LONG BEACH TRANSIT
BOARD OF DIRECTORS MEETING
AGENDA

THURSDAY, JANUARY 25, 2024
4801 AIRPORT PLAZA DRIVE
ROSA PARKS BOARD CHAMBER
3:30 P.M.

David Sutton, Chair
Abigail Mejia, Vice Chair
Eduardo Angeles, Director
Raul Anorve, Director
Randy Rawlings, Director
Tunua Thrash-Ntuk, Director

Joshua Hickman, City Representative
Christopher Koontz, City Representative

Kenneth A. McDonald
President and Chief Executive Officer

LONG BEACH TRANSIT BOARD OF DIRECTORS IN-PERSON MEETING

MEMBERS OF THE PUBLIC ALSO HAVE THE OPTION TO PROVIDE PUBLIC COMMENT IN THE ZOOM MEETING BY USING THE RAISE HAND FUNCTION OR PRESSING *9 ON YOUR PHONE

PLEASE NOTE THE ZOOM MEETING MAY ENCOUNTER TECHNICAL DISRUPTIONS, BUT IN-PERSON ACCESS AND PUBLIC COMMENT WILL CONTINUE TO BE AVAILABLE IN ACCORDANCE WITH THE BROWN ACT

MEMBERS OF THE PUBLIC MAY LISTEN TO THE MEETING BY DIALING (669) 444-9171 AND ENTERING THE FOLLOWING MEETING ID: 892 4992 2679 (PASSWORD: 1963)

MEMBERS OF THE PUBLIC MAY ALSO JOIN THE VIDEO CONFERENCE VIA THE FOLLOWING ZOOM MEETING LINK:
https://us06web.zoom.us/j/89249922679?pwd=C6H1K4aKWbnpU9QTVsN6ynNnxYqX0Y.1

PERSONS WISHING TO ADDRESS THE BOARD MAY SUBMIT PUBLIC COMMENT VIA EMAIL OR TELEPHONE.

Public comments on agenda items may be submitted by email to board@lbtransit.com or telephone at 562.599.8599.

If calling, please leave a voicemail with your name (please state it clearly), your telephone number for a return call, and the item number on which you would like to comment (or specify “public comment”).

If emailing, please include your name, your telephone number for a return call, and the item number on which you would like to comment (or specify “public comment”).

More information on this process may be found at ridelbt.com/about-us

REGULAR MEETING – 3:30 P.M.

1. Call to Order. (David Sutton)

2. Roll Call. (Jen Flores)

3. Employee Recognition. (Jen Flores)

   Employees of the Month for December 2023:

   Preston Wicks, Transit Service Delivery and Planning
   Mark Juarez, Maintenance and Infrastructure
   Brendan McGuire, Administrative Staff

   Employees of the Month for January 2024:

   Kelly Williams, Transit Service Delivery and Planning
   William Bahr, Maintenance and Infrastructure
   Arantxa Chavarria, Administrative Staff

   INFORMATION ITEM

4. Public Comment.

   Any member of the public may approach the lectern and, upon recognition by the Chair, state his or her name and proceed to address the Board on any item within the subject matter jurisdiction of the Long Beach Transit Board of Directors, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three minutes, unless different time limits are set by the Chair, subject to the approval of the Board.

5. President and CEO Report. (Kenneth McDonald)

   INFORMATION ITEM

NOTICE TO THE PUBLIC

All matters included on the Consent Calendar are considered routine by the Long Beach Transit (LBT) Board of Directors and will all be enacted by one motion. There will be no separate discussion of these items unless a member of the Board of Directors or the public so requests, in which event the matter shall be removed from the Consent Calendar and considered as a separate item.

CONSENT CALENDAR (6)

6. Recommendation to approve the minutes of the regular session meeting held on December 7, 2023.

   Suggested Action: Approve recommendation.

REGULAR CALENDAR

7. Monthly Financial Report. (Lisa Patton)

   INFORMATION ITEM

8. Recommendation to authorize the President and CEO to:

   1) Increase the President and CEO authorization amount of the three-year contract by an additional $1,990,000 of the previously approved contract of $7,945,955, with Merrimac Energy Group for the purchase of unleaded gasoline fuel, for a revised total authorization amount not to exceed $9,935,955.

   2) Exercise contract option year one, with Merrimac Energy Group for the purchase of unleaded gasoline fuel at a cost of $4,025,633 for the one-year contract option including a 10% contingency.

   (Jim Scott)

   Suggested Action: Approve recommendation.

9. Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR). (Ashley Liang)

   INFORMATION ITEM

10. Fiscal Year 2023 Single Audit Report. (Jenifer Maxwel)

    INFORMATION ITEM

11. Election of Officers. (David Sutton)

    Suggested Action: Approve recommendation.

12. Public Comment.

    Any member of the public may approach the lectern and, upon recognition by the Chair, state his or her name and proceed to address the Board on any item within the subject matter jurisdiction of the Long Beach Transit Board of Directors, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three minutes, unless different time limits are set by the Chair, subject to the approval of the Board.

13. Closed Session.

1) Conference with Labor Negotiator
Pursuant to Cal. Gov. Code § 54957.6

Long Beach Transit Representative: Kenneth A. McDonald, President and CEO

Employee Organization:
Amalgamated Transit Union, Local 1277
American Federation of State, County and Municipal Employees (AFSCME), District Council 36

2) CONFERENCE REAL PROPERTY (Gov. Code sec. 54956.8)
Property: 4801 Airport Plaza Drive, Long Beach, CA 90815
Kenneth A. McDonald, President and CEO; Lisa Patton, Executive Director/VP, Finance and Budget
Re: Price, Terms

14. Board Requests.

15. Adjourn. The next regular meeting will be held on February 22, 2024. (David Sutton)

Suggested Action: Approve recommendation.

Note:

Long Beach Transit intends to provide reasonable accommodations in accordance with the Americans with Disabilities Act of 1990. If special accommodation is desired please call the Office of the Board Secretary 48 hours prior to the meeting at 562.599.8599.

Long Beach Transit is an entity which is separate and distinct from the City of Long Beach.

LONG BEACH TRANSIT
BOARD OF DIRECTORS MEETING
MINUTES

THURSDAY, DECEMBER 7, 2023
4801 AIRPORT PLAZA DRIVE
BOARD CHAMBER, 9:00 A.M.

David Sutton, Chair
Abigail Mejia, Vice Chair
Eduardo Angeles, Director
Raul Añorve, Director
Colleen Bentley, Director
Randy Rawlings, Director
Tunua Thrash-Ntuk, Director

Joshua Hickman, City Representative
Christopher Koontz, City Representative

Kenneth A. McDonald
President and Chief Executive Officer

REGULAR MEETING – 9:00 A.M.

1. Call to Order. (David Sutton)

   Chair Sutton called the meeting to order at 9:00 a.m.

2. Roll Call. (Jen Flores)

   Directors Present: Eduardo Angeles, Raul Añorve, Colleen Bentley, Abigail Mejia, Randy Rawlings and David Sutton

   Directors Excused: Tunua Thrash-Ntuk

3. Employee Recognition. (Jen Flores)

   Employees of the Month for November 2023:

   Fredrick Williams, Transit Service Delivery and Planning
   Michael Alvarez, Maintenance and Infrastructure
   Melissa Kalie, Administrative Staff

   Jen Flores, Board Secretary, presented the Employees of the Month for November 2023.

   INFORMATION ITEM

4. Public Comment.

   Any member of the public may approach the lectern and, upon recognition by the Chair, state his or her name and proceed to address the Board on any item within the subject matter jurisdiction of the Long Beach Transit Board of Directors, provided that no action may be taken on off-agenda items unless authorized by law. Comments shall be limited to three minutes, unless different time limits are set by the Chair, subject to the approval of the Board.

   Luis Schmidt, AFSCME Business Rep, gave a live public comment regarding contract negotiations.

Chair Sutton read a comment submitted via email from James Nieuwdorp, regarding a prayer for Long Beach Transit Rank and File employees.

Dana LaRoche, President of AFSCME Local 3620 and LBT employee, regarding contract negotiations.

Director Thrash-Ntuk joined the Board of Directors meeting at 9:12 a.m.

Directors Present: Eduardo Angeles, Raul Añorve, Colleen Bentley, Abigail Mejia, Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

5. President and CEO Report. (Kenneth McDonald)

INFORMATION ITEM

Kenneth McDonald, President and CEO, presented his monthly report.

CEO McDonald gave a summary of the CTA Annual Fall Conference and Expo attended by staff and Board Directors.

CEO McDonald highlighted various community events LBT staff and Board Directors participated in for the months of November and December.

NOTICE TO THE PUBLIC

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CONSENT CALENDAR (6)

A motion was made by Director Angeles, seconded by Director Bentley, to pass the consent calendar. The motion carried by the following vote:

Yes: 7 - Eduardo Angeles, Raul Añorve, Colleen Bentley, Abigail Mejia, Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

6. Recommendation to approve the minutes of the regular session meeting held on October 26, 2023.

Suggested Action: Approve recommendation.

REGULAR CALENDAR

7. Monthly Financial Report. (Lisa Patton)

   INFORMATION ITEM

   Lisa Patton, Executive Director/VP, Finance and Budget, presented the staff report.

   Director Angeles requested staff create a presentation of the report for public viewing on the television monitors.

   Director Bentley inquired about AquaLink service switching to battery operations, if vehicles will be pulled during any transition and funding for the project.

   CEO McDonald responded that staff is researching a plan to convert the vehicles to present to the Board for approval to seek funding for the transition.

   Chair Sutton requested that staff stay away from customized options for the aqua vehicle research.

This Agenda Item was received and filed.

8. Fiscal Year 2023 Retirement Plan Financial Statements for Contract and Salaried Employees (Terry Coon)

   INFORMATION ITEM

   Terry Coon, Manager, Finance, presented the staff report.

   Luis Schmidt, Luis Schmidt, AFSCME Business Rep, gave a live public comment regarding pensions.

   Director Angeles requested staff create a presentation of the report for public viewing on the television monitors.

This Agenda Item was received and filed.

9. Actuarial Valuation of Retirement Plans for Contract and Salaried Employees as of July 1, 2023. (Ashley Liang)

   INFORMATION ITEM

   Ashley Liang, Treasurer, presented the staff report.

Danny, a member of the public, inquired if LBT has a report of how many employees don't have a pension and the costs.

Director Angeles inquired if there is a threshold allowing any cost-of-living adjustments.

Ms. Liang responded that there are set amount assumptions built in.

CEO McDonald clarified that every employee has a pension program, defined benefit or defined contribution. If an employee does not have a pension, they made a choice not to participate.

Rick Operchock, former LBT employee, inquired how can someone choose not to have a pension.

CEO McDonald responded that new employees have the option to opt in or out of pension plans. LBT does not encourage employees to opt out of pension plans.

Chair Sutton inquired about the process of opting out and if employees can change their mind later.

CEO McDonald responded that LBT automatically contributes 5% for all new employees. The employee decides not to contribute additional funds.

Ms. Patton clarified that employees decline because they don't want to make the mandatory contributions to the contract plan. She does not know if they can opt-in later.

Chair Sutton requested staff find out if employees can opt in if their lifestyle changes.

This Agenda Item was received and filed.

10. Public Comment.

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    There were no public comments.

11. Board Requests.

    Director Thrash-Ntuk requested a presentation about pension plan employee options. Chair Sutton acknowledged Director Colleen Bentley's term ending.

Staff presented Director Bentley with a plaque for her years of service.

Discussion ensued about Director Bentley's time on the Board.

12. Adjourn. The next regular meeting will be held on January 25, 2024. (David Sutton)

Suggested Action: Approve recommendation.

Meeting adjourned at 10:09 a.m.

A motion was made by Director Angeles, seconded by Director Bentley, to approve the recommendation. The motion carried by the following vote:

Yes: 7 - Eduardo Angeles, Raul Añorve, Colleen Bentley, Abigail Mejia, Randy Rawlings, David Sutton and Tunua Thrash-Ntuk

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LONG BEACH TRANSIT
STATEMENT OF REVENUES AND EXPENSES
FOR PERIOD JULY 1, 2023 TO DECEMBER 31, 2023

	December 2022	December 2023	December Budget	%	Year to Date FY 2023	Year to Date FY 2024	Year to Date Budget	%
OPERATING REVENUE								
Passenger Fares	$660,545	$720,142	$685,584	105	$4,360,592	$4,683,614	$4,420,188	106
Dial A Lift Fares	3,350	3,242	3,530	92	20,438	19,552	21,765	90
Aqua Service Fares	3,949	0	0	-	184,843	155,312	120,815	129
Special Event Service Revenue	4,063	2,250	3,000	75	10,375	5,656	3,000	189
Advertising Revenue	56,250	56,250	56,250	100	379,956	403,183	337,500	119
Interest & Miscellaneous	171,630	518,905	226,603	229	1,265,673	2,148,134	1,368,124	157
TOTAL OPERATING REVENUE	**$899,787**	**$1,300,789**	**$974,967**	**133**	**$6,221,877**	**$7,415,451**	**$6,271,392**	**118**
SUBSIDY REVENUE								
Federal	$1,400,000	$1,639,123	$1,800,000	91	$3,900,000	$3,889,123	$10,150,000	38
State	2,726,630	2,838,137	2,838,136	100	16,332,813	17,117,491	17,028,816	101
County	4,160,478	4,051,300	4,051,300	100	24,969,944	24,344,906	24,358,052	100
Local	693,852	783,800	780,490	100	4,526,079	5,134,583	5,102,652	101
TOTAL SUBSIDY REVENUE	**$8,980,960**	**$9,312,359**	**$9,469,926**	**98**	**$49,728,836**	**$50,486,102**	**$56,639,520**	**89**
TOTAL REVENUE	**$9,880,747**	**$10,613,148**	**$10,444,893**	**102**	**$55,950,712**	**$57,901,553**	**$62,910,912**	**92**
OPERATING EXPENSES								
Operations	$4,635,595	$4,814,758	$5,113,573	94	$27,365,745	$29,023,097	$30,719,244	94
Maintenance	2,215,715	2,254,277	2,456,043	92	13,425,443	14,398,259	14,892,209	97
Administration	2,107,669	2,218,560	2,379,841	93	10,984,804	11,904,851	13,932,110	85
Fuel & Lubricants	596,636	485,351	530,892	91	3,442,130	2,955,272	3,479,089	85
TOTAL OPERATING EXPENSES	**$9,555,614**	**$9,772,946**	**$10,480,349**	**93**	**$55,218,122**	**$58,281,480**	**$63,022,652**	**92**
NET INCOME (LOSS) BEFORE DEPR.	**$325,133**	**$840,202**	**($35,456)**		**$732,590**	**($379,927)**	**($111,740)**	
DEPRECIATION	$1,386,439	$1,479,619	$1,565,535	95	$8,095,712	$8,731,909	$9,393,210	93

LONG BEACH TRANSIT
SCHEDULE OF EXPENSES
FOR PERIOD JULY 1, 2023 TO DECEMBER 31, 2023

	Operations	Maintenance	Admin	Total Curr. Month	Current Month Budget	%	Year to Date	Year to Date Budget	%
LABOR									
Operators	$2,499,022	$0	$0	$2,499,022	$2,696,513	93	$15,099,116	$15,992,215	94
Maintenance	0	561,783	0	561,783	601,008	93	3,516,157	3,623,252	97
Salaried	331,644	422,688	850,456	1,604,789	1,620,551	99	8,538,414	9,962,925	86
FRINGE BENEFITS									
FICA	191,795	68,060	54,293	314,148	349,275	90	1,868,093	2,117,223	88
Pension	359,348	126,200	120,586	606,134	598,643	101	3,500,880	3,611,676	97
Health	596,023	174,995	108,122	879,140	952,757	92	5,126,594	5,492,904	93
Workers' Compensation	374,093	26,764	2,257	403,115	403,531	100	2,418,688	2,421,186	100
Uniform & Tool Allowance	11,446	10,129	590	22,164	28,876	77	146,026	197,260	74
Unemployment & Other Fringes	10,064	5,122	95,852	111,038	75,610	147	229,585	315,810	73
SERVICES									
Advertising	0	0	39,369	39,369	68,496	57	347,518	443,976	78
Professional & Technical	33,334	19,583	285,589	338,506	381,408	89	1,666,113	2,290,904	73
Contract Maintenance	0	147,186	196,518	343,704	414,983	83	2,349,955	2,478,283	95
Security	265,348	34,264	0	299,612	326,124	92	1,766,990	1,993,156	89
Employment Physicals	0	0	10,444	10,444	18,416	57	103,974	110,496	94
Other	0	6,554	8,516	15,070	11,421	132	80,200	63,526	126

LONG BEACH TRANSIT
SCHEDULE OF EXPENSES
FOR PERIOD JULY 1, 2023 TO DECEMBER 31, 2023

	Operations	Maintenance	Admin	Total Curr. Month	Current Month Budget	%	Year to Date	Year to Date Budget	%
MATERIALS & SUPPLIES									
Fuel & Lubricants	$0	$485,351	$0	$485,351	$530,892	91	$2,955,272	$3,479,089	85
Fleet Parts & Supplies	0	437,485	0	437,485	426,884	102	2,756,777	2,566,835	107
Other Materials & Supplies	0	32,236	51,914	84,151	84,329	100	518,421	503,154	103
UTILITIES	0	115,514	74,966	190,480	220,054	87	1,074,962	1,233,237	87
CASUALTY/LIABILITY COSTS	0	6,592	278,139	284,730	345,969	82	2,174,294	2,075,814	105
PURCHASED TRANS. SERVICE									
Dial A Lift	100,370	0	0	100,370	102,310	98	578,816	622,531	93
Aqua Service	40,909	0	0	40,909	54,901	75	494,967	557,797	89
MISC. EXPENSES									
Dues & Subscriptions	0	0	17,073	17,073	15,833	108	84,615	94,998	89
Taxes, Fees	0	30,078	0	30,078	27,791	108	539,108	166,536	324
Training, Travel & Meetings	0	0	8,898	8,898	27,084	33	47,275	162,504	29
Schedules & Tickets	0	0	1,105	1,105	31,250	4	22,826	72,500	31
Safety & Misc. Items	0	3,449	5,708	9,157	15,709	58	57,911	94,254	61
Recruitment Advertising	0	0	5,042	5,042	20,000	25	39,009	100,000	39
Other	1,363	25,595	3,124	30,081	29,731	101	178,923	178,611	100
TOTAL OPERATING EXPENSES:	**$4,814,758**	**$2,739,628**	**$2,218,560**	**$9,772,946**	**$10,480,349**	**93**	**$58,281,480**	**$63,022,652**	**92**

LONG BEACH TRANSIT
BALANCE SHEET

	Balance at 12/31/23	Balance at 11/30/23	Balance at 12/31/22
ASSETS			
Cash and Investments	68,299,264	69,956,034	72,422,998
Receivables			
Federal	1,912,547	14	0
State	2,294,560	3,993,139	1,769,331
County	455,939	426,993	3,509,602
Local	2,421,943	1,691,805	2,091,078
Miscellaneous	3,534,602	3,059,078	2,723,268
Materials & Supplies Inv.	3,777,600	3,698,134	3,368,534
Net Capital Assets	125,627,205	126,421,435	103,828,488
Other Assets	17,743,234	18,015,913	27,290,492
TOTAL ASSETS	**226,066,893**	**227,262,545**	**217,003,792**
LIABILITIES AND CAPITAL			
Trade Payables	3,196,067	3,940,646	4,540,691
Accrued Payroll Liabilities	6,376,174	7,138,459	8,136,129
Net Pension Liability (GASB 68)	34,055,081	34,055,081	32,192,337
Compensated Absence Liabilities	3,772,308	3,745,280	3,454,767
Estimated Liabilities	69,443,378	69,931,648	66,354,310
Deferred Credits	13,323,251	12,596,770	14,434,723
Long-Term Notes Payable	0	0	0
TOTAL LIABILITIES	**130,166,259**	**131,407,884**	**129,112,957**
Federal Capital Contributions	338,965,510	338,664,880	322,305,436
State Capital Contributions	115,021,934	114,938,759	112,098,568
Local Capital Contributions	130,141,806	129,840,220	121,022,470
Accumulated Earnings (Losses)	(488,228,616)	(487,589,198)	(467,535,639)
TOTAL CAPITAL	**95,900,634**	**95,854,662**	**87,890,835**
TOTAL LIABILITIES AND CAPITAL	**226,066,893**	**227,262,545**	**217,003,792**

RECOMMENDED ACTION

To authorize the President and CEO to increase the base contract with Merrimac Energy Group and exercise the first one-year contract option, for the purchase of unleaded gasoline fuel.

STAFF REPRESENTATIVE

Jim Scott, Executive Director/VP, Maintenance and Infrastructure

BACKGROUND

Long Beach Transit (LBT) operates a diverse fleet of 250 alternatively fueled revenue buses comprising of 125 compressed natural gas (CNG) buses, 81 gasoline-electric hybrid buses, and 44 battery electric buses (BEB).

At the May 27, 2021, Board of Directors meeting the Board authorized the President and CEO to enter into a three-year base contract with two, one-year options with Merrimac Energy group for the purchase of unleaded gasoline fuel at a cost of $7,945,955 for the first three years.

The purchase price of fuel is tied to the average daily rack rate, the price at which refineries sell gasoline to clients, via a wholesale daily index called Oil Price Information Service (OPIS).

Merrimac Energy Group, our current supplier, price for unleaded gasoline is 15 cents per gallon below the OPIS price.

The original projected costs were based on a per gallon price of $3.50 for unleaded fuel in 2021. In the last year, the price per gallon increased to an average of $4.10. Our unleaded fuel usage has exceeded 64,000 gallons per month.

Gasoline hybrid miles are greater than estimated by staff as there have been delays in the BEB charging infrastructure.

Due to these factors, staff is requesting an increase to the original authorization amount for the base contract and authorization to exercise the first one-year contract option.

PROCUREMENT

Not applicable

DBE/SBE PARTICIPATION

Not applicable

ALTERNATIVES CONSIDERED

Staff did not consider alternative options as an increase in the original authorization amount will be required to continue to purchase gasoline fuel.

BUDGETARY/FISCAL IMPACT

Funds to increase the base contract have been planned and approved in the current year's operating budget. Funds to exercise the first one-year contract option will be included in the subsequent year's operating budget.

Fiscal Year 2024 budget unleaded fuel rate was projected at $4.75 per gallon.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors to authorize the President and CEO to:

1. Increase the President and CEO authorization amount of the three-year contract by an additional $1,990,000 of the previously approved contract of $7,945,955, with Merrimac Energy Group for the purchase of unleaded gasoline fuel, for a revised total authorization amount not to exceed $9,935,955.

2. Exercise contract option year one, with Merrimac Energy Group for the purchase of unleaded gasoline fuel at a cost of $4,025,633 for the one-year contract option including a 10% contingency.

Kenneth A. McDonald
President and Chief Executive Officer

Attachment

RECOMMENDED ACTION

To authorize the President and CEO to enter into a contract with Southern Counties Oil Company for the purchase of diesel fuel; and Merrimac Energy Group for the purchase of unleaded gasoline fuel for a term of three years, with two one-year options at a cost not to exceed the annual amounts in the operating budget approved by the Board.

STAFF REPRESENTATIVE

James Scott, Executive Director/VP, Maintenance and Infrastructure

BACKGROUND

Long Beach Transit (LBT) operates a diverse fleet of 250 revenue buses comprising of 125 compressed natural gas (CNG) buses; 88 gasoline-electric hybrid; 26 diesels; and 10 battery electric buses (BEB).

LBT conducted a forecast of fuel usage for the next five years. To operate services, LBT requires approximately 900,000 gallons of fuel in fiscal year 2022. By fiscal year 2026, LBT is projected to require less than 20,000 gallons of fuel for its diesel, gasoline-electric hybrid buses, and service vehicles. This results in an estimated 98% decrease in gasoline and diesel usage over the next five years.

LBT's diesel buses require 65,000 gallons of diesel fuel in fiscal year 2022. Diesel usage will continue to decrease with an estimated diesel usage of only 1,463 gallons by fiscal year 2026.

LBT's gasoline-electric hybrid buses and service vehicles require 860,000 gallons of unleaded gasoline in fiscal year 2022. Gasoline usage will continue to decrease in the next five years with only an estimated 18,000 gallons needed by fiscal year 2026.

In accordance with LBT's Zero-Emission Bus (ZEB) Rollout Plan, LBT has committed to purchasing only ZEBs from 2020 onward.

LBT contracts with a third-party supplier for the purchase of diesel and gasoline fuel. This allows LBT to have access to wholesale fuel pricing.

PROCUREMENT

LBT issued an Invitation for Bid (IFB) to 25 firms and received seven qualified bids which were reviewed and deemed responsive and compliant.

Southern Counties Oil Company located in Orange, California, submitted the lowest bid for diesel fuel; and Merrimac Energy Group located in Long Beach, California, submitted the lowest bid for unleaded gasoline fuel.

The purchase price of fuel would be tied to the average daily rack rate, the price at which refineries sell gasoline to their various clients, via a wholesale daily index called Oil Price Information Service (OPIS). A fixed freight charge per gallon is also charged.

Southern Counties Oil Company's price for ultra-low sulfur diesel fuel is $0.045 per gallon below the OPIS price.

Merrimac Energy Group's price for unleaded gasoline is $0.1546 per gallon below the OPIS price.

DBE/SBE PARTICIPATION

A Small Business Enterprise (SBE) goal of 22% was established for this contract.

Southern Counties Oil Company will utilize All Petro Resources, a SBE-certified firm, located in Reseda, CA, for fuel delivery. Their participation is 36.7% of the overall contract amount for diesel fuel.

Merrimac Energy Group will also utilize All Petro Resources, a SBE-certified, for fuel delivery. Their participation is 15% of the overall contract amount for unleaded gasoline fuel.

ALTERNATIVES CONSIDERED

Staff considered fueling its buses at offsite locations. However, staff does not recommend this option as purchasing fuel in bulk is the most economical option and allows the agency to be in control of its fueling for revenue vehicles. The recommended option also allows the agency to fuel at its own facilities.

BUDGETARY/FISCAL IMPACT

As part of the annual operating budget process, LBT recommends a fuel and lubricants budget based on estimates of fuel usage and prices for the coming fiscal year.

The projected costs in the recommended action are based on a per gallon price of $2.90 for diesel fuel and $3.50 for unleaded fuel.

Funds for Year One of these contracts were included in the Fiscal Year 2022 Operating Budget, and funding for subsequent years will be included in future operating budgets. Staff will return to the Board for authorization to exercise the contract option years.

STAFF RECOMMENDATION

Staff is requesting LBT's Board of Directors to authorize the President and CEO to:

1. Enter into a three-year contract with two, one-year options, with Southern Counties Oil Company for the purchase of diesel fuel at a cost of $207,657 for the first three years

2. Enter into a three-year contract with two, one-year options, with Merrimac Energy Group for the purchase of unleaded gasoline fuel at a cost of $7,945,955 for the first three years

Kenneth A. McDonald
President and Chief Executive Officer

INFORMATION ITEM

Fiscal Year 2023 Annual Comprehensive Financial Report (ACFR)

STAFF REPRESENTATIVE

Ashley Liang, Treasurer

BACKGROUND

The Annual Comprehensive Financial Report (ACFR) is the official report used in presenting the results of Long Beach Transit's (LBT) annual financial operations for the fiscal year. This report is presented in a manner designed to fairly disclose the financial position and results of the operations of LBT as measured by its financial activities.

The Independent Auditors' Report, prepared by Windes, Inc., is included, along with other necessary disclosures, to enable the reader to gain maximum understanding of LBT's financial activities.

The ACFR includes:

- Letter of Transmittal and Agency Overview
- Independent Auditors' Report
- Management's Discussion and Analysis
- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Combined Statements of Fiduciary Net Position
- Combined Statements of Changes in Fiduciary Net Position
- Notes to the Financial Statements
- Required Supplementary Information
- Statistical Information

STAFF RECOMMENDATION

Not applicable. Information only item.

Kenneth A. McDonald
President and Chief Executive Officer

Attachment

Long Beach Transit

FY 2023 Annual Comprehensive Financial Report

A component unit of the City of Long Beach, California for the years ending June 30, 2023 and 2022.









Long Beach Transit

FY 2023 Annual Comprehensive Financial Report

A component unit of the City of Long Beach, California for the years ending June 30, 2023 and 2022.

Prepared by the Finance and Budget Department
Lisa Patton, Executive Director/VP

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ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDING JUNE 30, 2023 AND 2022

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LONG BEACH TRANSIT

Introduction



December 21, 2023

Dear Long Beach Transit Board of Directors:

On behalf of Long Beach Transit (LBT or Agency), I am pleased to submit for your information the Annual Comprehensive Financial Report of LBT for fiscal year July 1, 2022 to June 30, 2023.

The Annual Comprehensive Financial Report has become the standard format used in presenting the results of the financial operations for the fiscal year. This report is presented in a manner designed to fairly disclose the financial position and results of Agency operations as measured by its financial activities. To the best of LBT's 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 management, which bears the responsibility for its completeness and reliability based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. 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 Agency's financial activities.

The independent audit of the accompanying basic financial statements of LBT 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 LBT's separately issued Single Audit Report.

The Governmental Accounting Standards Board (GASB) requires the Agency's 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 Agency's MD&A can be found immediately following the report of the independent auditors.

Reporting Entity

Long Beach Transit is a California nonprofit corporation, formed in 1963 to provide public transportation services to the City of Long Beach and its neighboring cities.

LBT is governed by a seven-member Board of Directors (Board) who are appointed by the Mayor of the City of Long Beach (the City) and confirmed by the City Council. The Board provides broad policy and financial decisions, setting direction for management.

Additionally, two designees of the City Manager's Office serve as nonvoting City Representative members of the Board. The Board appoints a Chief Executive Officer (CEO) who is responsible for the performance of the organization and the day-to-day operation of the business of LBT. LBT's Executive Leadership Team is represented by the Deputy CEO and six Executive Directors/Vice Presidents heading Organizational Development and Administration; Transit Service Delivery and Planning; Customer Relations and Communications; Finance and Budget; Information Technology; and Maintenance and Infrastructure. LBT's organizational chart is shown later in this introductory section.

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

In accordance with GASB, LBT is considered a component financial reporting unit of the City of Long Beach (City). As such, the Agency's financial statements are included in the City's annual comprehensive financial report as a discreetely presented component unit. LBT 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. Currently, there has been no expressed intent to alter the status of this financial reporting and administrative relationship.

Services

LBT began operations in 1963 with fewer than 100 buses and carrying 14 million boarding customers annually. LBT has grown to operate 250 buses, 10 paratransit vehicles, two catamarans and two boats that provided service to 17 million customer boardings in FY 2023 across the City of Long Beach and 14 surrounding communities. LBT makes everyday life better through its dedication to connecting communities and moving people.

LBT is a full-service public transit agency, providing a wide range of transit services, including:

- Fixed-Route Bus Service
- Downtown Circulator (Passport Route)
- Demand-Responsive Paratransit Service (Dial-A-Lift)
- Water Taxi Service (AquaBus and AquaLink)
- Community Special Services
- Commuter Express (UCLA)

Fixed-Route Bus Service

LBT provides fixed-route bus service to a 110-square-mile area, which includes the cities of Long Beach, Lakewood and Signal Hill; and portions of Artesia, Bellflower, Carson, Cerritos, Compton, Downey, Hawaiian Gardens, Los Alamitos, Norwalk, Paramount and Seal Beach. This service currently covers 38 routes.

Of the 38 fixed routes operated by LBT, 22 transfer through 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 the Los Angeles County Metropolitan Transportation Authority (LA Metro) Metro A (Blue) Line 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, enhanced bus stop amenities, customer transit shelters equipped with graphic displays, and digital monitors displaying real-time schedule information. This location is also a major transfer point for Flixbus, Los Angeles Department of Transportation (LADOT), LA Metro, and Torrance Transit.

All of LBT's fixed-route service fleet are low-floor and mobility-device accessible. These buses are maintained and dispatched from two facilities. Approximately half of the vehicles are stored at the central administrative, operating and maintenance facility located at 1963 E. Anaheim St. in Long Beach (LBT1). The remaining buses are assigned to a second operating and maintenance facility located at 6860 Cherry St. in North Long Beach (LBT2). In addition to the buses, LBT owns a number of non-revenue vehicles used for supervisory and administrative functions and various maintenance vehicles for emergency road services and bus stop support.

LBT maintains transit shelters and benches, providing customer convenience and comfort. There are approximately 2,000 bus stops throughout the system and the Agency ensures the stops are well-maintained and meet cleanliness standards.

Downtown Circulator (Passport Route)

The Passport is a downtown and waterfront service that is a vital mobility component in 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 Arena, and surrounding hotels, businesses and government hubs. It is a complimentary service that starts at 10th Street and Pine Avenue and links the restaurants, shops and businesses on Pacific Avenue and Long Beach Boulevard to the many points of interest in the downtown waterfront.

The service is provided by low-floor, zero-emission battery-electric buses. The Passport fleet is stored and maintained at the central administrative, operating and maintenance facility at LBT1. The Passport route currently operates Friday through Sunday.

Demand-Responsive Paratransit Service (Dial-A-Lift)

LBT offers Dial-A-Lift demand response paratransit service for persons with disabilities. This curb-to-curb, shared-ride service operates on a call-in basis and is provided by a private contractor. All vehicles are owned by LBT, but stored, maintained, dispatched and operated by the contractor. In fiscal year (FY) 2023, there were 22,512 boardings on Dial-A-Lift.

Water Taxi Service (AquaBus and AquaLink)

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

There are two AquaBus water taxis that provide connections to the Queen Mary, Aquarium of the Pacific, and Shoreline Village. These vessels, which carry up to 38 customers each, tie directly with the downtown Passport route and parking facilities, allowing residents, visitors and tourists to see Long Beach's many attractions without using a car.

For customers wanting to travel farther down the coast, the AquaLink vessels provide service that operates between the Queen Mary, Aquarium of the Pacific and Alamitos Bay Landing. There are two AquaLink catamarans that provide seating for up to 75 passengers per vessel.

Both AquaBus and AquaLink services are provided by a private contractor. The vessels are owned by LBT and stored and maintained at the contractor's docking facilities.

Community Special Services

LBT provides express services to different locations and attractions throughout the year. During the summer, LBT has operated Museum Express bus service to major museums and cultural attractions in Los Angeles and Orange counties. The Museum Express offers residents who would not ordinarily use transit an opportunity to experience transit and is particularly beneficial to LBT's senior and transit-dependent customers who can rely on the service to access attractions they could not travel to on their own. In 2020, LBT suspended the service due to the pandemic, but plans to resume the Museum Express in the summer of 2024. LBT also provides transportation service to Dignity Health Sports Park for Los Angeles Galaxy home games through the Galaxy Express. Additionally, each year, LBT supports the Grand Prix of Long Beach and other large-scale, special events by providing supplemental service where needed.

Commuter Express (UCLA)

Since 2019, LBT has offered the UCLA/Westwood Commuter Express service. With trips operating weekdays, customers can be picked up at two locations in Long Beach and transported to the UCLA/Westwood area, including the UCLA Medical Center. This popular service helps commuters avoid sitting in personal cars in traffic and serves students and employees alike.

Accomplishments and Major Initiatives

Organizational Focus

The performance of the Agency is the primary objective of the President and CEO, as he is responsible for the day-to-day operation of LBT. The five Strategic Priorities are the functional pillars of the organization and are used daily to plan, develop, monitor and measure the successful implementation of LBT's business.

LBT's Strategic Priorities are:

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

Listed on the following pages are successful accomplishments and major initiatives addressed during the fiscal year, beginning July 2022 through June 2023, organized by Strategic Priority.

Improve Safety and Service Quality

Increased Fixed Route Service (Feb. 2023)

LBT has incrementally restored the service level that was reduced during the COVID-19 pandemic. Over the course of three service changes each year, LBT works to improve services to its customers. Through increasing frequencies as well as early morning and late-night service, LBT now operates 87% of the pre-pandemic service level.

Passport Route Weekend Service (Dec. 2022)

LBT resumed its free Passport service, a circulator bus serving Downtown Long Beach, The Pike Outlets, Rainbow Harbor, Convention Center, Shoreline Village, Aquarium of the Pacific, and Downtown Hotels. The Passport will continue operating only Friday through Sunday.

Water Taxi Service (May 2023)

In May 2023, LBT resumed regular water taxi service. Both AquaLink and AquaBus services operated 7-day service for the summer, offering customers connections along the Long Beach shoreline, including Alamitos Bay, the Aquarium of the Pacific and Rainbow Harbor.

Exercise Financial Accountability

GFOA Budget Award (Sept. 2022)

Each year, LBT's Board of Directors adopts a budget to implement the agency's objectives and capital strategic priorities. LBT's FY 2023 Budget was awarded the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) of the United States and Canada. This award program assesses how well an agency's budget document serves as a policy document, a financial plan, an operations guide and a communication device. This

achievement marks the 6th consecutive year that LBT has received this noteworthy award.

New 35-Foot New Flyer Buses (Jun. 2023)
Long Beach Transit continues its commitment of transitioning to a zero-emission fleet by 2030 and retiring non-zero emission buses (ZEBs) as they reach the end of their useful lives. In FY 2023, LBT received eight 35-foot New Flyer ZEBs. Another 12 are expected to be delivered in the next fiscal year, which will bring LBT's total zero-emission bus fleet to 44 buses.

Foster Employee Engagement

Employee Appreciation Events (Dec. 2022 and Mar. 2023)
Transit Worker Appreciation Day, held annually on March 18, serves as an opportunity to recognize and show gratitude to transit operators and workers for their valuable contributions. On Friday, March 17, Long Beach Transit employees were invited to celebrate Transit Worker Appreciation Day with coffee and snacks to thank them for making everyday life better for LBT customers. Throughout the day, leadership visited team members in Operations and Maintenance to thank them for the important work they do.

Additionally, in FY 2023, the President and CEO confirmed that LBT would resume its annual Employee Recognition event. This is an end of year event where LBT employees are celebrated for their contributions and achievements in the areas of service, safety and attendance.

Employee Training and Engagement (Ongoing)

Under the CEO’s guidance, the agency continues to emphasize the training and development of its most valuable asset - its employees. Annual and mandated trainings, such as Agencywide Procurement Training, Cybersecurity Training, State Mandated Annual Refresher Training (SMART) and De-Escalation Training for Operators, continued in FY 2023 to ensure staff are well-equipped with the necessary skills and knowledge for their roles.

Enhance Customer Experience

Customer Amenities Improvements (Ongoing)

The Transit Customer Amenities (TCA) team at LBT plays a crucial role in providing a positive experience for customers. Bus stops are often the first interaction customers have with LBT. The TCA team proactively monitors LBT's bus stops as well as installs and maintains various amenities. The TCA team is currently working on the Cherry Avenue Bus Stop Improvement project, an initiative aiming to upgrade bus stops along Cherry Avenue, one of LBT's highest ridership corridors. Enhancements include upgrades to shelters, seating, lighting, and other amenities. Additionally, the Transit Gallery Improvement project, currently underway, will upgrade LBT's most important transit hub on 1st street in downtown Long Beach. This project is focused on installation of new digital and wayfinding systems, lighting enhancements, and opportunities for arts and community partnerships.

Continuation of GoPass Program (Ongoing)

In FY 2022, LBT's Board of Directors approved the adoption of the pilot GoPass Program. This program allows eligible students attending participating school districts to ride LBT's fixed-route services as well as all other participating transit agencies, with a free TAP card. This pilot program

continued during FY 2023, and LBT saw increases in student use of GoPass. As of June 30, 2023, there were over 24k GoPass TAP cards registered to participating students in LBT's service area. LBT had approximately 2.0 million boardings associated with the GoPass program.

Promote Community and Industry Focus

LBT's 60th Anniversary (Mar. 2023)
On March 15, 2023, Long Beach Transit celebrated 60 years of connecting communities and moving people... making everyday life better. The agency commemorated its 60th anniversary with events and activities that extended throughout the year. The first of these celebratory events was held on March 31, 2023. The event focused on various local, state and federal public and elected officials who had a role in supporting LBT. The kick-off event revisited LBT's history and provided a look to the future as the organization grows its sustainable fleet and adapts to meet the changing needs of the communities it serves. In addition, on May 20th, LBT unveiled a bus mural in honor of LBT's 60th anniversary during the City's Beach Streets event.

Participation in Community Events (Ongoing)

In the agency's efforts to promote community and industry focus, LBT staff attended a variety of community events during FY 2023. To highlight a few, staff participated in the LBUSD Middle School Choice Fair, an event for incoming middle school students and their families to visit and gather information to aid in their decisions about school choices for the fall semester. Staff shared information with guests on LBT's services and the GoPass program.

Additionally, LBT staff presented to seniors at the EXPO Arts Senior Center. The presentation focused on bus riding basics and answering questions about public transportation. Staff also assisted seniors with signing up for Reduced Fare TAP cards and shared about the LIFE Program.

LBT participated in Long Beach's 15th Annual Cambodia Town Parade and Culture Festival. Staff took part alongside a new battery-electric bus, showcasing LBT's sustainable fleet and partnership with the communities it serves. At the festival following the parade, the team connected with community members about LBT's program, services and career opportunities.

LBT's Procurement department participated in industry networking events during FY 2023, aimed at connecting small businesses with potential buyers. At the Small Business Speed Networking Event hosted by WTS, LBT's Procurement team met with small businesses from all over Southern CA. Businesses had the opportunity to present their services, while LBT discussed upcoming projects and contract opportunities. Joanna Bould, LBT's Procurement Manager, was part of the public sector panel, where she provided an overview of LBT's procurement process and shared a six-month look ahead for the agency's projects.

Key Performance Indicator (KPI) Results

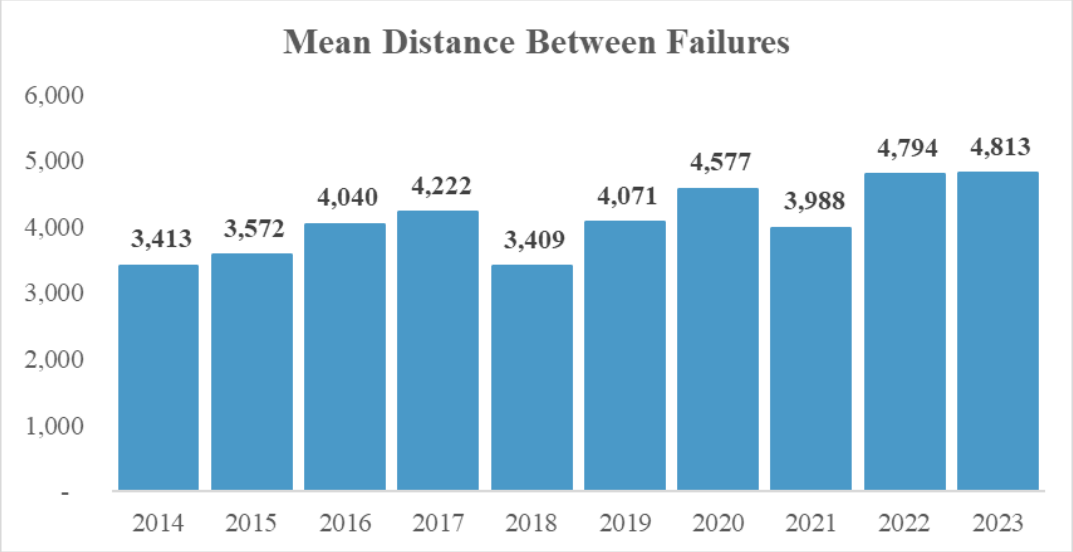
One of the several methods used to monitor the Agency's performance is Key Performance Indicators (KPIs) that track service quality, efficiency, and productivity. The KPIs support LBT's strategic priorities and each has a specific goal set annually to measure progress. The KPIs also bring together cross-departmental analysts. Quarterly, these analysts communicate the performance

results, evaluate trends and identify action plans for improvement. The following are examples of LBT's KPIs for FY 2023. Additionally, selected KPI results can be found in Exhibit 10.

Successes

Improving Mean Distance Between Failures

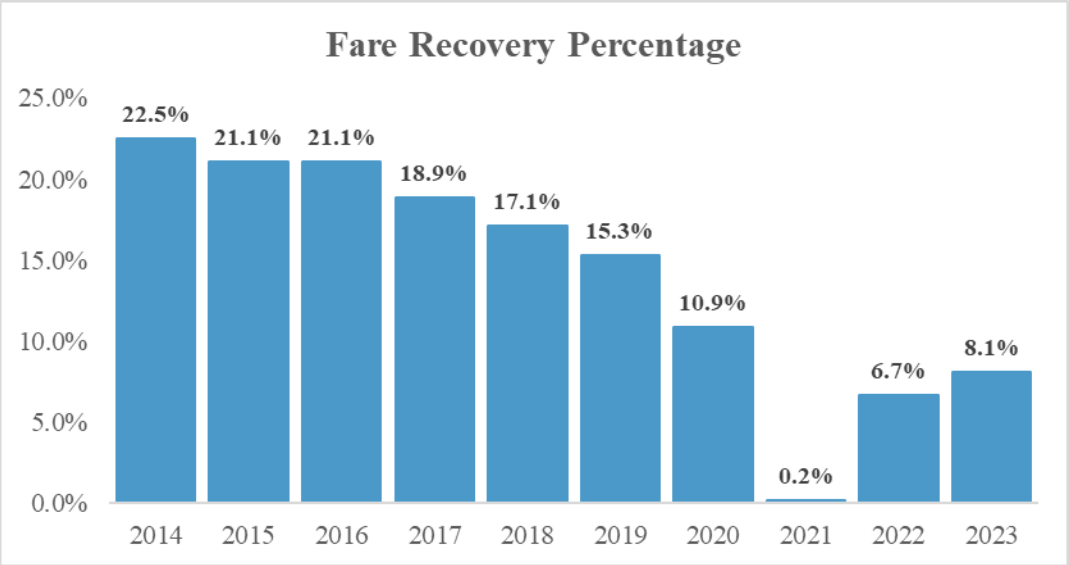
Mean distance between failures (MDBF) is a transit industry standard that measures the mechanical reliability of the fleet. It measures the average bus miles between reportable mechanical failures, i.e. incidents preventing a revenue vehicle from completing its trip. The overall MDBF increased from 4,749 miles in FY 2022 to 4,813 miles in FY 2023. This marks the highest MDBF in several fiscal years. LBT achieved this by completing at least 95% of all scheduled preventative maintenance routines on time. The integration of technology provided our maintenance team with in-depth insights into the condition of our buses.



Increasing Fare Recovery Ratio

Fare recovery ratio is the proportion of operating cost that is covered by fare revenue. It is calculated by dividing the total revenue obtained through passenger fares and special events by the total cost of operations. It is generally used by transit and regulatory agencies as a measure of system efficiency. Several factors influence the fare recovery ratio, including boardings, fare levels, fare structure (discounts), service levels and operating costs. Any changes in these elements affect the fare recovery ratio.

In FY 2023, our fare recovery ratio reached 8.13%, representing a 22% increase from the previous fiscal year. This increase can be attributed to fare enforcement by LBT, which resumed in mid-September 2021, rather than the full year of FY 2022.



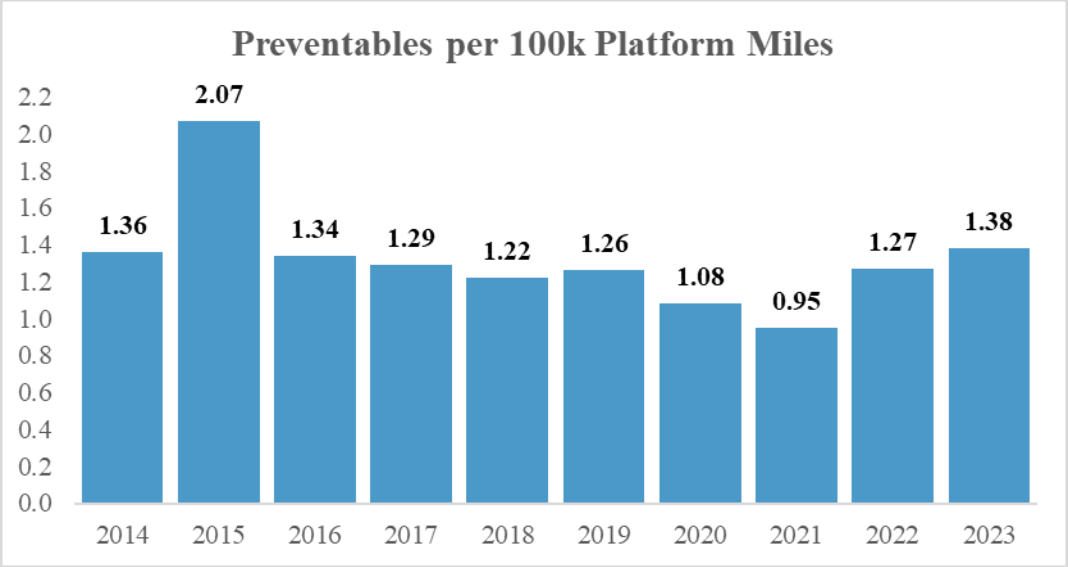
Decrease in Unplanned Absences

An unplanned absence is when a bus operator is unexpectedly absent from work due to reasons such as illness, family emergencies, or personal issues. Measuring and decreasing unplanned absences is important because excessive unplanned absences have a direct impact on LBT's ability to provide customers with a consistent and reliable transit service. When there are not enough operators available to provide service to the community, it results in "missed service," causing inconvenience to passengers. In FY 2023, unplanned absences decreased from 16.07% to 15.09%.

Challenges

Increase in Preventable Accidents per 100k Platform Miles

Preventable accidents per 100k platform miles measure the safety of LBT's bus operators and maintenance staff as they operate a bus. A preventable accident is one in which the bus operator or the maintenance staff failed to do everything they reasonably could have done to avoid a collision. Monthly Safety Blitzes are held where LBT Safety Officers and Staff engage with operators to promote safety. Quarterly safety blitzes were conducted with our maintenance staff to reinforce safe driving practices. Preventable Accidents per 100K Platform Miles were 1.27 in FY 2022 and increased to 1.38 in FY 2023.



Declining Passengers per Revenue Hour

Route productivity is measured in "passengers per revenue (in-service) hour", which represents the total passengers on a route divided by the in-service time. The data may be used to determine if the level of transit service on that route is reasonably well matched with the distribution of demand throughout the day. In FY 2023 passengers per revenue hour decreased from 29.45 to 26.02.

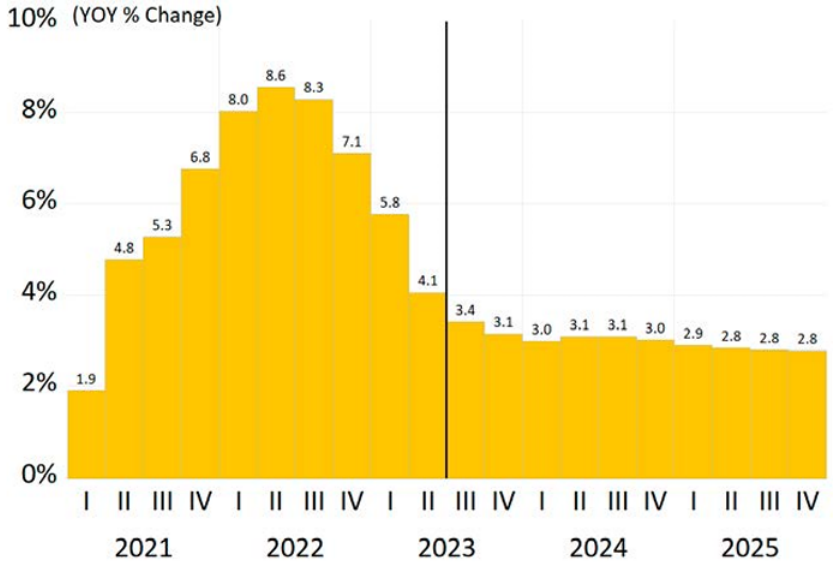
Factors Affecting Financial Condition

General Economic Conditions

Despite various challenges, the U.S. economy is showing signs of strength. High inflation is starting to ease and interest rate increases have dampened the economy some, but not to the point of recession. The University of California, Los Angeles (UCLA) Anderson Forecast projects a weak economy in 2024 followed by a return to trend growth rates in 2025.

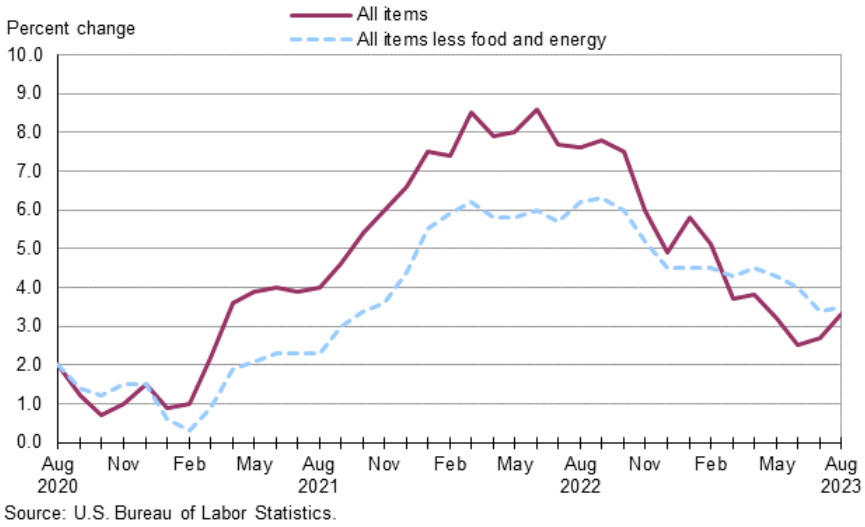
Two economic factors of note affecting the Agency are inflation and consumer spending. Inflation has caused substantial price increases over the last two years. This has had a significant negative impact on LBT's expenses, especially on the cost of fleet parts and other materials and supplies. The change in Consumer Price Index (CPI) has come down from its peak, and the UCLA Anderson Forecast is projecting that it will remain around 3% over the next two years.

CPI Inflation, US, All-Urban



Source: UCLA Anderson Forecast – October 2023 Economic Forecast

More locally, in Los Angeles County the CPI has followed a similar trend, falling to between 3% and 4% in recent months.



The second factor affecting the Agency is consumer spending. LBT receives subsidies from the County based on a formula allocation of sales tax revenues collected. High inflation contributes, at least in the short term, to an increase in taxable sales because prices are higher. Additionally, despite higher prices, consumer demand remains high. Taxable sales in the state have increased beyond pre-pandemic levels and are forecasted to continue increasing over the next year, according to the UCLA Anderson Forecast. This is a positive forecast for the Agency's subsidy revenue. However, continuing fears of a possible recession could have a negative impact on consumer behavior and impact sales taxes and Agency subsidies going forward.

Financial Policies

It is LBT's policy to maintain the fiscal integrity of its operating and capital budgets. The Agency accomplishes this by ensuring a balanced budget, which is defined as having ongoing operating costs that do not exceed the amount of its incoming revenue. Daily operations are financed by fare revenue, annual sales tax subsidies received from state and county programs, and miscellaneous revenue such as income from advertising on Agency revenue vehicles, corporate office tenant rental income and investment income.

The amount of operating sales tax subsidies received each year is based on a regional formula comprised primarily of fare revenues and in-service miles. These subsidies are recorded in the year in which the grant is applicable, and the related reimbursable expenditure is incurred.

LBT uses available grant funds to procure capital assets. Grants for the acquisition of capital assets are not formally recognized in the accounts until the grant becomes a valid receivable. It is LBT's policy to record capital grants as an addition to capital assets and net assets as the related expenditures are incurred.

LBT procures the majority of its capital assets through annual grants awarded through the Federal Transit Administration (FTA). The federal grants are allocated by region under Section 5307 of the Bipartisan Infrastructure Law passed in November 2021, established funding levels and federal policy for the nation's highway and public transit systems for fiscal years 2022 through 2026. The Agency is eligible to receive Section 5307 funds based on a formula allocation. The Agency also competes for discretionary funds to support specific transit projects. As permitted by federal law, the Agency also uses these funds for preventative maintenance operating expenses.

Capital Planning Policy

LBT's capital program is a long-term planning and budget process that identifies capital funding needs in order to maintain, improve and enhance LBT's fleet, equipment and infrastructure. The projects included in the capital program are those with initial project values exceeding $10,000 and having an estimated useful life of at least one year. The capital program is developed as a three-year, forward looking capital plan that considers the Agency's Capital Strategic Focus including:

- Improving Safety and Security
- Enhancing Customer Amenities
- Rehabilitating and Maintaining Assets
- Modifying and Expanding Facilities
- Replacing and Expanding Fleet
- Upgrading Technology

Projects included annually in the Agency's capital plan are reviewed and aligned with LBT's Strategic Focus. Funding is prioritized to ensure that essential projects are addressed to facilitate meeting operational service requirements; meeting legal or liability mandates; and, ensuring the

well-being of LBT employees and customers such that projects mitigate hazards or threats to health and safety.

Transit Asset Management (TAM) and State of Good Repair (SGR) Policy

In alignment with LBT's vision statement,

> "A leading provider of transportation options delivering innovative and high-performing services within a multi-modal network that transforms the social, environmental and economic well-being of the diverse communities we serve."

LBT is committed to keeping its assets in a state of good repair during their life cycle. This allows LBT to fulfill its mission of "Dedicated to connecting communities and moving people…making everyday life better."

SGR is the condition in which a capital asset is able to operate at a full level of performance. This means:

- the asset is able to perform its designed function;
- the asset does not pose a known unacceptable safety risk; and
- the lifecycle investments have been met or recovered.

LBT will use its Enterprise Asset Management (EAM) system to manage its inventory of core assets, prioritize planned and unplanned maintenance and monitor asset performance. The results of regular asset condition assessments, the use and analysis of a decision support tool and the development of performance targets will allow LBT to track and measure the effectiveness of its maintenance program and planning.

Investment Policy

LBT's investment policy provides general investment and money management guidelines, ensuring investment compliance with state and local laws. To ensure prudent money management, priority emphasis is placed in order of safety, liquidity and return on investment. Moreover, LBT's investment portfolio requires sufficient liquidity to enable it to meet daily operating obligations.

Procurement Policy

LBT's procurement policy is established to ensure open, full and competitive participation for all vendors and suppliers. The Agency optimizes public funds by using its solicitation process through quality of services or low bids to meet its operational needs. LBT's staff has authority to procure and award goods and services up to $200,000 in FY 2023. Procurements exceeding that threshold are authorized by LBT's Board of Directors. This threshold was previously set at $100,000. LBT's Board of Directors approved the increased threshold at their February 2021 meeting.

Reserve Policy

LBT maintains a three-month operating reserve, which equates to approximately 25% of the Agency's annual operating budget. The operating reserve allows the Agency to provide continuity

of operations in the event of any significant challenges such as economic downturns, pandemics, acts of God or any other catastrophic event.

Long-Term Financial Planning

LBT's long-term financial planning aligns the Agency's financial capacity with its strategic priorities and ensures its ability to provide essential public transportation services. Long-term strategies have been developed to reduce costs, optimize efficiency and increase revenue in order to achieve long-term sustainability.

Financial forecasts project revenues and expenditures, using assumptions about economic conditions and future spending, including such factors as:

- Service levels
- Operating revenue
- Wages and collective bargaining agreements
- Benefit costs and trends
- Fuel types and price trends
- Capital investment expenses
- Vendor contracts
- Risk management and mitigation
- Economic growth rates, including sales tax and Consumer Price Index

The Agency's long-term operating and capital plan is a vital tool used to prepare for the future. It stimulates long-term strategic thinking and it gives guidance on LBT's financial direction.

Long-Term Debt Policy

LBT has historically not carried debt and prioritized only using available grant funds to procure capital acquisitions. In FY 2021, LBT executed a promissory note for the acquisition of its corporate administrative office. Interest payments toward the note are recorded as operating expenses. This promissory note was paid in full in FY 2023 and LBT did not carry any debt as of June 30, 2023.

Risk Management Policy

It is LBT's policy to be self-insured for each occurrence of workers' compensation and personal liability and property damage (PL/PD) up to $1.5 million and $3 million, respectively. Claims in excess of $1.5 million for workers' compensation and $3 million for PL/PD are covered under policies in force with an insurance company.

It is LBT's policy to have an annual actuarial report, which computes losses and reserve levels. The Agency recognizes losses on an accrual basis. Cash and investments are maintained to fully fund the estimated liabilities. Additional information on LBT's risk management activity can be found on page 34 in note (6) of the notes to the accompanying financial statements.

Retirement Policy

The Agency sponsors two single employer defined benefit pension plans, one for contract employees and the other for salaried employees hired before April 1, 2011. Each year, an independent actuary calculates the amount of annual contribution that LBT must make to the pension plans to ensure each plan will be able to fully meet its obligations to retired employees on a timely basis. It is LBT's financial policy to fully fund the actuarially determined annual contribution requirement to the pension plans. LBT contributes funding to each plan based on the actuary's calculation of future benefits.

LBT also sponsors a 401(a) defined contribution plan for salaried employees hired on or after April 1, 2011. In FY 2020, changes in the 401(a) Plan policy were ratified to increase the matching employer contribution equal to an employee's salary deferrals to the Agency's Deferred Compensation Plan, up to a maximum of five percent of compensation, excluding overtime and bonuses, plus a non-elective contribution to the 401(a) Plan equal to five percent of compensation, excluding overtime and bonuses.

Recognition

Achievement for Excellence in Financial Reporting

For the 33rd consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to LBT for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. 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 Annual Comprehensive 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.

Acknowledgements

LBT acknowledges the participation and professional contribution of the accountancy firm of Windes, Inc., in providing technical assistance. In addition, LBT recognizes the Finance and Budget department staff members who contribute their time and efforts to ensure the Agency has accurate and timely daily financials.

Kenneth McDonald
President and
Chief Executive Officer

LISA PATTON
Executive Director/VP,
Finance and Budget

Ashley Liang
Treasurer

Erika Calderon
Comptroller

Terry Coon
Manager, Finance

Manager, Capital Programs

Samantha Uhlenfeldt
Budget Analyst

Irma Pamplona
Financial Analyst

Laura Orozco
Administrative Assistant, Finance



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Long Beach Transit
California

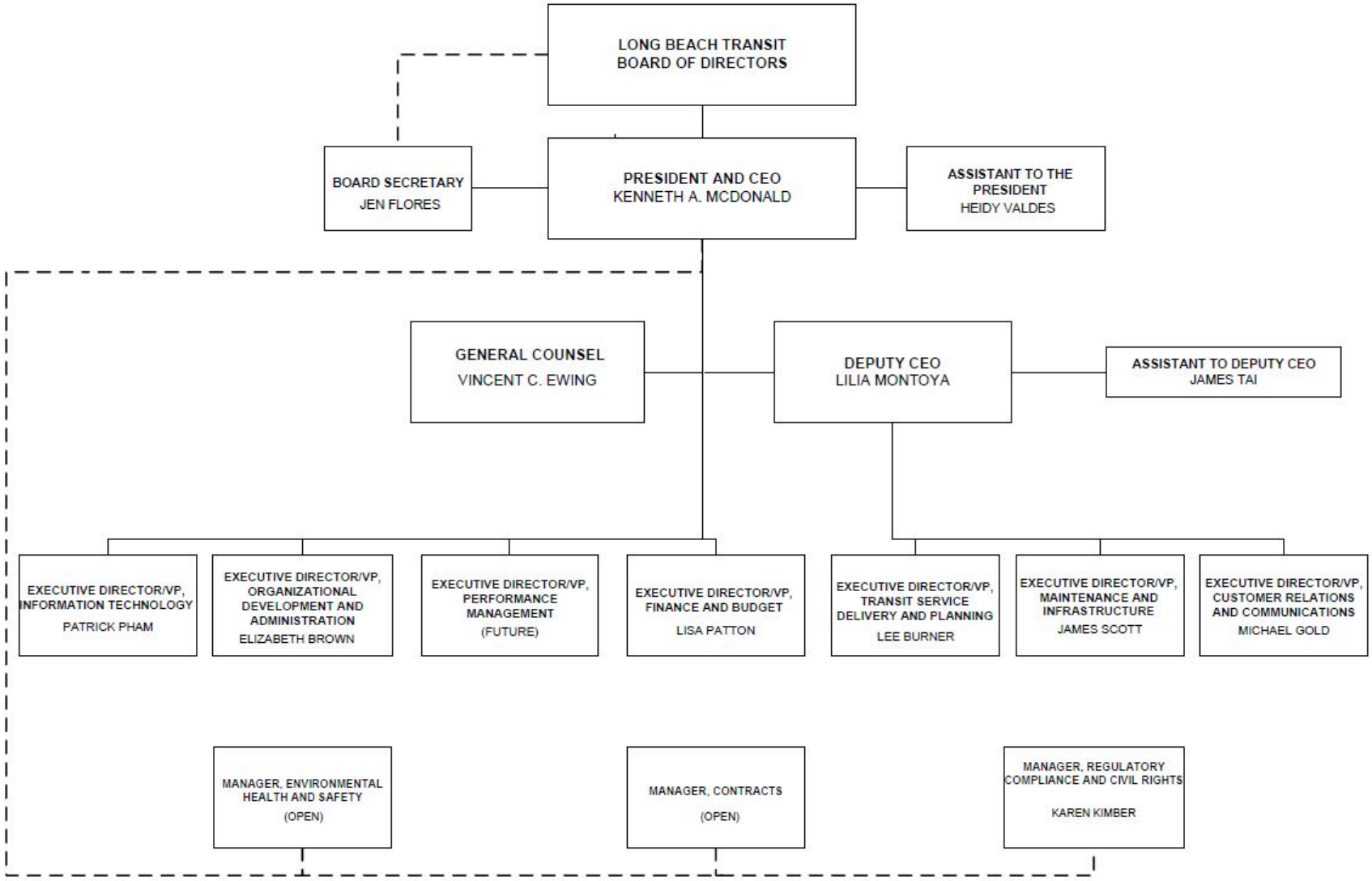
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill

Executive Director/CEO

Organizational Chart



Board of Directors

David Sutton	Chair of the Board
Abigail Mejia	Vice Chair
Vacant	Secretary/Treasurer
Eduardo Angeles	Director
Raul Anorve	Director
Colleen Bentley	Director
Randy Rawlings	Director
Tunua Thrash-Ntuk	Director
Joshua Hickman	City Representative - Non-Voting, City of Long Beach
Christopher Koontz	City Representative - Non-Voting, City of Long Beach

Executive Leadership Team (ELT)

Kenneth A. McDonald	President and Chief Executive Officer
Lilia Montoya	Deputy Chief Executive Officer
Elizabeth Brown	Executive Director/VP, Organizational Development and Administration
Lee Burner	Executive Director/VP, Transit Service Delivery and Planning
Michael Gold	Executive Director/VP, Customer Relations and Communications
Lisa Patton	Executive Director/VP, Finance and Budget
Patrick Pham	Executive Director/VP, Information Technology
James Scott	Executive Director/VP, Maintenance and Infrastructure

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LONG BEACH TRANSIT

Financial



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Long Beach Public Transportation Company

Opinion

We have audited the accompanying financial statements of the business-type activities and fiduciary net position of Long Beach Public Transportation Company (the Company) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary net position of the Company as of June 30, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audits of the Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that raises substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 audits 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements as a whole. The accompanying supplemental informational schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental informational schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated December 21, 2023 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's 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 the Company's internal control over financial reporting and compliance.



Long Beach, California
December 21, 2023

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LONG BEACH TRANSIT

Management's Discussion and Analysis



Management's Discussion and Analysis

As management of Long Beach Public Transportation Company (Long Beach Transit, LBT or the Agency), we offer readers of LBT's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal years ended June 2023, 2022 and 2021. 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-xix of this report.

FINANCIAL HIGHLIGHTS

- Passenger fares earned in FY 2023 were $9.11 million, and increase from $7.08 million, in FY 2022. This increase was the result of an increase in service hours provided for the year as well as a full return to fare collection andenforcement for the entire fiscal year.
- Subsidies for FY 2023 were $100.33 million, an increase from $94.48 million in FY 2022. This increase was largely due to an increase in county sales tax revenues as the economy recovered.
- Operating expenses in FY 2023 were $132.86 million, an increase from $115.62 million in FY 2022. The increase in expenses was driven by the increase in cost for personnel wages and benefits, as well as the increase in material costs.
- Fuel expenses in FY 2023 were $6.54 million, an increase from $5.45 million in FY 2022, due to an increase in CNG usage as well as in the price of CNG.
- Capital acquisitions in FY 2023 were $28.77 million, compared to $25.31 million in FY 2022.
- Net position at the end of FY 2023 is $95.57 million compared to $85.75 million at the end of FY 2022. Total assets increased by $10.99 million and deferred outflows of resources decreased by $4.11 million, while total liabilities decreased by $2.30 million and deferred inflows of resources decreased by $647 thousand.
- Total net pension liability increased to $34.06 million, compared to $32.19 million in FY 2022. This increase of $1.86 million consists of increases of $240 thousand and $1.62 million for the Salaried and Contract Plans, respectively. The increase is due to a combination of investment market performance and evaluation of plan experience compared to plan assumptions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

The statement of net position presents information on all of LBT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position.

The statement of revenues, expenses, and changes in net position presents information showing how the Agency'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).

Management's Discussion and Analysis (continued)

The statement of cash flows presents information on the Agency'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 Agency's financial statements can be found on pages 14-22 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 23-56 of this report.

FINANCIAL STATEMENT ANALYSIS

Net position may serve as a useful indicator of the Agency's financial position over time. It is also notable to consider the factors that affect the increases and decreases in net position. In the case of LBT, the majority of the fluctuations are due to the timing of capital purchases.

The Agency's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $95.57 million at the close of FY 2023, an increase from $85.75 million at the close of FY 2022.

Long Beach Transit's
Condensed Summary of Net Position

	Year Ended		
	2023	**2022**	**2021**
Assets			
Current assets	$ 70,617,190	$ 67,291,608	$ 64,590,635
Other noncurrent assets	18,691,912	21,779,394	22,890,271
Capital assets, net	124,916,199	114,165,117	96,356,715
Total assets	214,225,301	203,236,119	183,837,621
Deferred outflows of resources	11,915,316	16,026,996	7,325,749
Liabilities			
Current liabilities	74,146,153	75,167,366	71,809,117
Noncurrent liabilities	53,246,886	54,525,021	30,685,138
Total liabilities	127,393,039	129,692,387	102,494,255
Deferred inflows of resources	3,178,028	3,824,529	15,418,522
Net position			
Net investment in capital assets	110,464,392	102,135,121	91,604,336
Restricted	290,978	300,492	303,855
Unrestricted	(15,185,820)	(16,689,414)	(18,657,598)
Total net position	$ 95,569,550	$ 85,746,199	$ 73,250,593

Management's Discussion and Analysis (continued)

Assets. Current assets increased to $70.62 million in FY 2023 from $67.29 million in FY 2022, an increase of $3.33 million. This increase was largely due to the increase in accounts receivable of $2.86 million. million consisting primarily of subsidies and capital grants receivable. This increase was contributed by receipt of capital assets before fiscal year end that created a reimbursable receivable from the Agency's funding agencies. Current assets in FY 2022 increased from $64.59 million in FY 2021, an increase of $2.70 million. This increase was largely due to the increase in accounts receivable of $1.56 million. Similar to FY 2023, subsidies and capital grants receivable made up the majority of the increase in accounts receivable.

Other noncurrent assets, which are Agency investments, noncurrent lease receivable and prepaid lease commission, decreased to $18.69 million in FY 2023 from $21.78 million in FY 2022. The decrease is primarily due to the decrease in the market value of investment assets. In FY 2023, LBT also entered into a leasing agreement with a tenant occupying its corporate administrate office, which contributed to the recognition of the lease receivable and prepaid lease commission.

Net capital assets totaled $124.92 million in FY 2023, compared to $114.17 million in FY 2022, an increase of $10.75 million. This increase is due to construction-in-progress projects and capitalization of subscription-based information technology arrangements. In FY 2022, net capital assets increased by $17.81 million compared to FY 2021. This increase was a result of capital acquisitions, the largest being the purchase of new battery-electric buses.

Deferred Outflows of Resources. Deferred outflows of resources decreased in FY 2023 to $11.92 million from $16.03 million in FY 2022, a decrease of $4.11 million. In FY 2022 there was an increase of $8.70 million, from $7.33 million in FY 2021. Changes in deferred outflows are a result of the amortization of prior years' changes in pension liability, as well as gains and losses in the value of the plan investments. More information on deferred outflows of resources can be found in note (1) and note (13) of the notes to the accompanying financial statements.

Liabilities. Current liabilities decreased to $74.15 million in FY 2023 from $75.17 million in FY 2022, a decrease of $1.02 million. The decrease was due in part to decreases in subsidy deferral ($4.29 million) and note payable ($1.20 million). The subsidy deferral represents the use of STA funding which had been deferred. The decrease in note payable reflects that LBT paid the remaining debt principal in FY 2023. In FY 2022, current liabilities increased by $3.36 million due to increases in accounts payable and subsidy deferral.

Noncurrent liabilities decreased to $53.25 million in FY 2023 from $54.53 million in FY 2022, a decrease of $1.28 million. The decrease is due to a decrease in unearned revenue ($2.76 million) and note payable ($2.01 million). Unearned revenue represents grants allocated for capital projects that have not yet been expended. In FY 2022, noncurrent liabilities increased from $30.69 million in FY 2021 due to increases in pension liability and lease liability.

Deferred Inflows of Resources. Deferred inflows of resources decreased in FY 2023 to $3.18 million from $3.82 million in FY 2022, a decrease of $640 thousand. In FY 2022 there was a decrease of $11.60 million. Changes in deferred inflows are a result of the amortization of prior years' changes in pension liability and gains and losses in the value of the plan investments, as well as capitalization of lease liability. More information on deferred inflows of resources can be found in note (1), (10) and (13) of the notes to the accompanying financial statements.

Management's Discussion and Analysis (continued)

Net Position. Total net position at the end of FY 2023 is $95.57 million, an increase from $85.75 million in FY 2022. Net position is calculated as assets and deferred outflows of resources less liabilities and deferred inflows of resources. LBT's net position includes $124.92 million invested in capital assets and $29.64 million of unrestricted deficit. Unrestricted net position represents Agency resources that have no restrictions in terms of their use. One reason for a net position shortfall is a significant noncurrent liability that is paid over time. In the case of LBT, this is the net pension liability that is funded over multiple years under the pension program. Recording the noncurrent net pension liability resulted in a deficit in unrestricted net position.

Long Beach Transit's
Condensed Summary of Revenues, Expenses, and Changes in Net Position

	Year-Ended		
	2023	**2022**	**2021**
Operating revenues:			
Passenger fares and special events	$ 9,153,996	$ 7,138,072	$ 155,130
Advertising	717,456	843,340	649,678
Other revenue	2,381,048	1,133,274	1,183,017
Total operating revenues	12,252,500	9,114,686	1,987,825
Nonoperating revenues:			
Subsidies	100,325,363	94,483,188	91,986,813
Investment return, net	1,228,625	(673,484)	287,251
Total nonoperating revenues	101,553,988	93,809,704	92,274,064
Total revenues	113,806,488	102,924,390	94,261,889
Operating expenses:			
Transportation	57,167,700	50,067,770	50,691,529
Maintenance	34,517,574	29,986,862	25,714,741
Administration	24,377,847	20,783,244	20,071,273
Depreciation	16,794,369	14,782,360	14,278,928
Total operating expenses	132,857,490	115,620,236	110,756,471
Change before capital grants	(19,051,002)	(12,695,846)	(16,494,582)
Capital grants	28,767,615	25,309,346	22,739,045
Change in net position	9,716,613	12,613,500	6,244,463
Total net position, July 1	85,746,199	73,250,593	67,006,130
Restatement - GASB 87		(117,894)	-
Restatement - GASB 96	$ 106,738	$ -	$ -
Total net position, June 30	$ 95,569,550	$ 85,746,199	$ 73,250,593

Operating revenues. In FY 2023, total operating revenue increased to $12.25 million compared to $9.11 million in FY 2022, an increase of $3.14 million. This increase was due to an increase in passenger fare revenue as well as an increase in other revenue. In FY 2022, total operating revenue increased from to $1.99 million in FY 2021, due to reinstating fare collection, in September 2021.

In FY 2023, passenger fare and special events revenue was $9.15 million, an increase from $7.14 million in FY 2022. This is an increase of $2.01 million.

In September 2022, LBT resumed regular-pass pricing after 13 months of discounted regular pass pricing. Discount pricing was set to provide relief during COVID-19.

Management's Discussion and Analysis (continued)

In January 2022, LBT joined LA Metro in piloting the GoPass program, enabling K-12 and Community College students in LA County to ride public transportation for free on participating agencies. In FY 2023, GoPass ridership reached over 2 million rides, a remarkable 469% increase from FY 2022. This growth was driven by LBT's full-year participation in FY 2023, as opposed to partial participation in FY 2022, starting in the Spring of 2022.

The GoBeach Pass, a 150-day pass equivalent to a semester-long pass, gained popularity among CSULB students, providing 399 thousand rides in FY 2023, compared to 191 thousand in FY 2022. The increase over FY 2022 was due to LBT resuming fare collection in September 2021 instead of the start of FY 2022 as well as more students returning to campus in FY 2023.

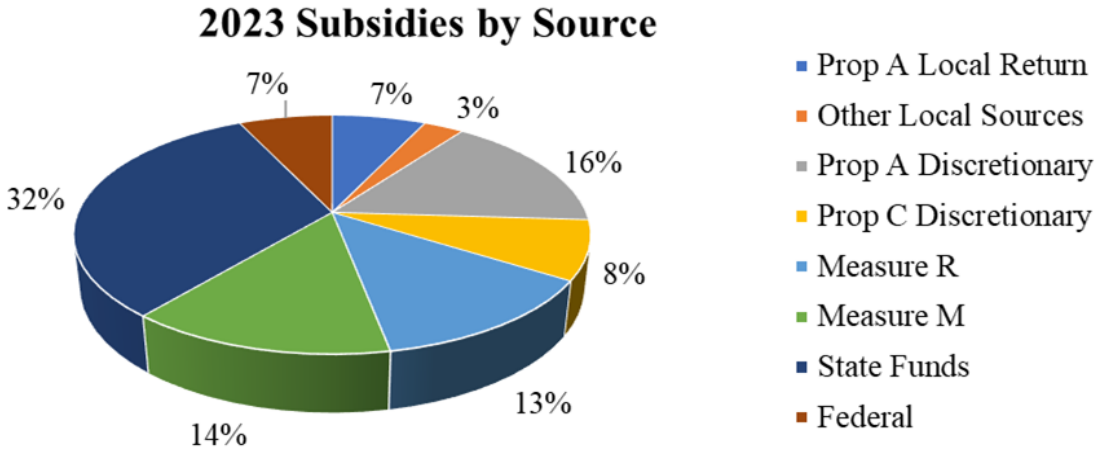
LBT's water taxi service also contributed to the increase in fare revenue. FY 2023 marked a standout year for AquaLink ridership, generating $301 thousand in revenue. This represents the highest revenue for AquaLink since the onset of COVID-19. In contrast, FY 2022 saw $118 thousand in revenue. AquaLink operated year-round, offering 7-day service from July 1 through Labor Day, and weekend service after Labor Day until Memorial Day, when it resumed 7-day service.

In FY 2023 advertising revenue was $717 thousand, a decrease compared to $843 thousand in FY 2022.This decrease was due to receiving only minimum annual guarantee (MAG) in FY 2023. During the pandemic and throughout FY 2022, LBT's contract to earn a guaranteed minimum annual revenue for advertisements was placed on hold. Instead, the advertising revenue share was earned by month, which resulted in higher revenue than the MAG. In FY 2022 there was an increase in advertising revenue compared to $650 thousand in FY 2021.

Other revenues amounted to $2.38 million in FY 2023, an increase from $1.13 million in FY 2022, largely due to an increase in fuel tax credits and the addition of tenant rental income. In fiscal years 2023, 2022, and 2021, LBT received fuel tax credits totaling $1.62 million, $1.09 million, and $1.15 million respectively. A significant amount of the fuel credits were due to federal alternative fuel tax credits. The Inflation Reduction Act of 2022, which extended the Alternative Fuels Tax Credit for three years, was passed during FY 2023 but was effective retroactively from January 2022 through December 31, 2024. As a result, fuel credits from January 2022 through June 2022 were recognized in FY 2023 rather than FY 2022. Beginning in FY 2023, LBT had a lease agreement with one tenant, which resulted in rental income of $626 thousand. The decrease in other revenues in FY 2022, from $1.18 million in FY 2021, was mainly due to a decrease in fuel tax credits.

Management's Discussion and Analysis (continued)

Nonoperating revenues. Subsidies in FY 2023 totaled $100.33 million or 88.2% of total revenues. This represents an increase from $94.48 million in FY 2022, a difference of $5.85 million. This increase was largely due to increases in county sales tax revenues as the consumer spending continued to grow. In FY 2022, there was an increase in subsidies of $2.49 million, due to increases in county sales tax revenues.



Interest revenue increased in FY 2023 to $1.23 million, compared to a loss of $673 thousand in FY 2022, due to higher interest rates earned on investments. In FY 2022, there was a decrease in interest income earnings, down from $287 thousand in income in FY 2021, due to a decrease in the market value of individually held bonds.

Total Revenues. Overall, in FY 2023 revenues total $113.81 million, an increase from $102.92 million in FY 2022. This is the result of increases in operating and non-operating revenue discussed above. In FY 2022, there was an increase in total revenue from $94.26 million in FY 2021.

Management's Discussion and Analysis (continued)

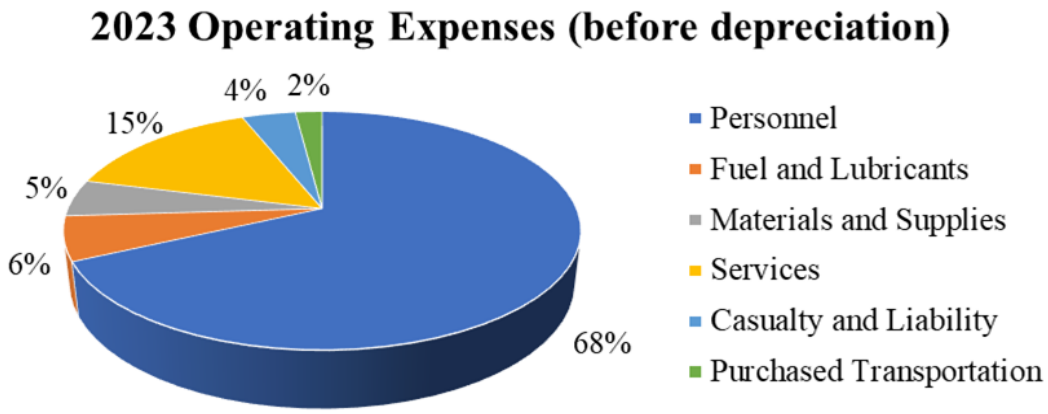
Operating expenses. Operating expenses before depreciation increased in FY 2023 to $116.06 from $100.84 million in FY 2022, an increase of $15.22 million. The increase was primarily due to an increased cost of personnel wages and benefits.

Total labor costs excluding benefits increased by 9.1% to $52.15 million in FY 2023 from $47.81 million in FY 2022 due to wage and service level increases. An increase in pension expense contributed to the increase in the cost of benefits.

A gradual increase of transit service combined with the rise in the cost of fuel, especially CNG, led to an increase of $1.09 million in fuel costs for FY 2023 compared to FY 2022. There was a similar increase in fuel expenses in FY 2022 due to increased usage and price of fuel.

The Agency has managed to control operating costs and did not lay off any of its employees during FY 2023.

In FY 2022, operating expenses before depreciation increased to $100.84 million from $96.48 million in FY 2021, an increase of $4.36 million. The increase was primarily due to an increased cost of fuel and materials and supplies.



Capital Grants. In FY 2023 capital grants amounted to $28.77 million, an increase from $25.31 million in FY 2022. Depreciation expense totaled $16.79 million in FY 2023, compared with $14.78 million in FY 2022, an increase of $2.01 million.

Management's Discussion and Analysis (continued)

Long Beach Transit's
Capital Assets (net of depreciation)

	Year-Ended		
	2023	**2022**	**2021**
Land	$ 14,275,000	$ 14,275,000	$ 14,275,000
Construction in progress	17,918,054	6,933,810	1,910,932
Buildings and improvements	27,528,931	27,111,968	28,348,615
Fleet	51,040,321	52,769,306	46,277,445
Communications systems	992	992	992
Fare collection system	326,175	394,532	474,395
Office, shop and garage equipment	1,910,513	2,597,037	3,222,842
Customer amenities	1,108,379	1,265,261	1,846,494
Lease assets	8,709,638	8,817,211	-
Subscription assets	2,098,196	-	-
Total capital assets, net of depreciation	$ 124,916,199	$ 114,165,117	$ 96,356,715

Capital Assets. LBT had $25.55 million in new tangible capital asset acquisitions during FY 2023, an increase of $1.78 million when compared to FY 2022. In FY 2023, capital assets have been purchased with federal, state and local grants awarded to the Agency.

LBT's investment in capital assets as of June 30, 2023, amounted to $124.92 million (net of accumulated depreciation and amortization). This investment in capital assets includes land, buildings, fleet, communication and farebox systems, equipment, and customer amenities, as well as capitalization of intangible assets including lease and subscription assets.

The Agency's investment in capital assets increased by 9.4% in FY 2023, from $114.17 million in FY 2022. Major capital acquisitions in FY 2023 included the purchase of battery electric buses and charging infrastructure, automated passenger counters, mid-life rehabilitation of buses and corporate office building improvements.

Total grant awards will vary each year as LBT is eligible for a formula percentage of Los Angeles 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 the funds.

Significant capital asset acquisitions during FY 2023 included the following:

- New Flyer BEB Buses, $7.78 million
- BYD Electrical infrastructure and charging stations, $3.47 million
- Automatic Passenger Counter (APC) Upgrade, $3.2 million
- Routine replacement of engines, transmissions, and bus components, $1.65 million
- LBTCO renovation of 7th and 8th floors, $4.1 million
- LBTCO Tenant Improvements, $1.1 million
- LBTCO elevator and roof modernization, $930 thousand
- LBTCO Network, $469 thousand
- Bus Shelters Improvements, $630 thousand
- ERP/EAM, $148 thousand

Management's Discussion and Analysis (continued)

LBT's investment in capital assets as of June 30, 2022, amounted to $114.17 million (net of accumulated depreciation and amortization). The Agency had $23.77 million in new tangible capital acquisitions during the year, a decrease of $3.72 million, when compared to FY 2021.

Significant capital asset acquisitions during FY 2022 included the following:

- New BYD Buses, $13.14 million
- Mid-life rehabilitation of buses, $3.66 million
- LBTCO Network, $954 thousand
- LBTCO Tenant Improvements, $921 thousand
- New BEB New Flyer Pilot Bus, $803 thousand
- ION Emitters, $542 thousand
- Routine replacement of engines, transmissions, and bus components, $535 thousand
- TVIC Renovation Project, $391 thousand
- LBTCO Building Automation System, $365 thousand
- MS365 Deployment Intranet, $226 thousand
- LED Solar Signs for bus stops, $223 thousand

Additional information on LBT's capital assets can be found in note (8) in the notes to the Agency's financial statements on page 36 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL PLAN

The national economy is showing signs of strength as it recovers from the COVID-19 pandemic and the persistently high inflation begins to come down. However, there is still some risk of a recession or slowdown in the next couple of years. At the same time, LBT ridership has been slow to recover, as the pandemic has changed travel patterns and customer behavior.

A history of strong financial planning and stewardship allowed LBT to weather the pandemic without furloughs or layoffs. Federal assistance in the form of the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA) have also helped LBT to develop a balanced financial plan for FY 2024. However, lasting impacts from the pandemic and the potential for economic downturn means that it is vital for LBT to continue to look beyond one year in its financial planning to make sustainable decisions.

The FY 2024 financial plan focuses on moving forward and building resiliency. It maintains service improvements from prior years, while also taking a conservative approach due to macro-economic uncertainty. Additionally, the FY 2024 plan emphasizes investments in people, processes, and technology to strengthen the Agency and the outcomes for customers.

LBT has ongoing labor agreements with Amalgamated Transit Union (ATU), Local 1277 and American Federation of State, County, and Municipal Employees (AFSCME) District Council 36. The agreements provide the parties with specific procedures governing the duration and renewal of the agreements. The agreements were ratified in FY 2022 and are effective through June 30, 2023. LBT has no reason to expect any service disruption with regard to these agreements.

Despite challenges, LBT remains financially healthy. The Agency's FY 2024 budget is balanced with current revenues equal to current expenditures. The operating financial plan for FY 2024, approved in May 2023, totals $125.78 million.

Management's Discussion and Analysis (continued)

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of LBT's finances for all those with an interest in the Agency'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/VP of Finance and Budget, Long Beach Transit, 1963 E. Anaheim St., Long Beach, CA 90813.

LONG BEACH TRANSIT

Financial Statements



Statements of Net Position
June 30, 2023 and 2022

	2023	2022
ASSETS		
Current Assets:		
Cash and cash equivalents (note 2)	$ 52,433,805	$ 53,052,250
Accounts receivable (note 4)	12,525,188	9,668,676
Lease asset, current portion	9,189	-
Lease receivable, current portion	655,295	-
Materials and supplies inventory	3,760,094	3,209,890
Prepaid expenses	1,233,619	1,360,792
Total current assets	70,617,190	67,291,608
Noncurrent Assets:		
Investments (note 2)	15,912,334	21,779,394
Lease receivable, net of current portion	2,597,411	-
Prepaid lease commission	182,167	-
Capital assets, not being depreciated/amortized (note 8)		
Land	14,275,000	14,275,000
Construction-in-progress	17,918,054	6,933,810
Total capital assets, not being depreciated/amortized (note 8)	32,193,054	21,208,810
Capital assets, being depreciated/amortized, net (note 8):		
Buildings and improvements	27,528,931	27,111,968
Fleet	51,040,321	52,769,306
Communications systems	992	992
Fare collection system	326,175	394,532
Office, shop and garage equipment	1,910,513	2,597,037
Customer amenities	1,108,379	1,265,261
Right-to-use lease assets	8,709,638	8,817,211
Right-to-use subscription assets	2,098,196	-
Total capital assets, being depreciated/amortized, net (note 8)	92,723,145	92,956,307
Total noncurrent assets	143,608,111	135,944,511
Total assets	214,225,301	203,236,119
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pension	11,915,316	16,026,996
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 226,140,617	$ 219,263,115

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

Statements of Net Position, Continued
June 30, 2023 and 2022

	2023	2022
LIABILITIES		
Current Liabilities:		
Accounts payable	$ 7,059,768	$ 5,964,523
Accrued payroll expenses	1,552,984	1,242,191
Compensated absences payable (note 11)	3,613,807	3,391,167
Note payable, current portion (note 14)	-	1,203,109
Lease liability, current portion	1,798	-
Subscription liability, current portion	818,906	-
Sick leave benefits (note 11)	222,453	238,470
Subsidy deferral (note 9)	38,569,948	42,859,428
Estimated liability for insurance claims (note 6)	22,306,489	20,268,478
Total current liabilities	74,146,153	75,167,366
Noncurrent Liabilities:		
Unearned revenue (note 5)	3,286,334	6,050,418
Note payable, net of current portion (note 14)	-	2,009,677
Lease liability, net of current portion	9,023,235	9,053,484
Subscription liability, net of current portion	935,168	-
Sick leave benefits (note 11)	5,947,068	5,219,105
Net pension liability (note 13)	34,055,081	32,192,337
Total noncurrent liabilities	53,246,886	54,525,021
Total liabilities	127,393,039	129,692,387
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to lease	3,178,028	-
Deferred inflows related to pension	-	3,824,529
Total deferred inflows of resources	3,178,028	3,824,529
NET POSITION		
Net investment in capital assets	110,464,392	102,135,121
Restricted for:		
Capital procurement	290,978	300,492
Unrestricted	(15,185,820)	(16,689,414)
Total net position	95,569,550	85,746,199
TOTAL LIABILITIES AND NET POSITION	$ 226,140,617	$ 219,263,115

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

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2023 and 2022

	2023	2022
Operating revenues:		
Passenger fares	$ 9,106,371	$ 7,077,072
Special events	47,625	61,000
Advertising	717,456	843,340
Other revenue	2,381,048	1,133,274
Total operating revenues	12,252,500	9,114,686
Operating expenses:		
Transportation	57,167,700	50,067,770
Maintenance	34,517,574	29,986,862
Administration	24,377,847	20,783,244
Depreciation (note 8)	16,794,369	14,782,360
Total operating expenses	132,857,490	115,620,236
Operating loss	(120,604,990)	(106,505,550)
Nonoperating revenues (expenses):		
Subsidies (note 3)	100,325,363	94,483,188
Investment return, net	1,228,625	(673,484)
Total nonoperating revenues	101,553,988	93,809,704
Change in net position before capital grants	(19,051,002)	(12,695,846)
Capital grants	28,767,615	25,309,346
Change in net position	9,716,613	12,613,500
Total net position, July 1	85,746,199	73,250,593
Restatement - GASB 87	-	(117,894)
Restatement - GASB 96	106,738	-
Total net position, June 30	$ 95,569,550	$ 85,746,199

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

Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from customers	$ 11,045,157	$ 9,584,937
Cash paid to employees for services	(52,150,841)	(47,808,454)
Cash paid to other suppliers of goods or services	(58,467,729)	(52,719,445)
Net cash used for operating activities	(99,573,413)	(90,942,962)
Cash flows provided by noncapital financing activities:		
Operating subsidies received	95,981,345	94,498,976
Cash flows from capital and related financing activities:		
Proceeds (use of proceeds) from sale of capital assets	95,537	32,284
Purchase of capital assets	(28,767,615)	(25,309,345)
Capital grant contributions received	24,802,274	21,770,180
Net cash used for capital and related financing activities	(3,869,804)	(3,506,881)
Cash flows provided by investing activities:		
Net proceeds and gains from investments	14,828,230	11,470,537
Purchase of investments	(8,961,170)	(10,359,660)
Interest received on cash and investments	976,367	(723,050)
Net cash provided by investing activities	6,843,427	387,827
Net change in cash and cash equivalents	(618,445)	436,960
Cash and cash equivalents, July 1	53,052,250	52,615,290
Cash and cash equivalents, June 30 (note 2)	$ 52,433,805	$ 53,052,250

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

Statements of Cash Flows, Continued
Years Ended June 30, 2023 and 2022

Reconciliation of Operating Loss to Net Cash Used for Operating Activities	2023	2022
Operating loss	$ (120,604,990)	$ (106,505,550)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	16,794,369	14,782,360
(Increase) decrease in accounts receivable from operations	(2,108,480)	470,391
(Increase) decrease in materials and supplies inventory	(550,204)	(493,317)
(Increase) decrease in prepaid expenses and lease assets	235,340	(212,238)
(Increase) decrease in lease commission and receivable (non-current)	(2,779,578)	-
(Increase) decrease in deferred outflows of resources	4,111,680	(8,701,247)
Increase (decrease) in accounts payable	1,288,261	1,773,077
Increase (decrease) in accrued payroll expenses, compensated absences payable, and sick leave benefits	1,245,379	944,354
Increase (decrease) in net pension liability	1,862,744	18,326,619
Increase (decrease) in estimated liability for insurance claims	2,038,011	384,476
Increase (decrease) in lease liability	(459,444)	(117,894)
Increase (decrease) in deferred inflows of resources related to pension	(3,824,529)	(11,593,993)
Increase (decrease) in deferred inflows of resources related to lease	3,178,028	-
Total adjustments	21,031,577	15,562,588
Net cash used in operating activities	$ (99,573,413)	$ (90,942,962)

Noncash investing, and capital financing activities:

During the years ended June 30, 2023 and 2022, the Agency had noncash capital asset additions of $3,672,700 and $2,693,569 respectively, which were included in accounts payable in the statements of net position.

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

Combined Statements of Fiduciary Net Position
June 30, 2023 and 2022

	Pension Trust Funds 2023		
	Salaried Plan	Contract Plan	Combined Plans
Assets			
Cash	$ 1,265,608	$ 1,278,324	$ 2,543,932
Accounts Receivable:			
Transfer receivable from Contract Plan	428,919	-	428,919
Investments, at fair value			
Equity mutual funds	22,124,033	8,269,709	30,393,742
Bond mutual funds	8,530,456	7,573,720	16,104,176
Private equity	-	60,028,368	60,028,368
Total investments	30,654,489	75,871,797	106,526,286
Total assets	$ 32,349,016	$ 77,150,121	$ 109,499,137
Liabilities			
Payable due to Salaried Plan	$ -	$ 428,919	$ 428,919
Total liabilities	$ -	$ 428,919	$ 428,919
Net position restricted for pensions	$ 32,349,016	$ 76,721,202	$ 109,070,218

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

Combined Statements of Fiduciary Net Position, Continued
June 30, 2023 and 2022

	Pension Trust Funds 2022		
	Salaried Plan	Contract Plan	Combined Plans
Assets			
Cash	$ 581,963	$ 294,097	$ 876,060
Investments, at fair value			
Equity mutual funds	21,886,698	9,563,890	31,450,588
Bond mutual funds	9,572,542	6,150,330	15,722,872
Private equity	-	53,889,334	53,889,334
Total investments	31,459,240	69,603,554	101,062,794
Total assets	$ 32,041,203	$ 69,897,651	$ 101,938,854
Net position restricted for pensions	$ 32,041,203	$ 69,897,651	$ 101,938,854

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

Combined Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2023 and 2022

	Pension Trust Funds 2023		
	Salaried Plan	Contract Plan	Combined Plan
Additions:			
Contributions:			
Employer contributions	$ 1,372,885	$ 4,148,988	$ 5,521,873
Employee contributions	279,383	2,540,648	2,820,031
Total contributions	1,652,268	6,689,636	8,341,904
Investment gain (loss):			
Interest	31,938	3,306	35,244
Dividends and capital gains	784,366	568,990	1,353,356
Net unrealized gain (loss) on investments	1,230,303	6,340,808	7,571,111
Net realized gain on investments	(127,606)	(236,044)	(363,650)
Total investment gain (loss), net	1,919,001	6,677,060	8,596,061
Other additions:			
Benefit transfers from Contract Plan	428,919	-	428,919
Total other additions	428,919	-	428,919
Deductions:			
Expenditures:			
Pension benefits	3,517,783	5,760,706	9,278,489
Direct administrative costs	15,412	39,895	55,307
Other administrative costs	159,180	313,625	472,805
Total expenditures	3,692,375	6,114,226	9,806,601
Other deductions:			
Benefit transfers to salaried plan	-	428,919	428,919
Total other deductions	-	428,919	428,919
Net increase (decrease) in plan net position	307,813	6,823,551	7,131,364
Net position restricted for pension, beginning of year	32,041,203	69,897,651	101,938,854
Net position restricted for pension, end of year	$ 32,349,016	$ 76,721,202	$ 109,070,218

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

Combined Statements of Changes in Fiduciary Net Position, Continued
Years Ended June 30, 2023 and 2022

	Pension Trust Funds 2022		
	Salaried Plan	Contract Plan	Combined Plans
Additions:			
Contributions:			
Employer contributions	$ 1,026,804	$ 3,667,102	$ 4,693,906
Employee contributions	288,286	2,204,920	2,493,206
Total contributions	1,315,090	5,872,022	7,187,112
Investment gain (loss):			
Interest	122,849	58	122,907
Dividends and capital gains	1,090,309	642,325	1,732,634
Net unrealized gain (loss) on investments	(10,995,146)	(18,164,038)	(29,159,184)
Net realized gain on investments	5,911,487	8,622,216	14,533,703
Total investment gain (loss), net	(3,870,501)	(8,899,439)	(12,769,940)
Deductions:			
Expenditures:			
Pension benefits	3,020,182	8,536,535	11,556,717
Direct administrative costs	16,868	32,036	48,904
Other administrative costs	157,141	313,443	470,584
Total expenditures	3,194,191	8,882,014	12,076,205
Net increase (decrease) in plan net position	(5,749,602)	(11,909,431)	(17,659,033)
Net position restricted for pension, beginning of year	37,790,805	81,807,082	119,597,887
Net position restricted for pension, end of year	$ 32,041,203	$ 69,897,651	$ 101,938,854

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

Notes to Financial Statements
June 30, 2023 and 2022

(1) Summary of Significant Accounting Policies

Reporting Entity

Long Beach Public Transportation Company (Long Beach Transit or the Agency) is a California nonprofit corporation organized to provide public transportation services in Long Beach, California. The Agency is governed by a seven-member Board of Directors appointed to serve four-year terms by the Mayor of the City of Long Beach California (City), 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 Agency's daily operations. The Agency is responsible for the preparation of its own annual financial plan.

In accordance with U.S. generally accepted accounting principles (GAAP), the Agency is considered a component financial reporting unit of the City. As such, the Agency's financial statements are included in the City's annual comprehensive financial report as a discreetely presented component unit. LBT 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.

> **Deferred Outflows of Resources** – represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore, will not be recognized as an expense until that time.
>
> **Deferred Inflows of Resources** – represent inflows of resources (accumulation of net assets) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency 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 nonoperating 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, deferred outflows, liabilities, and deferred inflows, 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 sick leave and defined benefit plan assumptions.

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts are written off when determined to be uncollectible. In the opinion of management, all significant accounts receivable at June 30, 2023 and 2022 are fully collectible.

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 net realizable value, whichever is lower.

Capital Assets

Capital assets, which include property, plant and equipment, are defined by the Agency as assets with an initial individual cost of more than $10 thousand and having an estimated useful life of more than one year. 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 reported at acquisition value at the date of donation. The Agency did not receive any donated capital assets during FY 2023.

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

Buildings and improvements	5-40 years
Buses and vessels	12 years
Fareboxes	10 years
Smaller buses	7 years
Furniture, equipment and customer amenities	5 years
Service trucks	4 years
Information systems equipment	3 years
Bus components	3 years
Service autos and vans	3 years

Long-Term Debt

LBT has historically not carried debt and prioritized only using available grant funds to procure capital acquisitions. When a promissory note is executed for the acquisition of a capital asset, interest payments are recorded as operating expenses.

Net Position

The Agency's net position is classified under three categories - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets: This category in the net position represents capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted: Net position is reported as restricted when its use is subject to externally imposed stipulations by grantors, laws or regulations of governments that can be fulfilled by actions of the Agency pursuant to those stipulations.

Unrestricted: Net position classified as unrestricted are those that are not subject to externally imposed stipulations. Unrestricted net positions may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Financial Plan

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

Government Grants

Grants 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 Agency complying with appropriate grant requirements.

Operating assistance grants are included in nonoperating revenues in the year in which a related reimbursable expenditure is incurred or in subsidy deferred for use in the subsequent fiscal year.

The Agency's policy is to report revenues from capital grants separately after nonoperating 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 unearned revenue.

Statements of Cash Flows

For purposes of the statements of cash flows, the Agency 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 Agency considers such investments to be cash equivalents.

Adopted Pronouncements

For the year ended June 30, 2023, LBT implemented the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset and corresponding liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of SBITA; and requires note disclosures regarding a SBITA.

Future Pronouncements

There are no applicable pronouncements pending implementation.

Subsequent Events

Management has evaluated the impact of any subsequent events through December 21, 2023, the date on which the accompanying financial statements were available to be issued for the year ended June 30, 2023.

Reclassifications

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments

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

	2023	2022
Cash on hand	$ 45,252	$ 19,866
Deposits with financial institutions	759,655	6,804,138
Cash equivalents	51,628,898	46,228,246
Total cash and cash equivalents	52,433,805	53,052,250
Investments	15,912,334	21,779,394
Total cash, cash equivalents and investments	$ 68,346,139	$ 74,831,644

Investments Authorized by the California Government Code and LBT's Investment Policy

The table below identifies the investment types that are authorized for LBT by the Agency's investment policy. The table also identifies certain provisions of the Agency's investment policy that address interest rate risk, credit risk and concentration of credit risk. During FY 2023 and FY 2022, the Agency elected to have its investments with LAIF and a similarly structured investment vehicle managed by an independent manager.

	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Percentage In One Issuer
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	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Mutual Funds	N/A	15%	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Bonds	5 years	10%	None

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Agency 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 Agency's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment at June 30, 2023 and 2022, respectively.

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments (continued)

Type		2023	Weighted Average Maturity (Yrs)
Cash Equivalents			
Local Agency Investment Fund (LAIF)	$	51,516,770	0.71
Fidelity Municipal Money Market		112,128	N/A
Total Cash Equivalents	$	51,628,898	
Corporate Bonds			
Microsoft Corp. 2.875% Due 02/06/2024	$	689,416	0.6
Home Depot Inc. 3.750% Due 02/15/2024		692,664	0.6
UnitedHealth Group. 2.375% Due 08/15/2024		676,452	1.1
Toyota Motor Credit Group 1.800% Due 02/13/2025		662,347	1.6
Visa Inc. 3.150% Due 2/14/2025		670,971	2.3
Berkshire Hathaway Inc. 3.125% Due 03/15/2026		674,289	2.5
Corporate Bonds Total	$	4,066,139	
Government Bonds			
United States Treas Bill Due 07/05/2023	$	3,499,055	-
Federal Home Loan Bank 2.750% Due 12/13/2024		1,929,160	1.4
Freddie Mac 1.500% Due 02/12/2025		1,415,955	1.6
United States Treas Note 1.125% Due 02/28/2025		1,874,620	1.6
Federal Farm CR BKS Bond 0.600% Due 12/09/2025		451,795	0.02
Federal Farm CR BKS Bond 0.900% Due 06/15/2026		895,170	0.02
Federal Farm CR BKS Bond 0.870% Due 09/01/2026		1,780,440	0.01
Government Bonds Total	$	11,846,195	
Total Investment Value	$	15,912,334	

As of June 30, 2023 and 2022, there were $61,957 and $101,285, respectively, of accrued bond interest which are included in accounts receivable.

Weighted average maturity represents earlier of date of bond maturation or date of call option.

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments (continued)

Type		2022	Weighted Average Maturity (Yrs)
Cash Equivalents			
Local Agency Investment Fund (LAIF)	$	45,606,553	0.85
Fidelity Municipal Money Market		621,693	N/A
Total Cash Equivalents	$	46,228,246	
Corporate Bonds			
Intel Corp ST NT 2.700% Due 12/15/2022	$	699,748	0.5
Nike Inc Bond 2.250% Due 05/01/2023		696,535	0.8
Apple Inc. 2.400% Due 05/03/2023		696,710	0.8
Microsoft Corp. 2.875% Due 02/06/2024		698,243	1.5
Home Depot Inc. 3.750% Due 02/15/2024		707,427	1.6
UnitedHealth Group Inc. 2.375% Due 08/15/2024		685,538	2.0
Toyota Motor Cr Corp. 1.800% Due 02/13/2025		667,919	2.5
Visa Inc. 3.150% Due 12/14/2025		692,118	3.2
Bershire Hathaway Inc. 3.125% Due 03/15/2026		686,721	3.4
Corporate Bonds Total	$	6,230,959	
Government Bonds			
Fannie Mae 2.000% Due 10/05/2022	$	1,499,295	0.3
United States Treas Note 2.000% Due 10/31/2022		1,499,340	0.3
United States Treas Note 2.000% Due 11/30/2022		1,997,040	0.4
United States Treas Note 2.625% Due 02/28/2023		1,998,820	0.7
Federal Home Loan Banks 2.750% Due 12/13/2024		1,987,660	2.4
Freddie Mac 1.500% Due on 02/12/2025		1,443,090	2.4
United States Treas Note 1.125% Due 02/28/2025		1,905,460	2.6
Federal Farm CR BKS Bond 0.600% Due 12/09/2025		459,800	0.02
Federal Farm CR BKS Bond 0.900% Due 06/15/2026		922,110	0.02
Federal Farm CR BKS Bond 0.870% Due 09/01/2026		1,835,820	0.1
Government Bonds Total	$	15,548,435	
Total Investment Value	$	21,779,394	

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments (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, 2023.

Investment Type	Rating
Corporate Bonds	
Microsoft Corp. 2.875% Due 02/06/2024	AAA
Home Depot Inc. 3.750% Due 02/15/2024	A
UnitedHealth Group. 2.375% Due 08/15/2024	A+
Toyota Motor Credit Group 1.800% Due 02/13/2025	A+
Visa Inc. 3.150% Due 2/14/2025	AA-
Berkshire Hathaway Inc. 3.125% Due 03/15/2026	AA

Investment Type	Rating
Government Bonds	
United States Treas Bill Due 07/05/2023	AA+
Federal Home Loan Bank 2.750% Due 12/13/2024	AA+
Freddie Mac 1.500% Due 02/12/2025	AA+
United States Treas Note 1.125% Due 02/28/2025	AA+
Federal Farm CR BKS Bond 0.600% Due 12/09/2025	AA+
Federal Farm CR BKS Bond 0.900% Due 06/15/2026	AA+
Federal Farm CR BKS Bond 0.870% Due 09/01/2026	AA+

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments (continued)

Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. No investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) represent 5% or more of total Agency investments including cash equivalents:

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Agency 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 Agency'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 secures 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 Agency's indirect investment in securities through the use of mutual funds or government investment pools, such as LAIF.

Fair Value

The Agency follows the provisions of GASB No. 72 for fair value measurements of financial assets and financial liabilities and for fair value measurements that are recognized or disclosed at fair value in the financial statements on a recurring basis. GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Agency has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset

None of LBT's investments are valued using Level 1 or Level 3 inputs.

Notes to Financial Statements (continued)

(2) Cash, Cash Equivalents and Investments (continued)

The Agency has the following recurring fair value measurements as of June 30, 2023 and 2022:

- Money Market - valued at amortized costs which approximates fair value due to its short-term nature of maturity.
- Corporate Bonds - valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- U.S. Treasury Securities/Government Bonds - valued using a market-based model which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices.
- State of California Local Agency Investment Fund (LAIF) - valued at amortized costs basis based on the Agency's pro-rata share of the entire State of California's LAIF portfolio.

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value measurements:

Fair Value Measurements at June 30, 2023

	(Level 1)	(Level 2)	(Level 3)	Total
Money Market		$ 112,128		$ 112,128
Corporate Bonds		4,066,139		4,066,139
Government Bonds		11,846,195		11,846,195
State of California Local Agency Investment Fund		51,516,770		51,516,770
Total assets at fair value	None	$ 67,541,232	None	$ 67,541,232

Fair Value Measurements at June 30, 2022

	(Level 1)	(Level 2)	(Level 3)	Total
Money Market		$ 621,693		$ 621,693
Corporate Bonds		6,230,959		6,230,959
Government Bonds		15,548,435		15,548,435
State of California Local Agency Investment Fund		45,606,553		45,606,553
Total assets at fair value	None	$ 68,007,640	None	$ 68,007,640

Notes to Financial Statements (continued)

(3) Operating Subsidies

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

	2023	2022
Proposition A Local Return, City of Long Beach	$ 6,515,894	$ 6,610,018
Proposition A, County of Los Angeles	16,493,649	15,623,473
Proposition C, County of Los Angeles	7,515,603	6,091,528
Measure R, County of Los Angeles	12,935,117	10,301,721
Measure M, County of Los Angeles	14,504,022	10,201,986
TDA, STA, STA-SB1, LCTOP and TIRCP, State of California	32,452,380	29,367,503
Preventive Maintenance, Federal	100,000	-
CRRSA Act, Federal	7,050,002	14,159,497
Local Municipalities	2,670,665	2,035,118
Other Sources	88,031	92,344
Total	$ 100,325,363	$ 94,483,188

Los Angeles County voters approved Proposition A in November 1980 and Proposition C in November 1990. These voter-approved sales tax initiatives each provide a half-cent 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 the county receives a formula allocation of certain Proposition A revenues. The City of Long Beach in turn allocates a portion of its Proposition A local share funding to the Agency in accordance with an agreement between the Agency and the City. The portion of the local Proposition A funds used for operating assistance was $6,515,894 in FY 2023.

Measure R, approved by county voters in November 2008, provides a half-cent sales tax for transportation improvements. In November 2016, county votes approved Measure M which provides an additional half-cent sales tax for transportation and the indefinite extension of Measure R originally set to expire in 2039 for expansion or introduction of fixed-route bus service in congested corridors.

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 April 2017, Governor Jerry Brown signed Senate Bill 1 (SB1), the Road Repair and Accountability Act of 2017, into law. A part of this program augments STA with a portion of the new sales tax on diesel fuel.

Los Angeles County Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit Affordable Housing and Sustainable Communities Program established by the California Legislature in 2014 in Senate Bill 862, which draws funds from the GGRF (Greenhouse Gas Reduction Fund). The LCTOP is designed to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with serving disadvantaged communities being a priority.

In accordance with the FTA regulations, the Agency is allowed to use a portion of federal grant monies for operating preventative maintenance expenditures. These funds are shown as subsidies in the Agency's

Notes to Financial Statements (continued)

(3) Operating Subsidies (continued)

financial statements. The FTA funds 100% of the costs and FTA local match requirement is met by utilizing Transportation Development Credits.

On December 27, 2020, the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law, which includes $900 billion in supplemental appropriations for COVID-19 relief, $14 billion of which was allocated to support the transit industry during the COVID-19 public health emergency. LBT was allocated $26.67 million of CRRSAA funds and used $14.16 million to fund operating expenses in FY 2022 and $7.05 million to fund operating expenses in FY 2023.

Local Municipalities revenue represents reimbursement for service hours supplied to eight surrounding cities. Additionally, in 2017, LBT was awarded funds from the Metro ExpressLanes Net Toll Revenue Reinvestment Grant to operate the Los Angeles Galaxy Shuttle Bus Service. ExpressLanes revenue is reflected in Other Sources.

(4) Accounts Receivable

Accounts receivable were comprised of the following at June 30:

	2023	2022
Trade receivables	$ 2,126,080	$ 918,734
Interest	451,229	198,971
Capital grants receivable	5,478,047	4,372,328
Proposition A funds due from City	1,979,979	2,529,568
STA	907,019	545,982
STA-SB1	705,523	407,669
Other receivables	877,311	695,424
Total	$ 12,525,188	$ 9,668,676

(5) Unearned Revenue

At June 30, 2023 and 2022, the balances of unearned revenue were as follows:

	2023	2022
Capital grant funds	$ 3,107,534	$ 5,967,156
Other	178,800	83,262
Total unearned revenue	$ 3,286,334	$ 6,050,418

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 Agency 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.

Notes to Financial Statements (continued)

(6) Estimated Liability for Insurance Claims

Under its insurance programs, the Agency retains the risk for each occurrence of workers' compensation claimed up to $1.5 million. Workers' compensation maximum limit of indemnity per occurrence is statutory and employer's liability is $2.0 million per aggregate. Individual claim settlements for workers' compensation did not exceed insurance coverage limits in FY 2023 and FY 2022.

Under its insurance programs, the Agency retains the risk for each occurrence of personal liability and property damage (PL/PD) claimed up to $3 million. There were no individual claim settlements for PL/PD that exceeded the insurance coverage for FY 2023 and FY 2022.

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

The Agency's policy is to estimate and recognize losses on the accrual basis based on the report of the Agency'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 the independent claims manager.

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

	Personal Liability and Property Damage	Workers' Compensation	Total
Estimated liabilities at June 30, 2021	$ 6,209,823	$ 13,674,179	$ 19,884,002
Reserves:			
New claims	339,578	630,586	970,164
Adjustments to existing claims	994,236	4,499,760	5,493,996
Payouts	(2,411,586)	(3,668,098)	(6,079,684)
Estimated liabilities at June 30, 2022	5,132,051	15,136,427	20,268,478
Reserves:			
New claims	258,638	1,253,369	1,512,007
Adjustments to existing claims	2,013,543	3,138,917	5,152,460
Payouts	(606,708)	(4,019,748)	(4,626,456)
Estimated liabilities at June 30, 2023	$ 6,797,524	$ 15,508,965	$ 22,306,489

Notes to Financial Statements (continued)

(7) Deferred Compensation

The Agency offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan is administered by an independent contractor. The Plan is available to all Agency employees and permits them to defer a portion of their salary until future years. Plan assets consist of mutual funds and are purchased based on elections made by the Agency'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 Agency and are not subject to the claims of the Agency's general creditors nor can they be used by the Agency 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 Agency's Statements of Net Position.

LBT also sponsors a 401(a) deferred contribution plan for salaried employees hired on or after April 1, 2011. The plan provides an employer contribution equal to an employee's salary deferrals to the Agency's Deferred Compensation Plan, up to maximum of five percent of compensation, excluding overtime and bonuses, plus a non-elective contribution to the 401(a) plan equal to five percent of compensation, excluding overtime and bonuses. The matching contribution expenses are reflected in the Agency's operating expenses.

Notes to Financial Statements (continued)

(8) Capital Assets

Capital asset activity for the years ended June 30, 2023 and 2022 was as follows:

	Balance at June 30, 2022	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2023
Non-depreciable/amortizable capital assets:					
Land	$ 14,275,000	$ -	$ -	$ -	$ 14,275,000
Construction in progress	6,933,810	(3,766,515)	14,750,759	-	17,918,054
Total non-depreciable/ amortizable capital assets	21,208,810	(3,766,515)	14,750,759	-	32,193,054
Depreciable/amortizable capital assets:					
Buildings and improvements	78,257,551	1,352,887	1,551,602	-	81,162,040
Fleet	179,746,128	2,043,625	8,151,180	(6,717,638)	183,223,295
Communications systems	7,462,121	-	-	(1,054)	7,461,067
Fare collection system	9,340,489	-	-	-	9,340,489
Office, shop and garage equipment	24,298,158	370,002	428,613	(49,517)	25,047,256
Customer amenities	17,709,080	-	672,674	-	18,381,754
Intangible assets:					
Right-to-use lease assets	9,145,511	100,590	-	-	9,246,101
Right-to-use subscription assets	-	2,715,711	597,323	-	3,313,034
Total depreciable/ amortizable capital assets	325,959,038	6,582,815	11,401,392	(6,768,209)	337,175,036
Less accumulated depreciation/ amortization:					
Buildings and improvements	(51,145,583)	-	(2,487,526)	-	(53,633,109)
Fleet	(126,976,822)	-	(11,923,790)	6,717,638	(132,182,974)
Communications systems	(7,461,129)	-	-	1,054	(7,460,075)
Fare collection system	(8,945,957)	-	(68,357)	-	(9,014,314)
Office, shop and garage equipment	(21,701,121)	-	(1,485,139)	49,517	(23,136,743)
Customer amenities	(16,443,819)	-	(829,556)	-	(17,273,375)
Intangible assets:					
Right-to-use lease assets	(328,300)	(18,823)	(189,340)	-	(536,463)
Right-to-use subscription assets	-	(419,508)	(795,330)	-	(1,214,838)
Total accumulated depreciation/amortization	(233,002,731)	(438,331)	(17,779,038)	6,768,209	(244,451,891)
Total depreciable/amortizable capital assets, net	92,956,307	6,144,484	(6,377,646)	-	92,723,145
Total capital assets, net	$ 114,165,117	$ 2,377,969	$ 8,373,113	$ -	$ 124,916,199

Notes to Financial Statements (continued)

(8) Capital Assets (continued)

	Balance at June 30, 2021	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2022
Non-depreciable/amortizable capital assets:					
Land	$ 14,275,000	$ -	$ -	$ -	$ 14,275,000
Construction in progress	1,910,932	(1,338,934)	6,361,812	-	6,933,810
Total capital assets not being depreciated	16,185,932	(1,338,934)	6,361,812	-	21,208,810
Depreciable/amortizable capital assets:					
Buildings and improvements	77,407,478	146,978	703,095	-	78,257,551
Fleet	169,411,434	848,635	15,867,378	(6,381,319)	179,746,128
Communications systems	7,462,121	-	-	-	7,462,121
Fare collection system	9,340,489	-	-	-	9,340,489
Office, shop and garage equipment	30,891,268	343,321	617,480	(7,553,911)	24,298,158
Customer amenities	17,485,294	-	223,786	-	17,709,080
Intangible assets:					
Right-to-use lease assets	-	9,145,511	-	-	9,145,511
Total capital assets being depreciated	311,998,084	10,484,445	17,411,739	(13,935,230)	325,959,038
Less accumulated depreciation/ amortization:					
Buildings and improvements	(49,058,863)	-	(2,086,720)	-	(51,145,583)
Fleet	(123,133,989)	-	(10,224,152)	6,381,319	(126,976,822)
Communications systems	(7,461,129)	-	-	-	(7,461,129)
Fare collection system	(8,866,094)	-	(79,863)	-	(8,945,957)
Office, shop and garage equipment	(27,668,426)	-	(1,586,606)	7,553,911	(21,701,121)
Customer amenities	(15,638,800)	-	(805,019)	-	(16,443,819)
Intangible assets:					
Right-to-use lease assets	-	(328,300)	-	-	(328,300)
Total accumulated depreciation	(231,827,301)	(328,300)	(14,782,360)	13,935,230	(233,002,731)
Total capital assets being depreciated, net	80,170,783	10,156,145	2,629,379	-	92,956,307
Total capital assets, net	$ 96,356,715	$ 8,817,211	$ 8,991,191	$ -	$ 114,165,117

(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 funding marks received after final budgets are approved. Subsidies received in excess of expenditures are carried over for use in the next year. As of June 30, 2023 the Agency had remaining Prop A subsidy funding of $32,301,688, which was the same amount as of June 30, 2022, to be utilized in future fiscal years.

As of June 30, 2022, the Agency maintained STA funds of $1,085,407, and STA-SB1 funds of $1,614,890. As of June 30, 2023, the Agency did not have any remaining STA or STA-SB1 funds deferred. The Agency had Measure M funds of $6,268,260 and $7,857,443 as of June 30, 2023 and 2022, respectively. These funds are to be used to fund operations in future fiscal years.

Notes to Financial Statements (continued)

(10) Commitments and Contingencies

Legal

The Agency is subject to claims and lawsuits arising in the normal course of business. Such claims are routinely evaluated by the Agency'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 Agency's 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 Agency's financial statements.

Purchase Contracts

The Agency had the following significant purchase commitments outstanding at June 30, 2023. These purchase orders are for future goods and services the Agency is committed to by contract but has yet to receive. The balances listed include some contingency balances; therefore, actual costs may be lower than shown.

Vendor	Project	Amount	Expected Completion
Catalina Express	Water Taxi Services Aug 2022 to July 2023	$ 529,325	July 2023
CTI Environmental, Inc.	LBT1 Modernization Project	$ 560,592	July 2023
ADT Commercial	Install Access Control System at LBTCO	$ 315,787	August 2023
Global Diversified Voltage	ATS - Costs of Labor, Material	$ 214,538	August 2023
La Canada Design Group	LBTCO Phase 1B - Design Development	$ 365,302	August 2023
Letner Roofing Company	LBTCO Roof Replacement Project	$ 441,777	August 2023
Global Diversified Voltage	LBT1 Phase 3 Construction	$ 1,294,446	August 2023
United Healthcare	Medical Employee Benefits	$ 10,600,000	August 2023
United Healthcare	Dental Employee Benefit	$ 530,000	August 2023
United Healthcare of California	Life Insurance - Employee Benefit	$ 340,000	August 2023
United Healthcare	Vision Employee Benefit	$ 115,000	August 2023
La Canada Design Group	LBTCO Programming and Schematic Design	$ 134,759	August 2023
American Federal Technologies	Cabling Project at LBTCO	$ 115,638	August 2023
Urban Elevator Service CA	LBTCO Elevator Modernization Project	$ 846,564	September 2023
New Flyer of America	Purchase of 20 BEB Buses	$ 15,034,657	September 2023
City of Long Beach Police	LBPD Contract 10/1/22 - 9/30/23	$ 2,517,277	September 2023
EIDIM Group, Inc. dba EIDIM AV	LBTCO AV Equipment	$ 684,753	September 2023
Fidelity Security Life Insurance	Fidelity Security Life Insurance Co.	$ 119,000	September 2023
IBI Group	IT Consulting Service for LBTCO Move	$ 155,000	September 2023
BYD Motors, Inc.	5 BEB Commuter Buses	$ 6,759,885	October 2023
PCN3, Inc.	LBTCO Construction	$ 3,988,241	October 2023
Clean Energy	CNG Station Maintenance Services	$ 1,180,724	October 2023

Notes to Financial Statements (continued)

Merrimac Energy Group	Fuel Contract 7/1/21 - 6/30/24	$ 7,945,955	June 2024
NTH Generation Computing, Inc.	Cybersecurity Monitoring and Mediation	$ 234,360	June 2024
SC Fuels	Diesel Fuel 7/1/21 - 6/30/24	$ 207,657	June 2024
Universal Protection Service	Additional Transit Ambassadors	$ 219,547	June 2024
CDW-G LLC	Microsoft License	$ 152,711	June 2024
City Terrace Service, Inc.	Towing Services Contract 7/1/21 - 6/30/24	$ 179,970	June 2024
IBI Group	ITS Technology Roadmap	$ 134,915	June 2024
Productive Solutions	AFM Automated Fare Management	$ 120,148	June 2024
Trapeze Software Group, Inc.	TransitMaster Annual Software	$ 283,961	September 2024
Universal Protection Service LP	Security Guard Services - Three years	$ 3,992,153	October 2024
Spectrum Charter Communications	3 Years of Internet Connection thorugh 12/2024	$ 218,345	December 2024
Intueor Consulting, Inc.	ERP/EAM Consultant	$ 882,500	June 2025
Mission Linen Supply	Uniform Base Contract Years 1-3	$ 233,089	September 2025
Trapeze Software Group, Inc	DVR and APC Replacement Project	$ 2,916,084	September 2025
Dell Computer Corporation	Microsoft Enterprise Agreement	$ 622,835	December 2025
Giro, Inc.	Hastus Software Maintenance and Support	$ 361,675	January 2026
Global Paratransit Inc.	DAL Services	$ 6,884,581	February 2026
Britemoon Detailing	Bus Detailing and Window Services	$ 1,444,762	March 2026
Athens Administrators	Workers Comp Third-Party Adminstrator	$ 1,333,921	January 2027
Catalina Express	Aqualink and Aquabus Service Aug 2023 - July 2028	$ 7,196,000	July 2028
	Total	$ 90,126,698	

Leases as Lessee

In FY 2021, LBT purchased new corporate administrative offices. As part of the purchase, the Agency was assigned to an existing ground lease with the City of Long Beach. The ground lease is set to expire on June 30, 2069, and calls for monthly payments in the amount of $22,949. Effective July 1, 2022, and every five years thereafter, the monthly payment amount will be adjusted by the Consumer Price Index of the preceding five-year period. The maximum increase in any given year will be eight percent. The total lease costs were $280,447 and $275,394 for years ended June 30, 2023 and 2022, respectively.

In estimating the present value of the lease liabilities, LBT estimated the discount rate based on the Consumer Price Index pursuant to the terms of the lease agreement. The interest rate used for the calculation was 2.26% for year ended June 30, 2023.

In the following is a schedule of future minimum lease payments required under the lease:

Notes to Financial Statements (continued)

Year Ending June 30,	Principal	Interest
2024	$ 80,520	$ 203,135
2025	82,359	201,296
2026	84,240	199,416
2027	86,164	197,492
2028	96,730	195,436
2029-2033	526,664	942,928
2034-2038	636,223	877,456
2039-2043	760,275	798,814
2044-2048	900,593	705,269
2049-2053	1,059,165	594,873
Thereafter	4,712,099	923,845
	$ 9,025,032	$ 5,839,960

Changes in net lease assets and lease liabilities for LBT as a lessee were as follows:

Right-to-use lease Assets	Balance 6/30/2022	Additions	Modifications & Remeasurements	Subtractions	Balance 6/30/2023	Amounts Due Within One Year
Ground Lease	$ 9,246,101	-	-	-	$ 9,246,101	
	9,246,101	-	-	-	9,246,101	
Less: Accumulated Amortization						
Ground Lease	(347,123)	(189,340)	-	-	(536,463)	
	(347,123)	(189,340)	-	-	(536,463)	
Total Right-to-use lease assets, net	8,898,978	(189,340)	-	-	8,709,638	
Lease Liabilities	$ 9,103,755	-	-	$ (78,723)	$ 9,025,032	$ 80,520

Notes to Financial Statements (continued)

(10) Commitments and Contingencies (continued)

Total amount of lease expenses are as follows:

Lease expense	Year Ending June 30, 2023
Amortization expense by class of underlying asset	
Ground Lease	$ 189,340
Total amortization expense	189,340
Interest on lease liabilities	204,785
Variable lease expense	-
Total	$ 394,125

Leases as Lessor

The new corporate administrative office is comprised of a multi-tenant commercial building. LBT continues to actively seek tenants to occupy its available spaces based on terms of the adopted lease guidelines which requires a minimum lease term of five years and minimum annual escalator ranging with a minimum of two percent. The total lease revenue was $614,223 for year ended June 30, 2023.

In estimating the present value of the lease assets, LBT estimated the discount rate based on the risk-free interest rate pursuant to the terms of the lease agreements. The interest rate used for the calculation was 3.39% for year ended June 30, 2023.

The following is a schedule of future minimum tenant lease income required under the lease:

Year Ending June 30,	Principal	Interest
2024	$ (655,925)	$ (100,199)
2025	(700,876)	(77,283)
2026	(748,718)	(52,786)
2027	(798,918)	(26,631)
2028	(348,899)	(2,980)
	$ (3,253,336)	$ (259,879)

Total amount of lease revenues are as follows:

Lease-related Revenue	Year Ending June 30, 2023
Lease Revenue	
Building	$ (599,628)
Total Lease Revenue	(599,628)
Interest Revenue	(98,461)
Total	$ (698,089)

Subscription-Based Information Technology Arrangements (SBITA)

During the regular course of business, LBT enters into certain subscription-based information technology arrangements that convey control of the right-to-use another entity's nonfinancial assets for a period of time in an exchange or exchange-like transaction. These are generally enterprise-scale software as a service contracts. The total SBITA costs were $861,676 and $775,407 for years ended June 30, 2023 and 2022, respectively.

Notes to Financial Statements (continued)

(10) Commitments and Contingencies (continued)

Capitalized SBITAs consisted of multiple arrangements with various terms and payment structures. In estimating the present value of the liabilities, LBT estimated the discount rates based on the risk-free interest rate pursuant to the terms of the arrangements. The interest rates used for the calculation ranged from 2.61% to 4.25% for year ended June 30, 2023.

The following is a schedule of future minimum payments required under the subscription arrangements:

Year Ending June 30,	Principal	Interest
2024	$ 818,906	$ 65,979
2025	646,134	36,908
2026	289,034	11,956
2027	-	-
2028	-	-
	$ 1,754,074	$ 114,843

Changes in subscription assets and liabilities were as follows:

Right-to-use subscription assets	Balance 6/30/2022	Additions	Modifications & Remeasurements	Subtractions	Balance 6/30/2023	Amounts Due Within One Year
SBITA - GASB 96	$ -	$ 597,323	$ 2,715,711	-	$ 3,313,034	
	-	597,323	2,715,711	-	3,313,034	
Less: Accumulated Amortization						
SBITA - GASB 96	-	(795,330)	(419,508)	-	(1,214,838)	
	-	(795,330)	(419,508)	-	(1,214,838)	
Total Subscription Assets, net	-	(198,007)	2,296,203	-	2,098,196	
Subscription Liabilities	$ -	$ 389,711	$ 1,949,956	$ (585,593)	$ 1,754,074	$ 818,906

Total amount of subscription expenses were as follows:

Subscription expense	Year Ending June 30, 2023
Amortization expense by class of underlying asset	
SBITA - GASB 96	$ 795,330
Total amortization expense	795,330
Interest on subscription liabilities	70,324
Total	$ 865,654

Service Obligations

LBT records bus tire leases as an operating expense. Under the terms of the lease, the vendor supplies the tires and invoices to the Agency based on monthly mileage. There are no minimum guarantee payments required in the contracts. Total lease costs were $646,210 and $621,383 for the years ended June 30, 2023 and 2022, respectively.

Notes to Financial Statements (continued)

(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, 2023 and 2022, accrued unpaid vacation for all Agency employees amounted to $3,613,807 and $3,391,167 respectively.

Balance 6/30/22	Additions	Deletions	Balance 6/30/23	Due Within One Year
$ 3,391,167	$ 3,613,807	$(3,391,167)	$ 3,613,807	$ 3,613,807

Balance 6/30/21	Additions	Deletions	Balance 6/30/22	Due Within One Year
$ 3,265,004	$ 3,391,167	$(3,265,004)	$ 3,391,167	$ 3,391,167

Once a year, the Agency allows employees to sell back a portion of their earned vacation in lieu of taking the time off. The Agency has agreed to buy back vacation time in excess of 10 days earned during the calendar year. Vacation days carried over from the previous year are not eligible for this program. The Agency paid $262,223 and $219,603 under this program during 2023 and 2022, respectively.

Sick Leave Benefit

Full-time Agency employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated and converted to a cash account only upon retirement from the Agency as termination payments. Employees leaving the Agency for any reason besides retirement are not eligible to convert their unused sick leave to a cash account.

Upon retirement, the retiree is no longer eligible to participate in any Agency sponsored health plans and all health care related liabilities are the responsibility of the retiree. However, a retiree that incurs qualifying health related expenditures may seek reimbursement from the Agency from their converted cash account. Once the cash value of the converted cash account is exhausted, the retiree is no longer eligible for any reimbursements.

There were 147 and 153 retirees with unused sick leave converted cash accounts at June 30, 2023 and 2022, respectively. The cash value equivalent of the remaining unused sick leave for the current retirees totaled $2,003,102 and $1,995,191 respectively. Total reimbursements paid by the Agency during the fiscal years ended June 30, 2023 and 2022, were $326,886 and $312,348, respectively.

The Agency has established a liability related to unused sick leave for both current and future payments. The estimated liability at June 30, 2023 and 2022, was $6,169,520 and $5,457,575, respectively.

Balance 6/30/22	Additions	Deletions	Balance 6/30/23	Due Within One Year
$ 5,457,575	$ 1,038,831	$(326,886)	$ 6,169,520	$ 222,453

Balance 6/30/21	Additions	Deletions	Balance 6/30/22	Due Within One Year
$ 4,899,706	$ 870,217	$(312,348)	$ 5,457,575	$ 238,470

Notes to Financial Statements (continued)

(12) Labor Agreements

Union Labor Agreements

LBT has ongoing labor agreements with Amalgamated Transit Union (ATU), Local 1277 and American Federation of State, County, and Municipal Employees (AFSCME) District Council 36. The agreements provide the parties with specific procedures governing the duration and renewal of the agreements. Both agreements were effective through FY 2023 and expired on June 30, 2023.

On July 26, 2021, ATU Local 1277 and AFSCME District Council 36 Supervisory Unit, respectively, ratified new two-year Labor Agreements with Long Beach Transit. The contracts are effective from July 1, 2021 to June 30, 2023.

On December 8, 2020, AFSCME District Council 36 became the representative for LBT's General Unit employees, including Parts Storekeepers, Stops & Zones Assistants, Stops & Zones Lead and Facilities Maintenance Technicians. On November 1, 2021, AFSCME District Council 36 General Unit and LBT ratified a new two-year agreement effective from July 1, 2021 to June 30, 2023.

On August 16, 2022, AFSCME District Council 36 became the representative for LBT's Customer Service Unit employees comprised of Customer Care Clerks. At that same time, AFSCME District Council 36 General Unit and LBT ratified a new two-year agreement effective from July 1, 2021 to June 30, 2023.

(13) Pension Benefits

Plan Descriptions

The Agency 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, LBT adopted a new 401(a) qualified retirement plan for employer matching contributions.

The Agency's payroll for employees covered by each pension plan for the years ended June 30, 2023 and 2022 was $33,739,794 and $32,022,263 for the Contract Plan, respectively, and $4,133,179 and $3,923,681 for the Salaried Plan, respectively. Total Agency payroll for 2023 and 2022 was $51,832,422 and $47,578,439, respectively.

The Contract and the Salaried Plans are contributory single employer defined benefit pension plans sponsored by the Agency. Full-time employees in a job classification covered by an ATU collective bargaining agreement between the Agency and the Union participate in the Contract Plan as of their date of employment. All full-time employees not covered by an ATU collective bargaining agreement and hired before April 1, 2011 participate in the Salaried Plan as of their date of employment. For employees not covered by an ATU collective bargaining agreement and hired on or after April 1, 2011, LBT adopted a new 401(a) qualified retirement plan for employer matching contributions. 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 10 years of credited service and become 100% vested after five credit 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.

Notes to Financial Statements (continued)

(13) Pension Benefits (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 of 36 consecutive months of earnings during the last 10 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. 1.70% 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's average earnings, regardless of the length of service or vesting status.

If a Contract Plan participant is totally and permanently disabled with 10 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 the Plan members unable to perform their usual work duties who leave service after 10 or more years of credited service.

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

Termination

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

Funding Policy and Annual Pension Contributions

The Agency is required to contribute to the Plans at an actuarially determined rate. Salaried Plan members are required to contribute 5% of their annual salaries toward the Plan. Contract Plan members contribute a percentage of their annual salary toward the Plan as decided by the Board of Arbitration on June 15, 2012 whereas the Agency pays the first 10% of the amount the actuary states, Contract employees pay the next 5% and the Agency and the employees equally split any funding amounts over 15%. The contribution rates for 2023 were 20.90% and 30.62% for the Contract and Salaried Plans, respectively. For 2023, the Agency's annual contributions were $4,148,988 and $1,372,885 for the Contract and Salaried Plans, respectively. For 2022, the Agency's annual contributions were $3,667,102 and $1,026,804 for the Contract and Salaried Plans, respectively.

Net Pension Liability – Salaried Plan

The Salaried Plan's net pension liability was measured as of June 30, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.00% compounded annually
Salary Increases	3.00% per year
Mortality	PRI-2012 White Collar Mortality Table Projected with Scale MP-2019; PRI-2012 Disabled Mortality Table Projected with Scale MP-2019 for disabled participants.
Employee Contribution Interest Credit	5.00% compounded annually
Lump Sums	4.50% interest; IRS applicable mortality
Administrative Expenses	$174,592 per year payable at the beginning of the year

Termination Before Retirement:

Age	Turnover Rate
20	7.86%
25	7.57%
30	8.64%
35	8.00%
40	5.64%
45	4.04%
50	2.78%
55	1.67%
60	1.10%

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

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. Female spouse is assumed to be three years younger than the male spouse.

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.

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 following table:

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
U.S. Stocks		
Large	12%	8.5%
Mid	12	8.5
Small	12	9.0
Real Estate Securities	8	6.0
International Equity	-	-
Developed	9	8.5
Emerging	9	9.0
Commodities	4	3.0
Gold	4	3.0
Fixed Income	30	4.0

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

Discount Rate. The discount rate used to measure the total pension liability was 6 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)		
Salaried Plan	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at 6/30/2022	$ 35,619,512	$ 32,041,203	$ 3,578,309
Changes for the year:			
Service cost	600,985	-	600,985
Interest	1,881,164	-	1,881,164
Expected investment income	-	1,862,160	(1,862,160)
Difference between expected and actual experience	1,584,288	485,761	1,098,527
Contributions - employer	-	1,372,885	(1,372,885)
Contributions - employee	-	279,383	(279,383)
Benefit payments, including refunds	(3,517,784)	(3,517,784)	-
Administrative expense	-	(174,592)	174,592
Net changes	548,653	307,813	240,840
Balances at 6/30/2023	$ 36,168,165	$ 32,349,016	$ 3,819,149

	Increase (Decrease)		
Salaried Plan	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension Liability (Asset)**
Balances at 6/30/2021	$ 36,225,266	$ 37,790,805	$ (1,565,539)
Changes for the year:			
Service Cost	732,452	-	732,452
Interest	1,951,207	-	1,951,207
Expected investment income	-	2,211,896	(2,211,896)
Difference between expected and actual experience	(269,231)	(6,082,397)	5,813,166
Contributions - employer	-	1,026,804	(1,026,804)
Contributions - employee	-	288,286	(288,286)
Benefit payments, including refunds	(3,020,182)	(3,020,182)	-
Administrative expense	-	(174,009)	174,009
Net Changes	(605,754)	(5,749,602)	5,143,848
Balances at 6/30/2022	$ 35,619,512	$ 32,041,203	$ 3,578,309

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

Net Pension Liability – Contract Plan

The Contract Plan's net pension liability was measured as of June 30, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.50% compounded annually
Salary Increases	3.00% per year
Mortality	PRI-2012 Blue Collar Mortality Table Projected with Scale MP-2019; PRI-2012 Disabled Mortality Table Projected with Scale MP-2019 for disabled participants
Employee Contribution Interest Credit	5.00% compounded annually
Lump Sums	4.50% interest; IRS applicable mortality
Administrative Expenses	$353,520 per year payable at the beginning of the year

Termination Before Retirement:

Age	Turnover Rate
20	8.00%
25	7.80%
30	7.30%
35	6.30%
40	5.40%
45	4.40%
50	3.70%
55	3.50%
60	3.50%

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. Female spouse is assumed to be three years younger than the male spouse.

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.

Notes to Financial Statements (continued)

(13) Pension Benefits (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 following table:

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
Global Equities	55%	4.9%
Fixed Income	25	1.8
Real Assets	10	3.3
Diversifying Alternatives	10	2.1

Discount Rate. The discount rate used to measure the total pension liability was 6.5 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)		
Contract Plan	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Net Pension Liability**
Balances at 6/30/2022	$ 98,511,679	$ 69,897,651	$ 28,614,028
Changes for the year:			
Service cost	3,976,830	-	3,976,830
Interest	6,141,439	-	6,141,439
Expected investment income	-	4,561,754	(4,561,754)
Difference between expected and actual experience	4,087,891	1,686,387	2,401,504
Contributions - employer	-	4,148,988	(4,148,988)
Contributions - employee	-	2,540,648	(2,540,648)
Benefit payments, including refunds	(5,760,706)	(5,760,706)	-
Administrative expense	-	(353,520)	353,520
Net changes	8,445,454	6,823,551	1,621,903
Balances at 6/30/2023	$ 106,957,133	$ 76,721,202	$ 30,235,931

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

Contract Plan	Increase (Decrease) Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2021	$ 97,238,339	$ 81,807,082	$ 15,431,257
Changes for the year			
Service cost	3,811,387	-	3,811,387
Interest	6,014,362	-	6,014,362
Expected investment income	-	5,221,176	(5,221,176)
Difference between expected and actual experience	(15,874)	(14,120,615)	14,104,741
Contributions - employer	-	3,667,102	(3,667,102)
Contributions - employee	-	2,204,920	(2,204,920)
Benefit payments, including refunds	(8,536,535)	(8,536,535)	-
Administrative expense	-	(345,479)	345,479
Net changes	1,273,340	(11,909,431)	13,182,771
Balances at 6/30/2022	$ 98,511,679	$ 69,897,651	$ 28,614,028

Net Pension Liability - Combined Plans

Combined Plans	Increase (Decrease) Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2022	$ 134,131,191	$ 101,938,854	$ 32,192,337
Changes for the year:			
Service cost	4,577,815	-	4,577,815
Interest	8,022,603	-	8,022,603
Expected investment income	-	6,423,914	(6,423,914)
Difference between expected and actual experience	5,672,179	2,172,148	3,500,031
Contributions - employer	-	5,521,873	(5,521,873)
Contributions - employee	-	2,820,031	(2,820,031)
Benefit payments, including refunds	(9,278,490)	(9,278,490)	-
Administrative expense	-	(528,113)	528,113
Net changes	8,994,107	7,131,363	1,862,744
Balances at 6/30/2023	$ 143,125,298	$ 109,070,217	$ 34,055,081

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

Combined Plans	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2021	$ 133,463,605	$ 119,597,887	$ 13,865,718
Changes for the year			
Service cost	4,543,839	-	4,543,839
Interest	7,965,569	-	7,965,569
Expected investment income	-	7,433,072	(7,433,072)
Difference between expected and actual experience	(285,105)	(20,203,012)	19,917,907
Contributions - employer	-	4,693,906	(4,693,906)
Contributions - employee	-	2,493,206	(2,493,206)
Benefit payments, including refunds	(11,556,717)	(11,556,717)	-
Administrative expense	-	(519,488)	519,488
Net changes	667,586	(17,659,033)	18,326,619
Balances at 6/30/2022	$ 134,131,191	$ 101,938,854	$ 32,192,337

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the Contract Plan as of June 30, 2023, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.5%) or one-percentage point higher (7.5%) than the current rate. The Salaried Plan's net pension liability (asset) is calculated using a discount rate that is one-percentage point lower (5.0%) or one-percentage point higher (7.0%) than the current rate of 6.0%.

	Contract Plan
1% Decrease or 5.5%	$ 39,900,301
6.5% Current Discount Rate	$ 30,235,931
1% Increase or 7.5%	$ 21,901,219

	Salaried Plan
1% Decrease or 5.0%	$ 6,128,612
6.0% Current Discount Rate	$ 3,819,149
1% Increase or 7.0%	$ 1,800,453

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

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

For the year ended June 30, 2023, the Salaried Plan recognized pension expense of $1,994,981. At June 30, 2023, the Salaried Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Salaried Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,110,934	-
Changes of assumptions	123,831	-
Net difference between projected and actual earning on plan investments	2,000,846	-
Total	$ 4,235,611	$ -

For the year ended June 30, 2022, the Salaried Plan recognized pension expense of $696,806. At June 30, 2022, the Salaried Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Salaried Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,097,765	-
Changes of assumptions	255,565	-
Net difference between projected and actual earning on plan investments	3,184,317	-
Total	$ 4,537,647	$ -

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

Salaried Plan – Year Ended June 30	Amount to Be Recognized
2024	$ (1,940,647)
2025	(990,047)
2026	(282,741)
2027	(1,119,329)
2028	97,153
Thereafter	-
Total	$ (4,235,611)

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

For the year ended June 30, 2023, the Contract Plan recognized pension expense of $5,460,742. At June 30, 2023, the Contract Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Contract Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 577,566	$ -
Changes of assumptions	2,725,782	-
Net difference between projected and actual earning on plan investments	4,376,357	-
Total	$ 7,679,705	$ -

For the year ended June 30, 2022, the Contract Plan recognized pension expense of $2,285,228. At June 30, 2022, the Contract Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Contract Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 3,824,529
Changes of assumptions	3,687,482	-
Net difference between projected and actual earning on plan investments	7,801,867	-
Total	$ 11,489,349	$ 3,824,529

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

Contract Plan – Year Ended June 30	Amount to Be Recognized
2024	$ (2,497,451)
2025	(1,774,585)
2026	(514,086)
2027	(2,410,241)
2028	449,743
Thereafter	(933,085)
Total	$ (7,679,705)

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

For the year ended June 30, 2023, both plans recognized pension expense of $7,455,723. At June 30, 2023, both plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Combined Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 2,688,500	$ -
Changes of assumptions	2,849,613	-
Net difference between projected and actual earning on plan investments	6,377,203	-
Total	$ 11,915,316	$ -

For the year ended June 30, 2022, both plans recognized pension expense of $2,982,034. At June 30, 2022, both plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Combined Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,097,765	$ 3,824,529
Changes of assumptions	3,943,047	-
Net difference between projected and actual earning on plan investments	10,986,184	-
Total	$ 16,026,996	$ 3,824,529

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

Combined Plans – Year Ended June 30	Amount to Be Recognized
2024	$ (4,438,098)
2025	(2,764,632)
2026	(796,827)
2027	(3,529,570)
2028	546,896
Thereafter	(933,085)
Total	$ (11,915,316)

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, Finance and Budget, 1963 E. Anaheim St., Long Beach, CA 90813.

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 Agency's contribution to the 401(a) Plan is as follows: (A) a matching contribution equal to the amount of the employee's salary deferrals to the 457(b) Plan, up to a maximum of 5% of the employee's base salary, and (B) a non-elective contribution equal to 5% of the employee's base salary regardless of whether the employee makes any salary deferrals to the 457(b) Plan for the plan year.

Notes to Financial Statements (continued)

(14) Note Payable

On August 18, 2020, the Agency closed escrow on the acquisition of a commercial office building located in the City of Long Beach to be used as the Agency's corporate office. The property was purchased from the Port of Long Beach with a purchase price of $21 million. The Agency executed a promissory note with the Port of Long Beach to finance $10.5 million, with an annual interest rate of five percent over 10 years. During the year ended June 30, 2021, the Agency made additional principal payments of $5 million, and during the year ended June 30, 2022, the Agency made additional principal payments of $400 thousand. On July 1, 2022, LBT submitted a payment to the Port of Long Beach for $3.21 million, the remaining principal balance of the promissory note. This was the Agency's only outstanding long-term debt.

Balance 6/30/22	Additions	Deletions	Balance 6/30/23	Due Within One Year
$ 3,212,786	$ -	$ 3,212,786	$ -	$ -

Principal payments toward the note were recorded as capital expenditures and interest payments as operating expenses.

(15) Subsequent Events

LBT started a new agreement with Catalina Express for Aqualink and Aquabus Services, which is effective from August 2023 through July 2028, total payment under this contract will be approximately $7.2 million.

The financial statements as of and for the year ended June 30, 2023 have not been impacted by the subsequent events as stated above.

Required Supplementary Information

The following are Schedules of Changes in Net Pension Liability and Schedules of Contributions for the years ending June 30, 2014 through 2023 for the two Company-sponsored defined benefit pension plans: Long Beach Public Transportation Company Retirement Plan – Salaried Employees (Salaried Plan) and Long Beach Public Transportation Company Retirement Plan – Contract Employees (Contract Plan).

LONG BEACH TRANSIT
RETIREMENT PLAN - SALARIED EMPLOYEES

Schedule of Changes in Net Pension Liability (Asset)
and Related Ratios
For the Years Ended

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 600,985	$ 732,452	$ 702,231	$ 753,733	$ 800,422	$ 831,665	$ 858,666	$ 769,704	$ 845,302	$ 773,964
Interest	1,881,164	1,951,207	1,844,293	1,779,258	1,673,123	1,589,310	1,626,217	1,724,678	1,704,802	1,809,528
Difference between expected and actual experience	1,584,288	(269,231)	2,251,272	(624,271)	598,675	770,200	80,484	427,104	(582,806)	667,873
Changes of assumptions	-	-	387,300	-	-	-	-	2,816,346	-	-
Benefit payments	(3,517,784)	(3,020,182)	(2,902,046)	(1,302,936)	(951,414)	(1,503,429)	(3,003,925)	(1,332,112)	(1,818,412)	(2,342,868)
Net change	548,653	(605,754)	2,283,050	605,784	2,120,806	1,687,746	(438,558)	4,405,720	148,886	908,497
Beginning total pension liability	35,619,512	36,225,266	33,942,216	33,336,432	31,215,626	29,527,880	29,966,438	25,560,718	25,411,832	24,503,335
Ending total pension liability	$ 36,168,165	$ 35,619,512	$ 36,225,266	$ 33,942,216	$ 33,336,432	$ 31,215,626	$ 29,527,880	$ 29,966,438	$ 25,560,718	$ 25,411,832
Plan fiduciary net position										
Employer contributions	$ 1,372,885	$ 1,026,804	$ 1,826,321	$ 1,596,044	$ 3,111,520	$ 2,602,155	$ 2,790,134	$ 4,270,185	$ 4,758,243	$ 2,847,508
Employee contributions	279,383	288,286	308,205	319,542	322,305	320,450	340,086	365,367	402,617	436,748
Net transfer to/from Contract Plan	428,919	-	-	-	-	37,663	255,041	17,501	288	241,886
Investment income (loss)	1,919,002	(3,870,501)	7,332,880	84,624	777,683	1,376,782	2,277,537	(194,989)	(11,557)	1,750,047
Pension benefits	(3,517,784)	(3,020,182)	(2,902,046)	(1,302,936)	(951,414)	(1,503,429)	(3,003,925)	(1,332,112)	(1,818,412)	(2,342,868)
Administrative expenses	(174,592)	(174,009)	(213,196)	(197,584)	(187,683)	(199,961)	(203,559)	(167,603)	(167,173)	(142,202)
Net change	307,813	(5,749,602)	6,352,164	499,690	3,072,411	2,633,660	2,455,314	2,958,349	3,164,006	2,791,119
Beginning plan fiduciary net position	32,041,203	37,790,805	31,438,641	30,938,951	27,866,540	25,232,880	22,777,566	19,819,217	16,655,211	13,864,092
Ending plan fiduciary net position	$ 32,349,016	$ 32,041,203	$ 37,790,805	$ 31,438,641	$ 30,938,951	$ 27,866,540	$ 25,232,880	$ 22,777,566	$ 19,819,217	$ 16,655,211
Company's net pension liability (asset)	$ 3,819,149	$ 3,578,309	$ (1,565,539)	$ 2,503,575	$ 2,397,481	$ 3,349,086	$ 4,295,000	$ 7,188,872	$ 5,741,501	$ 8,756,621
Plan fiduciary net position as a % of total pension liability	89.44%	89.95%	104.32%	92.62%	92.81%	89.27%	85.45%	76.01%	77.54%	65.54%
Covered payroll	$ 4,133,179	$ 3,923,681	$ 4,869,172	$ 4,589,323	$ 4,783,000	$ 4,859,000	$ 5,187,000	$ 6,023,000	$ 6,381,000	$ 6,925,000
Company's net pension liability (asset) as a % of covered payroll	92.40%	91.20%	-32.16%	54.55%	50.11%	68.92%	82.80%	119.36%	89.98%	126.45%

Required Supplementary Information (continued)

LONG BEACH TRANSIT
RETIREMENT PLAN - CONTRACT EMPLOYEES

Schedule of Changes in Net Pension Liability
and Related Ratios
For the Years Ended

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 3,976,830	$ 3,811,387	$ 3,955,144	$ 3,749,883	$ 3,862,139	$ 3,750,722	$ 3,352,311	$ 2,713,135	$ 2,893,596	$ 2,285,562
Interest	6,141,439	6,014,362	6,020,256	5,661,960	5,458,336	5,173,663	4,970,642	4,575,251	4,462,912	4,418,719
Difference between expected and actual experience	4,087,891	(15,874)	(5,289,301)	(820,357)	(1,182,989)	1,915,331	849,980	3,062,106	(1,252,537)	877,921
Changes of assumptions	-	-	1,341,613	-	-	3,651,179	3,194,510	-	-	-
Benefit payments	(5,760,706)	(8,536,535)	(4,763,085)	(3,912,892)	(3,859,763)	(5,626,291)	(4,615,902)	(3,182,794)	(4,881,029)	(4,326,353)
Net change	8,445,454	1,273,340	1,264,627	4,678,594	4,277,723	8,864,604	7,751,541	7,167,698	1,222,942	3,255,849
Beginning total pension liability	98,511,679	97,238,339	95,973,712	91,295,118	87,017,395	78,152,791	70,401,250	63,233,552	62,010,610	58,754,761
Ending total pension liability	$ 106,957,133	$ 98,511,679	$ 97,238,339	$ 95,973,712	$ 91,295,118	$ 87,017,395	$ 78,152,791	$ 70,401,250	$ 63,233,552	$ 62,010,610
Plan fiduciary net position										
Employer contributions	$ 4,148,988	$ 3,667,102	$ 4,341,170	$ 4,357,936	$ 4,488,508	$ 4,054,711	$ 3,877,435	$ 3,439,288	$ 3,067,778	$ 3,326,307
Employee contributions	2,540,648	2,204,920	2,716,208	2,810,418	2,677,045	2,461,892	2,141,425	1,754,192	1,643,452	1,437,006
Net transfer to/from Contract Plan	(428,919)	-	-	-	-	(37,663)	(255,041)	(17,501)	(288)	(241,886)
Investment income (loss)	6,677,060	(8,899,439)	16,154,417	207,350	1,715,995	2,807,077	4,919,899	(407,799)	(569)	5,113,555
Pension benefits	(5,760,706)	(8,536,535)	(4,763,085)	(3,912,892)	(3,859,763)	(5,626,291)	(4,615,902)	(3,182,794)	(4,881,029)	(4,326,353)
Administrative expenses	(353,520)	(345,479)	(418,494)	(364,995)	(364,631)	(380,134)	(376,137)	(325,026)	(349,496)	(323,518)
Net change	6,823,551	(11,909,431)	18,030,216	3,097,817	4,657,154	3,279,592	5,691,679	1,260,360	(520,152)	4,985,111
Beginning plan fiduciary net position	69,897,651	81,807,082	63,776,866	60,679,049	56,021,895	52,742,303	47,050,624	45,790,264	46,310,416	41,325,305
Ending plan fiduciary net position	$ 76,721,202	$ 69,897,651	$ 81,807,082	$ 63,776,866	$ 60,679,049	$ 56,021,895	$ 52,742,303	$ 47,050,624	$ 45,790,264	$ 46,310,416
Company's net pension liability	$ 30,235,931	$ 28,614,028	$ 15,431,257	$ 32,196,846	$ 30,616,069	$ 30,995,500	$ 25,410,488	$ 23,350,626	$ 17,443,288	$ 15,700,194
Plan fiduciary net position as a % of total pension liability	71.73%	70.95%	84.13%	66.45%	66.46%	64.38%	67.49%	66.83%	72.41%	74.68%
Covered payroll	$ 33,739,794	$ 32,022,263	$ 30,014,658	$ 31,946,238	$ 30,624,000	$ 31,094,000	$ 30,448,000	$ 29,787,000	$ 25,321,000	$ 27,266,000
Company's net pension liability as a % of covered payroll	89.62%	89.36%	51.41%	100.78%	99.97%	99.68%	83.46%	78.39%	68.89%	57.58%

Required Supplementary Information (continued)

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

Schedule of Contributions
Salaried Plan
2014 - 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 1,201,596	$ 508,837	$ 1,747,226	$ 1,915,586	$ 1,933,825	$ 1,922,605	$ 2,030,220	$ 2,000,708	$ 2,605,222	$ 2,484,256
Employer contributions	1,372,885	1,026,804	1,826,321	1,596,044	3,111,520	2,602,155	2,790,134	4,270,185	4,758,243	2,847,508
Employee contributions	279,383	288,286	308,205	319,542	322,305	320,450	340,086	365,367	402,617	436,748
Total contributions	1,652,268	1,315,090	2,134,526	1,915,586	3,433,825	2,922,605	3,130,220	4,635,552	5,160,860	3,284,256
Contribution deficiency (excess)	$ (450,672)	$ (806,253)	$ (387,300)	$ -	$ (1,500,000)	$ (1,000,000)	$ (1,100,000)	$ (2,634,844)	$ (2,555,638)	$ (800,000)
Covered payroll	$ 4,133,179	$ 3,923,681	$ 4,869,172	$ 4,589,323	$ 4,783,000	$ 4,859,000	$ 5,187,000	$ 6,023,000	$ 6,381,000	$ 6,925,000
Contributions as a percentage of covered payroll	39.98%	33.52%	43.84%	41.74%	71.79%	60.15%	60.35%	76.96%	80.88%	47.43%

Required Supplementary Information (continued)

Notes to Schedule:

Valuation date:
Actuarially determined contributions rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen Initial Liability
Amortization method	10 years, closed period
Remaining amortization period	3 years
Asset valuation method	Market value
Salary increases	3.0% per annum
Investment rate of return	6% compounded annually
Administrative expenses	$174,592
Employee contribution interest credit	5.00% per year

Termination before retirement

Age	Turnover Rate
20	7.86%
25	7.57
30	8.64
35	8.00
40	5.64
45	4.04
50	2.78
55	1.67
60	1.10

Required Supplementary Information (continued)

Retirement age

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

Age	Retirement Rate
50-53	5.00%
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. Female spouse is assumed to be three years younger than the male spouse.

Form of payment

80% of active participants are assumed to elect the lump-sum option. The remaining 20% of active participants and 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. If not specified, participants are assumed to be male.

Lump Sums

Interest: 4.50%; IRS Applicable Mortality

Mortality

PRI-2012 white color mortality table projected with scale MP-2019; PRI-2012 disabled mortality table projected with scale MP-2019 for disabled participants

Required Supplementary Information (continued)

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

Schedule of Contributions
Contract Plan
2014 - 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 6,689,636	$ 5,872,022	$ 7,057,378	$ 7,168,354	$ 7,165,553	$ 6,516,603	$ 6,018,860	$ 5,193,480	$ 4,711,230	$ 4,763,313
Employer contributions	4,148,988	3,667,102	4,341,170	4,357,936	4,488,508	4,054,711	3,877,435	3,439,288	3,067,778	3,326,307
Employee contributions	2,540,648	2,204,920	2,716,208	2,810,418	2,677,045	2,461,892	2,141,425	1,754,192	1,643,452	1,437,006
Total contributions	6,689,636	5,872,022	7,057,378	7,168,354	7,165,553	6,516,603	6,018,860	5,193,480	4,711,230	4,763,313
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 33,739,794	$ 32,022,263	$ 30,014,658	$ 31,946,238	$ 30,624,000	$ 31,094,000	$ 30,448,000	$ 29,787,000	$ 25,321,000	$ 27,266,000
Contributions as a percentage of covered payroll	19.83%	18.34%	23.51%	22.44%	23.40%	20.96%	19.77%	17.44%	18.61%	17.47%

Required Supplementary Information (continued)

Notes to Schedule:

Valuation date:

Actuarially determined contributions rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen Initial Liability
Amortization method	30 years, closed period
Remaining amortization period	14 years
Asset valuation method	Market value
Salary increases	3.0% per annum
Investment rate of return	6.5% compounded annually
Administrative expenses	$353.520
Employee contribution interest credit	5.00% per year
Termination before retirement	See table below

Age	Turnover Rate
20	8.00%
25	7.80
30	7.30
35	6.30
40	5.40
45	4.40
50	3.70
55	3.50
60	3.50

Retirement age	All active, inactive vested, 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. Female spouse is assumed to be three years younger than the male spouse.
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 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.
Lump Sums	Interest: 4.50%; IRS Applicable Mortality
Mortality	PRI-2012 blue collar mortality table projected with scale MP-2019; PRI-2012 disabled mortality table projected with Scale MP-2019 for disabled participants

LONG BEACH TRANSIT

Statistics



STATISTICAL SECTION

This part of Long Beach Public Transportation Company's annual comprehensive 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 Agency's overall financial health.

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Financial Trends 65
These schedules contain trend information to assess how the Agency's financial performance and well-being have changed over time.

Revenue Capacity 68
These schedules contain information on the Agency's revenue sources and their fluctuations over time.

Demographic and Economic Information 70
These schedules offer demographic and economic indicators regarding the environment within which the Agency's financial activities take place.

Operating Information 72
These schedules contain information about services the Agency provides and the activities it performs.

Pension Information 80
The Agency'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.

Grant Information 82
The Agency'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.

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

Financial Trends — Exhibit 1
Net Position by Component
2014 - 2023

	Invested in Capital Assets	Restricted	Unrestricted	Total (1)
2014	84,858,221	156,350	(21,833,158)	63,181,413
2015	91,276,393	144,080	(17,551,860)	73,868,613
2016	83,154,750	52,306	(13,189,109)	70,017,947
2017	89,067,558	73,776	(13,707,283)	75,434,051
2018	102,951,120	87,193	(14,193,881)	88,844,432
2019	91,068,904	87,193	(14,027,877)	77,128,220
2020	83,144,218	526,717	(16,664,805)	67,006,130
2021	91,604,336	303,855	(18,657,598)	73,250,593
2022	102,135,121	300,492	(16,689,414)	85,746,199
2023	110,464,392	290,978	(15,185,820)	95,569,550

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

Financial Trends — Exhibit 2
Operating Expenses by Type
2014 – 2023

	Personnel Wages & Benefits	Fuel & Lubricants	Supplies & Materials	Services	Casualty & Liability	Purchased Transportation	Depreciation	Total
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
2016	57,929,446	4,133,479	2,480,321	8,599,766	1,700,504	1,530,061	18,355,286	94,728,863
2017	64,426,881	4,035,132	2,501,985	9,111,699	2,171,419	1,334,269	17,554,892	101,136,277
2018	65,960,366	4,748,476	3,389,418	10,342,384	2,600,478	1,459,241	16,178,310	104,678,673
2019	70,161,457	5,166,101	4,087,981	11,565,340	1,432,513	1,747,051	16,340,080	110,500,523
2020	73,865,703	4,099,536	4,189,586	12,847,179	3,419,739	1,705,444	15,739,478	115,866,665
2021	70,838,886	3,201,240	4,075,103	14,029,903	3,229,011	1,103,400	14,278,928	110,756,471
2022	69,644,142	5,449,432	5,039,366	15,825,051	3,236,628	1,643,257	14,782,360	115,620,236
2023	79,325,288	6,536,260	6,229,320	17,461,465	4,375,323	2,135,465	16,794,369	132,857,490

Financial Trends

Exhibit 3

Changes in Net Position

2014 - 2023

Expenses	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transportation	$ 38,869,648	$ 39,488,966	$ 40,639,813	$ 44,148,976	$ 45,458,610	$ 47,848,764	$ 54,678,389	$ 50,691,529	$ 50,067,770	$ 57,167,700
Maintenance	21,878,415	20,479,627	19,355,457	20,379,891	22,186,665	23,854,682	24,288,404	25,714,741	29,986,862	34,517,574
Risk Management	7,900,442	8,795,766	5,891,767	7,638,605	9,124,849	8,856,141	5,605,293	5,361,897	4,472,587	5,405,751
Marketing & Customer Service	1,917,253	1,948,218	1,950,613	2,119,166	1,849,042	2,339,313	2,393,953	2,138,173	2,676,176	2,941,604
General Administration	9,327,279	8,150,602	8,535,927	9,294,747	9,881,197	11,261,543	13,161,148	12,571,203	13,634,481	16,030,492
Depreciation	20,605,041	18,343,403	18,355,286	17,554,892	16,178,310	16,340,080	15,739,478	14,278,928	14,782,360	16,794,369
Total Expenses	**$ 100,498,078**	**$ 97,206,582**	**$ 94,728,863**	**$ 101,136,277**	**$ 104,678,673**	**$ 110,500,523**	**$ 115,866,665**	**$ 110,756,471**	**$ 115,620,236**	**$ 132,857,490**
Revenues										
Passenger Fares	$ 17,966,020	$ 17,516,839	$ 16,945,561	$ 15,630,301	$ 14,562,861	$ 14,167,351	$ 10,452,194	$ 154,380	$ 7,077,072	$ 9,106,371
Special Events	25,496	18,754	63,143	54,598	505,138	292,292	240,512	750	61,000	47,625
Advertising	630,413	603,029	743,132	618,750	801,753	1,069,805	978,484	649,678	843,340	717,456
Subtotal Operating	18,621,929	18,138,622	17,751,836	16,303,649	15,869,752	15,529,448	11,671,190	804,808	7,981,412	9,871,452
Subsidies	61,008,975	64,700,470	61,703,522	65,351,654	70,611,297	76,153,983	82,029,003	91,986,813	94,483,188	100,325,363
Interest & Other	262,133	293,115	1,189,184	1,429,378	1,546,133	2,643,016	4,229,590	1,470,268	459,790	3,609,673
Subtotal Nonoperating	61,271,108	64,993,585	62,892,706	66,781,032	72,157,430	78,796,999	86,258,593	93,457,081	94,942,978	103,935,036
Total Revenues	**$ 79,893,037**	**$ 83,132,207**	**$ 80,644,542**	**$ 83,084,681**	**$ 88,027,182**	**$ 94,326,447**	**$ 97,929,783**	**$ 94,261,889**	**$ 102,924,390**	**$ 113,806,488**
Net Expense	$ (20,605,041)	$ (14,074,375)	$ (14,084,321)	$ (18,051,596)	$ (16,651,491)	$ (16,174,076)	$ (17,936,882)	$ (16,494,582)	$ (12,695,846)	$ (19,051,002)
Capital Grants	7,135,567	24,761,575	10,233,655	23,467,700	30,061,872	4,457,864	7,814,792	22,739,045	25,309,346	28,767,615
Change in Net Position	**$ (13,469,474)**	**$ 10,687,200**	**$ (3,850,666)**	**$ 5,416,104**	**$ 13,410,381**	**$ (11,716,212)**	**$ (10,122,090)**	**$ 6,244,463**	**$ 12,613,500**	**$ 9,716,613**

Financial Trends
Capital Expenditures by Type
2014 - 2023

Exhibit 4

Fiscal Year	Facilities	Fleet	Customer Amenities	AVL, Farebox & Radio Equipment	Furniture & IT Equipment	Shop & Garage Equipment	Total
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
2016	428,727	6,722,168	961,882	177,299	1,739,603	203,976	10,233,655
2017	1,562,076	10,528,848	1,039,431	146,183	1,406,411	34,751	14,717,700
2018	283,004	26,615,064	1,401,501	680,162	982,787	99,354	30,061,872
2019	803,460	1,345,520	537,589	57,250	1,467,834	246,211	4,457,864
2020	938,428	5,299,359	118,921	67,675	1,216,180	174,229	7,814,792
2021	17,633,745	3,119,591	466,358	14,739	1,483,243	21,369	22,739,045
2022	4,599,349	18,913,838	223,786	-	1,571,573	800	25,309,346
2023	12,290,833	12,136,577	674,815	-	3,130,584	534,806	28,767,615

Revenue Capacity
Operating Subsidy Sources
2014 - 2023

Exhibit 5

	Prop A Funds City of Long Beach	Prop A Discretionary Funds L.A. County	Prop C Measure M & R Funds L.A. County	State Assistance	Federal Preventive Maintenance Program	Federal COVID-19 Assistance	Other Sources	Total
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
2016	5,190,603	12,680,667	11,628,614	24,914,119	5,325,398	-	1,964,121	61,703,522
2017	5,572,292	14,174,567	15,572,050	24,402,408	4,327,990	-	1,302,347	65,351,654
2018	5,924,407	12,648,905	19,954,759	23,689,180	7,846,063	-	547,983	70,611,297
2019	6,170,100	10,944,646	25,081,880	29,795,924	3,158,764	-	1,002,669	76,153,983
2020	6,008,758	12,598,998	25,909,558	33,950,870	2,757,676	-	803,143	82,029,003
2021	6,190,887	10,148,508	19,555,074	25,747,982	500,000	29,203,837	640,525	91,986,813
2022	6,610,018	15,623,473	26,595,235	29,367,503	-	14,159,497	2,127,462	94,483,188
2023	6,515,894	16,493,649	34,954,742	32,452,380	100,000	7,050,002	2,758,696	100,325,363

Revenue Capacity
Fare Recovery Percentage
2014 - 2023

Exhibit 6

Year	Percentage
2014	22.5
2015	21.1
2016	21.1
2017	18.9
2018	17.1
2019	15.3
2020	10.9
2021	0.2
2022	6.9
2023	8.1

Fare recovery percentage represents passenger fares and special event revenue divided by operating expenses before depreciation.

Note: As part of LBT's COVID-19 response, LBT did not enforce fare collection from March 25, 2020 until September 19, 2021. This resulted in a lower fare recovery percentage.

Revenue Capacity
Fare History
2014 - 2023

Exhibit 7

Fixed Route Service:		
Cash Fares:		
Regular	$	1.25
Student		1.25
Senior and Disabled		0.60
Interagency transfer		0.50
UCLA Commuter Express		4.00
UCLA Commuter Express Senior & Disabled		2.00
Day Pass:		
Regular	$	4.00
Senior and Disabled		2.50
UCLA Commuter Express		7.00
UCLA Commuter Express Senior & Disabled		3.50
5 - Day Pass:		
Regular	$	18.00
Senior and Disabled		9.00
Monthly Pass:		
Regular	$	65.00
Student		40.00
Senior and Disabled		24.00
UCLA Commuter Express		120.00
CSULB Pass:		
Go Beach! 150-day pass	$	100.00
Go Beach! 30-day pass		40.00
Dial-A-Lift Service:		
Cash Fare	$	2.00
Water Taxi:		
AquaBus	$	1.00
AquaLink		5.00

Demographic and Economic Information — Exhibit 8

City of Long Beach
Demographic Statistics
2014 - 2023

Fiscal Year Ended June 30	Estimated Population (A)	Public School Enrollment (B)	Unemployment Rate (C)
2014	469,428	81,155	8.6
2015	473,577	79,709	6.8
2016	474,140	77,812	5.7
2017	480,173	76,428	5.3
2018	478,561	74,681	5.1
2019	475,984	73,221	4.6
2020	472,802	72,002	19.6
2021	467,730	69,708	9.4
2022	460,682	67,573	4.7
2023	458,222	65,826	4.6

Sources:

(A) California Department of Finance.

(B) California Department of Education Educational Demographic Unit. Annual school census from Long Beach Unified School District for preschool, grades kindergarten through 12.

(C) Average annual rate reported by Bureau of Labor Statistics.

* Personal Income and Per Capita Personal Income have been removed due to data not being available since 2018.

Demographic and Economic Information — Exhibit 9
City of Long Beach
Principal Employers
Most Recent Year Available and Nine Years Prior

Employer	2022 Number of Employees	Percentage of Total City Employment	2013 Number of Employees	Percentage of Total City Employment
Long Beach Unified School District	12,049	5.10%	10,389	4.31%
City of Long Beach	5,395	2.28%	5,028	2.09%
Long Beach Memorial Medical Center	4,950	2.09%	5,693	2.36%
Veteran Affairs Medical Center	3,524	1.49%	2,413	1.00%
California State University, Long Beach (CSULB)	3,336	1.41%	2,679	1.11%
Long Beach City College	3,321	1.41%	2,137	0.89%
The Boeing Company	2,019	0.85%	5,042	2.09%
St. Mary Medical Center	1,547	0.65%	1,200	0.50%
CSULB Research Foundation	1,261	0.53%	1,464	0.61%
Molina Healthcare Inc.	1,119	0.47%	841	0.35%

Source: (1) Department of Financial Management Accounting and Business License via City of Long Beach
(2) State of California Employment Development Department Labor Market Info for 2013 and 2022 via City of Long Beach.

Operating Information — Exhibit 10
Key Performance Indicators
2014 – 2023

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fixed Route										
Operating Cost Per Vehicle Service Hour	$ 115.04	$ 115.40	$ 112.67	$ 114.57	$ 120.98	$ 127.44	$ 153.72	$ 186.40	$ 171.20	$ 173.66
Operating Cost Per Passenger	$ 2.69	$ 2.85	$ 2.94	$ 3.22	$ 3.65	$ 3.98	$ 5.23	$ 6.60	$ 5.81	$ 6.66
Roadcalls	2,243	2,163	1,912	1,897	2,367	2,021	1,552	1,423	1,398	1,514
Mean Distance Between Failures	3,413	3,572	4,040	4,222	3,409	4,071	4,577	3,988	4,794	4,813
Total Accidents	1,026	912	999	938	871	784	589	456	574	592
Preventable Accidents	101	126	103	99	94	101	73	51	82	97
Preventable Accidents Per 100,000 Miles	1.36	2.07	1.34	1.29	1.22	1.26	1.08	0.95	1.27	1.38
Passengers per Vehicle Service Hour	42	40	37	35	33	32	29	28	29	26
On-Time Performance	77.4%	78.5%	85.2%	86.7%	85.7%	84.7%	84.6%	88.8%	86.4%	85.3%
Number of Vehicles	248	249	249	249	249	249	249	249	249	249
Number of Employees	729	723	728	727	746	745	743	743	727	737
Special Services										
Dial-A-Lift Cost Per Passenger	$ 20.60	$ 19.36	$ 18.34	$ 18.90	$ 20.19	$ 27.12	$ 35.77	$ 65.10	$ 54.62	$ 57.51
Dial-A-Lift Passengers Per Service Hour	5.1	5.7	4.8	2.1	1.8	1.6	1.6	1.4	1.5	1.5
Number of Dial-A-Lift Vehicles	13	15	12	10	10	10	10	10	10	10
Water Taxi Cost Per Passenger[1]	$ 12.69	$ 11.27	$ 10.94	$ 9.03	$ 9.32	$ 10.17	$ 11.48	$ 53.60	$ 18.88	$ 15.78
Water Taxi Passengers Per Vehicle Service Hour[1]	16.32	16.11	19.02	18.99	19.15	19.49	19.01	39.73	18.05	24.59
Number of Water Taxi Vessels	4	4	4	4	4	4	4	4	4	4

[1] Results for FY 2021 were impacted by pandemic-related service suspension.

Operating Information — Exhibit 11
Customer Satisfaction Trends
2013 - 2023

Service Element	% of Customers Rating Favorably									
	2013	2014	2015	2016	2017	2018	2019	2020	2022	2023
LBT Overall	97	97	90	96	93	98	98	97	95	95
LBT Compared to Others	95	91	**	**	**	**	**	**	**	**
Operator Appearance	99	98	92	98	98	99	98	94	94	94
Fares	91	92	90	94	93	90	95	88	91	92
Operator Courtesy	94	91	91	95	95	99	96	93	95	93
Operator Safety	99	92	90	98	97	99	99	95	95	95
On Board Safety	97	95	86	90	**	**	**	**	**	**
Route Convenience	98	95	90	95	94	94	96	91	89	91
Information Available	95	92	86	92	91	89	90	87	90	88
Telephone Information	89	86	83	91	88	93	91	82	88	89
Bus Stop Safety	95	92	84	78	**	**	**	**	**	**
Bus Stop Convenience	97	97	89	95	94	95	94	88	91	87
Schedule Reliability	89	84	83	89	88	93	90	83	86	85
Bus Cleanliness	95	95	85	88	91	90	91	88	89	84
Bus Stop Cleanliness	91	92	87	86	88	88	82	81	84	78

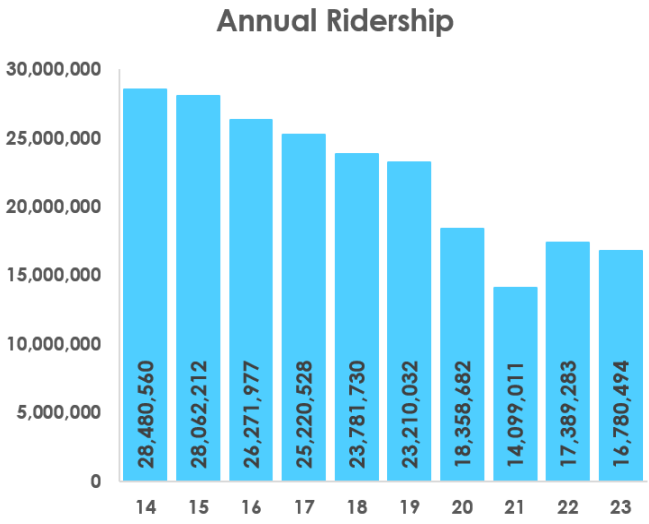
Note: Due to the COVID-19 Pandemic, LBT did not conduct a Customer Satisfaction Survey in FY 2021.

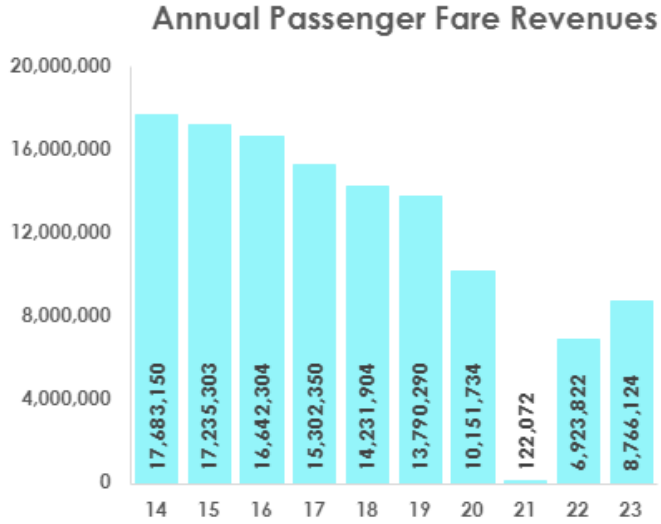
Source: Annual customer survey.

** Not surveyed

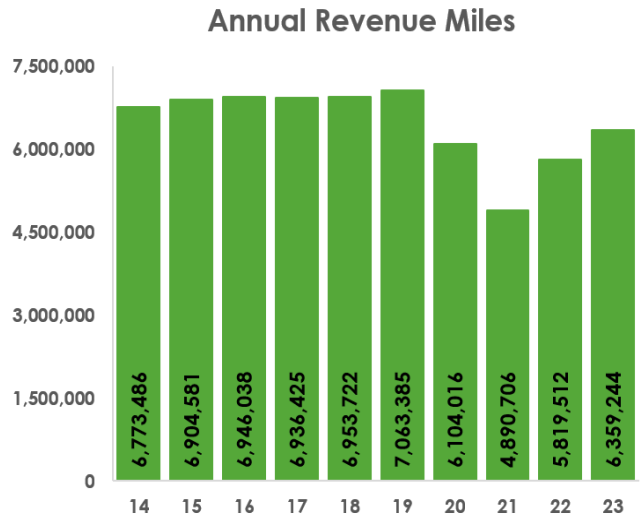
Operating Information
Fixed Route Statistics
2014 - 2023

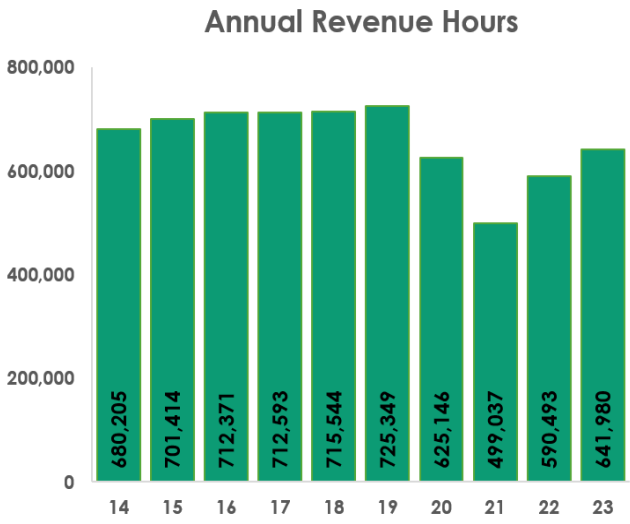
Exhibit 12





LBT had a decrease of ridership from FY 2022 to FY 2023, with 17.4 million boardings on LBT buses in FY 2022 to 16.8 million boardings on LBT buses in FY 2023. The 16.8 million boardings represented a 3.5% decrease from the previous year. The slight decrease in ridership is due to the above normal rainfall in Southern California during the winter season. Total rainfall reached 21.27 inches in FY 2023. This is 13.91 more inches than in FY 2022. The increase in fare revenue from $6.9 million in FY 2022 to $8.8 million in FY 2023 can be attributed to resuming fare collection in mid-September 2021, and thus only collecting fare for about nine months in FY 2022.

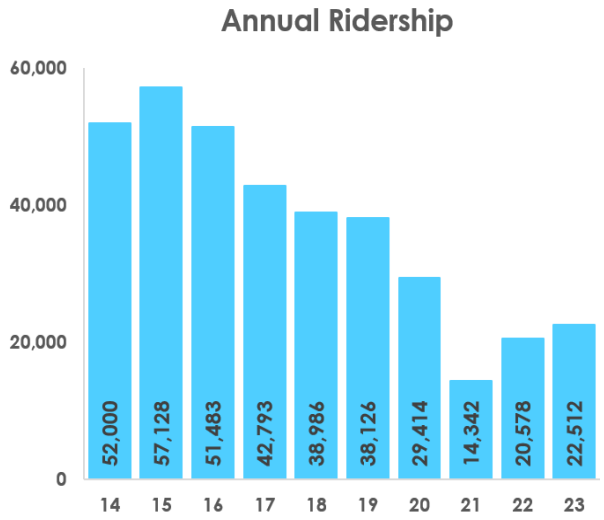


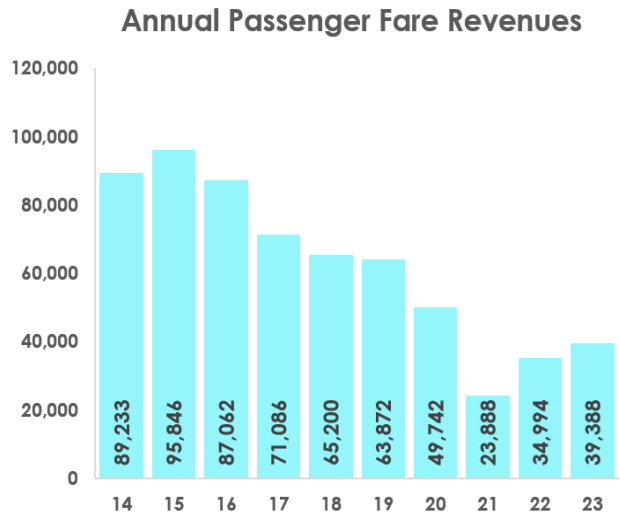


Source: Long Beach Transit's Annual National Transit Database Report

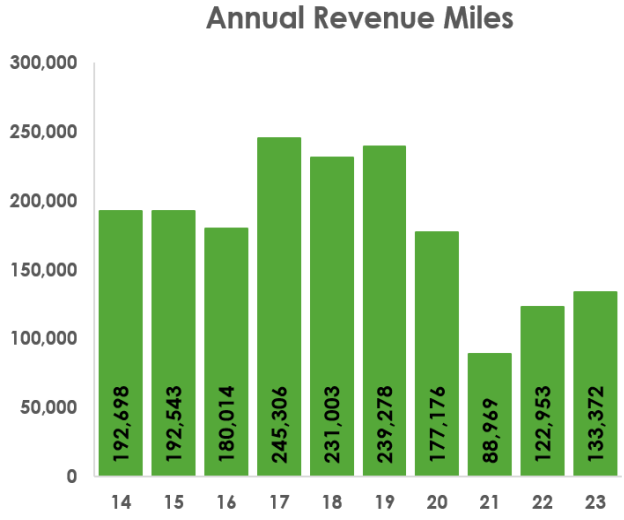
Operating Information
Dial-A-Lift Statistics
2014 - 2023

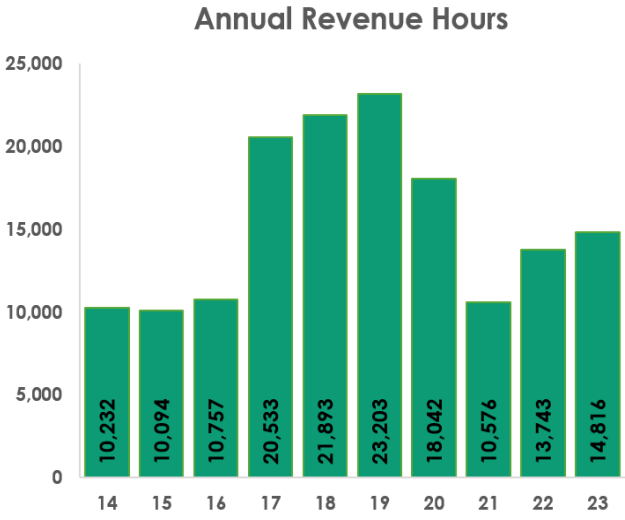
Exhibit 13





Dial-A-Lift had a 9.4% increase in ridership in FY 2023. The ridership increase is attributed in large part to the continued recovery from the pandemic and new riders using the service. The Dial-A-Life service is operated by a private contractor who provides Dial-A-Life vehicle trips.

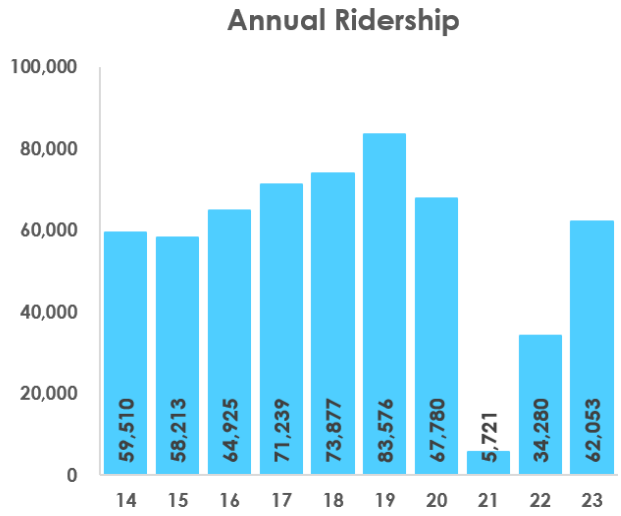


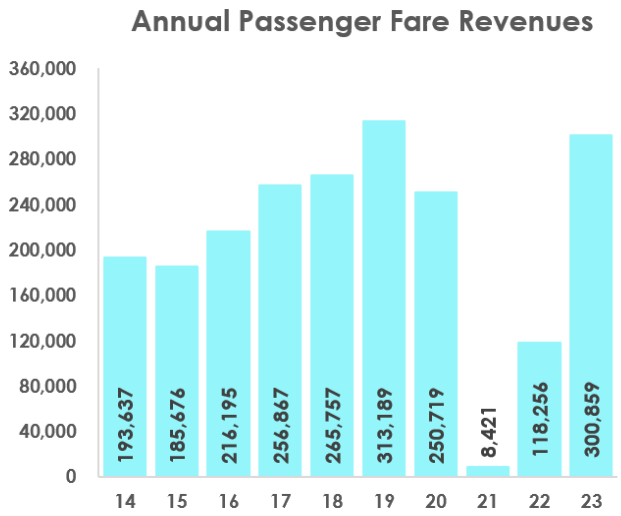


Source: Long Beach Transit's Annual National Transit Database Report

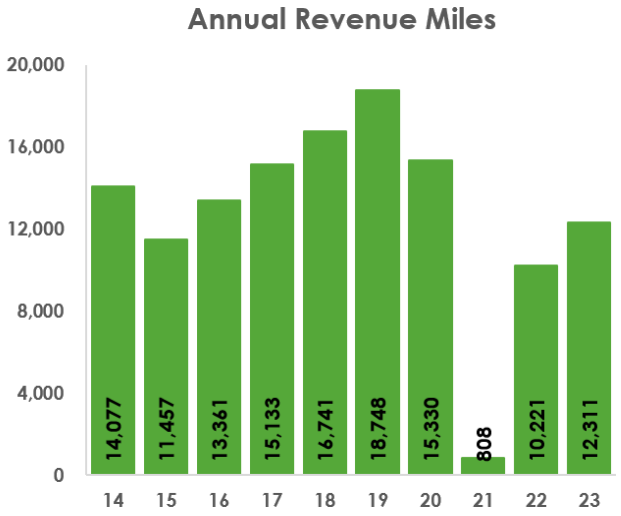
Operating Information
Water Taxi Statistics
2014 - 2023

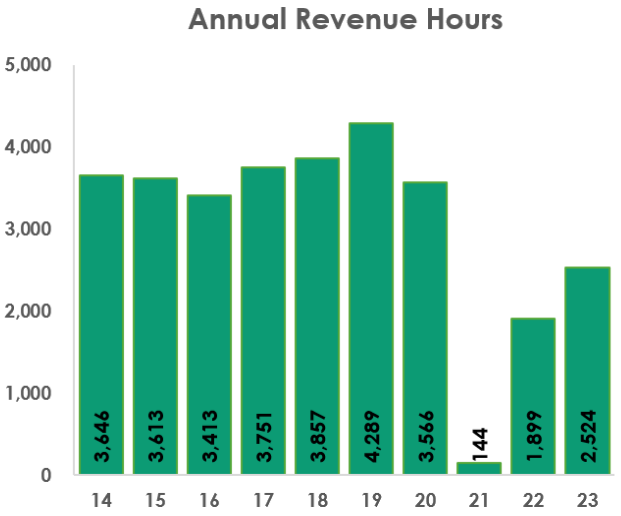
Exhibit 14





Water Taxi ridership increased 81.0% and revenues increased 154.4% in FY 2023. The water taxis ran weekend service (Friday, Saturday, and Sunday) from September 9, 2022 to May 21, 2023. Starting Memorial Day Weekend and running through June 30, 2023, service on the AquaLinks was increased to seven days. Customers boarding the Water Taxi via mobile app helped to increase ridership due to ease of purchasing a ticket.





Source: State Controller's Report

Operating Information — Exhibit 15
Schedule of Insurance in Force
June 30, 2023

Program	Expiration	Term	Agency	Amount/Limit
LIABILITY				
A. Public Entity Liability				
	07/1/24	1 yr	Princeton Excess & Surplus Lines Insurance Co.	$5,000,000 Excess of $3,000,000 SIR
B. Public Entity Management Liability				
	02/21/24	1 yr	Ironshore Specialty Insurance Co.	$3,000,000 - Each Claim and in the Aggregate $50,000 - Retention for Each Claim $150,000 - Management Liability/Public Liability for Each Claim
C. UST Insurance - Storage Tank Liability				
	04/1/24	1 yr	Liberty Surplus Insurance Corp.	$2,000,000 - Per Pollution Incident $3,000,000 - Aggregate Limit $2,000,000 - Aggregate Claims Expense Limit Per Schedule on File - Deductible Per Claim
D. Excess Liability				
	07/1/24	1 yr	Allied World National Assurance Co.	$5,000,000 - Excess of $3,000,000 SIR
COMMERCIAL PROPERTY				
	04/1/24	1 yr	Travelers Property Casualty Co.	$83,534,905 - Buildings $43,324,000 - Business Personal Property (includes $20,000,000 Buses in yard) $1,208,068 - Extra Expense $5,000,000 - Earthquake Sprinkler Leakage $2,500 - Deductible per occurrence $50,000 - Deductible for Buses $50,000 - Deductible per Earthquake Sprinkler Leakage $5,000 - Deductible Personal Property in Transit

WORKERS' COMPENSATION

07/1/24	1 yr	Safety National Casualty Corp.	$1,500,000 - SIR WC limit each accident: Statutory $2,000,000 - Employer's Liability per occurrence

CRIME POLICY

11/1/23	1 yr	The Hartford Fire Insurance Co.	$1,000,000 - Employee Theft $1,000,000 - Inside the Premises (Money, Securities and Other Property) $1,000,000 - Computer and Funds $50,000 - Money Orders & Counterfeit Currency $20,000 Deductible (Employee Theft) $5,000 - Deductible For All Other Claims

FELONIOUS ASSAULT POLICY

07/1/26	3 yr	Federal Insurance Co.	$100,000 – Life Insurance Policy Covering Death as a Result of an Assault on the Job, Article 31, LBT/ATU 1277 CBA

FIDUCIARY LIABILITY

11/1/23	1 yr	Federal Insurance Co.	$ 3,000,000 - Each Loss $ 3,000,000 - Each Policy Period $ 10,000 - Deductible

CYBER LIABILITY

07/1/24	1 yr	Palomar Excess and Surplus Ins. Co.	$5,000,000 - Aggregate Limit of Liability $100,000 - Deductible Per Claim

ENVIRONMENTAL LEGAL LIABILITY

06/21/24	2 yr	Aspen Specialty Insurance Co.	$5,000,000 - Pollution Incident Limit $5,000,000 - Aggregate Limit of Liability $25,000 - Per Incident Deductible

Source: Long Beach Transit's Risk Management Department

Operating Information **Exhibit 16**

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

	FREQUENCY OF SERVICE						DAILY HOURS OF OPERATION		
	Peak/Base (5am - 6pm)			Evening/Night (after 6pm)					
Route	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday
1	40 min	40/60 min	45 min	40 min	60 min	45 min	520A - 750P	730A - 820P	645A - 820P
2	40 min	40 min	--	40 min	--	--	503A - 730P	1018A - 600P	--
4	40 min	40 min	--	40 min	--	--	515A - 743P	1038A - 541P	--
8	40 min	40 min	--	40 min	--	--	510A - 747P	1030A - 544P	--
20	15/20 min	20 min	20 min	20/30 min	20/30 min	20/30 min	500A - 1109P	500A - 1115P	500A - 1115P
40	10 min	15/20 min	15/20 min	10/15/30 min	20/30 min	20/30 min	455A - 1055P	505A - 1056P	505A - 1056P
50	15 min	20 min	20 min	15/20/30 min	20/30 min	30 min	459A - 1115P	500A - 1055P	500A - 1100P
60	15 min	20 min	20 min	15/20/30 min	20/30 min	20/30 min	500A - 1055P	505A - 1055P	505A - 1055P
70	40 min	45 min	45 min	40 min	45 min	45 min	603A - 815P	617A - 812P	617A - 812P
90*	10/12 min	20 min	20 min	15/20/30 min	20/30 min	20/30 min	500A - 1059P	505A - 1102P	505A - 1101P
96 'ZAP'	--	--	--	--	--	--	--	--	--
101/103	20 min	20/40 min	20/40 min	30 min	40 min	40 min	458A - 1045P	550A - 805P	550A - 805P
102/104	30 min	60 min	60 min	30 min	--	--	454A - 857P	648A - 725P	650A - 725P
110	30 min	30 min	30 min	30 min	30/60 min	30 min	505A - 856P	505A - 857P	605A - 855P
121	20 min	30 min	30 min	20/30 min	30 min	30 min	502A - 1108P	505A - 1100P	502A - 1100P
131	45 min	--	--	--	--	--	525A - 646P	--	--
141	22 min	60 min	60 min	25/45 min	60 min	60 min	432A - 1047P	505A - 1036P	505A - 1045P
151	40 min	40 min	40 min	40 min	40 min	40 min	552A - 853P	552A - 854P	552A - 854P
170	15 min	15/30 min	15/30 min	20/30 min	30 min	30 min	500A - 1100P	503A - 1057P	503A - 1059P
171/175*	20 min	45 min	45 min	20/30 min	60 min	60 min	510A - 1100P	658A - 1010P	658A - 1010P
176	--	--	--	--	--	--	--	--	--
181	60 min	60 min	60 min	60 min	60 min	60 min	607A -900P	604A - 855P	604A - 855P
182	60 min	60 min	60 min	60 min	60 min	60 min	605A - 825P	605A - 823P	605A - 823P
190	15 min	20 min	20 min	15/20/30 min	20/30 min	20/30 min	500A - 1102P	505A - 1113P	505A - 1113P
405	6 trips: (3) AM (3) PM			--	--	--	517A - 830A, 330P - 725P	--	--
Passport									
Passport	--	--	--	--	--	--	--	--	--

Source: Long Beach Transit's Service Planning Department

* 92,93,102 and 175 operate on weekdays only

Pension Information
Employer and Employee Pension Contributions
2014 – 2023

Exhibit 17

Fiscal Year Ended June 30	Employer Contribution*	Employee Contribution	Covered Payroll	Contribution as a Percentage of Payroll
Contract Plan				
2014	3,326,307	1,437,006	27,266,377	17.47
2015	3,067,778	1,643,452	25,321,405	18.61
2016	3,439,288	1,754,192	29,787,114	17.44
2017	3,877,435	2,141,425	30,447,872	19.77
2018	4,054,711	2,461,892	31,093,861	20.96
2019	4,488,508	2,677,045	30,624,368	23.40
2020	4,357,936	2,810,418	31,946,238	22.44
2021	4,341,170	2,716,208	30,014,658	23.51
2022	3,667,102	2,204,920	32,022,263	18.34
2023	4,148,988	2,540,648	33,739,794	19.83
Salaried Plan				
2014	2,847,508	436,748	6,924,729	47.43
2015	4,758,243	402,617	6,380,468	80.89
2016	4,270,185	365,367	6,023,124	76.96
2017	2,790,134	340,086	5,186,888	60.35
2018	2,602,155	320,450	4,858,664	60.15
2019	3,111,520	322,305	4,782,843	71.79
2020	1,596,044	319,542	4,589,323	41.74
2021	1,826,321	308,205	4,869,172	43.84
2022	1,026,804	288,286	3,923,681	33.52
2023	1,372,885	279,383	4,133,179	39.98

* 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, 2023.
These financial statements are prepared under separate cover and contain additional trend information.

Pension Information

Exhibit 18

Pension Revenues by Source and Expenses by Type
2014 – 2023

Fiscal Year Ended June 30	Revenues by Source				Expenses by Type			
	Employer and Employee Contributions	Benefit transfer	Investment Return	Total	Administrative Expenses	Benefit Payments	Benefit transfer	Total
Contract Plan								
2014	4,763,313	-	5,113,555	9,876,868	323,518	4,326,353	241,886	4,891,757
2015	4,711,230	29,872	(569)	4,740,533	349,496	4,881,029	30,160	5,260,685
2016	5,193,480	-	(407,799)	4,785,681	325,026	3,182,794	17,501	3,525,321
2017	6,018,860	-	4,919,899	10,938,759	376,137	4,615,902	255,041	5,247,080
2018	6,516,603	-	2,807,077	9,323,680	380,134	5,626,291	37,663	6,044,088
2019	7,165,553	-	1,715,995	8,881,548	364,631	3,859,763	-	4,224,394
2020	7,168,354	-	207,350	7,375,704	364,995	3,912,892	-	4,277,887
2021	7,057,378	-	16,154,417	23,211,795	418,494	4,763,085	-	5,181,579
2022	5,872,022	-	(8,899,439)	(3,027,417)	345,479	8,536,535	-	8,882,014
2023	6,689,636	-	6,677,060	13,366,696	353,520	5,760,706	428,919	6,543,145
Salaried Plan								
2014	3,284,256	241,886	1,750,047	5,276,189	142,202	2,342,868	-	2,485,070
2015	5,160,860	30,160	(11,557)	5,179,463	167,173	1,818,412	29,872	2,015,457
2016	4,635,552	17,501	(194,989)	4,458,064	167,603	1,332,112	-	1,499,715
2017	3,130,220	255,041	2,277,537	5,662,798	203,559	3,003,925	-	3,207,484
2018	1,915,586	37,663	1,376,782	3,330,031	199,961	1,503,429	-	1,703,390
2019	1,915,586	-	777,683	2,693,269	187,683	951,414	-	1,139,097
2020	1,915,586	-	84,624	2,000,210	197,584	1,302,936	-	1,500,520
2021	2,134,526	-	7,332,880	9,467,406	213,196	2,902,046	-	3,115,242
2022	1,315,090	-	(3,870,501)	(2,555,411)	174,009	3,020,182	-	3,194,191
2023	1,652,268	428,919	1,919,001	4,000,188	174,592	3,517,783	-	3,692,375

Source: Contract and Salaried pension plan financial statements for the year ended June 30, 2023.
These financial statements are prepared under separate cover and contain additional trend information.

Grant Information
Capital Grant History
Federal Grants 2014 - 2023

Exhibit 19

FTA Grants	Authorized Amount	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
CA-90-Y652	13,051,167	428,257	175,263	41,956							
CA-90-Y731	14,960,635	71,168	5,361								
CA-04-0134	1,783,466	71,421	41,184								
CA-90-Y798	13,994,380	312,347	829,421	11,026	2,344			37,584	15,744	2,551,689	
CA-90-Y880	15,774,862	2,525,909	86,464	40,244	33,223	1,935,227	21,716	6,425		3,179,570	
CA-04-0184	2,863,280	387,690	330,469	5,296	70,224						
CA-88-0004	6,700,000	193,185	88,283	237,053	4,213,586	1,677,736	66,432				
CA-90-Y957	16,248,527	2,605,970	5,748,917	46,226	112,598	6,552,428	127,859	6,259			
CA-90-Z053	17,391,081	773,241	3,102,621	6,504,828	44,927	455,784	96,488	144,629	228,552	480,576	5,082,555
CA-90-Z120	20,701,104	49,875	10,518,828	1,438,564	1,254,135	1,812,501	868,012	961,781	120,704	673,711	1,138,737
CA-58-0015	2,000,000		2,000,000								
CA-90-Z232	14,113,447			1,622,069	5,264,836	4,829,286	302,859	313,058	331,970	171,349	783,501
CA-2016-049	20,731,551				1,314,496	9,911,532	498,404	723,164	1,009,748	398,298	3,570,878
CA-2017-150	17,837,931					2,069,639	3,258,119	824,468	141,674	849,925	1,386,139
CA-37-X100	437,730					426,335	11,395				
CA-2018-127	1,172,867						17,326		33,673		
CA-2019-085	200,558								77,686	15,861	48,749
CA-2019-088	17,095,459							1,925,532	278,827		100,000
CA-2020-053	30,004,904									17,009	154,797
CA-2020-171	1,206,518									6,950	10,668
CA-2020-179	29,203,837								29,203,837		
CA-2021-142	11,500,835										141,245
CA-2021-240	26,671,160									14,702,076	7,052,856
	TOTAL	$ 7,419,063	$ 22,926,811	$ 9,947,262	$ 12,310,369	$ 29,670,468	$ 5,268,610	$ 4,942,900	$ 31,442,415	$ 23,047,014	$ 19,470,125

Grant Information
Capital Grant History
State Grants 2014 - 2023

Exhibit 20

State Grants	Authorized Amount	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
STA 11	580,795	248,972									
1B PTMISEA	22,170,051	20,924	1,990,351	299,786	1,780,966	1,883,455	508,411	93,396	9,734,680		
1B SEC	3,952,019	374,050	274,793	644,369	84,411	22,254	204,910	401,085	314,689	130,893	586,131
LCTOP 16	533,759						483,236	26,081	24,442		
LCTOP 21	436,239										
SB1-SGR18	925,973									925,020	
SB1-SGR19	1,031,783									995,359	(266,891)
SB1-SGR20	1,074,836									552,713	
SB1-SGR21	1,024,004										895,468
SB1-SGR22	898,084										
TDA-23	8,644,881										1,356,576
TIRCP 18	3,951,167									3,224,087	
TIRCP 20	6,451,000										
TOTAL		$ 643,946	$ 2,265,144	$ 944,155	$ 1,865,377	$ 1,905,709	$ 1,196,557	$ 520,562	$ 10,073,811	$ 5,828,072	$ 2,571,284

Grant Information
Capital Grant History
Local Grants 2014 - 2023

Exhibit 21

Local Grants	Authorized Amount	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Prop C-CA-90-Y652	2,030,062	107,052	43,821	9,366							
Prop C-CA90-Y731	3,604,442	17,792	2,837								
Prop C FY 10	351,120					229,189	11,757	173			
Prop C FY 11	3,825,903	702,307	341,032	339,043	105,434			9,567	9,567		
Prop C-CA-90-798	2,762,272	78,086	107,922	2,693	586			9,396	3,936		
Prop C-CA-04-134	312,540	17,855	10,297								
Prop C-CA-04-184	860,720	125,882	109,267	1,324	17,254						
Prop C FY 12	2,818,242	928,199	324,026	303,876	104,107	54,336			114,642	78,212	
Prop C FY 13	3,242,178	328,881	1,747,453	551,216	357,117	28,235	29,979	68,930	24,447		
Prop C-CA-88-0004	876,429	82,791	35,027	85,464	443,083	132,474	24,361				
Prop C-CA-90-Y957	2,864	701	265	841	177						
Prop C FY 14	2,693,659	61,119	499,668	429,482	708,945	624,427	17,104	51,684	203,671	97,592	
Prop C-CA-90-Y880	2,252	927	1,325								
Prop C FY 15	4,017,167		658,270	1,117,119	990,459	185,851	242,819	336,250	165,644	130,897	191,849
Prop C-CA-90-Z053	942,340		3,305	5,799	706	71,351	7,638		(1,639)	20,245	752,994
Prop C-CA-90-Z120	1,204,244		890,691	150,106	86,122	2,098	934	(934)	23,058	40,518	
Prop C FY 16	4,173,683			92,683	610,084	121,131	283,782	386,182	2,622,919	11,509	45,382
Prop C-CA-90-Z232	90,824				36,827	46,848	5,203				1,824
Prop C-CA-2016-049	2,031,274					608,052			52		785,925
Prop C-CA-37-X100	109,433					106,583	2,850				
Prop C-CA-2017-150	9,421								1,260	425	367
Prop C-CA-2018-127	6,600										
Prop C-CA-2019-085	35,574								19,421	3,965	12,187
Prop C-CA-2020-053	223,825									4,027	1,719
Prop C FY 17	4,340,125					14,715	82,412	216,264	718,289	1,109,905	1,892,967
Prop C FY 18	4,492,599					551,683	427,283	665,083	243,289	721,694	1,138,721
Prop C FY 19	4,434,755						112,288	2,921,888	452,668	372,276	242,829
Prop C FY 20	4,700,414								971,452	1,224,749	2,413,700
Prop C FY 21	2,151,875								930,227	854,966	301,907
Prop C FY 22	4,685,701									2,869,514	471,064
Prop C-TIRCP-18-3	26,250									26,250	
Prop C-CA-2021-142	285,500										
Prop C FY 23	4,685,866										3,750,899
TOTAL		$ 2,451,592	$ 4,775,206	$ 3,089,012	$ 3,460,901	$ 2,776,973	$ 1,248,410	$ 4,664,483	$ 6,502,903	$ 7,566,744	$ 12,004,334

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LONG BEACH TRANSIT

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In Memory of

LaVerne A. David

Executive Director/VP, Employee & Labor Relations

Years of Service: 1998 – 2020

INFORMATION ITEM

Fiscal Year 2023 Single Audit Report

STAFF REPRESENTATIVE

Jenifer Maxwel, Manager, Capital Programs

BACKGROUND

Long Beach Transit's (LBT) Single Audit, also known as A-133, is required for all entities that expend $750,000 or more in federal awards during the fiscal year. The objective of the audit is to test internal control over compliance with major federal program requirements and determine whether the entity is in compliance with laws, regulations, and grant requirements that may have a direct and material effect on its major federal awards.

This report also includes an audit report on LBT's compliance with the rules and regulations of the Transportation Development Act (TDA).

The Single Audit was performed by Windes, Inc., and includes the following:

- Internal control over financial reporting, compliance and other matters based on an audit of financial statements performed in accordance with Government Auditing Standards
- Compliance for each major federal program and internal control over compliance required by the Uniform Guidance
- Compliance with the State of California TDA

LBT's Fiscal Year (FY) 2023 Single Audit Report is completed in accordance with the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. This report accompanies LBT's audited financial statements presented in the FY 2023 Annual Comprehensive Financial Report (ACFR).

STAFF RECOMMENDATION

Not applicable. Information only item.

Kenneth A. McDonald
President and Chief Executive Officer

Attachment

Long Beach Transit

Single Audit Reports and Grant Activity Reports

For the year ended June 30, 2023.







LONG BEACH PUBLIC TRANSPORTATION COMPANY
SINGLE AUDIT AND GRANT ACTIVITY REPORTS
YEAR ENDED JUNE 30, 2023

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LONG BEACH PUBLIC TRANSPORTATION COMPANY

Principal Officials

Board of Directors

David Sutton	Chair of the Board
Abigail Mejia	Vice Chair
Vacant	Secretary/Treasurer
Eduardo Angeles	Board Member
Raul Anorve	Board Member
Colleen Bentley	Board Member
Randy Rawlings	Board Member
Tunua Thrash-Ntuk	Board Member
Joshua Hickman	City Representative – Non-Voting, City of Long Beach
Christopher Koontz	City Representative – Non-Voting, City of Long Beach

Executive Leadership Team (ELT)

Kenneth A. McDonald	President and Chief Executive Officer
Lilia Montoya	Deputy Chief Executive Officer
Lisa Patton	Executive Director/VP, Finance and Budget
Lee Burner	Executive Director/VP, Transit Service Delivery and Planning
James Scott	Executive Director/VP, Maintenance and Infrastructure
Elizabeth Brown	Executive Director/VP, Organizational Development and Administration
Patrick Pham	Executive Director/VP, Information Technology
Michael Gold	Executive Director/VP, Customer Relations and Communications

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

To the Board of Directors of
Long Beach Public Transportation Company

We have audited, in accordance with the 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, the financial statements of Long Beach Public Transportation Company (a nonprofit organization), which comprise the statement of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Long Beach Transportation Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Long Beach Transportation Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Windes, Inc.

Long Beach, California
December 21, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Long Beach Public Transportation Company

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Long Beach Public Transportation Company's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Long Beach Public Transportation Company's major federal programs for the year ended June 30, 2023. Long Beach Public Transportation Company's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Long Beach Public Transportation Company complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Long Beach Public Transportation Company and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Long Beach Public Transportation Company's compliance with the compliance requirements referred to above.

Management's Responsibility for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Long Beach Public Transportation Company 's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Long Beach Public Transportation Company's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Long Beach Public Transportation Company's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Long Beach Public Transportation Company 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Long Beach Public Transportation Company's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Long Beach Public Transportation Company's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Long Beach Public Transportation Company as of and for the year ended June 30, 2023, and have issued our report thereon dated December 21, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Windes, Inc.

Long Beach, California
December 21, 2023

Schedule 1

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Federal Expenditures
U. S. Department of Transportation		
Federal Transit Administration		
CA-90-Z053	20.507	$ 5,082,554
CA-90-Z120	20.507	1,138,737
CA-90-Z232	20.507	790,795
CA2016-049	20.507	3,570,878
CA2017-150	20.507	1,388,358
CA2019-088	20.507	100,000
CA2020-053	20.507	154,797
CA2021-142	20.507	141,245
CA2021-240	20.507	7,052,856
		19,420,220
CA2019-085	20.205	48,749
CA2020-171	20.526	10,668
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 19,479,637

See accompanying notes to the Schedule of Expenditures of Federal and Non-Federal Awards and accompanying Independent Auditors' Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Notes to the Schedule of Expenditures of Federal and Non-Federal Awards
Year Ended June 30, 2023

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of Federal financial assistance programs of the Long Beach Public Transportation Company.

(2) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the award activities of Long Beach Public Transportation Company under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Long Beach Public Transportation Company, it is not intended to and does not present the financial position, changes in net position, or cash flows of Long Beach Public Transportation Company.

(3) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Long Beach Public Transportation Company has elected not to use the 10 percent de minis indirect cost rate allowed under the Uniform Guidance.

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

The auditors' report expressed an unmodified opinion on whether the financial statements on Long Beach Public Transportation Company were prepared in accordance with generally accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – No
3. Noncompliance material to financial statements noted? – No

Federal awards

Internal control over major programs

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Type of auditors' report issued on compliance for major programs? – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – No
5. Identification of major programs: Federal Transit Cluster (Assistance Listing No. 20.507)
6. Dollar threshold used to distinguish between type A and type B programs was $750,000.
7. Auditee qualified as low-risk auditee? – Yes

SECTION II – FINDINGS - FINANCIAL STATEMENTS AUDIT

None

SECTION III – FINDING AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

INDEPENDENT AUDITORS' REPORT ON THE LONG BEACH PUBLIC TRANSPORTATION COMPANY'S COMPLIANCE WITH THE STATE OF CALIFORNIA TRANSPORTATION DEVELOPMENT ACT

To the Board of Directors of
Long Beach Public Transportation Company

We have audited the financial statements of Long Beach Public Transportation Company as of and for the year ended June 30, 2023 and 2022, and have issued our report thereon, dated December 21, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

Schedule of State of California Expenditures of Awards

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

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

Windes, Inc.

Long Beach, California
December 21, 2023

Schedule 2

LONG BEACH PUBLIC TRANSPORTATION COMPANY

State of California Expenditures of Awards
Year Ended June 30, 2023

State Grantor/Pass-Through Grantor/Program or Cluster Title	State Expenditures
State of California	
SB-325	
LTF Art. 4	$ 23,048,928
TDA Capital	1,356,576
STA & SB1-STA	9,150,441
SB1-SGR	628,577
LCTOP Operating	238,475
TIRCP	14,534
Bond SEC	8,114
TOTAL EXPENDITURES OF STATE AWARDS	$ 34,445,645

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

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Notes to the Schedule of State of California Expenditures of Awards
Year Ended June 30, 2023

(1) General

The accompanying Schedule of State of California Expenditures of Awards presents the activity of the state of California's financial assistance programs of the Long Beach Public Transportation Company.

(2) Basis of Accounting

The accompanying Schedule of State of California Expenditures of Awards is presented using the accrual basis of accounting, whereby grant revenues are recognized when they are earned and expenses are recognized when they are incurred.

(3) Relationship to Long Beach Public Transportation Company Financial Reports

Amounts reported in the accompanying schedule agree, in all material respects, with the amounts reported in the related Long Beach Transportation Company financial reports taken as a whole.

Schedule 3

LONG BEACH PUBLIC TRANSPORTATION COMPANY

Transportation Development Act - 50% Expenditure Limitation Calculation
Year Ended June 30, 2023

Total operating costs, excluding depreciation	$	132,857,490
Add:		
Depreciation		16,794,369
Capital outlay expenditures		28,767,615
		45,561,984
Less:		
Federal grants received		(19,479,638)
Local Transportation funds - capital intensive received		---
State Transit Assistance funds - capital intensive received		---
		(19,479,638)
Total		158,939,836
50% of total		79,469,918
Add total Local Transportation funds - capital intensive received		---
Total permissible expenditures - (Local Transportation funds)	$	79,469,918

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

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

The Federal Transit Administration (FTA) has established the following standards with regard to the data reported to it in the Federal Funding Allocation Statistics form of the transit agency's annual National Transit Database (NTD) report:

- A system is in place and maintained for recording data in accordance with NTD definitions. The correct data are being measured and no systematic errors exist.
- A system is in place to record data on a continuing basis, and the data gathering is an ongoing effort.
- Source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following FTA's receipt of the NTD report. The data are fully documented and securely stored.
- A system of internal controls is in place to ensure the data collection process is accurate and that the recording system and reported comments are not altered. Documents are reviewed and signed by a supervisor, as required.
- The data collection methods are those suggested by FTA or otherwise meet FTA requirements.
- The deadhead miles, computed as the difference between the reported total actual vehicle miles data and the reported total actual vehicle revenue miles (VRM) data, appear to be accurate.
- Data are consistent with prior reporting periods and other facts known about transit agency operations.

We have performed the procedures enumerated in the attachment to this report on the data contained in Long Beach Transportation Company's Federal Funding Allocation Statistics Form for the fiscal year ended June 30, 2023. Such procedures, which were agreed to and specified by FTA in the Declaration section of the 2023 *NTD Policy Manual* and were agreed to by the transit agency, were applied to assist management of Long Beach Transportation Company in evaluating whether Long Beach Transportation Company complied with the standards described in the first paragraph of this report and the information included in the NTD report Federal Funding Allocation Statistics Form is presented in conformity with the requirements of the USDA and Rewards and Reporting System; Final Rule, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2023 Reporting Manual. Long Beach Transportation Company's management is responsible for the Federal Funding Allocation Statistics Form.

This engagement to apply agreed-upon procedures was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described in the attachment either for the purpose for which this report has been requested or for any other purpose.

The procedures described in the attachment to this report were applied separately to each of the information systems used to develop the reported actual VRM, fixed guideway directional route miles (FG DRM), passenger miles traveled (PMT), and operating expenses (OE) of Long Beach Transportation Company for the fiscal year ended June 30, 2023 for each of the following modes:

- Fixed Route – A directly operated transportation service.
- Purchased Transportation – Demand responsive service provided by Global Paratransit, Inc. for residents of Long Beach, Signal Hill, and Lakewood who are at least 18 years old and are unable to use Long Beach Transportation Company's fixed route systems because of permanent mobility impairment.

The results of the procedures performed are included in the accompanying attachment. We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the Long Beach Transportation Company's Federal Funding Allocation Statistics Form for the fiscal year ended June 30, 2023, which is presented in conformity with the requirements of the USOA and Records and Reporting System; Final Rule, as specified in 49 CFR Part 630, *Federal Register*, January 15, 1993, and as presented in the 2023 Reporting Manual. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the information described above and does not extend to Long Beach Transportation Company's financial statements, or the forms in Long Beach Transportation Company's Federal Funding Allocation Statistics Form, for any date or period.

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

Windes, Inc.

Long Beach, California
December 21, 2023

AGREED-UPON PROCEDURES

A. *Obtain and read a copy of written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2023 NTD Policy Manual. If there are no procedures available, discuss the procedures with the personnel assigned responsibility for supervising the NTD data preparation and maintenance.*

We obtained and read the written system procedures for reporting and maintaining data in accordance with NTD requirements and definitions set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2023 NTD Policy Manual.

B. *Discuss the procedures (written or informal) with the personnel assigned responsibility for supervising the preparation and maintenance of NTD data to determine:*
   - *The extent to which the transit agency followed the procedures on a continuous basis; and*
   - *Whether these transit personnel believe such procedures result in accumulation and reporting of data consistent with NTD definitions and requirements set forth in 49 CFR Part 630, Federal Register, dated January 15, 1993, and as presented in the 2023 NTD Policy Manual.*

We discussed the procedures with Long Beach Transit (LBT) personnel and were informed of the procedures to complete the NTD report are the same guidelines issued by NTD in 49 CFR Part 630. Those procedures are followed continuously such that the accumulation and data reported is consistent with NTD definitions and requirements set forth in 49 CFR Part 630, and as presented in the 2023 NTD Reporting/Policy Manual.

C. *Ask these same personnel about the retention policy that the transit agency follows as to source documents supporting NTD data reported on the Federal Funding Allocation Statistics form.*

We discussed the retention policy with LBT personnel and determined that source documents supporting the data reported on the FFA-10 are maintained for a minimum of three years, which is required by NTD. The LBT personnel further noted that most of the source documents are also retained indefinitely in electronic format.

D. *Based on a description of the transit agency's procedures from items (A) and (B) above, identify all the source documents that the transit agency must retain for a minimum of three years. For each type of source document, select three months out of the year and determine whether the document exists for each of these periods.*

We discussed with LBT personnel and noted the following source documents are maintained for at least five years, which exceeds the three-year minimum required by NTD. This is primarily done electronically:
   - Passenger Miles Sampling (Trip Sheets) – Checker Survey Sheets are stored in Excel files.
   - Fixed Guideway Directional Route Miles – Excel file for fiscal year ended June 30, 2023.
   - Operating Expenses (maintained by Finance) – Electronically stored.
   - Contract Agreement for Purchased Transportation (maintained by Purchasing Department) – Electronically stored.

We reviewed the source documents maintained by LBT. Source documents existed and were maintained as stated by LBT.

E. *Discuss the system of internal controls. Inquire whether separate individuals (independent of the individuals preparing source documents and posting data summaries) review the source documents and data summaries for completeness, accuracy, and reasonableness and how often these individuals perform such reviews.*

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

- Service Planning Administrator enters the survey data (passenger count and passenger mile) collected from the random surveys into an Access database and extracts the data from Access and summarizes the data onto worksheets formatted like the NTD reports.
- Service Delivery Planner reviews and approves the summaries for reasonableness.
- Service Planning Assistant Scheduler submits the data to the NTD on a monthly basis.
- Service Development Manager reviews submission and support.

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

We obtained the written policies and noted that the Service Planning Assistant Scheduler reviews APC data for completeness and accuracy. If no changes are needed, the Service Planning Assistant Scheduler signs off with a signature and date.

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

We obtained the worksheets utilized by LBT to summarize the data for the FFA-10 form. We compared the worksheets to the FFA-10 forms and noted no exceptions. We also tested the arithmetical accuracy of the summary and noted no exceptions.

H. *Discuss the procedure for accumulating and recording Passenger Miles Traveled (PMT) data in accordance with NTD requirements with transit agency staff. Inquire whether the procedure is one of the methods specifically approved in the 2023 NTD Policy Manual.*

We discussed with LBT personnel about procedures for accumulating and recording passenger mile data and was informed that statistical sampling is used for their regular routes and Passport routes. LBT utilizes statistical sampling procedures approved in an FTA circular (Circular 2710.1A), which is taking 11 samples per week. The physical collection of data is done with the use of a Samsung 10" Tablet and along with a hard copy of notes. The tester will input the data on the tablet as well as on the sheet as a backup in case the tablet does not have internet connection, which happens periodically. Per the Service Planning Specialist, if a tablet cannot connect to the internet, the surveyor will take notes and add times to the tablets at the end of the day.

I. *Discuss with transit agency staff (the auditor may wish to list the titles of the persons interviewed) the transit agency's eligibility to conduct statistical sampling for PMT data every third year. Determine whether the transit agency meets NTD criteria that allow transit agencies to conduct statistical samples for accumulating PMT data every third year rather than annually. Specifically:*

- *According to the 2010 census, the public transit agency serves an UZA with a population less than 500,000.*
- *The public transit agency directly operates fewer than 100 revenue vehicles in all modes in annual maximum revenue service (VOMS) (in any size UZA).*
- *Service purchased from a seller is included in the transit agency's NTD report.*
- *For transit agencies that meet one of the above criteria, review the NTD documentation for the most recent mandatory sampling year (2017) and determine that statistical sampling was conducted and meets the 95 percent confidence and ± 10 percent precision requirements.*
- *Determine how the transit agency estimated annual PMT for the current report year.*

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

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

We discussed with LBT personnel about sampling procedures and were informed that LBT utilizes procedures approved in FTA Circular 2710.1A, which is taking 11 samples per week. We were also informed the sample is taken from the entire route universe. A random number generator built into the scheduling software will randomly select the routes to be sampled. If the route was missed, another route is selected from the generator. We did not note any instances of any missed samples. LBT is following the stated sampling procedure.

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

We randomly selected a sample of 40 source documents (trip sheets) for accumulating passenger mile data for fiscal year 2023 and inspected the documents to determine if all required data were recorded and the computations were accurately performed.

	Date	Trip Number	Route
1	8/1/2022	9465333	141
2	8/5/2022	1512653	192
3	8/9/2022	1510154	21
4	8/12/2022	2409049	46
5	8/13/2022	9053158	61
6	8/14/2022	1515744	61
7	8/16/2022	1510381	121
8	8/17/2022	1510242	23
9	8/19/2022	1511351	61
10	8/26/2022	2409223	41
11	8/27/2022	9052923	121
12	8/29/2022	1510171	22
13	8/31/2022	9239407	51
14	11/5/2022	9052924	121
15	11/7/2022	5612058	112
16	11/11/2022	1512605	191
17	11/13/2022	1515492	41
18	11/15/2022	1514441	182
19	11/18/2022	4885518	22
20	11/21/2022	9239411	51
21	11/23/2022	5645740	103
22	11/25/2022	2833164	93
23	11/26/2022	9053127	111
24	11/28/2022	1512737	192
25	11/29/2022	5612054	111
26	11/30/2022	1512427	172
27	2/2/2023	1512336	173
28	2/4/2023	9464344	141

	Date	Trip Number	Route
29	2/6/2023	1511390	61
30	2/8/2023	9664738	131
31	2/10/2023	2409347	46
32	2/15/2023	1515968	112
33	2/17/2023	2409313	45
34	2/19/2023	5636696	173
35	2/22/2023	9239368	51
36	2/23/2023	1512708	191
37	2/24/2023	9644738	93
38	2/25/2023	9053117	111
39	2/26/2023	1515902	91
40	2/28/2023	9669562	141

L. *Discuss the procedures for systematic exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual Vehicle Revenue Miles (VRM) with transit agency staff and determine that they follow the stated procedures. Select a random sample of the source documents used to record charter and school bus mileage and test the arithmetical accuracy of the computations.*

We discussed with LBT personnel about the exclusion of charter, school bus, and other ineligible vehicle miles from the calculation of actual vehicle revenue miles and noted that LBT does provide charter services but not school bus services. We obtained worksheets documenting the calculation of vehicle miles and noted that charter miles, training miles, maintenance miles, and non-fixed route mileage are excluded from the calculations. The charter miles, training miles, maintenance miles, and non-fixed route mileage were maintained on worksheets by the Customer Service Department, Training Department, and Maintenance Department, respectively. We reviewed the worksheets maintained to track these excluded miles and tested for arithmetical accuracy. No exceptions noted.

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

- *If actual VRMs are calculated from schedules, document the procedures used to subtract missed trips. Select a random sample of the days that service is operated, and re-compute the daily total of missed trips and missed VRMs. Test the arithmetical accuracy of the summary.*
- *If actual VRMs are calculated from hub odometers, document the procedures used to calculate and subtract deadhead mileage. Select a random sample of the hub odometer readings and determine that the stated procedures for hub odometer deadhead mileage adjustments are applied as prescribed. Test the arithmetical accuracy of the summary of intermediate accumulations.*
- *If actual VRMs are calculated from vehicle logs, select random samples of the vehicle logs and determine that the deadhead mileage has been correctly computed in accordance with FTA definitions.*

We discussed with LBT personnel the methodology of calculating VRM and determined the calculation is based on time scheduled miles multiplied by the "Service Type" percentage, which indicates the actual total vehicle miles on a monthly basis. We selected two months to test (September 2022, February 2023). For each selected month, we vouched the miles back to summary reports (Time & Mile Report) prepared by the Scheduling Department. We recalculated the computation and noted no exceptions.

N. *For rail modes, review the recording and accumulation sheets for actual VRMs and determine that locomotive miles are not included in the computation.*

We discussed with LBT personnel and reviewed board minutes noting that no rail modes or locomotives were added to operations during the year. As such, this procedure does not apply for the current reporting period.

O. *If fixed guideway or High Intensity Busway Directional Route Miles (FG or HIB DRM) are reported, interview the person responsible for maintaining and reporting NTD data whether the operations meet FTA definition of fixed guideway (FG) or High Intensity Busway (HIB) in that the service is:*
   - *Rail, Trolleybus (TB), Ferryboat (FB), or Aerial Tramway (TR); or*
   - *Bus (MB, CB, or RB) service operating over exclusive or controlled access rights-of-way (ROW); and*
     - *Access is restricted;*
     - *Legitimate need for restricted access is demonstrated by peak period level of service D or worse on a parallel adjacent highway; and*
     - *Restricted access is enforced for freeways; priority lanes used by other HOV (i.e., Vanpools (VP), carpools) must demonstrate safe operation.*

   We discussed with LBT personnel and determined that fixed guideway directional miles are reported on the NTD. The fixed guideway is a segment located on 1st Street between Pacific and Long Beach Blvd. and meets FTA's definition of fixed guideway in that the bus service operates over a controlled access right-of-way, the access is restricted, legitimate need for restricted access is demonstrated by peak period level of service D, and the restricted access is enforced by Long Beach Police.

P. *Discuss the measurement of FG and HIB DRM with the person reporting NTD data and determine that he or she computed mileage in accordance with FTA definitions of FG/HIB and DRM. Inquire of any service changes during the year that resulted in an increase or decrease in DRMs. If a service change resulted in a change in overall DRMs, re-compute the average monthly DRMs, and reconcile the total to the FG/HIB DRM reported on the Federal Funding Allocation Statistics form.*

   Testing done in conjunction with Procedure R. See Procedure R for results.

Q. *Inquire if any temporary interruptions in transit service occurred during the report year. If these interruptions were due to maintenance or rehabilitation improvements to a FG segment(s), the following apply:*
   - *Report DRMs for the segment(s) for the entire report year if the interruption is less than 12 months in duration. Report the months of operation on the FG/HIB segments form as 12. The transit agency should document the interruption.*
   - *If the improvements cause a service interruption on the FG/HIB DRMs lasting more than 12 months, the transit agency should contact its NTD validation analyst to discuss. FTA will make a determination on how to report the DRMs.*

   We discussed with LBT personnel and noted no interruptions in service during the current year.

R. *Measure FG/HIB DRM from maps or by retracing route.*

   We discussed with LBT personnel about how fixed guideway directional route miles are measured and were informed LBT utilizes a computer mapping system to measure the mileage. We verified the segment measurement reported on the NTD report agreed with the measurement per the mapping software.

S. *Discuss whether other public transit agencies operate service over the same FG/HIB as the transit agency. If yes, determine that the transit agency coordinated with the other transit agency (or agencies) such that the DRMs for the segment of FG/HIB are reported only once to the NTD on the Federal Funding Allocation form. Each transit agency should report the actual VRM, PMT, and Operating Expense (OE) for the service operated over the same FG/HIB.*

   We discussed with LBT personnel and determined that two other public transit agencies utilize the fixed guideway. LBT personnel informed us that adequate coordination exists such that operations in the fixed guideway are reported only once as those agencies are not allowed to report LBT's FG use.

Review the FG/HIB segments form. Discuss the Agency Revenue Service Start Date for any segments added in the 2023 report year with the persons reporting NTD data. This is the commencement date of revenue service for each FG/HIB segment. Determine that the date reported is the date that the agency began revenue service. This may be later than the Original Date of Revenue Service if the transit agency is not the original operator. If a segment was added for the 2023 report year, the Agency Revenue Service Date must occur within the transit agency's 2023 fiscal year. Segments are grouped by like characteristics. Note that for apportionment purposes, under the State of Good Repair (§5337) and Bus and Bus Facilities (§5339) programs, the seven-year age requirement for fixed guideway/High Intensity Busway segments is based on the report year when the segment is first reported by any NTD transit agency. This pertains to segments reported for the first time in the current report year. Even if a transit agency can document an Agency Revenue Service Start Date prior to the current NTD report year, FTA will only consider segments continuously reported to the NTD.

We discussed with LBT personnel and determined LBT has one fixed guideway segment located on 1st Street between Pacific and Long Beach Blvd. This has been in service since 1963. We obtained and reviewed the FFA-10 and determined the data has been entered correctly.

T. *Compare Operating Expenses with audited financial data after reconciling items are removed.*

We discussed with LBT personnel and determined operating expense reported on the NTD is taken directly from the audited financial data. We compared operating expense reported on the NTD to the audited financial data and noted no exceptions.

U. *If the transit agency purchases transportation services, interview the personnel reporting the NTD data on the amount of PT-generated fare revenues. The PT fare revenues should equal the amount reported on the Contractual Relationship form.*

We discussed with LBT personnel and determined fare revenues from purchased transportation services are recorded and tracked in LBT's accounting records. The amount on the accounting records equals the amount reported on the Contractual Relationship form (B-30).

V. *If the transit agency's report contains data for purchased transportation services and the procedures in this auditors' review were not applied to the purchased transportation services, obtain a copy of the IAS-FFA regarding data for the purchased transportation service. Attach a copy of the statement to the report. Note as a negative finding if the purchased transportation services were not included in this auditors' review, and the transit agency does not have a separate Independent Auditor Statement for the purchased transportation data.*

We discussed with LBT personnel and determined transportation services are purchased from Global Paratransit, which does not file its own NTD report, and data for those riders are included in LBT's NTD report. As such, an Independent Auditor Statement is not necessary.

W. *If the transit agency purchases transportation services, obtain a copy of the PT contract and determine that the contract specifies the public transportation services to be provided; the monetary consideration obligated by the transit agency or governmental unit contracting for the service; the period covered by the contract (and that this period overlaps the entire, or a portion of, the period covered by the transit agency's NTD report); and is signed by representatives of both parties to the contract. Interview the person responsible for retention of the executed contract and determine that copies of the contracts are retained for three years.*

We discussed with LBT personnel and determined that LBT purchased transportation services from Global Paratransit. We obtained a copy of the contract from the Purchasing Manager and determined that it (1) specifies the services to be provided; (2) specifies the monetary consideration; (3) specifies the period covered; (4) is signed by both parties; (5) and the contract is retained in the Purchasing department at the end of the contract for three years.

If the transit agency provides service in more than one UZA, or between an UZA and a non-UZA, inquire of the procedures for allocation of statistics between UZAs and non-UZAs. Obtain and review the FG segment worksheets, route maps, and urbanized area boundaries used for allocating the statistics, and determine that the stated procedure is followed and that the computations are correct.

We discussed with LBT personnel and determined LBT does not have more than one urbanized area (UZA) and does not allocate between urbanized and non-urbanized areas.

X. *Compare the data reported on the Federal Funding Allocation Statistics Form to data from the prior report year and calculate the percentage change from the prior year to the current year. For actual VRM, PMT or OE data that have increased or decreased by more than 10 percent, or FG DRM data that have increased or decreased. Interview transit agency management regarding the specifics of operations that led to the increases or decreases in the data relative to the prior reporting period.*

We compared vehicle revenue mile, passenger mile, and operating expense data reported on the current FFA-10 form to comparable data reported for the prior reporting period and calculated the percentage change for the two fiscal years and noted that operating expenses increased by approximately 13% when compared to the prior year. We interviewed the Comptroller and determined that the cause for the increase was due to operating a full fiscal-year without restrictions related to the COVID-19 pandemic.

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