

LONG BEACH TRANSIT

COMPREHENSIVE ANNUAL FINANCIAL REPORT



2015

A component unit of the City of Long Beach for the years ended June 30, 2015 and 2014 Long Beach, CA

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Prepared by
the Finance Department
Jennifer Abro, Controller
Lisa Patton, Executive Director / VP



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2015 AND 2014**

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LONG BEACH

T R A N S I T

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January 7, 2016

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

We are pleased to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of Long Beach Public Transportation Company (Long Beach Transit or the Company) for fiscal year July 1, 2014 to June 30, 2015.

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

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

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

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

Kenneth McDonald, President and CEO

Long Beach Public Transportation Company

REPORTING ENTITY

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

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

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

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

SERVICES

Long Beach Transit has embarked on a strategic planning process to gain focus and to create a business plan moving forward. We are taking a broad, strategic look at our business. For 2015, our focus has been on employees, finances and the quality of service we provide for our customers. We have completed an in-depth analysis of our business. As we continue to move our organization forward, we are centering our focus upon our operating and capital priorities that are being used to shape LBT's mission and strategic priorities:

- Improve Safety & Service Quality
- Exercise Financial Accountability
- Foster Employee Engagement
- Enhance Customer Experience
- Promote Community & Industry Focus

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

- Fixed route bus service
- Passport Service
- Demand responsive paratransit service (Dial-A-Lift)
- Water taxi service (AquaBus and AquaLink)
- Museum Express

Long Beach Public Transportation Company

Fixed Route Bus Service

The Company provides fixed route bus service to a 98 square mile area, which includes the cities of Long Beach, Lakewood and Signal Hill; and portions of Artesia, Bellflower, Carson, Cerritos, Compton, Hawaiian Gardens, Los Alamitos, Norwalk, Paramount and Seal Beach. This service covers 35 routes, requiring 223 buses.

Of the 35 fixed routes operated by the Company, 26 radiate from the First Street Transit Gallery. The First Street Transit Gallery, located in downtown Long Beach, is the focal point of the fixed route system as well as Metro Blue Line rail service running between Long Beach and downtown Los Angeles. The First Street Transit Gallery provides special features such as exclusive bus lanes and traffic control equipment, special bus stop improvements, passenger shelters equipped with graphic displays, and electronic monitors displaying real-time schedule information. This location is also a major transfer point for Torrance Transit, Los Angeles Department of Transportation (LADOT), and Los Angeles County Metropolitan Transportation Authority (Metro).

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

Long Beach Transit maintains neighborhood bus shelters and benches, providing customer convenience and comfort. There are over 1,900 stops throughout the system and the Company ensures the stops are well-maintained and meet high cleanliness standards.

Passport Service

The *Passport* is a downtown and waterfront service that is a vital mobility component to the City of Long Beach. The *Passport* connects many points of interest such as: the Aquarium of the Pacific, the Pike, the Queen Mary, Pine Avenue, Shoreline Village, the Convention Center, the Long Beach Sports Arena, surrounding hotels, business and government hubs. It is a complimentary service that starts at 10th Street at Pine Avenue and links the City Place Mall, Pine Ave. restaurants, shops and offices to the Convention Center, the Pike, Shoreline Village, Aquarium, and Queen Mary. Service operates daily from 5:10 a.m. to 1:00 a.m.

The service is provided by seven low-floor, CNG buses. Passport vehicles are stored and maintained at the main administrative facility on Anaheim Street. During fiscal year 2015, the Passport carried 1.2 million passengers. Due to an extensive rehabilitation of Pine Avenue, the *Passport* will be on detour on Pacific Avenue from May 2014 through February 2016.

Demand Responsive Paratransit Service (Dial-A-Lift)

Long Beach Transit offers Dial-A-Lift paratransit service for persons with disabilities. This curb-to-curb service operates on a call-in basis and is provided by a private contractor. All vehicles are owned by the Company, but stored, maintained and dispatched by the contractor. In fiscal year 2015, the Dial-A-Lift service was operated by a local taxi company using a fleet of mini-van taxis. The contractor supplemented Dial-A-Lift rides with its ordinary taxi service on an as-needed basis, eliminating the need for additional dedicated vans. This results in lower overall costs. There were 57,128 boardings on Dial-A-Lift in FY 2015.

Water Taxi Service (AquaBus and AquaLink)

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

There are two AquaBus boats that provide links to the Queen Mary, Aquarium of the Pacific, and Shoreline Village. These boats, which carry up to 49 passengers, tie directly with the downtown Passport shuttle buses and parking facilities, allowing visitors to see Long Beach's many attractions without having to get in their car.

For passengers wanting to travel further down the coast, the AquaLink boats, two 75-seat catamarans, provide service that operates between the Queen Mary, Aquarium of the Pacific, Belmont Pier and Alamitos Bay Landing. Express service began in FY 2012 from the Aquarium of the Pacific dock 4 in downtown Long Beach, directly to Alamitos Bay landing restaurants.

The service is operated by Catalina Express, a private contractor. The vessels are owned by Long Beach Transit, and stored and maintained at the contractor's docking facilities. This service runs daily during the summer months. Annual ridership for fiscal year 2015 was 58,213 boardings.

Community Special Service

Long Beach Transit provides a Museum Express bus service to major museums and garden attractions in Los Angeles and Orange Counties. Tickets can be purchased in advance for the service, which runs from June through August. The Museum Express offers residents who would not ordinarily ride the bus an opportunity to try transit and is particularly beneficial to our senior and transit dependent customers who can rely on the service to access attractions they could not travel to on their own. Each year, the Company also supports the Toyota Grand Prix of Long Beach and other large, special events by providing supplemental service where needed.

ACCOMPLISHMENTS

2015 marks Long Beach Transit's 52nd year providing transit service to the City of Long Beach and surrounding communities. We began in 1963 with fewer than 100 buses and carrying about 8 million customers annually. We have grown to over 260 buses, vans and water taxis that carry over 28 million customers annually – making us one of the most productive and efficient transit systems of our size in the country. Rain or shine, through 52 years of achievements and challenges, Long Beach Transit has served our community by never missing a day of service.

Los Alamitos Bay Pier Improvements – Berth 3

This project improves accessibility to the two 75-passenger AquaLink catamarans that run along the Long Beach coast between downtown and the Orange County line dock at the Los Alamitos Bay Pier. The Los Alamitos Bay Pier Improvement Project enhances LBT's water taxi boarding for customers as the rebuilt pier accommodates mobility devices and is compliant with the Americans with Disabilities Act of 1990.

Long Beach Public Transportation Company

Transitioned Passes on to Transit Access Pass (TAP) Smart Card

To allow our customers a seamless way to travel in Los Angeles County, Long Beach Transit implemented mobile validators on our entire bus fleet in 2014. This device allows our customers to board with smart cards. Smart cards have the added benefit of faster boardings which help to increase our on-time performance. In 2015, all of the LBT pass products were transitioned to smart card technology. This allows our customers the convenience of updating their passes on-line with the added benefit of decreasing fraud and decreasing the wear and tear on our fareboxes.

Improved our Fleet

The Company continues to focus on its goal of maintaining a modern, low emission, efficient transit fleet. During 2015, we replaced 8 aging diesel forty foot buses with Compressed Natural Gas (CNG) buses. This brings our total number of CNG buses to 64. These buses are manufactured by Gillig and are operated out of facility located at 6860 Cherry Avenue in North Long Beach.

The Company continues to focus on its goal of maintaining our assets in a “like new” condition. During 2015, we cosmetically rehabbed 15 of our aging buses. Improvements included:

- Exterior Body Paint & Decal Replacement
- Exterior Equipment Replacement
- Interior Paint & Decal Replacement
- Interior Equipment Refurbishment

As part of our ongoing effort to keep our bus fleet modern, attractive, clean and functioning to our highest standards for our customers and community, Long Beach Transit is continuing to detail our coaches twice a year and to replace our passenger and operator seats every three years.

Increasing Sustainability

Long Beach Transit is committed to being a leader in environmental preservation and resource efficiency by using sustainable materials, methods and technologies that improve the environmental, social and economic health of the communities we serve.

Our commitment to sustainability includes the operation of the largest hybrid gasoline-electric bus fleet in the nation with 89 buses. Further, we have replaced 8 aging diesel buses with the purchase of 8 CNG-powered vehicles. These buses, along with our existing fleet of hybrid gasoline-electric buses make our 40-foot bus fleet nearly 79% alternatively fueled.

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

Complying with Audits

The Federal Transit Administration (FTA) is conducting Project Management Oversight (PMO) reviews on Long Beach Transit’s Technological Infrastructure Upgrade project and our Maintenance Asset Management project. PMO is a continuous review and evaluation throughout the life of each project to ensure compliance with statutory, administrative, and regulatory requirements. The FTA monitors the projects to ensure they are progressing on time, within budget, and in accord with approved grantee plans and specifications.

KEY PERFORMANCE RESULTS

One of the several methods used to monitor performance is through key indicators that track service quality, efficiency, and productivity. The results for fiscal year 2015 are on page 50.

Improving On-Time Performance

In Long Beach Transit, a bus is considered “on-time” if it leaves a stop no more than five minutes late or one minute early. To improve the actual travel experience of our customers, LBT reviewed individual routes to determine where, within the route, delays were likely to occur so we could address them. As a result, our on-time performance rate has increased from 77 percent in the first quarter to 81 percent by the fourth quarter, with the ultimate goal being set at 85 percent for 2016. Improving our schedule reliability allows our customers to better plan their trips and encourages repeat ridership.

Reducing Ratio of Operator Paid Time Compared to Operator Seat Time

Labor cost is our biggest cost driver. Assessing the ratio of productive work time (actual Operator seat time) in comparison to non-productive Operator work time (paid leaves, ie., workers compensation, sick-leave, vacation, etc.) gives us a measure to improve our efficiency by reducing unproductive time. By focusing on this measure, LBT has reduced the ratio from 1.52 in the first quarter to 1.48 in the fourth quarter.

Community Evaluation

Long Beach Transit also tracks the degree of customer satisfaction with the quality of services provided. An independent research firm is engaged annually to randomly poll customers and non-riders to measure perceptions of service quality. Results for 2015 and prior years are shown on page 51. Overall, 90% of riders continue to view Long Beach Transit service as good or excellent.

FACTORS AFFECTING FINANCIAL CONDITION

General Economic Conditions

Our overall economy is slowly strengthening as we transition from recession recovery to expansion. With a pickup in job growth, unemployment rates have gradually declined. Two factors explain the declines in unemployment rates. Job creation is the primary factor but the rates have also declined as the labor force participation rate has declined from 66% to 62%. Overall the outlook for job growth remains positive as real GDP, real export, and local construction spending are the most influential factors affecting job creation in our local economy.

An important economic growth factor in Long Beach is the export market. Weak economic growth abroad as well as the sharp increase in the value of the U.S. dollar will stymie export growth. The devaluation of the Chinese yuan and weakness in the currencies of Mexico, Canada, and Japan are making California’s merchandise more expensive. Total merchandise exports are projected to decline in 2015 and show a small increase of 1.5% in 2016.

As our state and local economies transition from a slow recovery from the recession to expansion, Long Beach Transit stands on firmer ground. More work remains in rebuilding our reserves and ensuring the sustainability of our pensions. The existing state and federal funding environment is not expected to result in significant additional funding for transit in the future. Management believes our conservative financial practices will allow us to meet the funding challenges for the upcoming year while maintaining current service levels.

Long Beach Public Transportation Company

Financial Policies

It is Long Beach Transit's policy to maintain the fiscal integrity of our operating and capital budgets. We accomplish this by ensuring that our ongoing operating costs do not exceed the amount of our ongoing revenue. Daily operations are financed by fare revenue, annual sales tax subsidies received from state and county programs, and miscellaneous other revenue such as income from advertising on Company vehicles and investment income. The amount of operating sales tax subsidies received each year is based on a regional formula comprised primarily of fares and revenue miles.

The Company has no debt and only uses available grant funds to procure capital acquisitions. The Company has no plans to issue debt and our policy is to continue to fund future capital needs on a pay as you go basis through formula and discretionary grants.

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

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

Long-Term Financial Planning

Long Beach Transit's long-term financial planning combines financial forecasting with strategizing. Financial forecasts project revenues and expenditures over a five year period, using assumptions about our economic conditions and future spending.

Our five year financial plan aligns our financial capacity with our five year service objectives and ensures we are able to maintain existing levels of service. Strategies have been developed, including the use of Federal preventive maintenance funds for operating, to achieve long-term sustainability in light of local financial challenges.

The Company's long-term operating and capital plan helps to stimulate discussion and engenders a long-range perspective for decision makers. It is used as a tool to prevent financial challenges; it stimulates long-term and strategic thinking; and it gives consensus on our long-term financial direction.

RECOGNITION

Long Beach Police Foundation Community Service Awards

On July 6, 2014, the Long Beach Police Communications Center called Long Beach Transit Communications regarding a missing 10-year-old boy. Transit Communications Supervisor LaRashanda Wheeler relayed the critical missing boy's description to all LBT coach operators and field personnel. Coach Operator Ian Fennell notified Supervisor Wheeler that he had a passenger on board who matched the description of the missing boy. Long Beach Police responded to Ocean Boulevard and 8th Place and when they boarded the bus, they confirmed the boy was the missing child and reunited him with his family. Transit Supervisor LaRashanda Wheeler and Coach

Long Beach Public Transportation Company

Operator Ian Fennell were commended and recognized for their diligence and quick actions that helped save significant manpower and resources and led to the safe return of a missing child.

On July 9, 2014, the Long Beach Police Communications Center contacted Long Beach Transit Communications regarding a missing 17-year-old girl and a five-year-old boy. Police officers were frantically searching for the children and believed they were possibly the victims of foul play. Transit Supervisor Jesus Santana, who was working dispatch when the call came in, relayed the missing persons' information to all coach operators and field personnel. Coach Operator Angela Allen notified Supervisor Santana that she had possibly dropped off the missing subjects at Bellflower Boulevard and Flower Street, and they were last seen walking northbound on Bellflower Boulevard. Due to the lead from Long Beach Transit, the Los Angeles County Sheriff's Department was notified and the missing children were located at Alondra and Bellflower Boulevard, in the City of Bellflower. The children were safe and had not been victims of a crime. Long Beach Transit Supervisor Jesus Santana and Coach Operator Angela Allen were commended and recognized for their attention to detail and timely response to this situation. Their quick actions saved law enforcement from using significant manpower and resources during the search and ensured the safe return of the missing children.

On June 6, 2014, Long Beach Transit Coach Operator Driver Nanette West notified Transit Communications about a young man who entered her bus with his dog and walked to the rear of the bus without paying his fare. When she attempted to communicate to the young man, she realized that he was disabled and alone and became concerned for the young man's safety. She requested assistance from a Transit Enforcement Officer. While an officer was on his way to evaluate the situation, Long Beach Police Dispatch aired information regarding a critical missing 19-year old male, with mental capacity of a 5-year-old boy, and his missing dog. The officer boarded the bus and confirmed the passenger in question was the missing subject. He was later reunited with his family. Coach Operator Nanette West was commended and recognized for her compassion, care for the community, and her attention to detail in recognizing a situation that involved safety concerns for one of her passengers.

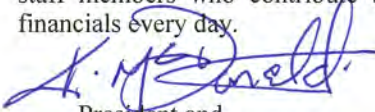
On June 15, 2014, at 7:15 a.m., a Long Beach Police Transit Enforcement Officer obtained information regarding a critically missing 89-year-old man with a severe medical condition. The officer contacted Transit Communications Supervisor Sixto Macias, who relayed the missing man's information to all coach operators and field personnel. At approximately 9:45 a.m., Coach Operator Geneva Clayborne notified Transit Communications that she believed the missing man was a passenger on her bus. This information was relayed to the officers who were searching for the man and they responded to the area of Santa Fe Avenue and Pacific Coast Highway to board the bus. The officers confirmed the identity of the missing man and reunited him with his family. Transit Supervisor Sixto Macias and Coach Operator Geneva Clayborne were commended and recognized for their diligence and attention to detail which resulted in the safe return of a critically ill missing person.

Achievement for Excellence in Financial Reporting

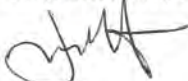
For the 24th straight year, the GFOA of the United States and Canada awarded a Certificate of Achievement for excellence in Financial Reporting to Long Beach Transit for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. A Certificate of Achievement is valid for a period of one year only. In order to receive the award, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report in compliance with the GFOA policies, procedures and program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

ACKNOWLEDGMENTS

We wish to acknowledge the participation and professional contribution of the accountancy firm of Windes, Inc. in providing technical assistance. In addition, we wish to recognize all the Finance staff members who contribute their time and efforts to ensure we have accurate and timely financials every day.



President and
Chief Executive Officer



Controller



Accounting Manager



Executive Director and
Vice President of Financial Services



Finance Manager



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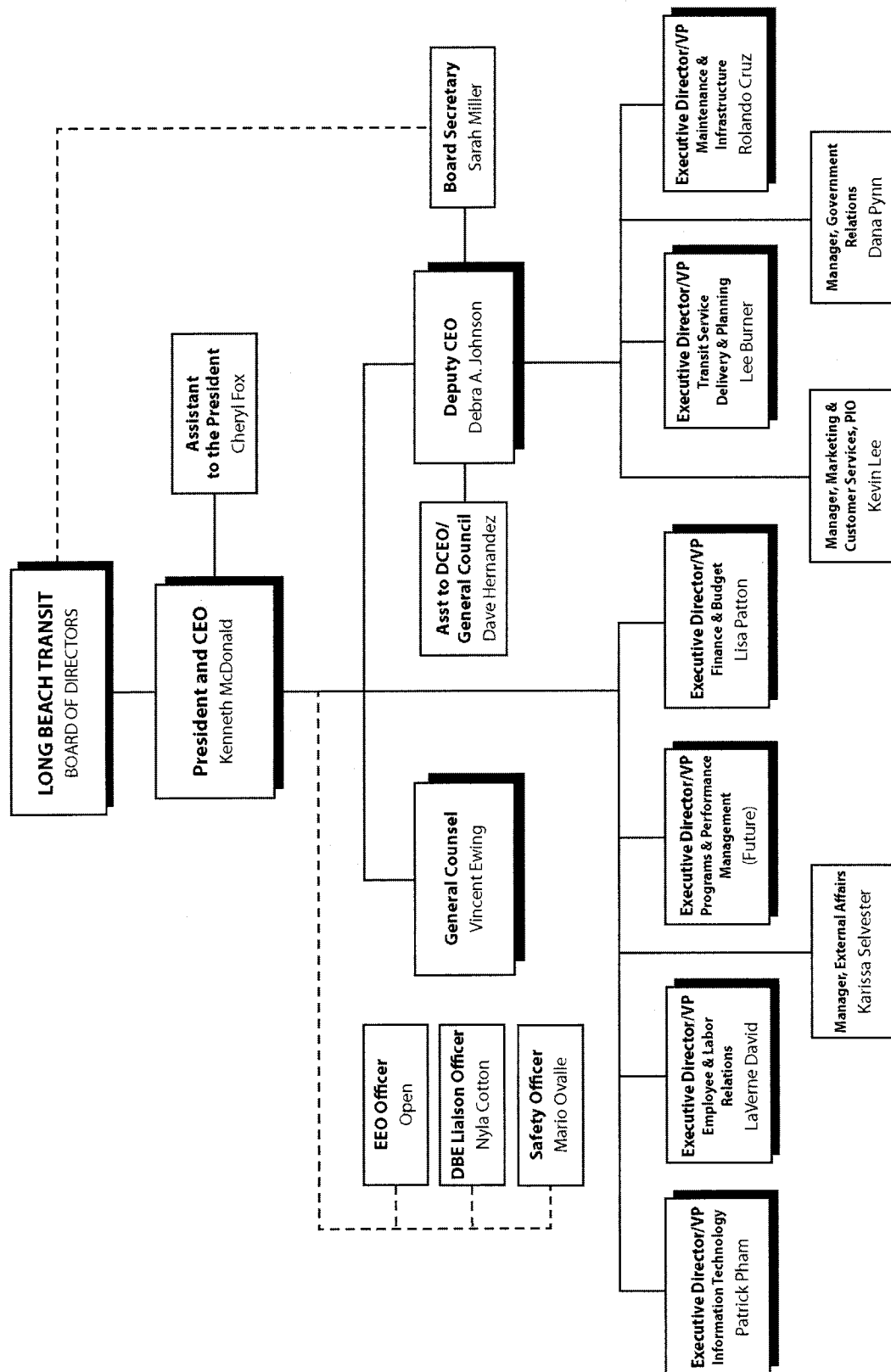
**Long Beach
Public Transportation Company
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

Long Beach Public Transportation Company



Long Beach Public Transportation Company

Board of Directors

Barbara Sullivan George	Chair of the Board
Maricela de Rivera	Vice Chair
Sumire Gant	Secretary – Treasurer
Victor Irwin	Director
April Economides	Director
Nancy Pfeffer	Director
Mary Zendejas	Director
Amy Bodek	Ex Officio Member, City of Long Beach
Ara Maloyan	Ex Officio Member, City of Long Beach

Management

Kenneth McDonald	President & Chief Executive Officer
Debra Johnson	Deputy Chief Executive Officer
Lisa Patton	Executive Director, VP Finance & Budget
Lee Burner	Executive Director, VP Transit Service Delivery & Planning
Rolando Cruz	Executive Director, VP Maintenance & Facilities
LaVerne David	Executive Director, VP Risk Management, Training & Human Resources
Patrick Pham	Executive Director, VP Information Systems & Technology

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Beach Public Transportation Company

Report on the Financial Statements

We have audited the accompanying financial statements of the Long Beach Public Transportation Company (Company), a component unit of the City of Long Beach, California, which comprise the statements of net position as of June 30, 2015 and 2014, and the related statements of revenues, expenses, and changes in net position, and cash flows 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 Long Beach Public Transportation Company as of June 30, 2015 and 2014, and the changes in its net position and its cash flows for the years then ended in accordance 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 3 through 9 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.

Other Information


Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental informational schedules summarizing the funding progress of the Company's defined benefit pension plan and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplemental informational schedules summarizing the funding progress of the Company's defined benefit pension plan are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental informational schedules summarizing the funding progress of the Company's defined benefit pension plan are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2016 on our consideration of Long Beach Public Transportation Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Long Beach Public Transportation Company's internal control over financial reporting and compliance.


Long Beach, California
January 7, 2016

MANAGEMENT'S DISCUSSION and ANALYSIS

As management of Long Beach Public Transportation Company (Long Beach Transit or the Company), we offer readers of Long Beach Transit's financial statements this narrative overview and analysis of the financial activities of the Company for the fiscal years ended June 30, 2015 and 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-viii of this report.

FINANCIAL HIGHLIGHTS

- Long Beach Transit's assets and deferred outflow of resources exceeded its liabilities and deferred inflow of resources at June 30, 2015 by \$73.9 million (net position).
- In fiscal year 2015, fuel costs decreased 19%. Average fuel price per gallon for the year was about \$2.73 compared to \$3.37 in fiscal year 2014, which resulted to a decrease in fuel costs of \$1.3 million.
- Contributed an additional \$2.56 million in pension contributions beyond the actuarial required amount to improve the plan funded ratio.
- Experienced a 2.35% decrease in operating revenue primarily due to decrease in passenger fares that were consistent with the corresponding decrease in ridership.
- GASB 68 was implemented and the beginning net position was reduced by \$25 million resulting in a restated beginning net position of \$63 million.
- Effective July 1, 2011, employees were required to contribute 5% of their compensation to the existing defined benefit plan and pay 10% of personal individual medical, dental and vision premiums and 15% of dependent premiums.
- Operating expenses before depreciation and pension adjustment related to the implementation of GASB No. 68 increased due to an increase in labor, pension costs and workers compensation costs offset by lower fuel costs.
- The Company funded preventive maintenance operating expenses with capital grant funds, as permitted by federal law.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The statements of net position present information on all of Long Beach Transit's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference between the four reported as net position.

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

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

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

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

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

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 15-41 of this report.

FINANCIAL STATEMENT ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Company's financial position. In the case of Long Beach Transit, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by \$73.9 million at the close of fiscal year 2015.

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

	Year – Ended	
	2015	2014 (As Restated)
Current assets	\$ 54,398,902	\$ 43,496,221
Other noncurrent assets	25,713,285	25,608,449
Capital assets, net	<u>91,276,393</u>	<u>84,858,221</u>
Total assets	<u>171,388,580</u>	<u>153,962,891</u>
Deferred outflows of resources	<u>2,679,713</u>	<u>1,327,862</u>
Current liabilities	47,397,824	37,293,885
Noncurrent liabilities	<u>52,294,375</u>	<u>52,662,821</u>
Total liabilities	<u>99,692,199</u>	<u>89,956,706</u>
Deferred inflows of resources	<u>507,481</u>	<u>2,152,634</u>
Net position:		
Invested in capital assets	91,276,393	84,858,221
Restricted	144,080	156,350
Unrestricted	<u>(17,551,860)</u>	<u>(21,833,158)</u>
Total net position	<u>\$ 73,868,613</u>	<u>\$ 63,181,413</u>

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

All of Long Beach Transit's capital assets were procured with federal, state or local grant funds. Long Beach Transit's net position in fiscal year 2015 increased by \$10.7 million as a result of capital purchases exceeding depreciation. Long Beach Transit spent \$24.8 million for capital assets which included the purchase of eight forty-foot CNG buses and thirteen sixty-foot CNG buses and the completion of the maintenance bay modernization project, which consists of the replacement of 12 underground bus lifts. In addition, capital expenditures also included upgrades to passenger facilities including upgrading the Berth 3 dock, routine replacement of bus components, shop, office and IT equipment.

For fiscal year 2014, Long Beach Transit's net position decreased by \$13.5 million as a result of the annual depreciation expense exceeding capital purchases. For fiscal year 2014, net position also decrease by \$25.3 million as a result of the implementation of GASB 68 which required the reporting of the liability associated with the defined benefit pension plan. Long Beach Transit spent \$7.1 million for capital assets which included the continuation of a major software upgrade and the maintenance bay modernization project, which consists of the replacement of 12 underground bus lifts. In addition, capital expenditures also included replacing a service truck, upgrades to passenger facilities, and routine replacement of bus components, shop, office and IT equipment.

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

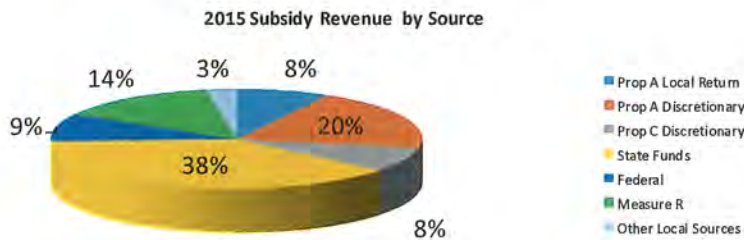
	Year – Ended	
	2015	2014
Operating revenues:		
Passenger fares and special events	\$ 17,535,593	\$ 17,991,516
Advertising	603,029	630,413
Other revenue	63,585	18,222
Total operating revenues	<u>18,202,207</u>	<u>18,640,151</u>
Non-operating revenues:		
Subsidies	64,700,470	61,008,975
Interest	229,530	243,911
Total non-operating Revenues	<u>64,930,000</u>	<u>61,252,886</u>
Total revenues	<u>83,132,207</u>	<u>79,893,037</u>
Expenses:		
Transportation	39,488,966	38,869,648
Maintenance	20,479,627	21,878,415
Administration	18,894,586	19,144,974
Depreciation	18,343,403	20,605,041
Total expenses	<u>97,206,582</u>	<u>100,498,078</u>
Change before capital grants	<u>(14,074,375)</u>	<u>(20,605,041)</u>
Capital grants	<u>24,761,575</u>	<u>7,135,567</u>
Change in net position	<u>\$ 10,687,200</u>	<u>\$ (13,469,474)</u>

Management's Discussion and Analysis, continued

Operating revenues. Overall total operating revenues for 2015 decreased 2.3%. Fare revenue comprises 96.3% of operating revenues. Fare and special events revenue in 2015 decreased by \$455,923, or 2.5%.

Non-operating revenues. To make up for the decrease in state and local subsidies, we have had to transfer a portion of our capital grants to the operating budget to pay for maintenance costs. Subsidies in 2015, which comprise 78% of total revenues, increased \$3.7 million, or 6%, in 2015. This net increase is a result of increased labor, pension expenses and workers' compensation cost and offset by lower fuel costs.

In 2014, subsidy revenue increased \$3.3 million, or 5.8%. This increase is a result of increased labor, fringe benefit expenses and casualty and liability costs.



Expenses. Fiscal year 2015 operating expenses, before depreciation and pension adjustment related to the implementation of GASB 68, increased. This increase is due to increased labor expenses of \$1.3 million, which was a result of wage increases. In addition, pension cost increased \$1.7 million and casualty and workers' compensation increased due to increasing reserves for new claims and adjustments to existing claims. However, these costs were offset by \$1.3 million in lower fuel costs.

In fiscal year 2014, operating expenses, before depreciation, increased 4.5%. This increase is due to increased labor expenses of \$900 thousand, which was a result of wage increases and reorganization expenses. In addition, pension cost increased \$1.5 million and casualty and liability increased due to increasing reserves on several cases.

Management's Discussion and Analysis, continued

In 2015, depreciation expense decreased 11% and capital acquisitions exceeded depreciation expense by \$6.4 million. In 2014, depreciation expense increased 1.8% and depreciation exceeded capital acquisitions by \$13.5 million.

2015 Operating Expenses (before depreciation)



CAPITAL ASSETS

Long Beach Transit's investment in capital assets as of June 30, 2015 amounted to \$91.3 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, fleet, communication and farebox systems, machinery and equipment, and passenger facilities. All assets have been purchased with federal, state or local grants awarded to the Company, and Long Beach Transit has never issued any debt to fund the procurement of capital assets.

The total net increase in the Company's investment in capital assets for the current fiscal year was 7.6%. Long Beach Transit had \$24.8 million in new capital acquisitions during the year, an increase of \$17.6 million when compared to 2014. Fiscal year 2015, included the purchase of eight forty-foot CNG buses and thirteen sixty-foot CNG buses and the completion of the maintenance bay modernization project, which consists of the replacement of 12 underground bus lifts. In addition, capital expenditures also included upgrades to passenger facilities including upgrading the Berth 3 dock, routine replacement of bus components, shop, office and IT equipment.

As noted above, all assets are purchased with grants, the majority coming from federal funding. Total grant awards will vary each year as Long Beach Transit is eligible for a formula percentage of the County's federal funding, plus one-time grants available for specific projects, such as bus replacement. Grant requirements allow, on average, three years to expend these funds. As of June 30, 2015, the Company had \$94.4 million in grant funds designated for capital procurements. This is a \$5.0 million decrease from the available balance at the end of fiscal year 2014.

Long Beach Public Transportation Company

Management's Discussion and Analysis, continued

Significant capital asset acquisitions during 2015 included the following:

- Purchased eight forty-foot and thirteen sixty-foot CNG buses totaling \$12.7 million
- Software upgrade and information systems equipment totaling \$817 thousand
- Completion of the Maintenance Bay Modernization Project, which consisted of the replacement of 12 underground bus lifts and associated flooring work totaling \$496 thousand
- Upgrades to passenger facilities including the Berth 3 dock totaling \$1.1 million
- Routine replacement of engines, transmissions, tires and bus components totaling \$2.5 million

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

	Year – Ended	
	2015	2014
Land	\$ 5,525,000	\$ 5,525,000
Buildings and improvements	13,683,808	12,495,346
Fleet	56,609,606	53,940,659
Communications systems	257,209	372,231
Fare collection system	280,399	666,130
Office, shop and garage equipment	1,771,018	2,253,251
Passenger facilities	2,847,367	4,616,726
Construction in progress	<u>10,301,986</u>	<u>4,988,878</u>
Total capital assets, net of depreciation	<u>\$ 91,276,393</u>	<u>\$ 84,858,221</u>

Long Beach Transit's investment in capital assets as of June 30, 2014, amounted to \$84.8 million (net of accumulated depreciation). The Company had \$7.1 million in new capital acquisitions during the year, a decrease of \$32.2 million, when compared to 2013.

Significant capital asset acquisitions during 2014 included the following:

- Continuation of the Maintenance Bay Modernization Project, which consists of the replacement of 12 underground bus lifts and associated flooring work totaling \$1.2 million.
- Software upgrade, new telephone system and information systems equipment totaling \$1 million.
- Routine replacement of engines, transmissions, tires and bus components totaling \$2.5 million.
- Purchased a new service truck totaling \$155 thousand.

Management's Discussion and Analysis, continued

Additional information on Long Beach Transit's capital assets can be found in note (8) in the notes to the accompanying financial statements beginning on page 27 of this report.

ECONOMIC FACTORS and NEXT YEAR'S FINANCIAL PLAN

The state and local economies continue with a slow recovery from the recession. As we move into 2016, Long Beach Transit will focus on improving efficiency, controlling costs and ensuring the sustainability of our pensions. The existing state and federal funding environment is not expected to result in significant additional funding for transit in the future.

We continue to face escalating pension and health care costs. During FY 2015-16 we are focusing on addressing a structural challenge within our pension plans by decreasing the expected rate of return. The results of this change in assumptions requires us to put more funds into the pension plans to ensure they are sustainable for the future. By being more conservative now, Long Beach Transit will be better positioned heading into the future.

In addition to escalating pension costs, health care costs continue their steady climb. While health care costs continue to outpace inflation, offering competitive benefits are important in order to retain and attract high quality employees. With the rapid changes occurring within the health care industry, we will continue to look at concepts that may help to minimize our exposure in the future.

The Labor Agreement between Long Beach Transit and the Amalgamated Transit Union, Local 1277, is effective from July 1, 2013, to June 30, 2016. The Agreement provides the parties with specific procedures governing the duration and renewal of the Agreement. Long Beach Transit has no reason to expect any service disruption with regard to this Agreement.

The way we will achieve our mission in this environment is to continue to improve all aspects of our core business processes including our service delivery, customer experience and staff development. While management believes Long Beach Transit's conservative financial practices will allow us to meet the funding challenges for the upcoming year, we will closely monitor all of the issues. The Company's objective is to maintain current service levels for 2016.

Despite challenges, Long Beach Transit remains financially healthy. Our FY 2016 budget is balanced with current revenues equal to current expenditures. Through improvements in efficiency, Long Beach Transit has been able to increase wages while controlling cost increases. The financial plan approved in May 2015 for fiscal year 2016 totals \$85.8 million and is less than a half of a percent increase over fiscal year 2015.

REQUESTS FOR INFORMATION

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

Long Beach Public Transportation Company

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Long Beach Public Transportation Company

Statements of Net Position June 30, 2015 and 2014

	2015	2014 (As Restated)
ASSETS		
Current Assets:		
Cash and cash equivalents (note 2)	\$ 44,314,746	\$ 37,796,332
Accounts receivable (note 4)	8,710,830	3,556,215
Materials and supplies inventory	1,001,935	1,084,633
Prepaid expenses	371,391	1,059,041
Total current assets:	<u>54,398,902</u>	<u>43,496,221</u>
Noncurrent Assets:		
Investments (note 2)	25,713,285	25,608,449
Capital assets:		
Land	5,525,000	5,525,000
Construction-in-progress	10,301,986	4,988,878
Capital assets, net of accumulated depreciation:		
Buildings and improvements	13,683,808	12,495,346
Fleet	56,609,606	53,940,659
Communications systems	257,209	372,231
Fare collection system	280,399	666,130
Office, shop and garage equipment	1,771,018	2,253,251
Passenger facilities	2,847,367	4,616,726
Total noncurrent assets	<u>116,989,678</u>	<u>110,466,670</u>
Total assets	<u>\$ 171,388,580</u>	<u>\$ 153,962,891</u>
DEFERRED OUTFLOWS OF RESOURCES		
Net difference of changes related to pension liability	<u>\$ 2,679,713</u>	<u>\$ 1,327,862</u>

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

Long Beach Public Transportation Company

Statements of Net Position, Continued June 30, 2015 and 2014

	2015	2014 (As Restated)
LIABILITIES:		
Current Liabilities		
Accounts payable	\$ 8,727,929	\$ 1,986,106
Accrued payroll expenses	1,442,969	1,321,928
Compensated absences payable (note 11)	2,832,830	2,959,273
Retiree health care benefits (note 11)	146,682	99,851
Subsidy deferral (note 9)	19,768,145	18,346,002
Estimated liability for insurance claims (note 6)	14,479,269	12,580,725
Total current liabilities	<u>47,397,824</u>	<u>37,293,885</u>
Noncurrent Liabilities:		
Unearned revenue (note 5)	25,671,678	25,218,034
Retiree health care benefits (note 11)	3,437,908	2,987,972
Net pension liability (note 13)	23,184,789	24,456,815
Total noncurrent liabilities	<u>52,294,375</u>	<u>52,662,821</u>
Total liabilities	<u>\$ 99,692,199</u>	<u>\$ 89,956,706</u>
DEFERRED INFLOWS OF RESOURCES		
Net difference of changes related to pension liability	<u>\$ 507,481</u>	<u>\$ 2,152,634</u>
NET POSITION		
Restricted for:		
Invested in capital assets	91,276,393	84,858,221
Restricted for capital procurement	144,080	156,350
Unrestricted	<u>(17,551,860)</u>	<u>(21,833,158)</u>
Total net position	<u>\$ 73,868,613</u>	<u>\$ 63,181,413</u>

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

Long Beach Public Transportation Company

Statements of Revenues, Expenses and Changes in Net Position Years Ended June 30, 2015 and 2014

	2015	2014 (As Restated)
Operating revenues:		
Passenger fares	\$ 17,516,839	\$ 17,966,020
Special events	18,754	25,496
Advertising	603,029	630,413
Other revenue	63,585	18,222
	<hr/>	<hr/>
Total operating revenues	18,202,207	18,640,151
	<hr/>	<hr/>
Operating expenses:		
Transportation	39,488,966	38,869,648
Maintenance	20,479,627	21,878,415
Administration	18,894,586	19,144,974
Depreciation (note 8)	18,343,403	20,605,041
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Total operating expenses	97,206,582	100,498,078
	<hr/>	<hr/>
Operating loss	(79,004,375)	(81,857,927)
	<hr/>	<hr/>
Nonoperating income:		
Subsidies (note 3)	64,700,470	61,008,975
Interest income	229,530	243,911
	<hr/>	<hr/>
Total nonoperating income	64,930,000	61,252,886
	<hr/>	<hr/>
Change in net position before capital grants	(14,074,375)	(20,605,041)
	<hr/>	<hr/>
Capital grants	24,761,575	7,135,567
	<hr/>	<hr/>
Change in net position	10,687,200	(13,469,474)
	<hr/>	<hr/>
Total net position, July 1	63,181,413	101,932,474
	<hr/>	<hr/>
Adjustment for pension liability (note 13)	---	(25,281,587)
	<hr/>	<hr/>
Total net position, June 30	<u>\$ 73,868,613</u>	<u>\$ 63,181,413</u>

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

Long Beach Public Transportation Company

Statements of Cash Flows Years Ended June 30, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from customers	\$ 18,177,775	\$ 18,600,982
Cash paid to employees for services	(39,473,820)	(38,995,900)
Cash paid to other suppliers of goods or services	(33,776,255)	(39,886,796)
Net cash used in operating activities	(55,072,300)	(60,281,714)
Cash flows provided by noncapital financing activities:		
Operating subsidies received	66,112,456	62,034,064
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	27,384	21,472
Purchase of capital assets	(24,761,575)	(7,135,567)
Capital grant contributions received	20,020,331	11,353,894
Net cash provided by (used in) capital and related financing activities	(4,713,860)	4,239,799
Cash flows provided by investing activities:		
Proceeds from sales and maturities of investments	15,531,677	16,446,639
Purchase of investments	(15,396,487)	(20,289,366)
Realized and unrealized (gains)/losses	(240,026)	(335,731)
Interest received on cash and investments	296,954	172,782
Net cash provided by (used in) investing activities	192,118	(4,005,676)
Net increase in cash and cash equivalents	6,518,414	1,986,473
Cash and cash equivalents, July 1	37,796,332	35,809,859
Cash and cash equivalents, June 30 (note 2)	\$ 44,314,746	\$ 37,796,332

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

Long Beach Public Transportation Company

Statements of Cash Flows, Continued Years Ended June 30, 2015 and 2014

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	<u>2015</u>	<u>2014</u>
Operating loss	\$ (79,004,375)	\$ (81,857,927)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	18,343,403	20,605,041
Increase in accounts receivable from operations	(44,378)	(89,379)
Decrease in materials and supplies inventory	82,698	134,052
Decrease/(increase) in prepaid expenses	687,650	(703,266)
Increase in deferred flows of resources	(2,997,004)	--
Increase/(decrease) in accounts payable	6,741,823	(567,531)
Increase in accrued payroll expenses, compensated absences payable, and retiree health care benefits	491,365	593,174
Decrease in net pension liability	(1,272,026)	--
Increase in estimated liability for insurance claims	1,898,544	1,604,122
Total adjustments	<u>23,932,075</u>	<u>21,576,213</u>
Net cash used in operating activities	<u>\$ (55,072,300)</u>	<u>\$ (60,281,714)</u>

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

Long Beach Public Transportation Company

Notes to Financial Statements June 30, 2015 and 2014

(1) Summary of Significant Accounting Policies

Accounting Changes

During fiscal year ended June 30, 2015, Long Beach Transit has implemented the following GASB pronouncements:

Statement No. 68, *Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27*. This statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts and equivalent arrangements. The requirements of No. 27 and No.50 remain applicable for pensions that are not administered as trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014

Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date; an amendment of GASB Statement No. 68*. The provisions of this Statement should applied simultaneously with the provisions of Statement 68. The requirements of this Statement are effective for financial statement statements for fiscal years beginning after June 15, 2014.

Reporting Entity

Long Beach Public Transportation Company (Long Beach Transit or the 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 appointed to serve four-year terms by the Mayor, with the approval of the Long Beach City Council. In turn, the Board Members appoint a Chief Executive Officer who is responsible for overseeing the Company's daily operations. The Company is responsible for the preparation of its own annual financial plan.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Deferred Outflows of Resources – represent outflow of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense at that time.

Deferred Inflows of Resources – (acquisition of net position) that apply to future periods and that, therefore, are not be recognized as revenue until that time.

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

Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. Principal areas requiring the use of estimates include determination of useful lives of capital assets, liability for insurance claims, accrued retiree sick leave and defined benefit plan assumptions.

Material and Supplies Inventory

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

Capital Assets

Capital assets, which include property, plant and equipment, are defined by the Company as assets with initial project values exceeding \$5,000, with individual federally funded items costing more than \$500 and having an estimated useful life of more than one year. The Federal Transit Administration (FTA) excludes the bus tire lease from this requirement as it is depreciated over a twelve-month period. Capital assets are valued at historical cost. Depreciation is provided using the straight-line method, with no allowance for salvage values. Donated capital assets are recorded at estimated fair market at the date of donation. The Company did not receive any donated capital assets during fiscal years 2015 and 2014.

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

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

Notes to Financial Statements, Continued

Financial Plan

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

Government Grants

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

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

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

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

Statements of Cash Flows

For purposes of the statements of cash flows, the Company considers all of its cash deposits and investments with an original maturity of three months or less to be cash and cash equivalents. Monies invested with the State Treasurer's Local Agency Investment Fund (LAIF) may have maturities longer than 90 days; however, LAIF functions as a demand deposit account. Therefore, the Company considers such investments to be cash equivalents. There were no significant noncash capital and related financing activities in 2015 and 2014.

Reclassifications

Certain amounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(2) Cash and Investments

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

	<u>2015</u>	<u>2014</u>
Cash on hand	\$ 65,323	\$ 65,819
Deposits with financial institutions	785,027	1,165,810
Cash equivalents	<u>43,464,396</u>	<u>36,564,703</u>
Total cash and cash equivalents	<u>44,314,746</u>	<u>37,796,332</u>
Investments	<u>25,713,285</u>	<u>25,608,449</u>
Total cash, cash equivalents, and investments	<u>\$ 70,028,031</u>	<u>\$ 63,404,781</u>

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

The table below identifies the investment types that are authorized for Long Beach Transit by the Company's investment policy. The table also identifies certain provisions of the Company's investment policy that address interest rate risk, credit risk, and concentration of credit risk. During fiscal year 2015 and 2014, the Company elected to have its investments with LAIF and a similarly structured investment vehicle managed by an independent manager.

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

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of fair values of the Company's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment at June 30, 2015 and 2014, respectively.

Weighted Average Maturity (Yrs)

Type	2015	Weighted Average Maturity (Yrs)
<u>Cash Equivalents</u>		
Local Agency Investment Fund (LAIF)	\$ 43,173,995	.66
Fidelity Municipal Money Market	290,401	N/A
Total cash equivalents	\$ 43,464,396	

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Type	2015	Weighted Average Maturity (Yrs)
<u>Corporate Bonds</u>		
Amazon.com 0.650% Due 11-27-15	\$ 700,021	0.4
Amgen Inc 2.125% Due 05-15-17	711,039	1.9
Bp Cap Mkts P L C Sr Nt 0.700% Due 11-06-15	700,581	0.4
E M C Corp Mass Sr Nt 1.875% Due 06-01-18	701,358	2.9
General Elec Cap Corp 5.625% Due 05-01-18	774,774	2.8
JPMorgan Chase & Co Mtn 1.350% Due 02-15-17	700,609	1.6
NYSE Euronext Nt 2.000% Due 10-05-17	708,414	2.3
Prudential Financial Inc. 5.500% Due 03-15-16	722,183	0.7
Target Corp 5.875% Due 07-15-16	737,548	1.0
Wells Fargo Co Mtn Be 2.625% Due 12-15-16	715,988	1.5
Corporate Bonds Total	<u>\$ 7,172,515</u>	
<u>Government Bonds</u>		
Federal Hm Ln Bk 1.750% Due 09-11-15	\$ 1,504,740	0.2
Federal Farm Cr Bks 0.400% Due 11-09-15	1,251,012	0.4
Federal Farm Cr Bks 1.620% Due 06-03-19	1,498,635	3.9
Federal Hm Ln Bk 5.000% Due 11-17-17	2,194,160	2.4
Federal Hm Ln Bk 1.500% Due 02-28-19	1,503,195	3.7
Federal Nat/Mtg Assoc 1.875% Due 02-19-19	2,037,700	3.6
Federal Nat/Mtg Assoc 2.000% Due 09-28-15	1,255,563	0.3
Federal Nat/Mtg Assoc 0.625% Due 11-14-16	998,970	1.4
Federal Nat/Mtg Assoc 0.900% Due 11-14-17	995,660	2.4
US Treasury Note 1.750% Due 05-31-16	2,026,100	0.9
US Treasury Note 1.000% Due 03-31-17	1,259,575	1.8
US Treasury Note 1.375% Due 11-30-18	2,015,460	3.4
Government & Government Agency Bonds Total	<u>\$ 18,540,770</u>	
Total Investment Value	<u><u>\$ 25,713,285</u></u>	

As of June 30, 2015, there was \$103,502 of accrued bond interest which is included in accounts receivable.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Type	2014	Weighted Average Maturity (Yrs)
<u>Cash Equivalents</u>		
Local Agency Investment Fund (LAIF)	\$ 36,384,622	.64
Fidelity Municipal Money Market	180,081	N/A
Total cash equivalents	<u>\$ 36,564,703</u>	
<u>Corporate Bonds</u>		
Amazon.com 0.650% Due 11-27-15	\$ 700,406	1.4
Ameriprise Finl Inc 5.650% Due 11-15-15	369,078	1.4
Amgen Inc 2.125% Due 05-15-17	717,458	2.9
Anheuser-Busch In Bev 5.375% Due 11-15-14	712,586	0.4
Bellsouth Corp 5.200% Due 09-15-14	706,839	0.2
Berkshire Hathaway Fin 4.850% Due 01-15-15	614,862	0.5
General Elec Cap Corp 5.625% Due 05-01-18	802,081	3.8
Goldman Sachs Group Inc 5.0% Due 10-01-14	708,036	0.3
Merrill Lynch Co Inc Mtn Be 5.450% Due 07-15-14	701,512	0.0
Prudential Financial Inc. 6.200% Due 01-15-15	721,308	0.5
Target Corp 5.875% Due 07-15-16	772,527	2.0
Corporate Bonds Total	<u>\$ 7,526,693</u>	
<u>Government Bonds</u>		
Federal Hm Ln Bk 0.450% Due 06-17-16	\$ 1,499,055	2.0
Federal Hm Ln Bk 1.750% Due 09-11-15	1,323,608	1.2
Federal Hm Ln Bk 0.500% Due 06-12-15	1,002,550	1.0
Federal Farm Cr Bks 0.400% Due 11-09-15	1,252,163	1.4
Federal Hm Ln Bk 5.000% Due 11-17-17	1,692,330	3.4
Federal Nat/Mtg Assoc 2.000% Due 01-16-19	1,000,730	4.6
Federal Nat/Mtg Assoc 0.500% Due 05-27-15	1,253,450	0.9
Federal Nat/Mtg Assoc 0.550% Due 05-26-16	998,380	1.9
Federal Nat/Mtg Assoc 1.500% Due 05-25-18	996,470	3.9
Federal Nat/Mtg Assoc 1.875% Due 02-19-19	1,773,380	4.6
Federal Nat/Mtg Assoc 2.000% Due 09-28-15	1,276,500	1.2
Federal Nat/Mtg Assoc 0.625% Due 11-14-16	996,760	3.4
Federal Nat/Mtg Assoc 0.900% Due 11-14-17	990,880	2.6
US Treasury Note 1.750% Due 05-31-16	1,025,310	1.9
US Treasury Note 0.125% Due 12-31-14	1,000,190	0.5
Government and Government Agency Bonds Total	<u>18,081,756</u>	
Total Investment Value	<u>\$ 25,608,449</u>	

As of June 30, 2014, there was \$151,793 of accrued bond interest which is included in accounts receivable.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization. Ratings on the investments, excluding LAIF and money market accounts, are as follows at June 30, 2015.

<u>Investment Type</u>	<u>Rating</u>
<u>Investments</u>	
Amazon.com 0.650% Due 11-27-15	AA-
Amgen Inc 2.125% Due 05-15-17	A
Bp Cap Mkts P L C Sr Nt 0.700% Due 11-06-15	A
E M C Corp Mass Sr Nt 1.875% Due 06-01-18	A
General Elec Cap Corp 5.625% Due 05-01-18	AA+
JPMorgan Chase & Co Mtn 1.350% Due 02-15-17	A
NYSE Euronext Nt 2.000% Due 10-05-17	A
Prudential Financial Inc. 5.500% Due 03-15-16	A
Target Corp 5.875% Due 07-15-16	A
Wells Fargo Co Mtn Be 2.625% Due 12-15-16	A+

<u>Investment Type</u>	<u>Rating</u>
<u>Government Bonds</u>	
Federal Hm Ln Bk 1.750% Due 09-11-15	AA+
Federal Farm Cr Bks 0.400% Due 11-09-15	AA+
Federal Farm Cr Bks 1.620% Due 06-03-19	AA+
Federal Hm Ln Bk 5.000% Due 11-17-17	AA+
Federal Hm Ln Bk 1.500% Due 02-28-19	AA+
Federal Nat/Mtg Assoc 1.875% Due 02-19-19	AA+
Federal Nat/Mtg Assoc 2.000% Due 09-28-15	AA+
Federal Nat/Mtg Assoc 0.625% Due 11-14-16	AA+
Federal Nat/Mtg Assoc 0.900% Due 11-14-17	AA+
US Treasury Note 1.750% Due 05-31-16	AAA
US Treasury Note 1.000% Due 03-31-17	AAA
US Treasury Note 1.375% Due 11-30-18	AAA

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Concentration of Credit Risk

The investment policy of the Company contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code.

Custodial Credit Risk

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

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

(3) Operating Subsidies

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

	<u>2015</u>	<u>2014</u>
Proposition A, County of Los Angeles	\$ 12,767,792	\$ 12,508,593
TDA and STA, State of California	24,826,792	24,909,438
Proposition C, County of Los Angeles	5,298,741	5,135,846
Proposition A Allocation, City of Long Beach	5,190,603	4,850,603
Preventative Maintenance, Federal	5,929,059	3,412,984
Measure R	8,970,933	8,463,119
Other local sources	1,716,550	1,728,392
Total	<u>\$ 64,700,470</u>	<u>\$ 61,008,975</u>

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

Additionally, each city in Los Angeles County receives a formula allocation of certain Proposition A revenues. The City of Long Beach in turn allocates a portion of its Proposition A local share funding to

Notes to Financial Statements, Continued

the Company in accordance with an agreement between the Company, the City and Metro. The portion of the local Proposition A funds used for operating assistance is included above.

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

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

Measure R, approved by the voters in November 2009, provides a ½ cent sales tax for transportation improvements.

Other local monies are reimbursement for service hours supplied to seven surrounding cities and Job Access Reverse Commute funds (JARC) awarded for service for the 7th St. peak service route 171 and route 176 weekday service that provides a direct connection between major employment centers in Long Beach and Lakewood with the Metro Blue Line Pacific Coast Highway (PCH) station.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(4) Accounts Receivable

Accounts receivable were comprised of the following at June 30:

	<u>2015</u>	<u>2014</u>
Subsidies	\$ 65,440	\$ 74,843
Insurance reimbursements	368,839	348,893
Interest	103,502	170,926
Trade	575,527	551,095
Proposition A funds due from City	1,210,000	1,125,000
Capital grants receivable	<u>6,387,522</u>	<u>1,285,458</u>
Total	<u>\$ 8,710,830</u>	<u>\$ 3,556,215</u>

Accounts are written off when determined to be uncollectible. In the opinion of management, all significant accounts receivable at June 30, 2015 and 2014 are fully collectible.

(5) Unearned Revenue

At June 30, 2015 and 2014, the balances of unearned revenue are as follows:

	<u>2015</u>	<u>2014</u>
Capital grant funds	\$ 25,308,318	24,742,268
Other	<u>363,360</u>	<u>475,766</u>
Total unearned revenue	<u>\$ 25,671,678</u>	<u>\$ 25,218,034</u>

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

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

(6) Estimated Liability for Insurance Claims

Under its insurance programs, the Company retains the risk for each occurrence of workers' compensation and public liability and property damage claimed up to \$1.5 million and \$2 million respectively. Workers' compensation maximum limit of indemnity per occurrence is statutory and employer's liability is \$2,000,000 per aggregate. Individual claim settlements for both workers' compensation and public liability and property damage did not exceed insurance coverage limits in fiscal years 2015 and 2014.

The level of risk retention is dictated by the insurance market and the rates available to the Company. The Company weighs the increased premium costs against the risk level attempting to minimize overall program expenses.

Notes to Financial Statements, Continued

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

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

	Public Liability and Property Damage	Workers' Compensation	Total
Estimated liabilities at June 30, 2013	\$ 4,107,128	\$ 6,869,475	\$ 10,976,603
Reserves:			
New claims	613,969	837,416	1,451,385
Adjustments to existing claims	2,581,704	1,545,822	4,127,526
Payouts	<u>(1,404,534)</u>	<u>(2,570,255)</u>	<u>(3,974,789)</u>
Estimated liabilities at June 30, 2014	5,898,267	6,682,458	12,580,725
Reserves:			
New claims	1,604,875	1,048,657	2,653,532
Adjustments to existing claims	1,236,408	2,466,254	3,702,662
Payouts	<u>(1,997,305)</u>	<u>(2,460,345)</u>	<u>(4,457,650)</u>
Estimated liabilities at June 30, 2015	<u>\$ 6,742,245</u>	<u>\$ 7,737,024</u>	<u>\$ 14,479,269</u>

(7) Deferred Compensation

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

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

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(8) Capital Assets

Capital asset activity for the years ended June 30, 2015 and 2014 was as follows:

	Balance at June 30, 2014	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2015
Capital assets not being depreciated:					
Land	\$ 5,525,000	\$ ---	\$ ---	\$ ---	\$ 5,525,000
Construction in progress	4,988,878	(2,413,865)	7,726,973	---	10,301,986
Total capital assets not being depreciated	10,513,878	(2,413,865)	7,726,973	---	15,826,986
Capital assets being depreciated:					
Buildings and improvements	48,185,352	1,990,416	705,131	---	50,880,899
Fleet	142,800,042	111,947	14,925,887	(7,122,980)	150,714,896
Communications systems	7,401,829	---	1,638	---	7,403,467
Fare collection system	8,102,782	---	153,164	---	8,255,946
Office, shop and garage equipment	22,890,314	284,800	779,222	(60,813)	23,893,523
Passenger facilities	14,109,742	26,702	469,560	(59,645)	14,546,359
Total capital assets being depreciated	243,490,061	2,413,865	17,034,602	(7,243,438)	255,695,090
Less accumulated depreciation:					
Buildings and improvements	(35,690,006)	---	(1,507,085)	---	(37,197,091)
Fleet	(88,859,383)	---	(12,368,887)	7,122,980	(94,105,290)
Communications systems	(7,029,598)	---	(116,660)	---	(7,146,258)
Fare collection system	(7,436,652)	---	(538,895)	---	(7,975,547)
Office, shop and garage equipment	(20,637,063)	---	(1,546,255)	60,813	(22,122,505)
Passenger facilities	(9,493,016)	---	(2,265,621)	59,645	(11,698,992)
Total accumulated depreciation	(169,145,718)	---	(18,343,403)	7,243,438	(180,245,683)
Total capital assets being depreciated, net	74,344,343	2,413,865	(1,308,801)	---	75,449,407
Total capital assets, net	\$ 84,858,221	\$ ---	\$ 6,418,172	\$ ---	\$ 91,276,393

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

	Balance at June 30, 2013	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2014
Capital assets not being depreciated:					
Land	\$ 5,525,000	\$ ---	\$ ---	\$ ---	\$ 5,525,000
Construction in progress	3,916,986	(611,894)	1,683,786	---	4,988,878
Total capital assets not being depreciated	9,441,986	(611,894)	1,683,786	---	10,513,878
Capital assets being depreciated:					
Buildings and improvements	47,814,466	27,785	343,101	---	48,185,352
Fleet	143,145,289	318,367	4,008,348	(4,671,962)	142,800,042
Communications systems	7,401,829	---	---	---	7,401,829
Fare collection system	8,005,849	3,900	93,033	---	8,102,782
Office, shop and garage equipment	22,408,569	113,015	613,435	(244,705)	22,890,314
Passenger facilities	13,571,534	148,827	393,864	(4,483)	14,109,742
Total capital assets being depreciated	242,347,536	611,894	5,451,781	(4,921,150)	243,490,061
Less accumulated depreciation:					
Buildings and improvements	(33,403,111)	---	(2,286,895)	---	(35,690,006)
Fleet	(80,777,380)	---	(12,753,965)	4,671,962	(88,859,383)
Communications systems	(6,880,766)	---	(148,832)	---	(7,029,598)
Fare collection system	(6,496,142)	---	(940,510)	---	(7,436,652)
Office, shop and garage equipment	(18,917,407)	---	(1,964,361)	244,705	(20,637,063)
Passenger facilities	(6,987,021)	---	(2,510,478)	4,483	(9,493,016)
Total accumulated depreciation	(153,461,827)	---	(20,605,041)	4,921,150	(169,145,718)
Total capital assets being depreciated, net	88,885,709	611,894	(15,153,260)	---	74,344,343
Total capital assets, net	\$ 98,327,695	\$ ---	\$ (13,469,474)	\$ ---	\$ 84,858,221

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

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

(9) Subsidy Deferral

The amount of subsidies received each year is based upon estimated funding marks prepared by Metro. These estimates are used for budget preparation, with final marks received after final budgets are approved. Subsidies received in excess of expenditures are carried over for use in the next year. Subsidy deferrals of \$19,768,145 and \$18,346,002, for 2015 and 2014, respectively, have been included in the accompanying financial statements.

(10) Commitments and Contingencies

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

Purchase Contracts

The Company had the following significant purchase commitments outstanding at June 30, 2015. These purchase orders are for future goods and services the Company has yet to receive and can be cancelled prior to delivery by either party subject to the provisions of each individual contract. The balances listed represent some contingency balances; therefore, actual costs may be lower than shown.

<u>Vendor</u>	<u>Project</u>	<u>Amount</u>	<u>Expected Completion</u>
BYD Motors, Inc.	Bus Replacement	\$ 10,595,909	June 2016
New Flyer of America	Bus Replacement	7,620,470	August 2015
Petro Diamond	Gasoline Fuel	1,716,254	July 2015
Pro Petroleum	Diesel Fuel	1,368,706	July 2015
Trapeze Software Group, Inc.	Logic Unit Upgrade	1,032,280	June 2016
Global Paratransit, Inc	Paratransit Service	637,209	June 2016
Complete Coach Works	Hybrid Bys Engines	295,920	May 2016
New Flyer Industries	Hybrid UCap	429,556	March 2016
John S. Meek Company, Inc.	Dock Improvements	401,729	July 2015
Center For Transportation	Management Services	429,470	June 2019
Michelin North America, Inc.	Tires	325,094	September 2015
Catalina Express	Water Vessel Service	304,394	July 2015
Carl Warren & Company	Legal Services	188,800	June 2016
STV Incorporated	A&E Services	139,435	September 2016
New Flyer Parts Division	Hybrid Cradle	128,608	August 2015
Sardo Bus & Coach	Coach Detailing	121,902	December 2015

Notes to Financial Statements, Continued

Lease Obligations

The Company's tire lease is eligible for capitalization and is depreciated over a twelve (12) month period. Under the terms of the lease, the vendor supplies the tires and invoices the Company based on monthly mileage. There are no minimum guarantee payments required in the contracts. Total lease costs were \$521,426 and \$630,971 for the years ended June 30, 2015 and 2014, respectively.

(11) Employee Benefits

Vacation Compensation

Employees accrue vacation by reason of tenure at annual rates ranging from 12 to 30 days per year. Salaried employees may accumulate and carryover no more than the number of vacation days earned in the previous year. Contract employees are paid their earned vacation in full each year. On June 30, 2015 and 2014, accrued unpaid vacation for all Company employees amounted to \$2,832,830 and \$2,959,273, respectively.

<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/15</u>	<u>Due Within One Year</u>
\$ 2,959,273	\$ 2,832,830	(\$2,959,273)	\$ 2,832,830	\$ 2,832,830

<u>Balance 6/30/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/14</u>	<u>Due Within One Year</u>
\$ 2,792,062	\$ 2,959,273	(\$2,792,062)	\$ 2,959,273	\$ 2,959,273

Once a year, the Company allows employees to sell back a portion of their earned vacation in lieu of taking the time off. The Company has agreed to buy back vacation time in excess of ten (10) days earned during the calendar year. Vacation days carried over from the previous year are not eligible for this program. The Company paid \$191,777 and \$244,286 under this program during 2015 and 2014, respectively.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Post-Retirement Health Care Benefits

Full-time Company employees are entitled to receive up to 96 hours of sick leave per year. On April 4, 2011, the Board of Arbitration issued a unanimous decision in the Interest Arbitration Proceedings between the Amalgamated Transit Union, Local 1277, and Long Beach Transit. The Board increased the maximum unused sick hours accruable by contract employees and percentage of unused sick hours convertible for cash values from 1,200 hours to 2,722 hours and 50% to 100%, respectively, with a retroactive date of October 1, 2009. Unused sick leave may be accumulated until retirement with the cash value, or a percentage thereof for Contract retirees, used to pay health and dental insurance premiums under the Company's Retired Employees Health Insurance Program (REHIP). Once the cash value of the retiring employee's unused sick leave is exhausted, the retiree is required to pay all health and dental premiums.

There were 102 and 91 participants in the Company's REHIP at June 30, 2015 and 2014, respectively. The cash value equivalent of the remaining unused sick leave for the current retirees totaled \$1,364,264 and \$1,113,711, respectively. Total premiums paid by the Company under the REHIP during the fiscal years ended June 30, 2015 and 2014, were \$191,074 and \$128,100, respectively.

The Company has established a liability related to unused sick leave which it estimates will be used by retirees to cover premiums under the REHIP. The estimated costs of the REHIP for both current and expected future payments are \$3,584,590 and \$3,087,823 at June 30, 2015 and 2014, respectively.

<u>Balance 6/30/14</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/15</u>	<u>Due Within One Year</u>
\$ 3,087,823	\$ 687,841	(\$191,074)	\$ 3,584,590	\$146,682
<u>Balance 6/30/13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/14</u>	<u>Due Within One Year</u>
\$ 2,774,575	\$ 441,348	(\$128,100)	\$ 3,087,823	\$ 99,851

(12) Labor Agreement

Union Labor Agreement

The Labor Agreement between Long Beach Transit and the Amalgamated Transit Union, Local 1277, is effective from July 1, 2013, to June 30, 2016. The Agreement provides the parties with specific procedures governing the duration and renewal of the Agreement. Long Beach Transit has no reason to expect any service disruption with regard to this Agreement.

Notes to Financial Statements, Continued

(13) Pension Benefits

During the fiscal year ended June 30, 2015, the Company implemented GASB 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB 27, and recorded a net pension liability, deferred outflows of resources, and deferred inflows of resources associated with the two defined benefit pension plans. As part of implementing GASB 68, the Company had to adjust net position as of June 30, 2014 to reflect the net pension liability of \$24,456,815, deferred outflow of resources of \$1,327,862, and deferred inflow of resources of \$2,152,634, as of June 30, 2014. The total adjustment to net position of \$25,281,587 is shown on the Statement of Revenues, Expenses, and Changes in Net Position.

Plan Descriptions

The Company sponsors two single employer defined benefit pension plans: one for contract employees, the Long Beach Public Transportation Company Retirement Plan - Contract Employees (Contract Plan), and one for staff employees, the Long Beach Public Transportation Company Retirement Plan – Salaried Employees (Salaried Plan) for employees hired before April 1, 2011. For staff employees hired on or after April 1, 2011, Long Beach Transit adopted a new 401(a) qualified retirement plan for employer matching contributions.

The Company's payroll for employees covered by each pension plan for the years ended June 30, 2015 and 2014 was \$28,434,333 and \$27,081,026 for the Contract Plan, respectively, and \$8,027,453 and \$8,538,999 for the Salaried Plan, respectively. Total Company payroll for 2015 and 2014 was \$39,473,820 and \$38,193,734, respectively.

The Contract and the Salaried Plans are contributory single employer defined benefit pension plans sponsored by the Company. All full-time employees in a job classification covered by a collective bargaining agreement between the Company and the Union participate in the Contract Plan as of their date of employment. All full-time employees not covered by a collective bargaining agreement and hired before April 1, 2011 participate in the Salaried Plan as of their date of employment. Participants in the Contract Plan and Salaried Plan employees hired before April 1, 2011, are eligible for annual benefit payments at the normal retirement age of 64 and completion of ten years of credited service and become 100% vested after five credited years of service. Employees covered under the Salaried Plan can retire prior to 64 with a normal retirement benefit if the combination of the employee's age and service equals 80 or more. For employees covered under the Salaried Plan hired on or after April 1, 2011, Long Beach Transit adopted a new 401(a) qualified retirement plan for employer matching contributions. Contract employees hired on or after April 1, 2011 are not eligible to participate in the 401(a) qualified retirement plan, but are eligible to continue to participate in the Contract Plan.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Pension Plan Benefits

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

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

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

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

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

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

Death and Disability Benefits

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

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

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

Termination

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

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Funding Policy and Annual Pension Contributions

Plan members are required to contribute 5% of their annual salaries to the Plans. The Company is required to contribute to the Plans at an actuarially determined rate. The contribution rates for 2015 were 17.57% and 24.55% for the Contract and Salaried Plans, respectively. For 2015, the Company's annual contributions were \$3,067,778 and \$4,758,243 for the Contract and Salaried Plans, respectively.

Funding Progress

The status of funding progress for both Plans is based on the actuarial valuations performed as of July 1, 2015 and 2014. The actuarial accrued liability is calculated using the entry-age method.

Salaried Plan (in thousands)

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL) – entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of covered payroll
2015	\$ 19,819	\$ 25,561	\$ 5,742	77.54%	\$ 8,028	71.53%
2014	\$ 16,655	\$ 25,412	\$ 8,757	65.54%	\$ 8,539	102.55

Contract Plan (in thousands)

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL) – entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a Percentage of covered payroll
2015	\$ 45,790	\$ 63,234	\$ 17,444	72.41%	\$ 28,434	61.35
2014	\$ 46,310	\$ 62,011	\$ 15,701	74.68%	\$ 27,081	57.98

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

Three-Year Trend Information

Contract Plan

Year ended June 30	Actuarially Determined Amount	Actual Contribution
2015	\$4,711,230	\$4,711,230
2014	4,763,313	4,763,313
2013	3,714,988	3,714,988

Salaried Plan

Year ended June 30	Actuarially Determined Amount	Actual Contribution
2015	\$2,605,222	\$5,160,860
2014	2,484,256	3,284,256
2013	1,886,343	2,694,143

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Net Pension Liability – Salaried Plan

The Salaried Plan's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7.50% compounded annually
Salary Increases	3.00% per year
Mortality	IRS 2007 Current Liability Combined Table
Employee Contribution	
Interest Credit	5.00% compounded annually
Administrative Expenses	\$125,000 per year payable at the beginning of the year

Termination before retirement:

Age	Turnover Rate
20	7.94%
25	7.72
30	7.22
35	6.28
40	5.15
45	3.98
50	2.56
55	0.94

Retirement:

For participants who are eligible for 70/80 Retirement, the following rates apply:

Age	Retirement Rate
50-53	5%
54-55	10
56-57	20
58-59	40
60+	100

All other active participants, inactive vested participants, and future inactive vested participants are assumed to retire at age 64 after completion of 10 years of service.

Marital Status:

80% of non-retired participants are married. Wife is assumed to be three years younger than the husband.

Form of Payment:

80% of active participants are assumed to elect the lump sum option. The remaining 20% of active participants are assumed to elect a single life annuity. Vested Terminated participants are assumed to elect a single life annuity.

Unknown Data:

Participants with unreported data, such as missing birthdates, are assumed to have the same characteristics as similar participants.

Notes to Financial Statements, Continued

The long-term expected rate of return on pension plan investments has been based upon the assumption that future real returns will approximate the long-term rates of return projected for each asset class in the Investment Policy Statement. The relative benchmarks for the investment options are monitored on an ongoing basis by the Pension Committee. The Committee has discretion to take corrective action by replacing a manager. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the follow table:

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
US Large Company Stocks	20%	6.9%
US Small Company Stocks	5	6.9
Real Estate Securities	6	6.9
International Equity	23	7.3
Multi-strategy	15	6.9
Fixed Income	30	5.5
Cash Equivalent	1	2.9

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Plan		
	Total Pension Liability	Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2014	\$ 25,411,832	\$ 16,655,498	\$ 8,756,334
Changes for the year:			
Service cost	845,302		845,302
Interest	1,704,802		1,704,802
Expected investment income		1,366,061	(1,366,061)
Difference between expected and actual experience	(582,806)	(1,377,617)	794,811
Contributions - employer		4,758,243	(4,758,243)
Contributions - employee		402,617	(402,617)
Benefit payments, including refunds	(1,818,412)	(1,818,412)	0
Administrative expense		(167,173)	167,173
Net changes	148,886	3,163,719	(3,014,833)
Balances at 6/30/2015	\$ 25,560,718	\$ 19,819,217	\$ 5,741,501

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Net Pension Liability – Contract Plan

The Contract Plan's net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	7.50% compounded annually
Salary Increases	3.00% per year
Mortality	IRS 2007 Current Liability Combined Table
Employee Contribution	
Interest Credit	5.00% compounded annually
Administrative Expenses	\$300,000 per year payable at the beginning of the year

Termination before retirement:

Age	Turnover Rate
20	7.94%
25	7.72
30	7.22
35	6.28
40	5.15
45	3.98
50	2.56
55	0.94

Retirement:	All active participants, inactive vested participants and future inactive vested participants are assumed to retire at age 64 after completion of 10 years of service.
Marital Status:	80% of non-retired participants are married. Wife is assumed to be three years younger than the husband.
Form of Payment:	80% of active participants hired prior to July 1, 2012 are assumed to elect the lump sum option. The remaining 20% of active participants hired prior to July 1, 2012, all actives hired on or after July 1, 2012, and all Vested Terminated participants are assumed to elect the single life annuity.
Unknown Data:	Participants with unreported data, such as missing birthdates, are assumed to have the same characteristics as similar participants.

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

The long-term expected rate of return on pension plan investments has been based upon the assumption that future real returns will approximate the long-term rates of return projected for each asset class in the Investment Policy Statement. The relative benchmarks for the investment options are monitored on an ongoing basis by the Pension Committee. The Committee has discretion to take corrective action by replacing a manager. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the follow table:

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
US Large Company Stocks	20%	6.9%
US Small Company Stocks	5	6.9
Real Estate Securities	6	6.9
International Equity	23	7.3
Multi-strategy	15	6.9
Fixed Income	30	5.5
Cash Equivalent	1	2.9

Discount Rate. The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2014	\$ 62,010,610	\$ 46,310,129	\$ 15,700,481
Changes for the year:			
Service cost	2,893,597		2,893,597
Interest	4,462,911		4,462,911
Expected investment income		3,454,160	(3,454,160)
Difference between expected and actual experience	(1,252,537)	(3,454,730)	2,202,193
Contributions - employer		3,067,778	(3,067,778)
Contributions - employee		1,643,452	(1,643,452)
Benefit payments, including refunds	(4,881,029)	(4,881,029)	0
Administrative expense		(349,496)	349,496
Net changes	1,222,942	(519,865)	1,742,807
Balances at 6/30/2015	\$ 63,233,552	\$ 45,790,264	\$ 17,443,288

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Contract Plan as of June 30, 2015, calculated using the discount rate of 7.50%, as well as what the Salaried Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.50%) or 1-percentage point higher (8.50%) than the current rate:

	<u>Salaried Plan</u>	<u>Contract Plan</u>
1% Decrease or 6.5%	\$ 7,527,289	\$ 23,490,110
7.50 % Current Discount Rate	\$ 5,741,788	\$ 17,433,001
1% Increase or 8.5%	\$ 4,170,152	\$ 12,166,136

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2015, the Salaried Plan reported deferred outflows and resources and deferred inflows of resources related to pensions from the following sources:

<u>Salaried Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	---	(\$ 32,680)
Net difference between projected and actual earning on plan investments	\$ 832,967	--
Total	\$ 832,967	(\$ 32,680)

Amounts report as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Salaried Plan – Year Ended June 30</u>	<u>Amount to Be Recognized</u>
2016	(\$ 144,161)
2017	(\$ 144,161)
2018	(\$ 144,161)
2019	(\$ 144,161)
2020	(\$ 241,714)
Thereafter	\$ 18,071

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

For the year ended June 30, 2015, the Contract Plan reported deferred outflows and resources and deferred inflows of resources related to pensions from the following sources:

<u>Contract Plan</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	---	(\$ 474,801)
Net difference between projected and actual earning on plan investments	\$ 1,846,746	---
Total	\$ 1,846,746	(\$ 474,801)

Amounts report as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Contract Plan – Year Ended June 30</u>	<u>Amount to Be Recognized</u>
2016	(\$ 236,758)
2017	(\$ 236,758)
2018	(\$ 236,758)
2019	(\$ 236,758)
2020	(\$ 638,754)
Thereafter	\$ 213,841

Defined Contribution Plan 401 (a)

Participation in the 401(a) Plan is limited to full-time regular staff employees hired on or after April 1, 2011. The Company's contribution to the 401(a) Plan is as follows: (A) eligible employees with 3 years of service or less, a matching contribution equal to the amount of the employee's salary deferrals to the 457 Plan, up to a maximum of 5% of the employee's base salary, and (B) for eligible employees with more than 3 years of service, the Company would make the following contributions: (1) matching contribution equal to the amount of the employee's salary deferrals to the 457 Plan, up to a maximum of 4% of the employee's base salary, and (2) a non-elective contribution equal to 3% of the employee's base salary regardless of whether the employee makes any salary deferrals to the 457 Plan for the plan year. As of June 30, 2015 and 2014, there were forty-six and twenty-nine employees, respectively, eligible and thirty-eight and twenty-one, respectively, elected to participate in the program.

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

Long Beach Public Transportation Company

Notes to Financial Statements, Continued

Required Supplementary Information

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

Contract Plan (in thousands)

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL) – entry age	(b-a) Unfunded (Funding Excess) (AAL)	(a/b) Funded ratio	(c) Covered payroll	((b-a)/c) UAAL as a percentage of covered payroll
2015	\$ 45,790	\$ 63,234	\$ 17,444	72.41%	\$ 28,434	61.35%
2014	46,310	62,011	15,701	74.68%	27,081	57.97
2013	41,325	58,755	17,430	70.34	26,589	65.55

Salaried Plan (in thousands)

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial Accrued liability (AAL) – entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded ratio	(c) Covered payroll	((b-a)/c) UAAL as a percentage of covered payroll
2015	\$ 19,819	\$ 25,561	\$ 5,742	77.54%	\$ 8,028	71.53%
2014	16,655	25,412	8,757	65.54%	8,539	102.55
2013	13,864	24,503	10,639	56.58	10,282	103.48

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to assess how the Company's financial performance and well-being have changed over time.</i>	43
Revenue Capacity <i>These schedules contain information on the Company's revenue sources and their fluctuations over time.</i>	46
Demographic and Economic Information <i>These schedules offer demographic and economic indicators regarding the environment within which the Company's financial activities take place.</i>	48
Operating Information <i>These schedules contain information about services the Company provides and the activities it performs.</i>	50
Pension Information <i>The Company's Pension Plans' financial statements are issued under separate cover. The schedules contained in this section include general financial and actuarial information providing data concerning the Plans' funding status and general activity.</i>	58
Grant Information <i>The Company's grant programs are issued under separate cover in the Single Audit. The schedules contained in this section provide a summary of capital grant activity for Federal, State and Local sources.</i>	60

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

Long Beach Public Transportation Company

Financial Trends Net Position by Component 2006 - 2015

Exhibit 1

	Invested in Capital Assets (1)	Restricted	Unrestricted	Total
2006	83,588,365	113,048	3,491,732	87,193,145
2007	74,761,808	84,674	3,520,105	78,366,587
2008	72,514,620	259,954	3,344,825	76,119,399
2009	87,250,464	102,205	3,502,574	90,855,243
2010	84,286,309	16,747	3,588,032	87,891,088
2011	83,828,062	21,356	3,583,423	87,432,841
2012	79,281,750	13,558	3,591,221	82,886,529
2013	98,327,695	30,174	3,574,605	101,932,474
2014	84,858,221	156,350	(21,833,158)	61,181,413
2015	91,276,393	144,080	(17,551,860)	73,868,613

(1) Fluctuations in balances reflect the Company's procurement of capital assets in each year. Significant changes occur in years which included the receipt of new buses and pension liability adjustments.

Financial Trends Operating Expenses By Type 2006 - 2015

Exhibit 2

	Personnel Wages & Benefits	Fuel & Lubricants	Supplies & Materials	Services	Casualty & Liability	Purchased Transportation	Depreciation	Total
2006	\$ 43,174,005	\$ 5,748,498	\$ 1,999,984	\$ 4,769,648	\$ 1,506,641	\$ 1,320,429	\$ 16,316,882	\$ 74,836,087
2007	45,273,578	5,580,884	2,041,326	5,670,338	1,454,319	1,331,373	16,712,820	78,064,638
2008	49,895,725	7,146,145	2,198,443	6,023,734	2,812,729	1,407,953	17,441,700	86,926,429
2009	50,711,153	5,721,736	2,442,697	5,758,880	2,115,349	1,380,796	14,009,081	82,139,692
2010	52,742,176	5,625,348	2,280,932	5,997,208	1,897,047	1,349,681	16,519,346	86,411,738
2011	52,462,571	6,754,776	2,858,490	6,644,394	3,693,995	1,026,413	17,588,757	91,029,396
2012	51,744,582	7,816,511	3,104,125	7,132,271	2,274,190	1,204,522	19,311,548	92,587,749
2013	54,820,343	7,290,527	2,654,286	7,692,693	2,532,732	1,464,569	20,249,160	96,704,310
2014	56,985,858	6,770,574	2,619,659	7,917,623	3,953,610	1,645,713	20,605,041	100,498,078
2015	57,228,802	5,487,215	2,414,826	8,483,128	3,606,383	1,642,825	18,343,403	97,206,582

Long Beach Public Transportation Company

Financial Trends
Changes in Net Position
2006 - 2015

Exhibit 3

Expenses	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Transportation	\$29,156,285	\$30,454,056	\$32,376,023	\$34,874,385	\$36,416,765	\$35,413,269	\$35,139,334	\$37,554,281	\$38,869,648	\$39,488,966
Maintenance	16,800,999	17,251,960	19,612,265	18,602,288	18,546,811	21,292,632	21,834,078	22,042,606	21,878,415	20,479,627
Risk Management	5,068,951	5,191,201	8,119,926	5,278,264	5,266,428	6,791,630	7,175,642	6,222,310	7,900,442	8,795,766
Marketing &										
Customer Service	1,286,531	1,397,475	1,631,278	1,578,839	1,673,878	1,665,938	1,761,195	1,827,629	1,917,253	1,948,218
General										
Administration	6,206,439	7,057,126	7,745,237	7,796,835	7,988,510	8,277,170	7,365,952	8,808,324	9,327,279	8,150,602
Depreciation	16,316,882	16,712,820	17,441,700	14,009,081	16,519,346	17,588,757	19,311,548	20,249,160	20,605,041	18,343,403
Total Expenses	\$74,836,087	\$78,064,638	\$86,926,429	\$82,139,692	\$86,411,738	\$91,029,396	\$92,587,749	\$96,704,310	\$100,498,078	\$97,206,582
Revenues										
Passenger Fares	\$14,542,379	\$14,239,543	\$14,789,817	\$15,785,523	\$16,473,909	\$17,308,290	\$18,085,942	\$18,024,416	\$17,966,020	\$17,516,839
Special Events	38,346	52,275	103,971	72,389	71,809	41,935	21,386	43,693	25,496	18,754
Advertising	724,158	847,296	857,449	797,814	609,161	558,490	688,089	542,382	630,413	603,029
Subtotal Operating	15,304,883	15,139,114	15,751,237	16,655,726	17,154,879	17,908,715	18,795,417	18,610,491	18,621,929	18,138,622
Subsidies	42,078,890	44,495,763	52,151,341	50,720,199	51,773,322	55,012,754	54,112,325	57,671,790	61,008,975	64,700,470
Interest & Other	1,135,432	1,716,941	1,582,151	754,686	964,191	519,170	368,458	172,869	262,133	293,115
Subtotal Non-Op	43,214,322	46,212,704	53,733,492	51,474,885	52,737,513	55,531,924	54,480,783	57,844,659	61,271,108	64,993,585
Total Revenues	\$58,519,205	\$61,351,818	\$69,484,729	\$68,130,611	\$69,892,392	\$73,440,639	\$73,276,200	\$76,455,150	\$79,893,037	\$83,132,207
Net Expense	\$(16,316,882)	\$(16,712,820)	\$(17,441,700)	\$(14,009,081)	(16,519,346)	\$(17,588,757)	\$(19,311,549)	\$(20,249,160)	\$(20,605,041)	\$(14,074,375)
Capital Grants	11,970,977	7,886,262	15,194,512	28,744,925	13,555,191	17,130,510	14,765,236	39,295,105	7,135,567	24,761,575
Change in Net Position	\$(4,345,905)	\$(8,826,558)	\$(2,247,188)	\$14,735,844	\$(2,964,155)	\$(458,247)	\$(4,546,313)	\$19,045,945	\$(13,469,474)	\$10,687,200

**Financial Trends
Capital Expenditures By Type
2006 - 2015**

Exhibit 4

Fiscal Year	Facilities	Fleet	Passenger Facilities	AVL, Farebox & Radio Equipment	Furniture & IT Equipment	Shop & Garage Equipment	Total
2006	\$ 903,110	\$ 4,311,805	\$ 991,917	\$ 4,219,234	\$ 728,595	\$ 816,316	\$ 11,970,977
2007	2,013,508	4,839,412	257,740	267,526	193,018	315,058	7,886,262
2008	1,427,166	11,386,235	1,142,643	337,773	744,408	156,287	15,194,512
2009	3,133,478	20,214,981	1,557,227	2,068,732	1,468,789	301,718	28,744,925
2010	1,224,068	6,436,753	2,149,479	47,960	1,796,856	1,900,075	13,555,191
2011	1,206,706	6,764,468	7,256,720	518,104	1,134,931	249,581	17,130,510
2012	4,325,055	6,651,509	859,424	395,016	2,320,594	213,638	14,765,236
2013	3,499,678	33,192,608	246,410	173,465	1,900,072	282,872	39,295,105
2014	1,179,707	4,291,904	432,180	93,033	1,090,098	48,645	7,135,567
2015	790,850	21,682,852	1,121,151	154,802	964,131	47,789	24,761,575

Long Beach Public Transportation Company

**Revenue Capacity
Operating Subsidy Sources
2006 - 2015**

Exhibit 5

	Prop A Funds City of Long Beach	Prop A Discretionary Funds L.A. County	Prop C & Measure R Funds L.A. County	State Assistance	Federal Preventative Maintenance Program	Other Sources	Total
2006	\$ 5,014,805	\$11,333,677	\$ 4,145,171	\$20,655,260	\$ 302,184	\$ 627,793	\$ 42,078,890
2007	4,656,775	11,840,403	5,507,340	21,864,340	---	626,905	44,495,763
2008	7,087,958	11,679,125	5,224,479	25,777,123	2,126,915	255,741	52,151,341
2009	4,067,755	12,500,860	9,848,459	21,266,639	2,378,850	657,636	50,720,199
2010	3,536,593	12,069,662	14,374,634	14,777,565	6,704,200	310,668	51,773,322
2011	5,375,238	13,460,669	12,371,325	17,480,351	6,067,800	257,371	55,012,754
2012	5,891,768	8,822,958	13,546,398	20,170,522	5,325,134	355,545	54,112,325
2013	5,044,272	10,873,265	11,934,386	22,547,344	6,339,255	933,268	57,671,790
2014	4,850,603	12,508,593	13,598,965	24,909,438	3,412,984	1,728,392	61,008,975
2015	5,190,603	12,767,792	14,269,674	24,826,792	5,929,059	1,716,550	64,700,470

**Revenue Capacity
Farebox Recovery Percentage
2006 - 2015**

Exhibit 6

<u>Year</u>	<u>Percentage</u>
2006	25.8
2007	23.8
2008	21.9
2009	23.9
2010	24.3
2011	24.2
2012	25.4
2013	24.3
2014	23.1
2015	21.6

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

Long Beach Public Transportation Company

Revenue Capacity Fare History 2006 - 2015

Exhibit 7

	<u>2006-2008</u>	<u>2009</u>	<u>2010-2015</u>
Fixed Route Service:			
<u>Cash Fares:</u>			
Regular	\$.90	\$ 1.10	\$ 1.25
Student	.90	1.10	1.25
Senior & Disabled	.45	.50	.60
Local transfer	---	---	---
Interagency transfer	.50	.50	.50
 <u>Day Pass:</u>			
Regular	\$ 2.50	\$ 3.50	\$ 4.00
Discounted	1.50	2.00	2.50
 <u>5 Day Pass:</u>			
Regular		\$ 16.00	\$ 18.00
Discounted		8.00	9.00
 <u>Monthly Pass:</u>			
Regular	\$ 50.00	\$ 60.00	\$ 65.00
Student	31.00	35.00	40.00
Senior & Disabled	19.00	21.00	24.00
Dial-A-Lift Service:			
Cash Fares	\$ 1.50	\$ 2.00	\$ 2.00
Water Taxi:			
<u>Cash Fares:</u>			
AquaBus	\$ 1.00	\$ 1.00	\$ 1.00
AquaLink	3.00	5.00	5.00

Demographic and Economic Information
City of Long Beach
Demographic Statistics
2005-2014

Exhibit 8

Fiscal Year Ended June 30	Estimated Population (A)	Personal Income (in millions) (B&E)	Per Capita Personal Income (B&E)	Public School Enrollment (C)	Unemployment Rate (D)
2005	470,781	11,939	25,360	96,319	5.9
2006	467,586	12,854	27,490	93,589	5.3
2007	465,017	13,222	28,434	90,663	5.6
2008	463,250	13,422	28,974	88,186	8.2
2009	462,211	12,866	27,836	87,509	12.8
2010	462,685	12,783	27,627	86,283	13.9
2011	462,257	12,981	28,081	84,812	13.4
2012	465,576	13,129	28,199	83,691	12.2
2013	467,646	13,451	28,764	82,256	10.3
2014	469,428	13,752	29,296	81,155	8.6

Sources:

- (A) California Department of Finance.
- (B) Bureau of Economic Analysis. Personal income and per capita personal income, with exception of 2005, are based on percent change of per capita personal income for Los Angeles-Long Beach-Santa Ana, CA (Metropolitan Statistic Area). BEA's report does not have personal income and per capita personal income available for 2014, so an average of the last five years was used.
- (C) California Department of Education Educational Demographic Unit. Annual school census from Long Beach Unified School District for preschool, grades kindergarten through 12.
- (D) Average annual rate reported by California Employment Development Department (EDD).
- (E) Restated prior years due to the data's annual revision.

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

Exhibit 9

Employer	2014 Number of Employees	Percentage of Total City Employment	2005 Number of Employees	Percentage of Total City Employment
Long Beach Unified School District	12,143	5.01%	9,050	3.93%
Long Beach Memorial Medical Center	5,146	2.12	4,675	2.03
City of Long Beach	5,074	2.09	6,153	2.67
Boeing, N.A. (Previously - McDonnell Douglas)	4,203	1.73	9,175	3.99
California State University, Long Beach	2,881	1.19	4,050	1.76
Veterans Affairs Medical Center	2,480	1.02	2,345	1.02
Long Beach City College	2,456	1.01	1,810	.79
California State Univ Long Beach Foundation	1,420	.59	N/A	N/A
St. Mary's Medical Center	1,420	.59	1,765	.77
Molina Healthcare Inc.	861	.35	N/A	N/A
United States Postal Service	708	.29	980	.43

Source: City of Long Beach, Department of Financial Management Accounting and Business License and State of California Employment Development Department Labor Market Information.

* This is the latest information available.

Long Beach Public Transportation Company

Operating Information Key Performance Indicators 2006 – 2015

Exhibit 10

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>Fixed Route</u>										
Operating Cost Per Vehicle Service Hour	\$83.12	\$87.48	\$96.17	\$96.28	\$98.73	\$106.77	\$105.61	\$110.11	\$115.04	\$115.40
Operating Cost Per Passenger	\$ 2.08	\$ 2.22	\$ 2.36	\$ 2.20	\$ 2.34	\$ 2.54	\$ 2.50	\$ 2.56	\$ 2.69	\$ 2.85
Roadcalls	871	1,142	1,339	1,392	1,481	1,325	1,819	1,778	2,243	2,163
Miles Between Roadcalls	9,014	6,771	5,904	5,716	5,384	5,807	4,219	4,438	3,413	3,572
Total Accidents	883	937	923	940	923	851	865	881	1,026	912
Preventable Accidents	164	154	166	149	100	90	89	120	101	126
Preventable Accidents Per 100,000 Miles	2.09	1.99	2.10	1.87	1.25	1.17	1.16	1.52	1.36	2.07
Passengers per Vehicle Service Hour	40	42	43	44	43	45	48	43	42	40
Schedule Adherence	99.35%	99.45%	99.88%	99.88%	99.85%	99.83%	99.90%	99.94%	77.4%	78.5%
Number of Vehicles	229	229	229	263	265	265	260	262	248	249
Number of Employees	680	737	739	742	732	708	725	728	729	723
<u>Special Services</u>										
Dial-A-Lift Cost Per Passenger	\$18.57	\$19.96	\$21.32	\$21.65	\$23.02	\$19.71	\$19.64	\$20.42	\$20.60	\$19.36
Dial-A-Lift Passengers Per Vehicle Service Hour	5.3	5.0	4.8	4.7	4.8	5.0	5.1	4.8	5.1	5.7
Number of Dial-A-Lift Vehicles	18	18	17	16	17	15	15	13	13	15
Water Taxi Cost Per Passenger	\$ 7.10	\$ 8.24	\$10.17	\$ 9.47	\$10.99	\$11.94	\$13.73	\$ 9.23	\$12.69	\$11.27
Water Taxi Passengers Per Vehicle Service Hour	14.03	13.50	14.54	14.96	13.81	13.45	13.40	13.80	16.33	16.12
Number of Water Taxi Vessels	3	3	3	3	3	3	4	4	4	4

Note: FY14 Schedule Adherence calculation has changed. Scheduled times are compared with actual departure times using TransitMaster AVL system data. No waivers are used.

Long Beach Public Transportation Company

Operating Information Customer Satisfaction Trends 2004-2015*

Exhibit 11

<u>Service Element</u>	% of Customers Rating Favorably									
	<u>2004</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
LBT Overall	92	90	95	96	95	97	97	97	97	90
LBT Compared to Others	91	87	94	92	89	89	93	95	91	**
Driver Appearance	96	97	97	99	97	99	99	99	98	92
Fares	92	88	90	91	85	73	87	91	92	90
Driver Courtesy	86	90	91	88	90	90	92	94	91	91
Driver Safety	92	93	93	93	97	97	98	99	92	90
On Board Safety	88	91	90	93	95	95	96	97	95	86
Route Convenience	85	92	93	96	93	95	96	98	95	90
Information Available	89	88	88	93	93	90	95	95	92	86
Telephone Information	86	81	90	92	91	90	91	89	86	83
Bus Stop Safety	83	86	82	91	87	90	92	95	92	84
Bus Stop Convenience	---	94	95	97	95	96	96	97	97	89
Schedule Reliability	69	74	72	77	78	78	85	89	84	83
Bus Cleanliness	79	84	76	88	85	93	94	95	95	85
Bus Stop Cleanliness	80	81	75	89	84	86	91	91	92	87
Customer Satisfaction Index***	86	88	88	92	90	90	93	95	93	88

Source: Annual community survey.

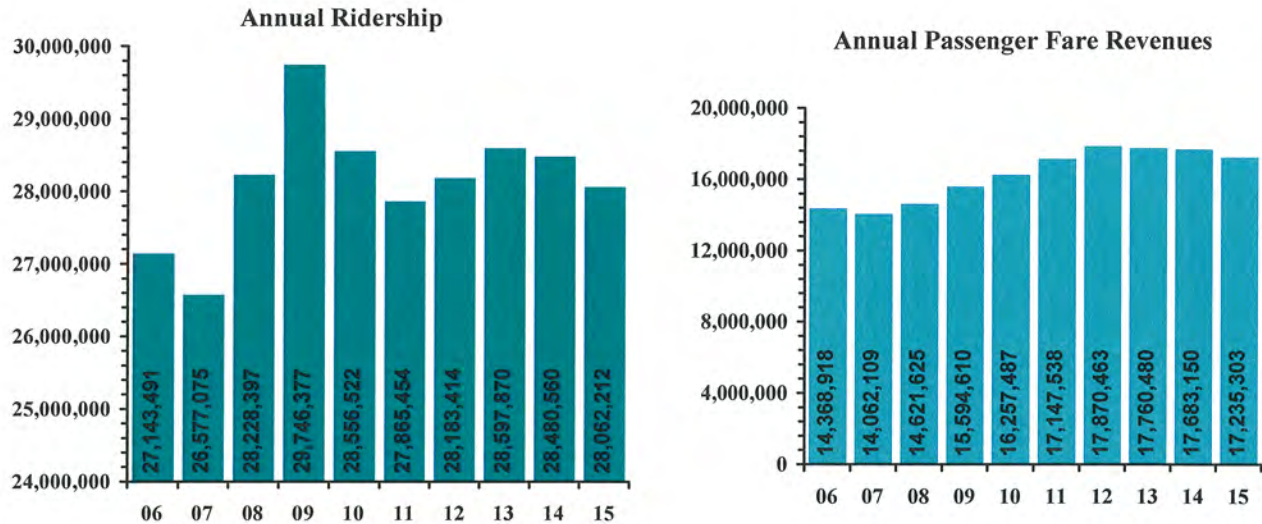
* Formal customer surveys were not performed for fiscal years 2005 and 2010.

** Not surveyed in 2015

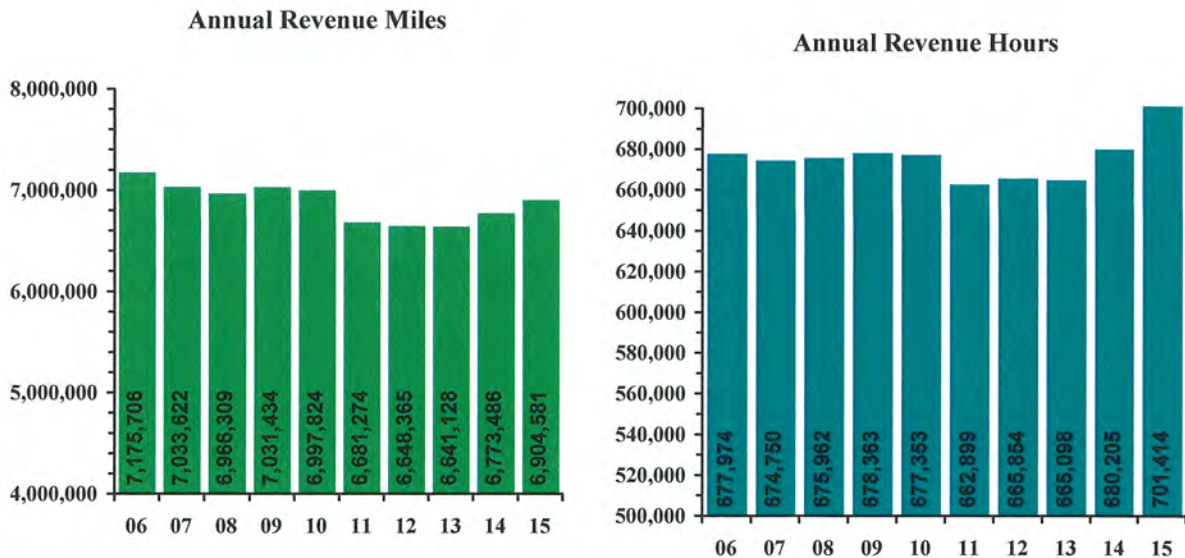
*** The customer satisfaction index is an average of the above ratings.

**Operating Information
Fixed Route Statistics
2006 - 2015**

Exhibit 12



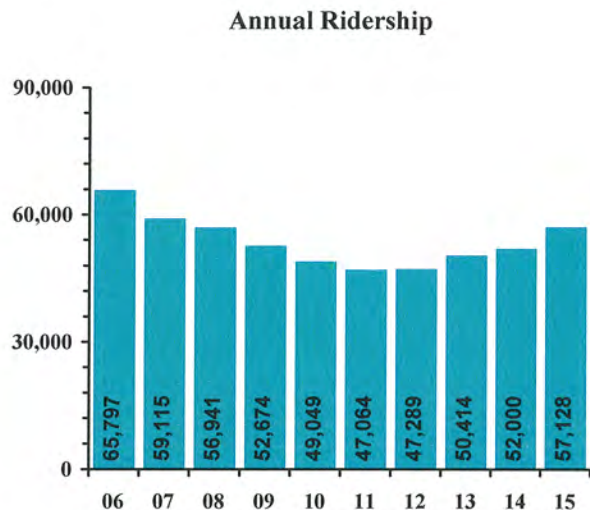
Long Beach Transit had a loss of ridership from FY 2014 to FY 2015, with 28.5 million boardings on Long Beach Transit buses in FY 2014 falling to 28.1 million boardings on Long Beach Transit buses in FY 2015. The 28.1 million boardings represented a 1.4% decrease from the previous year. Part of this slight decrease is still applicable to ridership losses caused by the Passport’s long term detour. In addition, LBUSD has reported a decline in enrollment, so there are fewer students who need to take our buses to and from school.



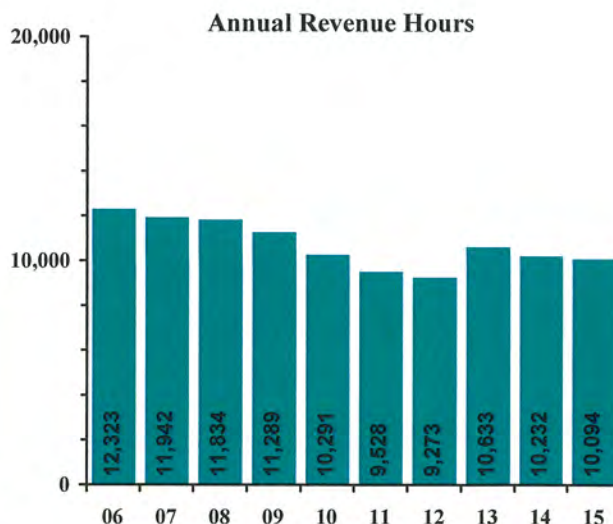
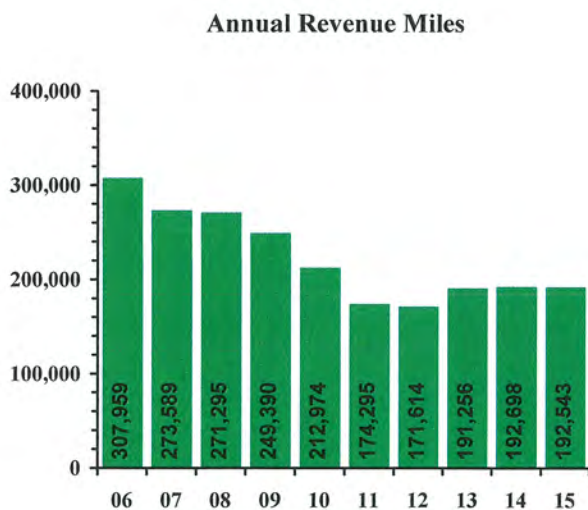
Source: Long Beach Transit’s Annual National Transit Database Report

Operating Information
Dial-A-Lift Statistics
2006 - 2015

Exhibit 13



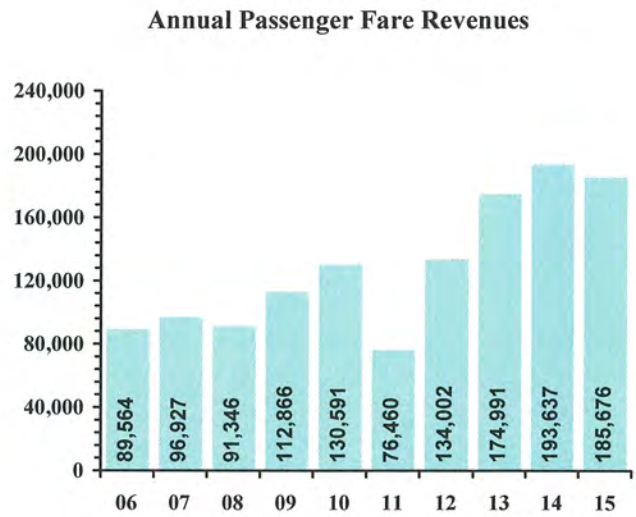
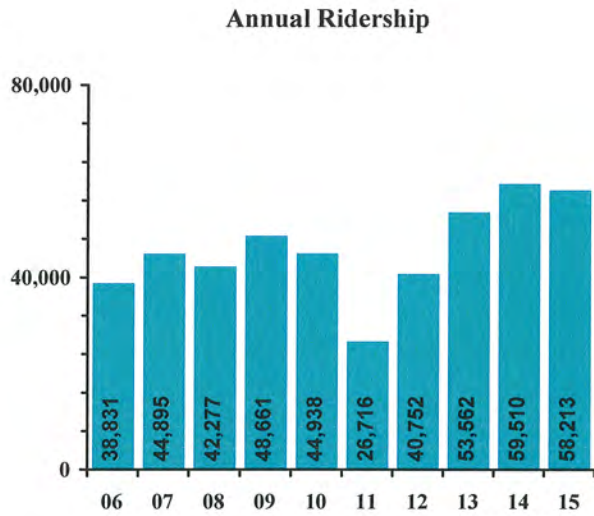
Dial-A-Lift had a 9.0% increase in ridership in FY15. There continues to be an increased demand for trips. There has also been an increased number of guests and care attendants riding with Dial-A-Lift members. The Dial-A-Lift service is supplied by a private contractor who provides Dial-A-Lift van trips and contracts with a local taxi company to provide supplemental taxi trips as needed.



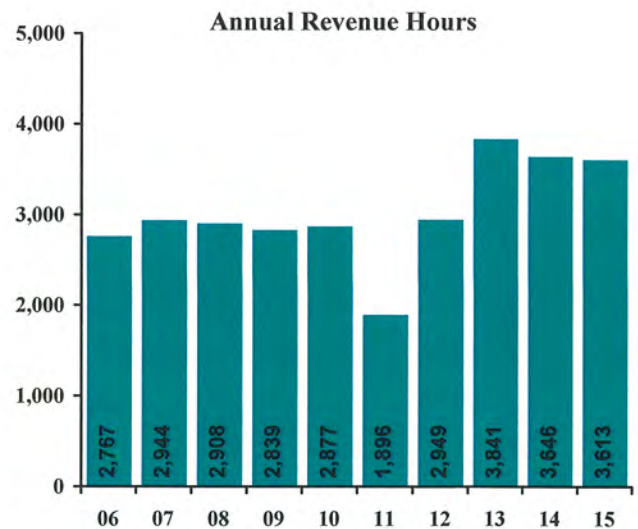
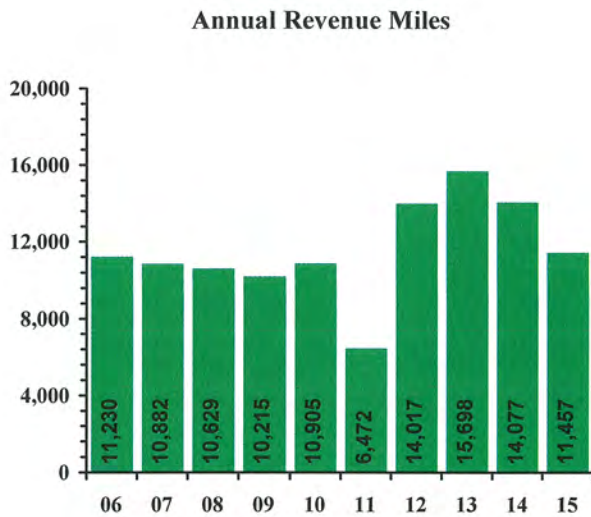
Source: Long Beach Transit's Annual National Transit Database Report

**Operating Information
Water Taxi Statistics
2006-2015**

Exhibit 14



Water Taxi ridership decreased 2.2% and revenues decreased by 9.2% in FY15. This is attributed to the reduction in service in September from 7-day service in FY14 to Friday through Sunday service in FY15.



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

Long Beach Public Transportation Company

**Operating Information
Schedule of Insurance in Force
June 30, 2015**

Exhibit 15

<u>Program</u>	<u>Expiration Term</u>	<u>Company</u>	<u>Amount/Limit</u>
<u>LIABILITY</u>			
A. Auto and General Liability			
	7/1/16 1 yr	Argonaut Insurance Company Alteris Insurance Services	\$10,000,000 excess of \$2,000,000 SIR
B. Underground Storage Tank- Third-Party Liability			
	3/4/16 1 yr	Illinois Union Insurance Co.	\$2,000,000 - each incident \$3,000,000 - aggregate Deductible \$25,000
<u>COMMERCIAL PROPERTY</u>			
	3/14/16 1 yr	Travelers Property Casualty Co.	\$ 20,331,000 Real Property \$ 41,943,000 Business Personal Property \$ 25,000 Deductible for buses in the open \$ 376,000 Extra Expense \$ 2,500 per occurrence; except \$25,000 for buses in the yard
<u>WORKERS' COMPENSATION</u>			
	7/1/16 1 yr	Safety National Casualty Corp	SIR: \$1,500,000 WC limit each accident: Statutory Employer's Liability per occurrence: \$2,000,000
<u>CRIME SHIELD POLICY</u>			
	8/8/16 1 yr	Hartford Fire Insurance Co.	\$1,000,000 - employee theft; \$20,000 deductible \$1,000,000 - computer and funds transfer fraud; \$5,000 deductible \$100,000 - theft, disappearance and destruction; \$5,000 deductible

Long Beach Public Transportation Company

Operating Information
Schedule of Insurance in Force (Continued)
June 30, 2015

FELONIOUS ASSAULT POLICY

7/1/17 3 yr	Chubb and Son, A Division of Federal Insurance Company	\$100,000 – life insurance policy
-------------	--	-----------------------------------

FIDUCIARY LIABILITY

11/1/15 1 yr	Chubb Group of Insurance Co.	\$ 1,000,000 Each Loss
		\$ 1,000,000 Each Policy Period
		\$ 10,000 Deductible

ENVIRONMENTAL LEGAL LIABILITY

6/21/16 2 yr	Aspen Specialty Insurance Co.	\$ 5,000,000 Pollution Incident Coverage
		\$ 5,000,000 Aggregate Limit of Liability

Source: Long Beach Transit's Risk Management Department.

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

ROUTES	FREQUENCY OF SERVICE					DAILY HOURS OF OPERATION					
	Peak/Base (5am-6pm)		Evening/Night (after 6pm)			Weekday	Saturday	Sunday	Weekday	Saturday	Sunday
	Weekday	Saturday	Sunday	Weekday	Saturday						
1	30	45	45	30/60	45/60	45/60	45/60	530A - 904P	516A - 1007P	516A - 1007P	
20	15	22.5	22.5	15/30/60	22.5/30/60	22.5/30/60	22.5/30/60	445A - 110X	510A - 113X	510A - 113X	
40	10	12	15	10/30	15/30	15/30	15/30	431A - 1256X	504A - 1256X	504A - 1256X	
50	12/15	15/20	20	15/20/30	20/30	20/30	20/30	430A - 1209X	504A - 1211X	510A - 1211X	
60	12/20	15	20	20/30	20/30	20/30	20/25/30	450A - 120X	538A - 115X	528A - 116X	
70	30	45	45	30	45/60	45/60	45/60	455A - 820P	516A - 1054P	516A - 1054P	
80	50	--	--	--	--	--	--	615A - 708P	----	----	
90	10/12	15/20/30	20/30	20/30	20/30	20/30	20/30	410A - 111X	500A - 125X	500A - 105X	
96 ZAP	8/10	--	--	--	--	--	--	632A - 1020A	----	----	
100	20/40	20	20	30	20	20	20	120P - 515P	550A - 805P	550A - 805P	
110	20	30	30	30/60	30/60	30/60	30/60	458A - 1045P	505A - 101X	505A - 1259X	
121	20	20/30	25/30	20/30	20/30	20/30	25/30	500A - 120X	501A - 112X	459A - 112X	
131	45	60	60	60	60	60	60	450A - 114X	530A - 924P	530A - 924P	
151	20	30/35	30/35/40	20/30/60	30/40/60	30/35/60	30/35/60	440A - 950P	459A - 1254X	459A - 1254X	
170	15	15/30	15/30	20/30/60	30/60	30/60	30/60	428A - 1252X	508A - 1257X	508A - 1255X	
171	10/20	45	45	30/60	45	45	45	459A - 1256X	700A - 806P	708A - 806P	
176	30	--	--	--	--	--	--	430A - 1155X	----	----	
180	20	30	30	30/60	30/60	30/60	30/60	646A - 710P	526A - 1223X	526A - 1223X	
190	15	20	20	20/30	20/30/60	20/30/60	20/30/60	505A - 1223X	510A - 120X	509A - 119X	
Passport	15	10	10	15/20/30	10/20/30	10/20/30	10/20/30	410A - 125X	511A - 104X	511A - 104X	

Source: Long Beach Transit's Service Development Department

**Pension Information
Employer and Employee Pension Contributions
2006 – 2015**

Fiscal Year Ended June 30	Employer Contribution*	Employee Contribution	Payroll	Contribution as a Percentage of Payroll
<u>Contract Plan</u>				
2006	\$ 2,055,584	\$	21,628,593	10.08%
2007	2,777,353		21,866,049	12.32
2008	2,661,268		23,643,084	11.35
2009	3,048,814		25,266,127	12.18
2010	4,111,605		25,501,412	16.20
2011	3,791,200		25,473,634	15.01
2012	2,099,802	1,141,708	25,904,690	12.32
2013	2,473,826	1,105,052	26,589,061	13.74
2014	3,326,307	1,437,006	27,081,026	17.75
2015	3,067,778	1,643,452	28,434,333	15.95
<u>Salaried Plan</u>				
2006	\$ 1,060,300	\$	7,954,923	12.88%
2007	1,006,587		8,486,732	12.30
2008	1,202,609		9,125,649	13.43
2009	1,582,975		9,554,774	17.26
2010	1,964,523		9,337,229	23.11
2011	2,041,762		9,520,926	22.19
2012	1,244,244	387,987	9,516,264	18.90
2013	2,244,185	449,958	10,281,649	20.97
2014	2,847,508	436,748	8,538,999	28.46
2015	4,758,243	402,617	8,027,453	27.52

* Total contribution amounts reflect year-end accruals which are adjusted for actual pay in the following fiscal year.
Source: Contract and Salaried pension plan financial statements for the year-ended June 30, 2015.
These financial statements are prepared under separate cover and contain additional trend information.

Pension Information
Pension Revenues by Source and Expenses by Type
2006 - 2015

Fiscal Year Ended June 30	Revenues by Source				Expenses by Type			
	Employer and Employee Contributions	Benefit transfer receivable	Investment Return	Total	Administrative Expenses	Benefit Payments	Benefit transfer payable	Total
Contract Plan								
2006	\$ 2,055,584	\$ ---	\$ 2,599,457	\$ 4,655,041	\$ 226,499	\$ 3,095,306	\$ 160,267	\$ 3,482,072
2007	2,777,353	---	3,485,553	6,262,906	224,618	2,847,651	365,198	3,437,467
2008	2,661,268	---	571,633	3,232,901	242,097	2,238,944	6,800	2,487,841
2009	3,048,814	---	(5,613,626)	(2,564,812)	167,515	1,448,156	35,377	1,651,048
2010	4,111,605	---	(3,780,305)	331,300	204,627	2,544,902	158,341	2,907,870
2011	3,791,200	---	6,604,495	10,395,695	227,965	1,852,836	168,731	2,249,532
2012	3,241,510	---	(682,971)	2,558,539	255,280	2,610,617	25,643	2,891,540
2013	3,714,988	---	3,324,692	7,039,680	291,858	2,447,910	---	2,739,768
2014	4,763,313	---	5,113,555	9,876,868	323,518	4,326,353	241,886	4,891,757
2015	4,711,230	---	(569)	4,710,661	349,496	4,881,029	288	5,230,813
Salaries Plan								
2006	\$ 1,060,300	\$ 160,267	\$ 1,014,406	\$ 2,234,973	\$ 130,980	\$ 1,669,281	\$ ---	\$ 1,800,261
2007	1,006,587	365,198	1,687,859	3,059,644	134,999	2,092,796	---	2,227,795
2008	1,202,609	6,800	(184,115)	1,025,294	124,292	3,654,399	---	3,778,691
2009	1,582,975	35,377	(1,889,274)	(270,922)	90,378	1,567,196	---	1,657,574
2010	1,964,523	158,341	(1,169,295)	953,569	94,633	950,146	---	1,044,779
2011	2,041,762	168,731	2,235,151	4,445,644	118,827	2,255,212	---	2,374,039
2012	1,632,231	25,643	(238,790)	1,419,084	118,457	2,294,168	---	2,412,625
2013	2,694,143	---	960,977	3,655,120	117,013	702,018	---	819,031
2014	3,284,256	241,886	1,750,047	5,276,189	142,002	2,342,868	---	2,484,870
2015	5,160,860	288	(11,557)	5,149,591	167,173	1,818,412	---	1,985,585

Source: Contract and Salaries pension plan financial statements for the year-ended June 30, 2014.
These financial statements are prepared under separate cover and contain additional trend information.

Long Beach Public Transportation Company

**Grant Information
Capital Grant History
Federal Grants 2006 - 2015**

Exhibit 19

FTA Grants	Authorized Amount	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CA-90-X915	8,769,677	\$(1,267)									
CA-90-X950	6,249,570	(21,161)									
CA-90-Y057	10,381,045	273,569	\$127,546								
CA-90-Y082	11,356,000	3,478,611	227,586	\$ 79,907	\$ 608,104						
CA-90-Y117	7,751,180	104,451	104,124	582,745	239,603						
CA-03-0596	1,980,630	23,702									
CA-90-Y136	7,788,668	297,813	36,203								
CA-90-Y226	10,958,295	2,077,500	166,025	452,558	241,178	\$ 57,407					
CA-90-Y271	9,982,170	1,574,121	1,168,787	754,104	1,132,509	130,707					
CAL0301	204,000	(131,611)									
CA-03-0642	1,980,058	58,809									
CA-03-0664	2,074,022	53,052									
CA-90-Y391	13,354,477	454,548	1,974,135	5,457,189	2,125,881	484,648	\$ 95,849	\$ 60,034	\$ 2,527,386		
CA-90-Y440	6,358,401	98,868	1,295,708	1,343,478	3,394,798	178,157	35,420	11,972			
CA-90-Y502	14,756,941			1,979,965	10,160,890	1,582,195	81,688	132,711	26,545		
CA-90-Y652	13,051,167			5,821	1,446,032	1,569,176	654,528	398,367	8,331,767	\$ 428,257	\$ 175,263
CA-95-X040	447,000			18,538	70,418	300,763	57,282				
CA-03-0714	970,874			970,874							
CA-04-0061	1,915,492			3,651	1,911,839						
CA-90-Y731	14,960,635				71,794	5,850,160	4,965,764	234,409	3,761,979	71,168	5,361
CA-03-0759	485,888				485,888						
Subtotal		\$8,341,005	\$5,100,114	11,648,830	\$21,888,934	\$10,153,213	\$5,890,531	\$837,493	\$14,647,677	\$499,425	\$ 180,624

Long Beach Public Transportation Company

Grant Information
Capital Grant History (Continued)
Federal Grants 2006 - 2015

Exhibit 19

FTA Grants	Authorized Amount	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Subtotal		\$8,341,005	\$5,100,114	\$11,648,830	\$21,888,934	\$10,153,213	\$5,890,531	\$ 837,493	\$14,647,677	\$ 499,425	\$ 180,624
CA-96-X007	16,497,214				496,563	6,466,024	8,840,940	693,688			
CA-04-0065	2,604,050						1,998,932	(173,860)	778,978		
CA-04-0134	1,783,466						222,952	351,368	1,096,541	71,421	41,184
CA-90-Y798	13,994,380						3,046,130	6,541,814	646,277	312,347	829,421
CA-90-Y880	15,774,862							746,816	7,199,267	2,525,909	86,464
CA-04-0184	2,863,280							899,012	702,223	387,690	330,469
CA-04-0199	950,000								950,000		
CA-88-0004	6,700,000								637,161	193,185	88,283
CA-90-Y957	16,248,527								1,048,270	2,605,970	5,748,917
CA-90-X053	17,391,081									773,241	3,102,621
CA-90-Z120	20,701,104									49,875	10,518,828
CA-58-0015	2,000,000										2,000,000
TOTAL		\$8,341,005	\$5,100,114	\$11,648,830	\$22,385,497	\$16,619,237	\$19,999,485	\$9,896,331	\$ 27,706,394	\$ 7,419,063	\$ 22,926,811

Long Beach Public Transportation Company

Grant Information
Capital Grant History
State Grants 2006 - 2015

Exhibit 20

State Grants	Authorized Amount	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
CA-90-X915	2,142,753	\$ 329									
CA-90-X950	1,660,481	11,388									
CA-90-Y057	2,429,263	79,382	\$33,271								
CA-90-Y082	1,471,292	450,691	29,486	\$ 10,394	\$ 84,231						
CA-90-Y117	1,937,795	26,111	26,047	145,681	59,932						
CA-03-0596	495,158	3,701									
CA-90-Y136	1,404,025	51,248	4,689								
CA-90-Y226	2,739,574	440,036	39,728	111,941	88,662	\$ 14,374					
CA-03-0642	405,554	(33,049)									
CA-95-X040	203,182			8,427	32,009	11,826					
TDA 03	655,624	(1,161)									
STA 01	990,696	557		7,280							
STA 02	1,341,400	27,391	3,568	2,230							
STA 03	838,329	19,189	30,568	3,698							
STA 07	910,000			746,044							
STA 08	3,528,162			102,135	2,352,877	440,431	\$ 40,077	\$ 10,681	\$ 19,986		
STA 11	580,795								331,826	\$ 248,972	
IB SEC	2,232,588				240,999	417,044	100,896	252,533	197,999	374,050	\$ 274,793
TOTAL		\$ 1,075,813	\$ 167,357	\$ 1,137,830	\$ 2,858,710	\$ 883,675	\$ 140,973	\$ 263,214	\$ 549,811	\$ 623,022	\$ 274,793

Long Beach Public Transportation Company

Grant Information
Local Grants 2006 - 2015

Exhibit 21

Local Grants	Authorized Amount	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Prop C Security FY 03	349,154	\$ 60,772	\$40,346	\$ 23,888	\$ 4,096						
Prop C Security FY 04	923,452	36,957	5,603	16,208	127						
Prop C - CA-90-Y271	2,375,547	388,360	300,489	173,882	212,278	\$ 27,101					
Prop C FY 02	1,041,853	242,904	60,541	3,004							
Prop C FY 03	1,123,797	61,441	223,736	111,223							
Prop C-CA-03-0664	352,584	10,798									
Prop C FY 04	923,452	164,860	5,018	98,592	335						
Prop C Security FY 05	324,000	11,742			110,000						
Prop C FY 05	1,324,200	382,558	639,725	237,755	39,410						
Prop C-CA-90-Y391	2,934,372	101,084	455,102	1,168,738	486,797	118,327	\$21,172	\$13,250	\$517,992		
Prop C-CA-90-Y440	1,329,020		242,753	331,894	682,488	36,085	8,134	2,935			
Prop C FY 06	1,398,323		12,717	1,364,204							
MTA8320	65,625	65,624									
Prop C FY 07	152,022		291	13,570	137,823						
Prop C Security FY 07	24,000		4,731	18,279							
Prop C-CA-90-440	138,600		81,202	3,943	44,280	8,456	721				
Prop C FY 08	1,661,127		237,858	670,767	111,424	433,695	207,383				
Prop C-CA-90-Y502	3,512,702		495,589	2,562,193	394,626	20,417	33,179	6,698			
Prop C-CA-90-Y652	2,030,062		1,455	245,504	289,667	163,641	131,869	1,037,686	\$107,052		
Prop C-CA-03-0714	198,854		198,854								
Prop C-CA04-0061	392,330		748	391,582							
MTA 8111	428,774		162,341	62,909	164,545						
Subtotal		\$1,527,100	\$2,072,254	\$4,662,025	\$5,650,589	\$1,050,231	\$ 647,780	\$388,616	\$1,562,376	\$107,052	

Continued

Long Beach Public Transportation Company

Grant Information
 Capital Grant History (Continued)
 Local Grants 2005 - 2014

Exhibit 21

Local Grants	Authorized Amount	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Subtotal		\$1,527,100	\$2,072,254	\$4,662,025	\$5,650,589	\$1,150,231	\$ 647,780	\$ 388,616	\$1,562,376	\$ 107,052	\$
AQMD 08	81,744				81,744						
Prop C- CA03-0759	99,520				99,520						
Prop C Sec-CA-90-Y652	47,128				13,381	33,761	(13)				
Prop C Sec FY08	31,896				31,896						
Prop C FY 09	985,343				142,767	322,747	519,828				43,821
Prop C-CA90-Y731	3,604,442				63,292	1,484,939	1,239,842	58,875	736,865	17,792	2,837
Prop C FY 10	110,000					60,825	49,175				
Prop C FY 11	3,808,593						155,049	908,816	1,257,341	702,307	341,032
Prop C-CA-90-798	3,003,969						762,626	1,635,402	161,627	78,086	107,922
Prop C-CA-04-065	576,983						499,766	(43,498)	120,715		
Prop C-CA-04-134	312,540						55,704	87,876	140,809	17,855	10,297
Prop C-CA-04-184	860,720							224,801	225,800	125,882	109,267
Prop C FY 12	2,818,242								987,020	928,199	324,026
Prop C FY 13	3,242,074								27,419	328,881	1,747,453
Prop C-CA-88-0004	876,429								219,786	82,791	35,027
Prop C-CA-90-Y957	2,864								881	701	265
Prop C FY 14	2,518,706									61,119	499,668
Prop C-CA-90-Y880	2,252									927	1,325
Prop C FY 15	4,044,624										658,270
Prop C-CA-90-Z053	89,216										3,305
Prop C-CA-90-Y120	1,465,833										890,691
TOTAL		\$1,527,100	\$2,072,254	\$4,662,025	\$6,083,189	\$3,052,503	\$3,929,757	\$3,260,888	\$5,440,639	\$ 2,451,592	\$ 4,775,206

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