc 2.90% Due 11-06-22	350,000	351,414	339,630
Prudential Financial Inc 4.50% Due 11-16-21	325,000	363,285	337,113
Phillips 66 4.3% Due 4-01-22	325,000	346,727	334,727
Leucadia National Corp 5.50% Due 10-18-23	300,000	307,509	310,005
General Mtrs Co Sr Nt 4.875% Due 10-02-23	300,000	326,152	308,412
Goldman Sachs Grp Inc 7.50% Due 2-15-19	300,000	350,665	308,286
Janus Cap Group Inc 4.875% Due 8-1-25	300,000	305,215	306,705
Washington Real Estate Invt 3.95% Due 10-15-22	300,000	301,834	301,305
Smucker JM Co 3.50% Due 10-15-21	300,000	302,184	301,188
Citigroup Inc 3.875% Due 10-25-23	300,000	316,063	300,024
Texas Instr Inc 2.75% Due 3-12-21	300,000	306,691	299,037
Qualcomm Inc 3.0% Due 5-20-22	300,000	315,688	295,479
Intel Corp 2.70% Due 12-15-22	300,000	302,500	293,796
American Elec Pwr 2.95% Due 12-15-22	300,000	307,060	292,032
Motorola Inc 4.00% Due 9-1-24	300,000	293,127	290,910
Visa Inc 3.15% Due 12-14-25	300,000	314,659	290,214
AFLAC Inc Sr Nt 2.40%	200,000	<u>198,568</u>	<u>197,774</u>
Total corporate bonds		<u>8,315,685</u>	<u>8,057,529</u>
<u>Government bonds:</u>			
US Treasury Note 1.375% Due 11-30-18	350,000	352,717	348,975
Federal Farm Credit Banks 2.05% Due 4-18-23	350,000	350,010	334,905
Federal National Mortgage 1.875% Due 2-19-19	300,000	306,781	299,349
US Treasury Note 2.125% Due 12-31-21	300,000	<u>305,248</u>	<u>294,645</u>
Total US agency bonds		<u>1,314,756</u>	<u>1,277,874</u>
Total investments		<u>\$ 53,736,069</u>	<u>\$ 55,340,852</u>

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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 and 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 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	\$ 60,679	\$ 91,295	\$ 30,616	66.46%	\$ 30,624	99.97%
2018	56,022	87,017	30,995	64.38%	31,094	99.68%
2017	52,742	81,804	29,062	64.47%	30,448	95.45%
2016	47,051	73,596	26,545	63.93%	29,787	89.12%
2015	45,790	63,234	17,444	72.41%	25,321	68.89%
2014	46,310	62,011	15,701	74.68%	27,266	57.59%
2013	41,325	58,755	17,430	70.33%	24,693	70.59%
2012	37,025	49,513	12,488	74.78%	23,948	52.15%
2011	37,358	47,357	9,999	78.89%	23,064	43.35%
2010	29,212	45,374	16,162	64.38%	23,738	68.09%

The following table summarizes employer 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>	<u>Percentage contributed</u>
2019	\$ 7,165,553	21.82%	\$ 4,488,508	\$ 2,677,045	100%
2018	6,516,603	21.07%	4,054,711	2,461,892	100%
2017	6,018,860	19.95%	3,877,435	2,141,425	100%
2016	5,193,480	17.58%	3,439,288	1,754,192	100%
2015	4,711,230	15.95%	3,067,778	1,643,452	100%
2014	4,763,313	17.57%	3,326,307	1,437,006	100%
2013	3,714,988	13.74%	2,572,888	1,142,100	100%
2012	3,241,510	12.32%	2,099,802	1,141,708	100%
2011	3,791,200	15.01%	3,791,200	-	100%
2010	4,111,605	16.20%	4,111,605	-	100%

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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	\$ 3,862,139	\$ 3,750,722	\$ 3,352,311	\$ 2,713,135	\$ 2,893,596	\$ 2,285,562	\$ 1,972,068
Interest	5,458,336	5,173,663	4,970,642	4,575,251	4,462,912	4,418,719	3,621,647
Differences between expected and actual experience	(1,182,989)	1,915,331	849,980	3,062,106	(1,252,537)	877,921	(652,845)
Changes of assumptions	-	3,651,179	3,194,510	-	-	-	6,749,225
Benefit payments	(3,859,763)	(5,626,291)	(4,615,902)	(3,182,794)	(4,881,029)	(4,326,353)	(2,447,910)
Net change	4,277,723	8,864,604	7,751,541	7,167,698	1,222,942	3,255,849	9,242,185
Beginning total pension liability	87,017,395	78,152,791	70,401,250	63,233,552	62,010,610	58,754,761	49,512,576
Ending total pension liability	<u>\$ 91,295,118</u>	<u>\$ 87,017,395</u>	<u>\$ 78,152,791</u>	<u>\$ 70,401,250</u>	<u>\$ 63,233,552</u>	<u>\$ 62,010,610</u>	<u>\$ 58,754,761</u>
Plan fiduciary net position							
Employer contributions	\$ 4,488,508	\$ 4,054,711	\$ 3,877,435	\$ 3,439,288	\$ 3,067,778	\$ 3,326,307	\$ 2,572,888
Employee contributions	2,677,045	2,461,892	2,141,425	1,754,192	1,643,452	1,437,006	1,142,100
Net transfer to/from Contract Plan	-	(37,663)	(255,041)	(17,501)	(288)	(241,886)	-
Investment income (loss)	1,715,995	2,807,077	4,919,899	(407,799)	(569)	5,113,555	3,324,692
Pension benefits	(3,859,763)	(5,626,291)	(4,615,902)	(3,182,794)	(4,881,029)	(4,326,353)	(2,447,910)
Administrative expenses	(364,631)	(380,134)	(376,137)	(325,026)	(349,496)	(323,518)	(291,858)
Net change	4,657,154	3,279,592	5,691,679	1,260,360	(520,152)	4,985,111	4,299,912
Beginning plan fiduciary net position	56,021,895	52,742,303	47,050,624	45,790,264	46,310,416	41,325,305	37,025,393
Ending plan fiduciary net position	<u>\$ 60,679,049</u>	<u>\$ 56,021,895</u>	<u>\$ 52,742,303</u>	<u>\$ 47,050,624</u>	<u>\$ 45,790,264</u>	<u>\$ 46,310,416</u>	<u>\$ 41,325,305</u>
Company's net pension liability	<u>\$ 30,616,069</u>	<u>\$ 30,995,500</u>	<u>\$ 25,410,488</u>	<u>\$ 23,350,626</u>	<u>\$ 17,443,288</u>	<u>\$ 15,700,194</u>	<u>\$ 17,429,456</u>
Plan fiduciary net position as a % of total pension liability	66.46%	64.38%	67.49%	66.83%	72.41%	74.70%	70.34%
Covered payroll	\$ 30,624,000	\$ 31,094,000	\$ 30,448,000	\$ 29,787,000	\$ 25,321,000	\$ 27,266,000	\$ 24,693,000
Company's net pension liability as a % of covered payroll	99.97%	99.68%	83.46%	78.39%	68.89%	57.58%	70.58%

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

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

**Contract 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	\$ 7,165,553	\$ 6,516,603	\$ 6,018,860	\$ 5,193,480	\$ 4,711,230	\$ 4,763,313	\$ 3,714,988	\$ 3,241,510	\$ 3,791,200	\$ 4,111,605
Employer contributions	4,488,508	4,054,711	3,877,435	3,439,288	3,067,778	3,326,307	2,572,888	2,099,802	3,791,200	4,111,605
Employee contributions	<u>2,677,045</u>	<u>2,461,892</u>	<u>2,141,425</u>	<u>1,754,192</u>	<u>1,643,452</u>	<u>1,437,006</u>	<u>1,142,100</u>	<u>1,141,708</u>	-	-
Total contributions	<u>7,165,553</u>	<u>6,516,603</u>	<u>6,018,860</u>	<u>5,193,480</u>	<u>4,711,230</u>	<u>4,763,313</u>	<u>3,714,988</u>	<u>3,241,510</u>	<u>3,791,200</u>	<u>4,111,605</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 30,624,000	\$ 31,094,000	\$ 30,448,000	\$ 29,787,000	\$ 25,321,000	\$ 27,266,000	\$ 24,693,000	\$ 23,948,000	\$ 23,064,000	\$ 23,738,000
Contributions as a percentage of covered-employee payroll	23.40%	20.96%	19.77%	17.44%	18.61%	17.47%	15.04%	13.54%	16.44%	17.32%

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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 initial liability	18 years
Remaining amortization period on assumption changes	24 years
Remaining amortization period on interest rate assumption	27 years
Remaining amortization period on administrative expense assumption	28 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.5%
Discount rate	6.5%
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 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate (dollar amounts in thousands):

<u>Discount Rate</u>	<u>Net Pension Liability</u>
5.5%	\$ 39,252
6.5%	30,616
7.5%	23,103

**LONG BEACH PUBLIC TRANSPORTATION COMPANY
RETIREMENT PLAN - CONTRACT 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	\$ 7,165,553	\$ -	\$ 1,715,995	3.10%	\$ 8,881,548
2018	6,516,603	-	2,807,077	5.42%	9,323,680
2017	6,018,860	-	4,919,899	10.66%	10,938,759
2016	5,193,480	-	(407,799)	(1.04)%	4,785,681
2015	4,711,230	29,872	(569)	(0.02) %	4,740,533
2014	4,763,313	-	5,113,555	12.70%	9,876,868
2013	3,714,988	-	3,324,692	8.10%	7,039,680
2012	3,241,510	-	(682,971)	(1.80)%	2,558,539
2011	3,791,200	-	6,604,495	23.00%	10,395,695
2010	4,111,605	-	3,780,305	15.00%	7,891,910

* 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	\$ 3,859,763	\$ 145,775	\$ 218,856	\$ -	\$ 4,224,394
2018	5,626,291	139,754	240,380	37,663	6,044,088
2017	4,615,902	126,930	249,207	255,041	5,247,080
2016	3,182,794	114,708	210,318	17,501	3,525,321
2015	4,881,029	118,069	231,427	30,160	5,260,685
2014	4,326,353	122,144	201,374	241,886	4,891,757
2013	2,447,910	104,416	187,442	-	2,739,768
2012	2,610,616	90,337	164,944	25,643	2,891,540
2011	1,852,836	85,928	142,037	168,731	2,249,532
2010	2,544,902	71,969	132,658	158,341	2,907,870