

**LONG BEACH TRANSIT
BOARD OF DIRECTORS MEETING
AGENDA**



**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 Anorve, 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

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: 812 9436 5173 (PASSWORD: 1963)

MEMBERS OF THE PUBLIC MAY ALSO JOIN THE VIDEO CONFERENCE VIA THE FOLLOWING ZOOM MEETING LINK:

<https://us06web.zoom.us/j/81294365173?pwd=dFlpZjRQek45MmVzc0RwMHA1YTVEQT09>

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 – 9:00 A.M.

1. Call to Order. (David Sutton)
2. Roll Call. (Jen Flores)
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

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 October 26, 2023.

Suggested Action: Approve recommendation.

REGULAR CALENDAR

7. Monthly Financial Report. (Lisa Patton)

INFORMATION ITEM

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

INFORMATION ITEM

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

INFORMATION ITEM

10. Public Comment.

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11. Board Requests.

12. Adjourn. The next regular meeting will be held on January 25, 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, OCTOBER 26, 2023
4801 AIRPORT PLAZA DRIVE
BOARD CHAMBER, 3:30 P.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 – 3:30 P.M.

1. Call to Order. (David Sutton)

Chair Sutton called the meeting to order at 3:31 p.m.

2. Roll Call. (Jen Flores)

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

Directors Excused: Abigail Mejia

3. Employee Recognition. (Jen Flores)

Employees of the Month for October 2023:

Maria Ortega, Transit Service Delivery and Planning
Manuel Fernandez-Alonso, Maintenance and Infrastructure
Miki Deckner, Administrative Staff

INFORMATION ITEM

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

Director Mejia joined the Board of Directors meeting at 3:35 p.m.

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

4. Public Comment.

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There were no public comments.

5. President and CEO Report. (Kenneth McDonald)

INFORMATION ITEM

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

CEO McDonald reported meeting with the new Long Beach Chief of Police and discussions regarding continued security on the system.

CEO McDonald highlighted staff's participation at Congresswoman Nanette Barragan's 44th District Job Fair.

CEO McDonald presented a summary of his attendance at the METRO Transit Leadership Summit.

CEO McDonald presented an update on the construction and relocation to the Long Beach Transit Corporate Office building.

NOTICE TO THE PUBLIC

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CONSENT CALENDAR (6)

A motion was made by Director Añorve, seconded by Director Angeles, 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. 23-056TR Recommendation to approve the minutes of the regular session meeting held on September 28, 2023.

Suggested Action: Approve recommendation.

REGULAR CALENDAR

7. 23-057TR Monthly Financial Report. (Lisa Patton)

INFORMATION ITEM

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

Director Angeles inquired about fuel costs' impact on the budget.

Ms. Patton responded that there was an increase in January and February, however, fuel costs are now decreasing due to increased BEB usage.

City Representative Koontz inquired about cash management strategies.

Ms. Patton responded that LBT has a majority of plans are with the State Treasurer's office through the local agency investment funds and there are also funds with Halbert Hargrove that invest in bonds.

This Agenda Item was received and filed.

8. 23-058TR Recommendation to authorize an update to LBT's Procurement Policy to increase the acquisition threshold limit of the President and CEO to approve procurements for the Company from \$200,000 to \$250,000. (Lisa Patton)

Suggested Action: Approve recommendation.

Ms. Patton presented the staff report.

Director Bentley asked for more clarification about how approval will make things more efficient for the agency.

Ms. Patton responded that an approval of this item would increase efficiency and streamline processes for staff. Allowing the agency to award the contract more expediently, allowing the vendor to begin the work quicker.

Director Angeles asked how this policy compares with the City of Long Beach.

City Representative Koontz responded that he believed this policy would be in line with the City. The City just recently increased limits due to efficiency and inflation. The increased limits also reduce staff costs.

Director Thrash-Ntuk inquired if these limits are in line with FTA guidelines and other regional agencies.

CEO McDonald responded that these limits are in line with the FTA guidelines.

Director Sutton inquired about the time since the last increase.

Ms. Patton responded that the last increase was approved in February 2021 and it had been 16 years prior before that increase.

A motion was made by Director Bentley, seconded by Director Thrash-Ntuk, 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

9. 23-059TR

Recommendation to approve the Board of Directors meeting dates for Calendar Year 2024. (Jen Flores)

Suggested Action: Approve recommendation.

Ms. Flores presented the staff report.

A motion was made by Director Mejia, seconded by Director Añorve, 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

employees AFSCME local 3620.

Luis S. gave a public comment urging the Board to vote no on the compensation package for CEO McDonald.

Dana LaRoche, President of AFSCME Local 3620 and LBT employee, gave a live public comment regarding the status of contract negotiations.

James Nieuwdorp, LBT employee, gave a live public comment regarding employee retention.

Meeting went into Closed Session at 4:28 p.m.

Meeting reconvened at 5:33 p.m.

Vince Ewing, General Counsel, reported that direction was given and no action was taken.

13. 23-061TR Recommendation to approve a five-year employment agreement between Long Beach Transit and Kenneth A. McDonald as the President and Chief Executive Officer.

The CEO will be granted a 4 percent (4%) salary increase on his base salary after the signing of this contract agreement. (David Sutton)

Suggested Action: Approve recommendation.

Director Sutton read two public comments submitted via email by Herlinda Chico, President, LBCCD Board of Trustees and Assemblymember Josh Lowenthal regarding concerns about approving CEO McDonald's contract during union negotiations.

A substitute motion was made by Director Thrash-Ntuk to extend the current employment agreement between Long Beach Transit and Kenneth A. McDonald as the President and Chief Executive Office to March 31, 2024.

A motion was made by Director Thrash-Ntuk, seconded by Director Añorve, to approve the amended 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

14. Board Requests.

Director Mejia requested a report on communication to the Senior community.

Director Rawlings requested an update on the bus stop parking issues on 2nd Street.

Director Sutton requested an update on outreach to the Cambodian community and that a Board Retreat be held in 2024.

15. 23-062TR Adjourn. The next regular meeting will be held on December 7, 2023.
(David Sutton)

Suggested Action: Approve recommendation.

Meeting adjourned at 5:42 p.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 OCTOBER 31, 2023

Page 1 of 4

	October 2022	October 2023	October Budget	%	Year to Date FY 2023	Year to Date FY 2024	Year to Date Budget	%
OPERATING REVENUE								
Passenger Fares	\$763,890	\$815,839	\$789,132	103	\$2,963,321	\$3,210,415	\$3,041,098	106
Dial A Lift Fares	3,530	3,436	3,817	90	13,558	13,240	14,635	90
Aqua Service Fares	14,185	0	0	-	171,304	155,292	120,815	129
Special Event Service Revenue	1,000	0	0	-	6,313	3,406	0	-
Advertising Revenue	99,114	122,233	56,250	217	267,456	290,983	225,000	129
Interest & Miscellaneous	254,154	316,234	226,603	140	250,573	1,325,410	914,918	145
TOTAL OPERATING REVENUE	\$1,135,873	\$1,257,742	\$1,075,802	117	\$3,672,524	\$4,998,746	\$4,316,466	116
SUBSIDY REVENUE								
Federal	\$0	\$500,000	\$1,600,000	31	\$2,500,000	\$1,500,000	\$6,250,000	24
State	2,733,315	2,859,013	2,838,136	101	10,879,552	11,441,218	11,352,544	101
County	4,159,092	4,060,408	4,061,300	100	16,654,532	16,242,306	16,253,200	100
Local	690,676	793,932	780,491	102	3,126,818	3,568,025	3,541,671	101
TOTAL SUBSIDY REVENUE	\$7,583,083	\$8,213,352	\$9,279,927	89	\$33,160,902	\$32,751,549	\$37,397,415	88
TOTAL REVENUE	\$8,718,956	\$9,471,094	\$10,355,729	91	\$36,833,426	\$37,750,295	\$41,713,881	90
OPERATING EXPENSES								
Operations	\$4,551,660	\$4,758,172	\$4,984,949	95	\$18,227,717	\$19,388,304	\$20,444,279	95
Maintenance	2,235,283	2,431,879	2,443,096	100	8,688,714	9,204,804	9,832,076	94
Administration	1,644,788	1,968,157	2,280,953	86	6,822,499	7,708,996	8,993,990	86
Fuel & Lubricants	530,706	517,187	587,389	88	2,345,441	2,013,078	2,413,954	83
TOTAL OPERATING EXPENSES	\$8,962,436	\$9,675,395	\$10,296,387	94	\$36,084,371	\$38,315,182	\$41,684,299	92
NET INCOME (LOSS) BEFORE DEPR.	(\$243,480)	(\$204,300)	\$59,342		\$749,054	(\$564,887)	\$29,582	
DEPRECIATION	\$1,350,847	\$1,455,618	\$1,565,535	93	\$5,353,315	\$5,781,503	\$4,696,605	123

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

Page 2 of 4

				Total	Current Month		Year to	Year to Date	
	Operations	Maintenance	Admin	Curr. Month	Budget	%	Date	Budget	%
LABOR									
Operators	\$2,486,538	\$0	\$0	\$2,486,538	\$2,595,514	96	\$10,107,602	\$10,642,874	95
Maintenance	0	598,912	0	598,912	586,215	102	2,343,790	2,411,144	97
Salaried	304,192	357,083	719,226	1,380,501	1,622,463	85	5,545,800	6,423,589	86
FRINGE BENEFITS									
FICA	188,851	66,565	48,925	304,340	344,428	88	1,248,286	1,398,839	89
Pension	355,945	122,030	95,499	573,474	584,806	98	2,316,655	2,378,654	97
Health	600,086	174,943	108,733	883,762	952,757	93	3,363,046	3,587,390	94
Workers' Compensation	374,093	26,764	2,257	403,115	403,531	100	1,612,459	1,614,124	100
Uniform & Tool Allowance	12,196	35,799	0	47,994	40,880	117	100,769	139,508	72
Unemployment & Other Fringes	1,849	2,100	9,569	13,518	35,835	38	103,446	192,890	54
SERVICES									
Advertising	0	0	63,741	63,741	68,496	93	263,362	273,984	96
Professional & Technical	37,917	27,523	239,395	304,835	359,908	85	959,183	1,432,360	67
Contract Maintenance	0	277,987	169,987	447,974	408,175	110	1,541,113	1,647,952	94
Security	253,823	34,062	0	287,885	310,527	93	1,167,355	1,331,078	88
Employment Physicals	0	0	11,485	11,485	18,416	62	71,440	73,664	97
Other	0	6,519	6,321	12,840	10,421	123	51,985	41,684	125

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

Page 3 of 4

	Operations	Maintenance	Admin	Total Curr. Month	Current Month Budget	%	Year to Date	Year to Date Budget	%
MATERIALS & SUPPLIES									
Fuel & Lubricants	\$0	\$517,187	\$0	\$517,187	\$587,389	88	\$2,013,078	\$2,413,954	83
Fleet Parts & Supplies	0	456,716	0	456,716	437,752	104	1,803,663	1,718,096	105
Other Materials & Supplies	0	78,124	23,768	101,892	82,419	124	357,406	334,496	107
UTILITIES	0	126,608	50,031	176,639	203,174	87	750,102	813,561	92
CASUALTY/LIABILITY COSTS	0	6,592	374,019	380,611	345,969	110	1,498,070	1,383,876	108
PURCHASED TRANS. SERVICE									
Dial A Lift	92,674	0	0	92,674	107,023	87	386,346	417,860	92
Aqua Service	46,775	0	0	46,775	52,591	89	417,653	450,305	93
MISC. EXPENSES									
Dues & Subscriptions	0	0	16,283	16,283	15,833	103	52,425	63,332	83
Taxes, Fees	0	0	0	0	27,091	-	0	109,764	-
Training, Travel & Meetings	0	0	13,047	13,047	27,084	48	28,617	108,336	26
Schedules & Tickets	0	0	0	0	6,250	-	19,984	35,000	57
Safety & Misc. Items	0	1,269	9,132	10,401	15,709	66	42,145	62,836	67
Recruitment Advertising	0	0	5,789	5,789	16,000	36	28,738	64,000	45
Other	3,233	32,284	948	36,465	29,731	123	120,666	119,149	101
TOTAL OPERATING EXPENSES:	<u>\$4,758,172</u>	<u>\$2,949,066</u>	<u>\$1,968,157</u>	<u>\$9,675,395</u>	<u>\$10,296,387</u>	94	<u>\$38,315,182</u>	<u>\$41,684,299</u>	92

**LONG BEACH TRANSIT
BALANCE SHEET**

Page 4 of 4

	Balance at 10/31/23	Balance at 09/30/23	Balance at 10/31/22
<u>ASSETS</u>			
Cash and Investments	69,907,401	67,757,334	71,545,104
Receivables			
Federal	783,582	131,114	0
State	3,129,498	2,384,208	2,264,048
County	571,226	1,200,789	1,720,219
Local	1,303,153	2,715,853	2,342,704
Miscellaneous	3,094,354	3,369,339	2,100,164
Materials & Supplies Inv.	3,699,547	3,734,703	3,340,348
Net Capital Assets	125,860,956	126,778,186	101,499,038
Other Assets	18,950,046	19,713,838	28,414,215
TOTAL ASSETS	<u>227,299,763</u>	<u>227,785,362</u>	<u>213,225,840</u>
<u>LIABILITIES AND CAPITAL</u>			
Trade Payables	4,318,509	3,453,723	4,045,468
Accrued Payroll Liabilities	6,707,017	7,142,026	5,764,050
Net Pension Liability (GASB 68)	34,055,081	34,055,081	32,192,337
Compensated Absence Liabilities	3,718,985	3,692,691	3,433,567
Estimated Liabilities	70,503,677	70,934,344	67,115,258
Deferred Credits	12,048,886	11,447,245	15,092,554
Long-Term Notes Payable	0	0	0
TOTAL LIABILITIES	<u>131,352,156</u>	<u>130,725,111</u>	<u>127,643,234</u>
Federal Capital Contributions	337,239,670	337,054,163	320,604,753
State Capital Contributions	114,729,445	114,624,338	111,747,997
Local Capital Contributions	129,441,663	129,185,002	118,006,634
Accumulated Earnings (Losses)	(485,463,170)	(483,803,251)	(464,776,778)
TOTAL CAPITAL	<u>95,947,607</u>	<u>97,060,251</u>	<u>85,582,606</u>
TOTAL LIABILITIES AND CAPITAL	<u>227,299,763</u>	<u>227,785,362</u>	<u>213,225,840</u>



INFORMATION ITEM

Fiscal Year 2023 Retirement Plan Financial Statements for Contract and Salaried Employees

STAFF REPRESENTATIVE

Terry Coon, Manager, Finance

BACKGROUND

Long Beach Transit (LBT) presents the accompanying financial statements of the retirement plans for contract and salaried employees. The statements are comprised of the Statements of Fiduciary Net Position, Statements of Changes in Fiduciary Net Position and notes to the financial statements as of June 30, 2023.

The Statements of Fiduciary Net Position are snapshots of account balances at fiscal year-end and indicate the assets available for future payments to retirees and any current liabilities.

The Statements of Changes in Fiduciary Net Position provide a view of current year additions to and deductions from the Plans.

The notes to the financial statements provide additional information that is essential to the full understanding of the statements.

The financial statements are prepared by staff using the accrual basis of accounting and in compliance with the generally accepted accounting principles (GAAP) in the United States of America and by the Government Accounting Standards Board (GASB).

The statements are audited by LBT's third-party independent auditor, Windes, Inc., who conducts the audits in accordance with auditing standards generally accepted in the United States of America.

Contained within the reports are Independent Auditors' statements expressing the auditors' opinion that the enclosed financial statements are fairly stated in all material respects and are free from material misstatements.

STAFF RECOMMENDATION – N/A

Kenneth A. McDonald
President and Chief Executive Officer

Attachments



LONG BEACH
T R A N S I T

LONG BEACH PUBLIC TRANSPORTATION COMPANY RETIREMENT PLAN -
CONTRACT EMPLOYEES

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

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

Table of Contents

Principal Officials	1
Independent Auditors' Report	2
Management's Discussion and Analysis	
Financial Highlights	5
Overview of the Financial Statements	5
Financial Statement Analysis	6
Economic Factors and Rates Affecting Next Year	8
Requests for Information	8
Statements of Fiduciary Net Position	9
Statements of Changes in Fiduciary Net Position	10
Notes to Financial Statements	
(1) Description of Plan	11
(2) Summary of Significant Accounting Policies	13
(3) Federal Income Taxes	14
(4) Cash and Investments	14
(5) Plan Transfer Payable	17
(6) Investments and Fair Value Measurements	17
(7) Annual Pension Cost and Net Pension Obligation	20
(8) Funded Status and Funding Progress	20
Required Supplemental Schedules	
(1) Schedule of Assets Held for Investment Purposes	22
(2) Schedule of Funding Progress, Schedule of Contributions, and Schedule of Changes in Net Pension Liability and Related Ratios	24
(3) Schedule of Revenue by Source And Expenses by Type	28

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

Principal Officials

Board of Directors

David Sutton	Chair
Abigail Mejia	Vice Chair
Vacant	Secretary/Treasurer
Collen Bentley	Director
Raul Añorve	Director
Randy Rawlings	Director
Tunua Thrash-Ntuk	Director
Joshua Hickman	City Representative, City of Long Beach
Christopher Koontz	City Representative, City of Long Beach

Pension Committee Members

Long Beach Public Transportation Company:

Kenneth McDonald	President and Chief Executive Officer
Lisa Patton	Executive Director/VP, Finance and Budget
Elizabeth Brown	Executive Director/VP, Organizational Development and Administration

Amalgamated Transit Union Local 1277:

Jeff Shaffer	President
Errol Frazier	Vice President
Mauro Varela	Treasurer

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Long Beach Public Transportation Company Retirement Plan – Contract Employees, which comprise the statements of fiduciary net position as of June 30, 2023 and 2022, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary activities of the Long Beach Public Transportation Company Retirement Plan – Contract Employees (the Plan) as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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 these 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 Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit 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 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Plan'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 Plan's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 5-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 an opinion on the Plan's basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes, schedule of funding progress, schedule of contributions, and schedule of changes in net pension liability and related ratios, and schedule of revenue by source and expenses by type are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Long Beach, California
December 1, 2023

LONG BEACH PUBLIC TRANSPORTATION COMPANY RETIREMENT PLAN - CONTRACT EMPLOYEES

Management's Discussion and Analysis

As management of Long Beach Public Transportation Company (Long Beach Transit or the Company), we offer readers this narrative overview and analysis of the financial activities of the Long Beach Public Transportation Company Retirement Plan – Contract Employees (the Plan) for the fiscal years ended June 30, 2023, 2022, and 2021.

FINANCIAL HIGHLIGHTS

- The net position of the Plan at the close of the fiscal year 2023 is \$76.7 million. All of the assets are available to meet the Plan's ongoing obligations to plan participants and their beneficiaries.
- The Plan's total net position increased by \$6.8 million, or 9.8%, primarily due to the increase in investment market value.
- The Plan's contributions increased by approximately \$818 thousand, or 13.9%, primarily due to an increase in contribution rates.
- Pension benefit distributions decreased by approximately \$2.8 million, or 32.5%, for the year due to a decrease in distributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 11 of this report.

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

Management's Discussion and Analysis, continued

FINANCIAL STATEMENT ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Plan's financial position. The assets of the Plan exceeded its liabilities at the close of fiscal years 2023, 2022, and 2021.

Condensed Summary of the Plan's Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash and receivables	\$ 1,278,324	\$ 294,097	\$ 1,957,611
Investments	<u>75,871,797</u>	<u>69,603,554</u>	<u>79,849,471</u>
Total assets	<u>77,150,121</u>	<u>69,897,651</u>	<u>81,807,082</u>
Payable due to Salaried Plan	<u>428,919</u>	-	-
Total liabilities	<u>428,919</u>	-	-
Net position	<u>\$ 76,721,202</u>	<u>\$ 69,897,651</u>	<u>\$ 81,807,082</u>

As of June 30, 2023, \$76.7 million in total assets is held in trust for pension benefits. All of the assets are available to meet the Plan's ongoing obligation to plan participants and their beneficiaries. There was a \$6.8 million, or 9.8%, increase in total net position over the prior year. There was a positive investment rate of return of 9.6% due to a favorable investment market. The actuarial assumption rate for investment return was 6.5% as of June 30, 2023.

As of June 30, 2022, \$69.9 million in total assets is held in trust for pension benefits. All of the assets are available to meet the Plan's ongoing obligation to plan participants and their beneficiaries. There was a \$11.9 million, or 14.6%, decrease in total net position over the prior year primarily due to an unfavorable investment market. There was a negative investment rate of return of (11.1%) due to an unfavorable investment market. The actuarial assumption rate for investment return was 6.5% as of June 30, 2022.

Condensed Summary of Changes in the Plan's Net Position

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Employer contributions	\$ 4,148,988	\$ 3,667,102	\$ 4,341,170
Employee contributions	2,540,648	2,204,920	2,716,208
Investment income (loss)	<u>6,677,060</u>	<u>(8,899,439)</u>	<u>16,154,417</u>
Total additions	<u>13,366,696</u>	<u>(3,027,417)</u>	<u>23,211,795</u>
Pension benefits	5,760,706	8,536,535	4,763,085
Benefit transfers to Salaried Plan	428,919	-	-
Administrative costs	<u>353,520</u>	<u>345,479</u>	<u>418,494</u>
Total deductions	<u>6,543,145</u>	<u>8,882,014</u>	<u>5,181,579</u>
Net increase (decrease) in plan net position	<u>\$ 6,823,551</u>	<u>\$ (11,909,431)</u>	<u>\$ 18,030,216</u>

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

Management's Discussion and Analysis, continued

Additions to the Plan's Net Position

The assets needed to pay retirement benefits are accumulated through the collection of employer and employee contributions, and through earnings on investments. Under California's Public Employees' Pension Reform Act, which is referred to as PEPRA, participants whose professional service date is on or after January 1, 2013 contribute a slightly higher percentage than non-PEPRA participants.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Employer PEPRA contribution rate	12.40%	10.18%	13.20%
Employer non-PEPRA contribution rate	12.95%	10.59%	13.73%

The Company met contribution requirements for all three years. Effective July 1, 2011, all full-time contract employees began contributing a percentage of their annual wages toward the Plan.

The actuarial assumption for investment income was 6.5% for fiscal years 2023, 2022, and 2021. In fiscal year 2023, the Plan exceeded the actuarial assumption rate, producing a positive return of 9.6%. In fiscal year 2022, the Plan did not exceed the actuarial assumption rate, producing a negative return of (11.1%). In fiscal year 2021, the Plan exceeded the actuarial assumption rate, producing a positive return of 26.5%.

Deductions from the Plan's Net Position

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

Total expenditures for the fiscal year ended June 30, 2023 decreased by approximately \$2.3 million, or 26.3%, over fiscal year 2022. In 2023, pension benefit distributions decreased by approximately \$2.8 million due to a decrease in benefit distribution amounts. Administration expenses incurred from the management of plan assets increased by approximately \$8 thousand, or 2.3%, when compared to 2022.

Total expenditures for the fiscal year ended June 30, 2022 increased by approximately \$3.7 million, or 71.4%, over fiscal year 2021. In 2022, pension benefit distributions increased by approximately \$3.8 million due to an increase in benefit distribution amounts. Administration expenses incurred from the management of plan assets decreased by approximately \$73 thousand, or 17.4%, when compared to 2021.

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

Management's Discussion and Analysis, continued

ECONOMIC FACTORS AND RATES AFFECTING NEXT YEAR

The Plan completed a new actuarial valuation dated July 1, 2023. The contribution rate specified in the report increased to 21.01% for fiscal year 2024 from the 2023 rate of 20.89%. The Plan's actuarial assumption rate of investment remains at 6.5% for fiscal year 2023.

Effective July 1, 2011, all full-time contract employees began contributing a percentage of their annual salary toward the Plan. On June 15, 2012, a decision by the Board of Arbitration specified that the Company shall pay the first 10% of the amount the actuary states is necessary for Plan funding and the Amalgamated Transit Union Local 1277 (ATU) employees will pay the next 5% necessary to fund the Plan. The Company and ATU employees will equally split any funding amounts over 15%. In addition, for Union employees hired on or after July 1, 2012, the lump-sum option in the Pension Plan is eliminated. The current contract is effective from July 1, 2021 through June 30, 2023. At the time of printing, LBT and ATU are currently negotiating a collective bargaining agreement.

ATU employees who were hired on or after January 1, 2013 are subject to the California PEPRA. PEPRA employees contribute a percentage of their annual salary to the Plan equal to half of the actuarially determined normal cost and the Company contributes the remainder.

During the year ended June 30, 2023, non-PEPRA employees contributed 7.95% and PEPRA employees contributed 8.50% of their annual salary toward the Plan. The Company contributed the remainder of the actuarially determined rate. Administrative costs of the Plan are a component of the actuarially determined rate.

REQUESTS FOR INFORMATION

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

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

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash (note 4)	\$ 1,278,324	\$ 294,097
Investments, at fair value (notes 4 and 5):		
Equity mutual funds	8,269,709	9,563,890
Bond mutual funds	7,573,720	6,150,330
Private equity	<u>60,028,368</u>	<u>53,889,334</u>
Total investments	<u>75,871,797</u>	<u>69,603,554</u>
Total assets	<u>\$ 77,150,121</u>	<u>\$ 69,897,651</u>
Liabilities		
Payable due to Salaried Plan	\$ (428,919)	\$ -
Net position restricted for pension	<u>\$ 76,721,202</u>	<u>\$ 69,897,651</u>

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

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

	<u>2023</u>	<u>2022</u>
Additions:		
Contributions:		
Employer contributions	\$ 4,148,988	\$ 3,667,102
Employee contributions	<u>2,540,648</u>	<u>2,204,920</u>
Total contributions	<u>6,689,636</u>	<u>5,872,022</u>
Investment gain (loss):		
Interest	3,306	58
Dividends and capital gains	568,990	642,325
Net unrealized gain (loss) on investments	6,340,808	(18,164,038)
Net realized gain (loss) on investments	<u>(236,044)</u>	<u>8,622,216</u>
Total investment gain (loss), net	<u>6,677,060</u>	<u>(8,899,439)</u>
Deductions:		
Expenditures:		
Pension benefits	5,760,706	8,536,535
Direct administrative costs	39,895	32,036
Other administrative costs	<u>313,625</u>	<u>313,443</u>
Total expenditures	<u>6,114,226</u>	<u>8,882,014</u>
Other deductions:		
Benefit transfers to salaried plan (note 5)	<u>428,919</u>	<u>-</u>
Total other deductions	<u>428,919</u>	<u>-</u>
Net increase (decrease) in plan's net position	6,823,551	(11,909,431)
Net position restricted for pensions, beginning of year	<u>69,897,651</u>	<u>81,807,082</u>
Net position restricted for pensions, end of year	<u>\$ 76,721,202</u>	<u>\$ 69,897,651</u>

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

**Notes to Financial Statements
June 30, 2023 and 2022**

(1) Description of Plan

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

Plan Origination

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

Pension Benefits

The Plan is a defined benefit pension plan sponsored by Long Beach Transit. All full-time employees in a job classification covered by a collective bargaining agreement between the Company and the ATU are eligible under the Plan as of their date of employment. At June 30, 2023 and 2022, membership consisted of:

	2023	2022
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving such benefits	158	142
Current employees:		
Vested	385	394
Nonvested	173	157
Total membership	716	693

Participants are eligible for annual benefit payments at the normal retirement age of 64 or at completion of ten years of credited service, whichever is later. Monthly benefit payments are currently determined by the sum of the following:

1. 1.23% of the first \$500 of average monthly final earnings multiplied by the years of credited service (maximum credit of 40 years).
2. 1.70% of adjusted final monthly earnings greater than \$500 multiplied by the years of credited service (maximum credit of 40 years).

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

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Average final monthly earnings are the employee's highest average monthly wage for 60 consecutive months of earnings during the last ten calendar years of employment, prior to normal retirement date, which provide the highest value. Participants are 100% vested after five years of service.

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

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

Death and Disability Benefits

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

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

Termination

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

Contributions

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

During the year ended June 30, 2023, non-PEPRA members contributed 7.95% and PEPRA members contributed 8.50% of their annual salary toward the Plan. The Company contributed the remainder of the actuarially determined rate. Administrative costs of the Plan are a component of the actuarially determined rate.

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

(2) **Summary of Significant Accounting Policies**

Reporting Entity

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

The Company's basic financial statements are available under separate cover. For accounting purposes, Long Beach Transit is considered a component unit of the City of Long Beach (the City). As such, the Company's basic financial statements are included in the City's annual comprehensive financial report as a discretely presented component unit.

Long Beach Transit has a separate legal status and has historically operated as an independently managed and operated nonprofit corporation, receiving no direct administrative or financial support from the City. For the present, there has been no expressed intent to alter the status of this financial reporting and administrative relationship.

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

Basis of Presentation

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

Method Used to Value Investments

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

Securities traded on a national or international exchange are valued at the last reported sales price at current market value rates.

Trust Fund Managed by the Trustee Bank

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

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Investment Management

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

Use of Estimates

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

Subsequent Events

The Plan has evaluated subsequent events through December 1, 2023, the date the financial statements were available to be issued.

(3) Federal Income Taxes

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

(4) Cash and Investments

At June 30, 2023 and 2022, cash and investments consisted of the following:

	<u>2023</u>	<u>2022</u>
Deposits with Trustee	\$ 1,278,324	\$ 294,097
Investments	<u>75,871,797</u>	<u>69,603,554</u>
Total	<u>\$ 77,150,121</u>	<u>\$ 69,897,651</u>

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Concentration of Credit Risk – Investment Plan Authorized by the Company’s Board of Directors

Plan assets shall be invested to provide safety through diversification in a portfolio of pooled common stocks, bonds, cash equivalents, and other investments which may reflect varying rates of return. The asset allocation for the Plan for the year ending June 30, 2023 is as follows:

	<u>Lower</u>	<u>Strategic Allocation</u>	<u>Upper</u>
Global Equity	40%	55%	70%
Fixed Income	15%	25%	40%
Real Estate Assets	0%	10%	20%
Diversifying Alternatives	0%	10%	20%
Cash Equivalent	0%	0%	10%

Investments in any one issuer or fund that represent 5% or more of total Plan net position have been summarized in note 5. Investments shall also be diversified within asset classes.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of fair values of the Plan’s investments to market interest rate fluctuations is provided by the following table that shows the portfolio percentage and maturity, where applicable, for each asset class at June 30, 2023 and 2022.

<u>Type of Investment</u>	<u>2023</u>			<u>2022</u>		
	<u>Portfolio Percentage</u>	<u>Market Value</u>	<u>Maturity</u>	<u>Portfolio Percentage</u>	<u>Market Value</u>	<u>Maturity</u>
Equity Mutual Funds:						
Global Equities	56%	42,655,076	N/A	55%	38,187,939	N/A
Fixed Income	25%	18,942,450	8.1 years	22%	15,577,104	7.8 years
Real Assets	10%	7,196,053	N/A	10%	7,114,697	N/A
Diversifying Alternatives	9%	<u>7,078,218</u>	N/A	13%	<u>8,723,814</u>	N/A
Total		<u>\$ 75,871,797</u>			<u>\$ 69,603,554</u>	

N/A – not applicable

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2023, global equities comprise 56% of the Plan's asset portfolio and are not rated. 9% of the Plan's asset portfolio comprise of diversifying alternatives and are not rated. Real estate assets comprise 9% of the Plan's asset portfolio and are not rated. The remaining 25% of the Plan's assets are in fixed income assets.

Credit ratings for the Plan's fixed income investments subject to credit risk as of June 30, 2023 and 2022 are as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>2023 Fair Value</u>	<u>2022 Fair Value</u>
Bond Mutual Funds	Not rated	\$ -	\$ 13,111
	AA	<u>7,573,720</u>	<u>6,137,219</u>
		<u>7,573,720</u>	<u>6,150,330</u>
Private Equity	AA	7,457,727	6,195,627
	BBB	1,442,426	982,838
	B	<u>2,468,577</u>	<u>2,248,309</u>
		<u>11,368,730</u>	<u>9,426,774</u>
		<u>\$ 18,942,450</u>	<u>\$ 15,577,104</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Per the Plan's investment policy, the percentage of total assets allocated to cash deposits should be sufficient only to assure liquidity to meet disbursement needs, which are minimal.

Custodial credit risk for investments generally applies to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools.

Risks and Uncertainties

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

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

(5) Plan Transfer Payable

When contract employees accept salaried positions and become eligible to participate in the Company's Salaried Employees Retirement Plan, the service years earned while in their union positions are recognized under the Plan. Benefit calculations for these employees have been prepared by the Company's actuary using each affected employees' service years and age at the time of transfer to their new position. There were \$428,919 and \$0 transfers in the fiscal year ended June 30, 2023 and 2022, respectively.

(6) Investments and Fair Value Measurements

The following investments accounted for 5% or more of the total net position (at fair value) at June 30, 2023 and 2022:

<u>Description of Investments</u>	<u>Cost</u>	<u>Fair Value</u>
2023: Northern Trust Collective Funds	\$ 21,920,905	\$ 23,001,883
Baird Aggregate Bond Fund	8,482,979	7,573,720
JPMCB Core Bond Fund	7,871,696	7,457,727
Magnitude Institutional, Ltd.	5,995,530	7,078,218
Causeway Collective Investment Trust	4,822,579	5,976,376
Baillie Gifford The Eafe Pure Fund	7,508,045	5,705,397
Emerging World Investors LP	<u>4,572,081</u>	<u>4,572,081</u>
	61,173,815	61,365,402
Remaining investments not exceeding 5% of total net position	<u>14,879,723</u>	<u>14,506,395</u>
Total	<u>\$ 76,053,538</u>	<u>\$ 75,871,797</u>

<u>Description of Investments</u>	<u>Cost</u>	<u>Fair Value</u>
2022:		
Northern Trust Collective Funds	\$ 20,274,022	\$ 17,551,405
Magnitude Institutional, Ltd.	8,025,000	8,723,814
JPMCB Core Bond Fund	6,616,508	6,195,627
Baird Aggregate Bond Fund	6,861,875	6,137,219
Causeway Collective Investment Trust	5,210,474	5,029,058
Emerging World Investors LP	4,605,750	4,505,493
Baillie Gifford The Eafe Pure Fund	7,076,998	4,382,356
Invesco Core Real Estate	<u>3,016,363</u>	<u>3,503,520</u>
	61,686,990	56,028,492
Remaining investments not exceeding 5% of total net position	<u>14,419,238</u>	<u>13,575,062</u>
Total	<u>\$ 76,106,228</u>	<u>\$ 69,603,554</u>

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72) requires investments measured at fair value to be categorized under a fair value hierarchy. The Plan determines fair value of its investments based upon both observable and unobservable inputs. The Plan categorizes its fair value measurements within the fair value hierarchy as follows:

- *Level 1:* Quoted prices for identical investments in active markets accessible at the measurement date.
- *Level 2:* Observable inputs other than quoted market prices.
- *Level 3:* Unobservable inputs, which generally results in using the best information available.

The remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). NAV is used as a practical expedient to estimate the fair value of the Plan's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023, the Plan had no specific plans or intentions to sell investments at amounts different from NAV.

The Plan has the following fair value measurements as of June 30, 2023:

Investments by Fair Value Hierarchy	Total	Level 1	Level 2	Level 3
Equity mutual funds	\$ 8,269,709	\$ -	\$ 8,269,709	\$ -
Bond mutual funds	<u>7,573,720</u>	<u>-</u>	<u>7,573,720</u>	<u>-</u>
	<u>15,843,429</u>	<u>-</u>	<u>15,843,429</u>	<u>-</u>
Investments Measured at NAV				
Private equity	<u>60,028,368</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments at fair value	<u>\$ 75,871,797</u>	<u>\$ -</u>	<u>\$ 15,843,429</u>	<u>\$ -</u>

The Plan has the following fair value measurements as of June 30, 2022:

Investments by Fair Value Hierarchy	Total	Level 1	Level 2	Level 3
Equity mutual funds	\$ 9,563,890	\$ 3,070,357	\$ 6,493,533	\$ -
Bond mutual funds	<u>6,150,330</u>	<u>-</u>	<u>6,150,330</u>	<u>-</u>
	<u>15,714,220</u>	<u>3,070,357</u>	<u>12,643,863</u>	<u>-</u>
Investments Measured at NAV				
Private equity	<u>53,889,334</u>	<u>-</u>	<u>-</u>	<u>-</u>
Investments at fair value	<u>\$ 69,603,554</u>	<u>\$ 3,070,357</u>	<u>\$ 12,643,863</u>	<u>\$ -</u>

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following tables summarize investments measured at fair value based on NAV per share as of June 30, 2023 and 2022.

<u>June 30, 2023</u>	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Unfunded Commitment</u>
Northern Trust Collective Funds	\$ 23,001,883	Daily	N/A	N/A
JPMCB Core Bond Fund	7,457,727	Daily	N/A	N/A
Magnitude Institutional, Ltd.	7,078,218	Quarterly	65 days	N/A
Causeway Collective Trust	5,976,376	Daily	N/A	N/A
Emerging World Investors LP	4,572,081	Monthly	30 days	N/A
Invesco Core Real Estate	3,127,506	Quarterly	45 days	N/A
Oaktree High Yield Bond, LP	2,468,577	Monthly	10 days	N/A
GW&K Small Cap Core Equity	1,928,229	Daily	N/A	N/A
Harrison Street Core Prop Fund	1,504,234	Quarterly	45 days	N/A
Sector Global Emrg Market Fund	1,471,110	Monthly	1 day	N/A
Ninety One Em Blended Debt	<u>1,442,427</u>	Daily	1 day	N/A
Total	<u>\$ 60,028,368</u>			

<u>June 30, 2022</u>	<u>Fair Value</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>	<u>Unfunded Commitment</u>
Northern Trust Collective Funds	\$ 17,551,405	Daily	n/a	N/A
Magnitude Institutional, Ltd.	8,723,814	Quarterly	65 days	N/A
JPMCB Core Bond Fund	6,195,627	Daily	n/a	N/A
Causeway Collective Trust	5,029,058	Daily	n/a	N/A
Emerging World Investors LP	4,505,493	Monthly	30 days	N/A
Invesco Core Real Estate	3,503,520	Quarterly	45 days	N/A
Oaktree High Yield Bond, LP	2,248,309	Monthly	10 days	N/A
Brook Global Emrg Market Fund	1,890,252	Monthly	1 day	N/A
GW&K Small Cap Core Equity	1,759,018	Daily	n/a	N/A
Harrison Street Core Prop Fund	1,500,000	Quarterly	45 days	N/A
Ninety One Em Blended Debt	<u>982,838</u>	Daily	1 day	N/A
Total	<u>\$ 53,889,334</u>			

Investments classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 investments are valued using a matrix pricing technique which is used to value securities based on the securities' relationship to benchmark quoted prices.

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Fair value of level 3 investments are determined by an independent third-party Valuation Committee comprised of officers of the investment adviser and established pursuant to the policies and procedures adopted by the Board, based on factors such as: (i) indications or quotes from brokers, (ii) valuations provided by a third-party pricing agent, (iii) internal models that take into consideration different factors determined to be relevant by the Adviser; or (iv) any combination of the above. Fair value pricing may require subjective determinations about the value of an asset or liability. The values of the investments in publicly traded foreign equity securities generally will be determined by a pricing service using pricing models designed to estimate likely changes in the values of those securities between the times in which the trading in those securities is substantially completed and the close of the NYSE. Fair values used to determine the investment fund's NAV may differ from quoted or published prices, or from prices that are used by others, for the same investments.

Following is a description of the valuation methodologies used for assets measured at fair value.

- *Equity Mutual Funds*: assets of each fund are valued daily at close of market and pricing is transmitted to fund custodians. Fund pricing is done after the close of each market day and the underlying securities are valued based on their closing trading values each day.
- *Bond Mutual Funds*: assets of each fund are valued daily at close of market and pricing is transmitted to fund custodians. Fund pricing is done after the close of each market day and the underlying securities are valued based on their closing trading values each day.
- *Private Equity*: includes commingled fund/pooled investment vehicles and real estate investments. Commingled fund/pooled investment vehicle is a fund with capital pooled from multiple investors that is deployed to a mutually agreed upon strategy. The fair value of commingled funds/pooled investment vehicles is measured at NAV, where fair value is measured by multiplying the pool's share price by the number of shares held. Typically, there are no redemption constraints for the commingled funds. Real estate investments are held either in separate accounts, as a limited partner, or in a joint venture or commingled fund. These investments are illiquid and resold at varying rates, with distributions received over the life of the investments. They are typically not redeemed, nor do they have set redemption schedules.

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

(7) Annual Pension Cost and Net Pension Obligation

As of June 30, 2023, the Company contributed the first 10% of the actuarially determined rate, Plan members contributed the next 5%, and the rate in excess of 15% is equally split between the Company and Plan members for contribution toward the Plan. The Company's annual pension cost and net pension obligation at June 30, 2023 and 2022 are as follows:

<u>Year Ended June 30,</u>	<u>Actuarially Determined Amount</u>	<u>Actual Contribution</u>	<u>Net Pension Obligation</u>
2023	\$ 4,148,988	\$ 4,148,988	\$ -
2022	\$ 3,667,102	\$ 3,667,102	\$ -

(8) Funded Status and Funding Progress

The status of funding progress is based on the actuarial valuations performed as of July 1, 2023 and 2022. The actuarial accrued liability is calculated using the entry-age method.

(dollar amounts in thousands)

<u>Actuarial valuation date (July 1)</u>	<u>(a) Actuarial value of assets</u>	<u>(b) Actuarial accrued liability (AAL)- entry age</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded ratio</u>	<u>(c) Covered payroll</u>	<u>((b-a)/c) UAAL as a percentage of covered payroll</u>
2023	\$ 76,721	\$ 106,957	\$ 30,236	71.73%	\$ 33,739	89.62%
2022	\$ 69,897	\$ 98,511	\$ 28,614	70.95%	\$ 32,022	89.36%

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

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

**Schedule of Assets Held for Investment Purposes
June 30, 2023 and 2022**

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
June 30, 2023:			
<u>Equity mutual funds:</u>			
Baillie Gifford EAFE Pure Fund	442,279	\$ 7,508,045	\$ 5,705,396
Cohen & Steers Instl Realty Shares	57,951	<u>2,955,976</u>	<u>2,564,313</u>
Total equity mutual funds		<u>10,464,021</u>	<u>8,269,709</u>
<u>Bond mutual funds:</u>			
Baird Aggregate Bond Fund	782,409	<u>8,482,979</u>	<u>7,573,720</u>
Total bond mutual funds		<u>8,482,979</u>	<u>7,573,720</u>
<u>Private equity:</u>			
Northern Trust Collective Funds	1,368	21,920,905	23,001,883
JPMCB Core Bond Fund	373,260	7,871,696	7,457,727
Magnitude Institutional, Ltd.	1,927	5,995,530	7,078,218
Causeway Collective Trust	430,265	4,822,579	5,976,376
Emerging World Investors LP	4,572,081	4,572,081	4,572,081
Invesco Core Real Estate	15	3,100,140	3,127,506
Oaktree High Yield Bond, LP	41,461	2,809,320	2,468,577
GW&K Small Cap Core Equity	138,467	2,150,000	1,928,229
Harrison Street Core Prop Fund	943	1,527,429	1,504,234
Sector Global Emrg Market Fund	16,050	1,605,000	1,471,110
Ninety One Em Blended Debt	12,016	<u>731,858</u>	<u>1,442,427</u>
Total private equity		<u>57,106,538</u>	<u>60,028,368</u>
Total investments		<u>\$ 76,053,538</u>	<u>\$ 75,871,797</u>

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

**Schedule of Assets Held for Investment Purposes, continued
June 30, 2023 and 2022**

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
June 30, 2022:			
<u>Equity mutual funds:</u>			
Baillie Gifford EAFE Pure Fund	393,036	\$ 7,076,998	\$ 4,382,356
iShares Core S&P 500 ETF	8,098	3,051,521	3,070,357
Cohen & Steers Instl Realty Shares	44,521	<u>2,419,256</u>	<u>2,111,177</u>
Total equity mutual funds		<u>12,547,775</u>	<u>9,563,890</u>
<u>Bond mutual funds:</u>			
Baird Aggregate Bond Fund	613,109	6,861,875	6,137,219
Stone Ridge Reinsurance Risk Prem	326	<u>2,994</u>	<u>13,111</u>
Total bond mutual funds		<u>6,864,869</u>	<u>6,150,330</u>
<u>Private equity:</u>			
Northern Trust Collective Funds	1,248	20,274,022	17,551,405
Magnitude Institutional, Ltd.	2,579	8,025,000	8,723,814
JPMCB Core Bond Fund	309,472	6,616,508	6,195,627
Causeway Collective Trust	472,656	5,210,473	5,029,058
Emerging World Investors LP	4,505,493	4,605,750	4,505,493
Invesco Core Real Estate	15	3,016,363	3,503,520
Oaktree High Yield Bond, LP	39,037	2,636,328	2,248,309
Brook Global Emrg Market Fund	22,750	2,275,000	1,890,252
GW&K Small Cap Core Equity	138,467	2,150,000	1,759,018
Harrison Street Core Prop Fund	1,500,000	1,500,000	1,500,000
Ninety One Em Blended Debt	9,087	<u>384,140</u>	<u>982,838</u>
Total private equity		<u>56,693,584</u>	<u>53,889,334</u>
Total investments		<u>\$ 76,106,228</u>	<u>\$ 69,603,554</u>

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

**Schedule of Funding Progress, Schedule of Contributions, and
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2023 and 2022**

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

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

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)- entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded ratio	(c) Covered payroll	((b-a)/c) UAAL as a percentage of covered payroll
2023	\$ 76,721	\$ 106,957	\$ 30,236	71.73%	\$ 33,739	89.62%
2022	69,897	98,511	28,614	70.95%	32,022	89.36%
2021	81,807	97,238	15,431	84.13%	30,015	51.41%
2020	63,777	95,974	32,197	66.45%	31,946	100.79%
2019	60,679	91,295	30,616	66.46%	30,624	99.97%
2018	56,022	87,017	30,995	64.38%	31,094	99.68%
2017	52,742	81,804	29,062	64.47%	30,448	95.45%
2016	47,051	73,596	26,545	63.93%	29,787	89.12%
2015	45,790	63,234	17,444	72.41%	25,321	68.89%
2014	46,310	62,011	15,701	74.68%	27,266	57.59%

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

Schedule of Contributions

Year ended June 30,	Actuarially determined amount	Annual required contribution as a percentage of covered payroll	Employer contribution	Employee contribution	Percentage contributed
2023	\$ 6,689,636	20.90%	\$ 4,148,988	\$ 2,540,648	100%
2022	5,872,022	16.18%	3,667,102	2,204,920	100%
2021	7,057,378	22.45%	4,341,170	2,716,208	100%
2020	7,168,354	21.87%	4,357,936	2,810,418	100%
2019	7,165,553	21.82%	4,488,508	2,677,045	100%
2018	6,516,603	21.07%	4,054,711	2,461,892	100%
2017	6,018,860	19.95%	3,877,435	2,141,425	100%
2016	5,193,480	17.58%	3,439,288	1,754,192	100%
2015	4,711,230	15.95%	3,067,778	1,643,452	100%
2014	4,763,313	17.57%	3,326,307	1,437,006	100%

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

**Schedule of Funding Progress, Schedule of Contributions, and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2023 and 2022**

**Schedule of Changes in Net Pension Liability
and Related Ratios**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 3,976,830	\$ 3,811,388	\$ 3,955,142	\$ 3,749,884	\$ 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
Differences 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	1,273,341	1,264,625	4,678,595	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	97,238,338	95,973,713	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	<u>\$ 106,957,133</u>	<u>\$ 98,511,679</u>	<u>\$ 97,238,338</u>	<u>\$ 95,973,713</u>	<u>\$ 91,295,118</u>	<u>\$ 87,017,395</u>	<u>\$ 78,152,791</u>	<u>\$ 70,401,250</u>	<u>\$ 63,233,552</u>	<u>\$ 62,010,610</u>
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										
Salaried 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	<u>\$ 76,721,202</u>	<u>\$ 69,897,651</u>	<u>\$ 81,807,082</u>	<u>\$ 63,776,866</u>	<u>\$ 60,679,049</u>	<u>\$ 56,021,895</u>	<u>\$ 52,742,303</u>	<u>\$ 47,050,624</u>	<u>\$ 45,790,264</u>	<u>\$ 46,310,416</u>
Company's net pension liability	<u>\$ 30,235,931</u>	<u>\$ 28,614,028</u>	<u>\$ 15,431,256</u>	<u>\$ 32,196,847</u>	<u>\$ 30,616,069</u>	<u>\$ 30,995,500</u>	<u>\$ 25,410,488</u>	<u>\$ 23,350,626</u>	<u>\$ 17,443,288</u>	<u>\$ 15,700,194</u>
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%	74.70%
Covered payroll	\$ 33,739,000	\$ 32,022,000	\$ 30,015,000	\$ 31,946,000	\$ 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%	100.79%	99.97%	99.68%	83.46%	78.39%	68.89%	57.58%

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

**Schedule of Funding Progress, Schedule of Contributions, and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2023 and 2022**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
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	<u>2,540,648</u>	<u>2,204,920</u>	<u>2,716,208</u>	<u>2,810,418</u>	<u>2,677,045</u>	<u>2,461,892</u>	<u>2,141,425</u>	<u>1,754,192</u>	<u>1,643,452</u>	<u>1,437,006</u>
Total contributions	<u>6,689,636</u>	<u>5,872,022</u>	<u>7,057,378</u>	<u>7,168,354</u>	<u>7,165,553</u>	<u>6,516,603</u>	<u>6,018,860</u>	<u>5,193,480</u>	<u>4,711,230</u>	<u>4,763,313</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 33,739,000	\$ 32,022,000	\$ 30,015,000	\$ 31,946,000	\$ 30,624,000	\$ 31,094,000	\$ 30,448,000	\$ 29,787,000	\$ 25,321,000	\$ 27,266,000
Contributions as a percentage of covered-employee payroll	19.83%	18.34%	23.51%	22.44%	23.40%	20.96%	19.77%	17.44%	18.61%	17.47%

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

**Schedule of Funding Progress, Schedule of Contributions, and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2023 and 2022**

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

Valuation date	July 1, 2023
Actuarial cost method	Entry age normal cost frozen initial liability
Amortization method	Level dollar closed
Remaining amortization period on initial liability	14 years
Remaining amortization period on assumption changes	20 years
Remaining amortization period on interest rate assumption	23 years
Remaining amortization period on interest rate assumption	24 years
Remaining amortization period on assumption changes	27 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.5%
Discount rate	6.5%
Projected salary increases	3.0%
Cost-of-living adjustments	None

Mortality rates were based on the following:

Healthy: PRI-2012 Blue Collar Mortality Table Projected with Scale MP-2019.

Disabled: PRI-2012 Disabled Mortality Table Projected with Scale MP-2019.

The following presents the net pension liability calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5%) or 1-percentage-point higher (7.5%) than the current rate (dollar amounts in thousands):

<u>Discount Rate</u>	<u>Net Pension Liability</u>
5.5%	\$ 39,900
6.5%	30,235
7.5%	21,901

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

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

Revenue by source					
Fiscal year	Contributions*	Benefit transfers	Investment income (loss)	Rate of return	Total
2023	\$ 6,689,636	-	\$ 6,677,060	9.59%	\$ 13,366,696
2022	5,872,022	-	(8,899,439)	(11.14) %	(3,027,417)
2021	7,057,378	-	16,154,417	26.56%	23,211,795
2020	7,168,354	-	207,350	0.34%	7,375,704
2019	7,165,553	-	1,715,995	3.10%	8,881,548
2018	6,516,603	-	2,807,077	5.42%	9,323,680
2017	6,018,860	-	4,919,899	10.66%	10,938,759
2016	5,193,480	-	(407,799)	(1.04)%	4,785,681
2015	4,711,230	29,872	(569)	(0.02) %	4,740,533
2014	4,763,313	-	5,113,555	12.70%	9,876,868

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

Expenses by type					
Fiscal year	Benefits	Direct administrative costs	Other administrative costs	Benefit transfers	Total
2023	\$ 5,760,706	\$ 39,895	\$ 313,625	\$ 428,919	\$ 6,543,145
2022	8,536,535	32,036	313,443	-	8,882,014
2021	4,763,085	182,650	235,844	-	5,181,579
2020	3,912,892	158,643	206,352	-	4,277,887
2019	3,859,763	145,775	218,856	-	4,224,394
2018	5,626,291	139,754	240,380	37,663	6,044,088
2017	4,615,902	126,930	249,207	255,041	5,247,080
2016	3,182,794	114,708	210,318	17,501	3,525,321
2015	4,881,029	118,069	231,427	30,160	5,260,685
2014	4,326,353	122,144	201,374	241,886	4,891,757



LONG BEACH
T R A N S I T

LONG BEACH PUBLIC TRANSPORTATION COMPANY RETIREMENT PLAN -
SALARIED EMPLOYEES

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

Table of Contents

Principal Officials	1
Independent Auditors' Report	2
Management's Discussion and Analysis	
Financial Highlights	5
Overview of the Financial Statements	5
Financial Statement Analysis	6
Economic Factors and Rates Affecting Next Year	7
Requests for Information	7
Statements of Fiduciary Net Position	8
Statements of Changes in Fiduciary Net Position	9
Notes to Financial Statements	
(1) Description of Plan	10
(2) Summary of Significant Accounting Policies	11
(3) Federal Income Taxes	13
(4) Cash and Investments	13
(5) Plan Transfer Contribution	15
(6) Investments and Fair Value Measurements	16
(7) Annual Pension Cost and Net Pension Obligation	18
(8) Funded Status and Funding Progress	18
Required Supplemental Information	
(1) Schedule of Assets Held for Investment Purposes	19
(2) Schedule of Funding Progress, Schedule of Contributions, and Schedule of Changes in Net Pension Liability and Related Ratios	20
(3) Schedule of Revenue by Source and Expenses by Type	24

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

Principal Officials

Board of Directors

David Sutton	Chair
Abigail Mejia	Vice Chair
Vacant	Secretary/Treasurer
Collen Bentley	Director
Raul Añorve	Director
Randy Rawlings	Director
Tunua Thrash-Ntuk	Director
Joshua Hickman	City Representative, City of Long Beach
Christopher Koontz	City Representative, City of Long Beach

Pension Committee Members

Kenneth McDonald	President and Chief Executive Officer
Lisa Patton	Executive Director/VP, Finance and Budget
Elizabeth Brown	Executive Director/VP, Organizational Development and Administration

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of the Long Beach Public Transportation Company Retirement Plan – Salaried Employees, which comprise the statements of fiduciary net position as of June 30, 2023 and 2022, and the related statements of changes in fiduciary net position for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the fiduciary activities of the Long Beach Public Transportation Company Retirement Plan – Salaried Employees (the Plan) as of June 30, 2023 and 2022, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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 Audit of the Financial Statements section of our report. We are required to be independent of the Plan 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 these 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 Plan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit 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 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 standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, 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 Plan'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 Plan's ability to continue as a going concern for a reasonable period of time.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 5-7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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 an opinion on the Plan's basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes, schedule of funding progress, schedule of contributions, schedule of changes in net pension liability and related ratios, and schedule of revenue by source and expenses by type are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Winder, Inc.

Long Beach, California
December 1, 2023

LONG BEACH PUBLIC TRANSPORTATION COMPANY RETIREMENT PLAN - SALARIED EMPLOYEES

Management's Discussion and Analysis

As management of Long Beach Public Transportation Company (Long Beach Transit or the Company), we offer readers this narrative overview and analysis of the financial activities of the Long Beach Public Transportation Company Retirement Plan – Salaried Employees (the Plan) for the fiscal years ended June 30, 2023, 2022, and 2021.

FINANCIAL HIGHLIGHTS

- The net position of the Plan at the close of the fiscal year 2023 is \$32.3 million. All of the assets are available to meet the Plan's ongoing obligations to plan participants and their beneficiaries.
- The Plan's total net position held in trust for pension benefits increased by \$308 thousand, or 0.96%, due to an increase in investment market value.
- The Plan's pension contributions increased by approximately \$337 thousand, or 25.6%, primarily due to an increase in required contributions.
- Pension benefit distributions increased by approximately \$497 thousand, or 16.5%, for the fiscal year primarily due to long-term employees retiring and receiving lump-sum distributions.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

The Plan's financial statements can be found beginning on page 8 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found beginning on page 10 of this report.

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

Management's Discussion and Analysis, continued

FINANCIAL STATEMENT ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Plan's financial position. The assets of the Plan exceeded its liabilities at the close of fiscal years 2023, 2022, and 2021.

Condensed Summary of Net Position

	2023	2022	2021
Cash	\$ 1,265,608	\$ 581,963	\$ 973,046
Receivables	428,919	-	65,849
Investments	30,654,489	31,459,240	36,751,910
Total assets	32,349,016	32,041,203	37,790,805
 Net position	 \$ 32,349,016	 \$ 32,041,203	 \$ 37,790,805

As of June 30, 2023, \$32.3 million in total net position is held in trust for pension benefits. All of the assets are available to meet the Plan's ongoing obligation to plan participants and their beneficiaries. There was a \$308 thousand, or 0.96%, increase in total net position over the prior year primarily due to a favorable investment market. There was a positive investment rate of return of 6.10%. The actuarial assumption rate for investment return is 6.0% as of June 30, 2023.

As of June 30, 2022, \$32.0 million in total net position is held in trust for pension benefits. All of the assets are available to meet the Plan's ongoing obligation to plan participants and their beneficiaries. There was a \$5.7 million, or 15.2%, decrease in total net position over the prior year primarily due to an unfavorable investment market. There was a negative investment rate of return of (10.5%). The actuarial assumption rate for investment return is 6.0% as of June 30, 2022.

Condensed Summary of Changes in Net Position

	2023	2022	2021
Employer contributions	\$ 1,372,885	\$ 1,026,804	\$ 1,826,321
Employee contributions	279,383	288,286	308,205
Benefit transfer from Contract Plan	428,919	-	-
Investment income (loss)	1,919,001	(3,870,501)	7,332,880
Total additions	4,000,188	(2,555,411)	9,467,406
 Pension benefits	 3,517,783	 3,020,182	 2,902,046
Administrative costs	174,592	174,009	213,196
Total deductions	3,692,375	3,194,191	3,115,242
 Net increase in plan net position	 \$ 307,813	 \$ (5,749,602)	 \$ 6,352,164

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

Management's Discussion and Analysis, continued

Additions to the Plan's Net Position

The assets needed to pay retirement benefits are accumulated through the collection of employer and employee contributions, and through earnings on investments. The employer contribution rates for fiscal years 2023, 2022, and 2021 were 25.62%, 3.78%, and 19.73%, respectively. Effective July 1, 2011, all full-time salaried employees hired before April 1, 2011, began contributing 5% of their annual salary toward the Plan. The Plan met contribution requirements for all three years.

The actuarial assumption for investment income was 6% for fiscal years 2023, 2022, and 2021. In fiscal year 2023, the Plan achieved the actuarial assumption rate, producing a positive return of 6.10%. In fiscal year 2022, the Plan did not achieve the actuarial assumption rate, producing a negative return of (10.5%). In fiscal year 2021, the Plan exceeded the actuarial assumption rate, producing a positive return of 24.2%.

Deductions from the Plan's Net Position

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

Total expenditures for the fiscal year ended June 30, 2023 increased by \$498 thousand, or 15.6%, over fiscal year 2022. In 2023, pension benefit distributions increased by \$498 thousand due to an increase in retirements of long-term employees. Administration expenses incurred from the management of plan assets decreased by approximately \$1 thousand, or 0.3%, when compared to 2022.

Total expenditures for the fiscal year ended June 30, 2022 increased by \$78 thousand, or 2.5%, over fiscal year 2021. In 2022, pension benefit distributions increased by \$118 thousand due to an increase in retirements of long-term employees. Administration expenses incurred from the management of plan assets decreased by approximately \$39 thousand, or 18.4%, when compared to 2021.

ECONOMIC FACTORS AND RATES AFFECTING NEXT YEAR

The Plan completed a new actuarial valuation dated July 1, 2023. The contribution rate specified in the report increased to 32.00% for fiscal year 2024 from the 2023 rate of 30.62%. The funding status of the Plan decreased to 89.44% as compared to 89.95% in the prior fiscal year.

REQUESTS FOR INFORMATION

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

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

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

	<u>2023</u>	<u>2022</u>
Assets		
Cash (note 4)	\$ 1,265,608	\$ 581,963
Accounts receivable:		
Contribution receivable	<u>428,919</u>	<u>-</u>
Investments, at fair value (notes 4 and 6):		
Equity mutual funds	22,124,033	21,886,698
Bond mutual funds	<u>8,530,456</u>	<u>9,572,542</u>
Total investments	<u>30,654,489</u>	<u>31,459,240</u>
Total assets	<u>\$ 32,349,016</u>	<u>\$ 32,041,203</u>
Net position restricted pension	<u>\$ 32,349,016</u>	<u>\$ 32,041,203</u>

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

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

	<u>2023</u>	<u>2022</u>
Additions:		
Contributions:		
Employer contributions	\$ 1,372,885	\$ 1,026,804
Employee contributions	<u>279,383</u>	<u>288,286</u>
Total contributions	<u>1,652,268</u>	<u>1,315,090</u>
Investment gain (loss):		
Interest	31,938	122,849
Dividends and capital gains	784,366	1,090,309
Net unrealized gain (loss) on investments	1,230,303	(10,995,146)
Net realized gain (loss) on investments	<u>(127,606)</u>	<u>5,911,487</u>
Total investment gain (loss), net	<u>1,919,001</u>	<u>(3,870,501)</u>
Other additions:		
Benefit transfers from contract plan (note 5)	<u>428,919</u>	<u>-</u>
Total other additions	<u>428,919</u>	<u>-</u>
Deductions:		
Expenditures:		
Pension benefits	3,517,783	3,020,182
Direct administrative costs	15,412	16,868
Other administrative costs	<u>159,180</u>	<u>157,141</u>
Total expenditures	<u>3,692,375</u>	<u>3,194,191</u>
Net increase (decrease) in plan net position	307,813	(5,749,602)
Net position restricted for pension, beginning of year	<u>32,041,203</u>	<u>37,790,805</u>
Net position restricted for pension, end of year	<u>\$ 32,349,016</u>	<u>\$ 32,041,203</u>

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

**Notes to Financial Statements
June 30, 2023 and 2022**

(1) Description of Plan

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

Pension Benefits

The Plan is a defined benefit pension plan sponsored by Long Beach Public Transportation (Long Beach Transit or the Company). All full-time salaried employees hired before April 1, 2011 are eligible under the Plan. At June 30, 2023 and 2022, membership consisted of:

	2023	2022
Retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits, but not yet receiving such benefits	53	53
Current vested employees	60	65
Total membership	113	118

Participants are eligible for annual benefit payments at the normal retirement age of 64 or at completion of ten years of credited service, whichever is later. Monthly benefit payments are determined as 1.70% of average monthly final earnings multiplied by years of credited service (maximum credit of 40 years).

Average monthly final earnings are the employee's highest average monthly wage for 36 consecutive months of earnings during the last ten calendar years of employment, prior to normal retirement date, which provide the highest value. Participants are 100% vested after five years of service.

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

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

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

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Death and Disability Benefits

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

If a participant becomes occupationally disabled, he or she is entitled to a monthly benefit equal to 1.70% of the participant's average monthly final earnings for each year of service earned. The minimum monthly disability benefit is 17% of the participant average monthly final earnings regardless of the length of service or vesting status.

Termination

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

Contributions

During the year ended June 30, 2023, Plan members contributed 5% of their annual salary toward the Plan. The Company contributed the remainder of the actuarially determined rate. Administrative costs of the Plan are a component of the actuarially determined rate.

(2) Summary of Significant Accounting Policies

Reporting Entity

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

The Company's basic financial statements are available under separate cover. For accounting purposes, Long Beach Transit is considered a component unit of the City of Long Beach (the City). As such, the Company's general financial statements are included in the City's annual comprehensive financial report as a discretely presented component unit.

Long Beach Transit has a separate legal status and has historically operated as an independently managed and operated nonprofit corporation, receiving no direct administrative or financial support from the City. For the present, there has been no expressed intent to alter the status of this financial reporting and administrative relationship.

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

Basis of Presentation

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

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Method Used to Value Investments

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

Securities traded on a national or international exchange are valued at the last reported sales price at current market value rates.

Trust Fund Managed by the Trustee Bank

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

Investment Management

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

Use of Estimates

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

Subsequent Events

The Plan has evaluated subsequent events through December 1, 2023, the date the financial statements were available to be issued.

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

(3) Federal Income Taxes

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

(4) Cash and Investments

At June 30, 2023 and 2022, cash and investments consisted of the following:

	2023	2022
Deposits with Trustee	\$ 1,265,608	\$ 581,963
Investments	30,654,489	31,459,240
Total	\$ 31,920,097	\$ 32,041,203

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

Plan assets shall be invested to provide safety through diversification in a portfolio of pooled common stocks, bonds, cash equivalents, and other investments which may reflect varying rates of return. The asset allocation for the Plan for the year ending June 30, 2023 is as follows:

	Lower	Strategic Allocation	Upper
U.S. Stocks			
Large	10%	12%	14%
Mid	10%	12%	14%
Small	10%	12%	14%
Real Estate Securities	6%	8%	10%
International Equity			
Developed	7%	9%	11%
Emerging	7%	9%	11%
Commodities	3%	4%	5%
Gold	3%	4%	5%
Fixed Income	25%	30%	35%
Cash Equivalent	0%	0%	5%

Investments in any one issuer or fund that represents 5% or more of total Plan net position have been summarized in note 6. Investments shall also be diversified within asset classes.

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. Information about the sensitivity of fair values of the Plan's investments to market interest rate fluctuations is provided by the following table that shows the portfolio percentage and maturity, where applicable, for each asset class or fund at June 30, 2023 and 2022.

<u>Type of Investment</u>	<u>2023</u>			<u>2022</u>		
	<u>Portfolio Percentage</u>	<u>Market Value</u>	<u>Maturity</u>	<u>Portfolio Percentage</u>	<u>Market Value</u>	<u>Maturity</u>
Equity Mutual Funds:						
Domestic Securities						
Large Capitalization	13%	\$ 3,977,108	N/A	12%	\$ 3,696,674	N/A
Mid Capitalization	13%	3,887,095	N/A	12%	3,664,993	N/A
Small Capitalization	12%	3,879,860	N/A	12%	3,661,902	N/A
Real Estate Securities	8%	2,600,240	N/A	10%	3,041,118	N/A
International Developed	9%	2,778,490	N/A	9%	2,759,183	N/A
International Emerging	9%	2,704,691	N/A	8%	2,724,868	N/A
Gold	4%	1,128,927	N/A	4%	1,221,230	N/A
Commodities	4%	1,167,622	N/A	3%	1,116,730	N/A
Bond Mutual Funds	28%	<u>8,530,456</u>	7.4 years	30%	<u>9,572,542</u>	8.5 years
Total		<u>\$ 30,654,489</u>			<u>\$ 31,459,240</u>	

N/A – not applicable

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2023, equity mutual funds comprise 72% of the Plan's asset portfolio and are not rated. The remaining 28% of the Plan's assets are in bond mutual funds.

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Credit ratings for the Plan's fixed income investments held at June 30, 2023 and 2022 are as follows:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>2023 Fair Value</u>	<u>2022 Fair Value</u>
Bond Mutual Funds	Not rated	\$ -	\$ 22,940
	AAA	<u>8,530,456</u>	<u>9,549,602</u>
		<u>\$ 8,530,456</u>	<u>\$ 9,572,542</u>

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Plan will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Per the Plan's investment policy, the percentage of total assets allocated to cash deposits should be sufficient only to assure liquidity to meet disbursement needs, which are minimal.

Custodial credit risk for investments generally applies to direct investments in marketable securities. Custodial credit risk does not apply to the Plan's indirect investment in securities through the use of mutual funds or government investment pools.

Risk and Uncertainties

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

(5) Plan Transfer Contribution

When contract employees accept salaried positions and become eligible to participate in the Company's Salaried Employees Retirement Plan, the service years earned while in their union positions are recognized under the Plan. Benefit calculations for these employees have been prepared by the Company's actuary using each affected employees' service years and age at the time of transfer to their new position. There were \$428,919 and \$0 transfers in the fiscal years ended June 30, 2023 and 2022, respectively.

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

(6) Investments and Fair Value Measurements

The following investments accounted for 5% or more of the total net position (at fair value) at June 30, 2023 and 2022:

<u>Description of Investments</u>	<u>Cost</u>	<u>Fair Value</u>
2023:		
iShares 7-10 Year Treasury Bond ETF	\$ 10,314,388	\$ 8,530,456
Spdr S&P 500 ETF	3,903,615	3,977,108
iShares Russell Mid Cap ETF	4,166,672	3,887,095
iShares Russell 2000	4,163,737	3,879,860
iShares Msci Eafe ETF	2,723,824	2,778,490
Vanguard Ftse Emerging Markets ETF	3,355,131	2,704,691
Spdr Dow Jones REIT ETF	<u>3,007,361</u>	<u>2,600,241</u>
	31,634,728	28,357,941
Remaining investments not exceeding 5% of total net position	<u>2,570,923</u>	<u>2,296,548</u>
Total	<u>\$ 34,205,651</u>	<u>\$ 30,654,489</u>

<u>Description of Investments</u>	<u>Cost</u>	<u>Fair Value</u>
2022:		
iShares 7-10 Year Treasury Bond ETF	\$ 10,964,075	\$ 9,549,603
Spdr S&P 500 ETF	4,272,468	3,696,673
iShares Russell Mid Cap ETF	4,471,041	3,664,993
iShares Russell 2000	4,406,298	3,661,902
iShares Msci Eafe ETF	3,148,416	2,759,183
Vanguard Ftse Emerging Markets ETF	3,358,107	2,724,868
Spdr Dow Jones REIT ETF	<u>2,837,127</u>	<u>2,510,017</u>
	33,457,532	28,567,239
Remaining investments not exceeding 5% of total net position	<u>2,777,810</u>	<u>2,892,001</u>
Total	<u>\$ 36,235,342</u>	<u>\$ 31,459,240</u>

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72) requires investments measured at fair value to be categorized under a fair value hierarchy. The Plan determines fair value of its investments based upon both observable and unobservable inputs. The Plan categorizes its fair value measurements within the fair value hierarchy as follows:

- *Level 1*: Quoted prices for identical investments in active markets accessible at the measurement date.
- *Level 2*: Observable inputs other than quoted market prices.
- *Level 3*: Unobservable inputs, which generally results in using the best information available.

Any remaining investments not categorized under the fair value hierarchy are shown at net asset value (NAV). NAV is used as a practical expedient to estimate the fair value of the Plan's interest therein, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of June 30, 2023, the Plan did not hold any investments measured at NAV.

The Plan has the following fair value measurements as of June 30, 2023:

<u>Investments by Fair Value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 22,124,033	\$ 22,124,033	\$ -	\$ -
Bond mutual funds	<u>8,530,456</u>	<u>8,530,456</u>	<u>-</u>	<u>-</u>
	<u>\$ 30,654,489</u>	<u>\$ 30,654,489</u>	<u>\$ -</u>	<u>\$ -</u>

The Plan has the following fair value measurements as of June 30, 2022:

<u>Investments by Fair Value</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Equity mutual funds	\$ 21,886,698	\$ 21,355,597	\$ 531,101	\$ -
Bond mutual funds	<u>9,572,542</u>	<u>9,549,602</u>	<u>22,940</u>	<u>-</u>
	<u>\$ 31,459,240</u>	<u>\$ 30,905,199</u>	<u>\$ 554,041</u>	<u>\$ -</u>

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

**Notes to Financial Statements, continued
June 30, 2023 and 2022**

Investments classified in level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Level 2 investments are valued using a matrix pricing technique which is used to value securities based on the securities' relationship to benchmark quoted prices.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

- *Equity Mutual Funds*: assets of each fund are valued daily at close of market and pricing is transmitted to fund custodians. Fund pricing is done after the close of each market day and the underlying securities are valued based on their closing trading values each day.
- *Bond Mutual Funds*: assets of each fund are valued daily at close of market and pricing is transmitted to fund custodians. Fund pricing is done after the close of each market day and the underlying securities are valued based on their closing trading values each day.

(7) Annual Pension Cost and Net Pension Obligation

As of June 30, 2023, Plan members contributed 5% of their annual salary toward the Plan. The Company contributed the remainder of the actuarially determined rate. The Company's annual pension cost and net pension obligation at June 30, 2023 and 2022 are as follows:

<u>Year Ended June 30</u>	<u>Actuarially Determined Amount</u>	<u>Actual Contribution</u>	<u>Net Pension Obligation</u>
2023	\$ 912,257	\$ 1,372,885	\$ -
2022	\$ 220,551	\$ 1,026,804	\$ -

(8) Funded Status and Funding Progress

The status of funding progress is based on the actuarial valuations performed as of July 1, 2023 and 2022. The actuarial accrued liability is calculated using the entry-age method.

(dollar amounts in thousands)

<u>Actuarial valuation date (July 1)</u>	<u>(a) Actuarial value of assets</u>	<u>(b) Actuarial accrued liability (AAL)- entry age</u>	<u>(b-a) Unfunded AAL (UAAL)</u>	<u>(a/b) Funded ratio</u>	<u>(c) Covered payroll</u>	<u>((b-a)/c) UAAL as a percentage of covered payroll</u>
2023	\$ 32,349	\$ 36,168	\$ 3,819	89.44%	\$ 4,133	92.40%
2022	\$ 32,041	\$ 35,619	\$ 3,578	89.95%	\$ 3,923	102.24%

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

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

**Schedule of Assets Held for Investment Purposes
June 30, 2023 and 2022**

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
June 30, 2023:			
<u>Equity mutual funds:</u>			
Spdr S&P 500 ETF	8,972	\$ 3,903,615	\$ 3,977,108
iShares Russell Mid Cap ETF	53,226	4,166,672	3,887,095
iShares Russell 2000 ETF	20,718	4,163,737	3,879,860
iShares MSCI EAFE ETF	38,324	2,723,824	2,778,490
Vanguard FTSE Emerging Markets ETF	66,487	3,355,131	2,704,691
Spdr Dow Jones REIT ETF	28,751	3,007,361	2,600,240
Invesco Optimum Yield ETF	85,823	1,504,914	1,167,622
iShares Gold Trust ETF	31,023	<u>1,066,009</u>	<u>1,128,927</u>
Total equity mutual funds		<u>23,891,263</u>	<u>22,124,033</u>
<u>Bond mutual funds:</u>			
iShares Core US Aggregate Bond ETF	88,307	<u>10,314,388</u>	<u>8,530,456</u>
Total bond mutual funds		<u>10,314,388</u>	<u>8,530,456</u>
Total investments		<u>\$ 34,205,651</u>	<u>\$ 30,654,489</u>

<u>Description of Investments</u>	<u>Number of Shares/Units</u>	<u>Cost</u>	<u>Fair Value</u>
June 30, 2022:			
<u>Equity mutual funds:</u>			
Spdr S&P 500 ETF	9,799	\$ 4,272,468	\$ 3,696,674
iShares Russell Mid Cap ETF	56,681	4,471,041	3,664,993
iShares Russell 2000 ETF	21,622	4,406,298	3,661,902
iShares MSCI EAFE ETF	44,154	3,148,415	2,759,183
Vanguard FTSE Emerging Markets ETF	65,423	3,358,107	2,724,868
Spdr Dow Jones REIT ETF	26,399	2,837,127	2,510,017
iShares Gold Trust ETF	35,594	1,224,730	1,221,230
Invesco Optimum Yield ETF	61,903	1,126,956	1,116,730
Predex I	16,382	<u>420,858</u>	<u>531,101</u>
Total equity mutual funds		<u>25,266,000</u>	<u>21,886,698</u>
<u>Bond mutual funds:</u>			
iShares Core US Aggregate Bond ETF	93,349	10,964,075	9,549,602
Stone Ridge Reinsurance Risk	570	<u>5,267</u>	<u>22,940</u>
Total bond mutual funds		<u>10,969,342</u>	<u>9,572,542</u>
Total investments		<u>\$ 36,235,342</u>	<u>\$ 31,459,240</u>

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

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios
June 30, 2023 and 2022**

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

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

Actuarial valuation date (July 1)	(a) Actuarial value of assets	(b) Actuarial accrued liability (AAL)- entry age	(b-a) Unfunded AAL (UAAL)	(a/b) Funded ratio	(c) Covered payroll	((b-a)/c) UAAL as a percentage of covered payroll
2023	\$ 32,349	\$ 36,168	\$ 3,819	89.44%	\$ 4,133	92.40%
2022	32,041	35,619	3,578	89.95%	3,923	102.24%
2021	37,791	36,225	(1,566)	104.32%	4,869	(32.16%)
2020	31,439	33,942	2,503	92.63%	4,589	54.54%
2019	30,939	33,336	2,397	92.81%	4,783	50.11%
2018	27,867	31,216	3,349	89.27%	4,859	68.92%
2017	25,233	29,528	4,295	85.45%	5,187	82.80%
2016	22,778	29,966	7,188	76.01%	6,023	119.34%
2015	19,819	25,561	5,742	77.54%	6,381	89.99%
2014	16,655	25,412	8,757	65.54%	6,925	126.46%

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

Schedule of Contributions

Year ended June 30,	Actuarially determined amount	Annual required contribution as a percentage of covered payroll	Employer contribution	Employee contribution
2023	\$ 1,191,640	30.62%	\$ 1,372,885	\$ 279,383
2022	508,837	8.78%	1,026,804	288,286
2021	1,747,226	24.73%	1,826,321	308,205
2020	1,915,586	22.60%	1,596,044	319,542
2019	1,933,825	25.89%	3,111,520	322,305
2018	1,922,605	27.09%	2,602,155	320,450
2017	2,030,220	29.85%	2,790,134	340,086
2016	2,000,708	24.55%	4,270,185	365,367
2015	2,605,222	27.52%	4,758,243	402,617
2014	2,484,256	28.46%	2,847,508	436,748

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

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2023 and 2022**

**Schedule of Changes in Net Pension Liability
and Related Ratios**

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 600,985	\$ 732,451	\$ 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
Differences between expected and actual experience	1,584,289	(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	548,654	(605,755)	2,283,050	605,784	2,120,806	1,687,746	(438,558)	4,405,720	148,886	908,497
Beginning total pension liability	35,619,511	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	\$ 35,619,511	\$ 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
Investment income (loss)	1,919,001	(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	(3,517,783)	(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 transfer to/from										
Contract Plan	428,919	-	-	-	-	37,663	255,041	17,501	288	241,886
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	\$ 3,578,308	\$ (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%	91.58%	92.81%	89.27%	85.45%	76.01%	77.54%	65.54%
Covered payroll	\$ 4,133,000	\$ 3,923,000	\$ 4,869,000	\$ 4,589,000	\$ 4,783,000	\$ 4,859,000	\$ 5,187,000	\$ 6,023,000	\$ 6,381,000	\$ 6,925,000
Company's net pension liability as a % of covered payroll	92.40%	91.21%	(32.16%)	63.00%	50.11%	68.92%	82.80%	119.36%	89.99%	126.46%

See Independent Auditors' Report

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

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2023 and 2022**

	Salaried Plan Schedule of Contributions Last 10 Fiscal Years									
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,191,640	\$ 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	<u>1,652,268</u>	<u>1,315,090</u>	<u>2,134,526</u>	<u>1,915,586</u>	<u>3,433,825</u>	<u>2,922,605</u>	<u>3,130,220</u>	<u>4,635,552</u>	<u>5,160,860</u>	<u>3,284,256</u>
Contribution deficiency (excess)	<u>\$ (460,628)</u>	<u>\$ (806,253)</u>	<u>\$ (387,300)</u>	<u>\$ -</u>	<u>\$ (1,500,000)</u>	<u>\$ (1,000,000)</u>	<u>\$ (1,100,000)</u>	<u>\$ (2,634,844)</u>	<u>\$ (2,555,638)</u>	<u>\$ (800,000)</u>
Covered payroll	\$ 4,133,000	\$ 3,923,000	\$ 4,869,000	\$ 4,589,000	\$ 4,783,000	\$ 4,859,000	\$ 5,187,000	\$ 6,023,000	\$ 6,381,000	\$ 6,925,000
Contributions as a percentage of covered-employee payroll	39.98%	33.52%	43.84%	41.74%	71.79%	60.15%	60.35%	76.96%	80.88%	47.43%

See Independent Auditors' Report

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

**Schedule of Funding Progress and Contributions and
Schedule of Changes in Net Pension Liability and Related Ratios, continued
June 30, 2023 and 2022**

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

Valuation date	July 1, 2023
Actuarial cost method	Entry age normal cost frozen initial liability
Amortization method	Level dollar closed
Remaining amortization period assumption	10 years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	6.0%
Discount rate	6.0%
Projected salary increases	3.0%
Cost-of-living adjustments	None

Mortality rates were based on the following:

- Heathy: PRI-2012 White Collar Mortality Table Projected with Scale MP-2019
- Disabled: PRI-2012 Disabled Mortality Table Projected with Scale MP-2019

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

<u>Discount Rate</u>	<u>Net Pension Liability</u>
5.0%	\$ 6,128
6.0%	3,819
7.0%	1,800

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

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

Revenue by source						
Fiscal year	Contributions*	Benefit transfers	Investment income (loss)	Rate of return	Total	
2023	\$ 1,652,268	\$ 428,919	\$ 1,919,001	6.10%	\$ 4,000,188	
2022	1,315,090	-	(3,870,501)	(10.5)%	(2,555,411)	
2021	2,134,526	-	7,332,880	24.23%	9,467,406	
2020	1,915,586	-	84,624	0.27%	2,000,210	
2019	3,433,825	-	777,683	2.79%	4,211,508	
2018	2,922,605	37,663	1,376,782	5.46%	4,337,050	
2017	3,130,220	255,041	2,277,537	9.85%	5,662,798	
2016	4,635,552	17,501	(194,989)	(1.07)%	4,458,064	
2015	5,160,860	30,160	(11,557)	(0.08)%	5,179,463	
2014	3,284,256	241,886	1,750,047	12.90%	5,276,189	

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

Expenses by type						
Fiscal year	Benefits	Direct administrative costs	Other administrative costs	Benefit transfers	Total	
2023	\$ 3,517,783	\$ 15,412	\$ 159,180	\$ -	\$ 3,692,375	
2022	3,020,182	16,868	157,141	-	3,194,191	
2021	2,902,046	89,074	124,122	-	3,115,242	
2020	1,302,936	80,942	116,642	-	1,500,520	
2019	951,414	73,481	114,202	-	1,139,097	
2018	1,503,429	69,491	130,470	-	1,703,390	
2017	3,003,925	61,873	141,686	-	3,207,484	
2016	1,332,112	51,850	115,753	-	1,499,715	
2015	1,818,412	44,789	122,384	29,872	2,015,457	
2014	2,342,868	48,398	93,804	-	2,485,070	



Board Agenda Item No. 09

December 7, 2023

INFORMATION ITEM

Actuarial Valuation of Retirement Plans for Contract and Salaried Employees as of July 1, 2023

STAFF REPRESENTATIVE

Ashley Liang, Treasurer

BACKGROUND

Each year, Long Beach Transit (LBT) presents its actuarial valuation reports for the Retirement Plans (Plans) for the agency's Contract and Salaried employees as of July 1, 2023.

The actuarial report serves three main purposes:

- Determine the annual funding levels under the Plan's adopted funding policy and alternative funding levels;
- Determine how the required funding changed from the prior year using what is called an "experience analysis"; and
- Determine other information pertinent to understanding the Plan's funded status.

Retirement Plan for Contract Employees

For contract employees, compared to the prior year, the Plan's funding cost for the Plan Year commencing July 1, 2023 increased from 20.897% of pay to 21.009% of pay.

Retirement Plan for Salaried Employees

For salaried employees, compared to the prior year, the Plan's funding cost for the Plan Year commencing July 1, 2023 increased from 30.624% of pay to 32.003% of pay.

STAFF RECOMMENDATION – N/A

Kenneth A. McDonald
President and Chief Executive Officer

Attachments

***RETIREMENT PLAN FOR CONTRACT
EMPLOYEES OF LONG BEACH
PUBLIC TRANSPORTATION COMPANY***

***Actuarial Valuation as of
July 1, 2023***

NWPS
160 W. Santa Clara Street, Suite 1550
San Jose, California 95113
(650) 960-5700

October 2023

October 23, 2023

Pension Committee
Retirement Plan for Contract Employees of
Long Beach Public Transportation Company

Dear Pension Committee:

We are pleased to present our actuarial valuation report for the Retirement Plan for Contract Employees of Long Beach Public Transportation Company as of July 1, 2023. The information in this report provides the means by which we determine the funding requirements for the Plan. The actuarial report serves three main purposes:

- Determine the annual funding levels under the Plan’s adopted funding policy and alternative funding levels.
- Determine how the required funding changed from the prior year using what is called an “experience analysis.”
- Determine other information pertinent to understanding the Plan’s funded status.

Compared to the prior year, the Plan’s funding cost for the Plan Year commencing July 1, 2023 increased from 20.897% of pay (\$6,691,544) to 21.009% of pay (\$7,088,470) as follows:

	<u>% of Pay</u>	<u>\$ Amount (est.)</u>
• July 1, 2022 funding cost	20.897%	\$6,691,544
• Plan experience	<u>0.112%</u>	<u>\$396,926</u>
• July 1, 2023 funding cost	21.009%	\$7,088,470

We look forward to discussing our report with you.

Sincerely,



Nancy Teague Lee
Managing Actuary



SECTION 1**Valuation Results**

Executive Summary.....	1
Summary Information.....	2
Annual Funding.....	5
Frozen Initial Accrued Liability.....	8
Determination of Normal Cost.....	9
Determination of Contribution.....	10
Actuarial Experience.....	11
Risk Assessment & Disclosure.....	12

SECTION 2**Comments and Certification**

Certification.....	14
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SECTION 3**Supplemental Information**

Participant Reconciliation.....	16
Active Participant Data.....	17
Vested Inactive Data.....	18
Retiree Data.....	19
Asset Information.....	20
Present Value of Accumulated Plan Benefits.....	21
Summary of Plan Provisions.....	22
Actuarial Method and Assumptions.....	24
Rationale for Major Assumptions.....	27
Six Year Plan Overview.....	28
Assumption Change Exhibits.....	29

SECTION 4**Historical Information**

Ratio of Active to Inactive Participants.....	34
Ratio of Inactive to Total Liability.....	35
Investment Return.....	36
Funded Percentage.....	37
Funding Policy Contribution.....	38
Cash Flows.....	39

SECTION 1: VALUATION RESULTS

Executive Summary

The market value of assets increased \$6,823,551 during 2022-2023 and the return was 9.54%.

The Plan's funded percentage on an Entry Age Normal Accrued Liability basis increased from 70.95% to 71.73%. This was primarily due to the increase in the market value of assets.

The funding policy contribution as of July 1, 2023 is \$7,088,470 which is comprised of the normal cost of \$5,842,984 and the amortization payment of the unfunded liability plus interest required for monthly contributions. The funding policy contribution increased by \$396,926 from last year primarily due to the increase in liabilities being greater than the increase in the market value of assets.

Contributions made to the Plan were \$6,689,636.

The Plan's funding cost as a percentage of compensation for the July 1, 2023 Plan Year is 21.009% compared to 20.897% for the prior year. Plan experience increased the funding cost by 0.112%.

Benefit payments decreased from \$8,536,535 to \$5,760,706 primarily due to the decrease in the number of lump sums paid in 2022/2023.

SECTION 1: VALUATION RESULTS

Summary Information

The following presents some of the important results of the actuarial valuation and compares this information with the prior year.

	<u>July 1, 2023</u>	<u>July 1, 2022</u>	<u>Change</u>
Number of Participants			
Actives			
Vested	385	394	(9)
Non-Vested	<u>173</u>	<u>157</u>	<u>16</u>
Total	558	551	7
Inactive Vested	54	41	13
In Pay Status			
Retirees	69	66	3
Disabled	18	18	0
Beneficiaries	<u>17</u>	<u>17</u>	<u>0</u>
Total	104	101	3
Total Participants	716	693	23

SECTION 1: VALUATION RESULTS

Summary Information (continued)

	<u>July 1, 2023</u>	<u>July 1, 2022</u>	<u>Change</u>
Normal Cost for all benefits for fiscal year	\$5,842,984	\$5,459,434	\$383,550
Contribution for the fiscal year under the Company's Funding policy (assuming it is paid uniformly throughout the year)			
Annual amount	\$7,088,470	\$6,691,544	\$396,926
Percent of covered compensation	21.009%	20.897%	0.112%
Expected employer non-PEPRA contributions ⁽¹⁾	\$2,234,488	\$2,276,190	(\$41,701)
Expected employer PEPRA contributions ⁽¹⁾	\$2,029,760	\$1,790,331	\$239,429
Expected non-PEPRA employee contributions ⁽¹⁾	\$1,375,458	\$1,397,483	(\$22,025)
Expected PEPRA employee contributions ⁽¹⁾	\$1,448,764	\$1,227,540	\$221,224
Employer non-PEPRA percent of compensation ⁽¹⁾	13.004%	12.948%	0.050%
Employer PEPRA percent of compensation ⁽¹⁾	12.259%	12.397%	0.138%
Employee non-PEPRA percent of compensation ⁽¹⁾	8.005%	7.949%	0.056%
Employee PEPRA percent of compensation ⁽¹⁾	8.750%	8.500%	0.250%

⁽¹⁾ The PEPRA employee contribution rate is half of the total normal cost accrual rate rounded to the nearest 0.25% and is equal to the Non-PEPRA employee contribution rate if higher. The Non-PEPRA employee contribution rate is the greater of: (1) minimum of 5% and total contribution rate minus 10%, and (2) (maximum of 0 and total contribution rate minus 15%) x .50 plus 5%.

SECTION 1: VALUATION RESULTS

Summary Information (continued)

	<u>July 1, 2023</u>	<u>July 1, 2022</u>	<u>Change</u>
Entry Age Normal Accrued Liability	\$106,957,133	\$98,511,679	\$8,445,454
Funded Percentage	71.73%	70.95%	0.78%
Market Value of Plan Assets	\$76,721,202	\$69,897,651	\$6,823,551
Frozen Initial Liability Remaining Unfunded	\$12,182,210	\$12,461,539	(\$279,329)
Contributions Received	\$6,689,636	\$5,872,022	\$817,614
Benefits Paid	\$5,760,706	\$8,536,535	(\$2,775,829)

SECTION 1: VALUATION RESULTS

Annual Funding

The Plan sponsor has adopted the frozen initial liability method as its actuarial cost method, with costs allocated as a level percentage of future compensation. This funding method is described below.

Each year the present value of future benefits is determined by projecting the expected benefit payments in all future years for current employees and participants in pay status as of the valuation date. This projection is done by applying the actuarial assumptions to the current plan population. The current value of those future expected benefit payments is calculated using the assumed discount rate to arrive at the present value of future benefits (PVFB).

A portion of the PVFB has already been funded through previous contributions and investment return, reduced by previous benefit payments and expenses. This represents the current value of assets held by the Plan.

The portion of the PVFB not currently covered by Plan assets must come from future employer and employee contributions (offset by future plan investment and operational expenses). The total plan contributions are determined through the combination of an actuarial cost method and a funding policy. The funding policy is to contribute each year the normal cost plus an amount sufficient to amortize the unfunded liability as of July 1, 2007 over a period of 30 years.

As of July 1, 2007, the Plan's actuary determined what the Plan's assets would have been if (1) the Plan benefits had always been the same as they were then, (2) the Plan's actuarial

assumptions had always been met, and (3) contributions had always been an amount sufficient to fund the Plan benefits as a level percent of compensation from each employee's Plan entry date. This amount is known as the entry age normal accrued liability, and it was established as the frozen initial liability. The difference between the frozen initial liability as of July 1, 2007 and the Plan assets as of July 1, 2007 was established as the unfunded liability as of July 1, 2007. The funding policy adopted was to amortize this unfunded liability over a period of 30 years. Changes in assumptions or the terms of the Plan are amortized over a period of 30 years beginning at the effective date of the change.

To reflect expected future asset returns the interest rate assumption was lowered from 8.00% to 7.50% effective July 1, 2007.

Based on a reassessment of future returns, effective July 1, 2016 the interest rate assumption was again lowered from 7.50% to 7.00% which led to \$3,194,510 in additional liability.

Effective July 1, 2017 the interest rate assumption was further lowered from 7.00% to 6.50% which led to \$3,651,179 in additional liability.

Effective July 1, 2020 the disability, turnover, and mortality table assumptions were updated which led to \$1,341,613 in additional liability.

SECTION 1: VALUATION RESULTS

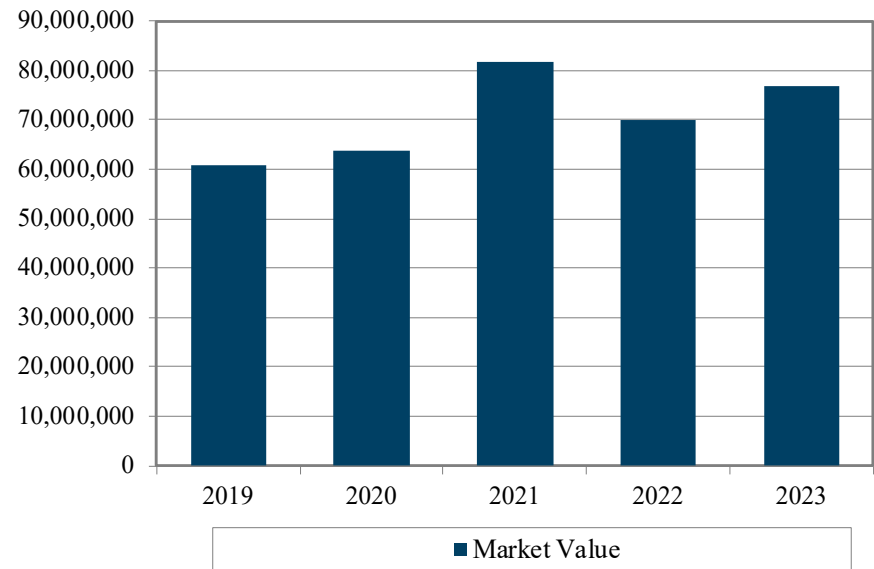
Annual Funding (continued)

Assets

Assets at June 30, 2023

Equity Mutual Funds	\$8,269,710
Bond Mutual Funds	7,573,720
Public equity	0
Private Equity	60,028,367
Cash	1,278,324
Transfer to Salaried Plan	(428,919)
Assets at Market Value	\$76,721,202

Asset Values (June 30)



SECTION 1: VALUATION RESULTS

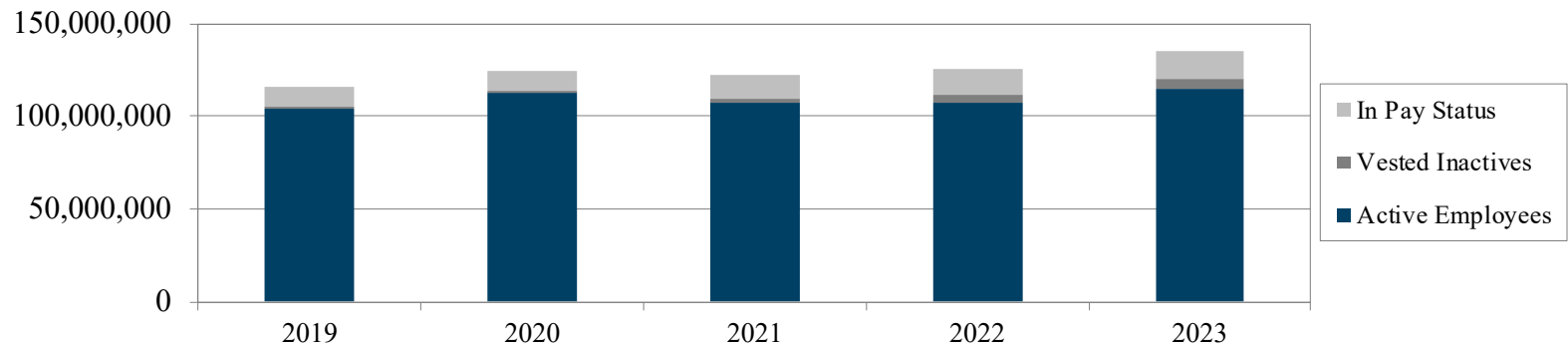
Annual Funding (continued)

Present Value of Future Benefits

In Pay Status ⁽¹⁾	\$15,160,172
Vested Inactives	5,172,770
Active Employees	<u>114,357,024</u>

Present Value of Future Benefits⁽²⁾ \$134,689,966

Historical Present Value of Future Benefits as of July 1



⁽¹⁾Retirees, disabled retirees and beneficiaries currently receiving payments.

⁽²⁾Increased \$9.2M from 2022 due to plan experience.

SECTION 1: VALUATION RESULTS

Frozen Initial Accrued Liability Remaining Unfunded at July 1, 2023

1. Frozen Initial Liability remaining unfunded July 1, 2022	\$12,461,539
2. Normal Cost as of July 1, 2022	5,459,434
3. Interest on (1) and (2) to June 30, 2023 at 6.5%	1,164,863
4. Employer contributions for the 2022/2023 Plan year	4,148,988
5. Interest on (4) to June 30, 2023 at 6.5%	132,719
6. Employee contributions for the 2022/2023 Plan year	2,540,648
7. Interest on (6) to June 30, 2023 at 6.5%	81,271
8. Increase due to assumption changes	0
9. Total FIL remaining unfunded as of July 1, 2023, = (1) + (2) + (3) – (4) – (5) – (6) – (7), not less than \$0 + (8)	\$12,182,210

SECTION 1: VALUATION RESULTS

Determination of Total Normal Cost

1. Present Value of Future Benefits	
A. Active Participants	\$114,357,024
B. Vested Inactives	5,172,770
C. In Pay Status	<u>15,160,172</u>
D. Total	\$134,689,966
2. Plan Assets	76,721,202
3. Frozen initial accrued liability remaining unfunded	12,182,210
4. Present value of future normal costs = (1D) - (2) - (3)	45,786,554
5. Present value of future salaries	281,346,920
6. Normal cost accrual rate = (4) / (5)	16.27%
7. Valuation compensation	33,739,794
8. Preliminary normal cost = (6) x (7)	5,489,464
9. Administrative Expenses	353,520
10. Total normal cost = (8) + (9)	\$5,842,984
11. Total normal cost accrual rate = (10) / (7)	17.32%

SECTION 1: VALUATION RESULTS

Determination of Contribution

Funding Policy

We understand that it is the Company’s policy to fund the normal cost plus an amount sufficient to amortize the unfunded accrued liability over 30 years from July 1, 2007. The contribution is made uniformly throughout the year.

	<u>Funding Policy</u>
1 Total normal cost for Plan year	\$5,842,984
2 Amortization of unfunded accrued liability:	
A. Initial unfunded remaining	1,717,897
B. Amortization period remaining (in years)	14
C. Amortization amount	178,952
D. Additional unfunded from assumption change	4,067,846
E. Amortization period	20
F. Amortization amount	346,651
G. Additional unfunded from interest rate change	2,409,259
H. Amortization period	23
I. Amortization amount	192,200
J. Additional unfunded from interest rate change	2,814,812
K. Amortization period	24
L. Amortization amount	220,421
M. Additional unfunded from assumption change	1,172,396
N. Amortization period	27
O. Amortization amount	87,542
3 Interest required for monthly contributions	219,720
4 Total annual contribution payable monthly = (1) + (2C) + (2F) + (2I) + (2L) + (2O) + (3)	7,088,470
5 Contribution as a percentage of compensation	21.009%

The contributions shown are the total required to meet the Company’s Funding Policy.

SECTION 1: VALUATION RESULTS

Actuarial Experience

A plan's actuarial liability is simply an estimate of the amount of funds required to pay benefits as they come due in the future. This estimate is based on assumptions about future events that impact the plan's funded status; events such as investment earnings on plan assets, how long retirees live, and the probability of an active member remaining in covered employment, among others. Each year the plan's funded status changes due to actual experience different from that anticipated by the actuarial assumptions. This difference is referred to as "actuarial experience."

There are two types of actuarial experience. "Actuarial gains" are generated when experience is more favorable than expected. Actuarial gains serve to improve the funded status of the plan. "Actuarial losses" occur when experience is less favorable than expected. Actuarial losses serve to lessen the funded status of the plan.

Actuarial experience is measured by performing an experience analysis. This analysis is important for two reasons. First, it tells the Plan Sponsor how and why the funded status changed from the prior year. Second, it allows the actuary to monitor whether the assumptions continue to be appropriate for valuing plan liabilities. Differences in actual experience compared to assumed are expected. However, a recurring trend of gains or losses from a particular assumption could indicate that the assumption should be modified.

The Plan's funding cost as a percentage of compensation for the July 1, 2023 Plan Year is 21.009% compared to 20.897% for the prior year. Plan experience increased the funding cost by 0.112%.

SECTION 1: VALUATION RESULTS

Risk Assessment and Disclosure

Actuarial Measurements

An actuarial valuation provides a measurement of pension obligations and actuarially determined pension contributions. These measurements are based on assumptions about future events that impact the plan's funded status; events such as investment earnings on plan assets, how long retirees live, the probability of an active member remaining in covered employment, and the size and composition of the covered group, among others. It is important to understand the risk that the actual cost of a pension plan may differ significantly from the expected cost. In other words, it is important to understand the risks and impact of future plan experience differing from the actuarial assumptions.

Risks to Plan's Financial Status

There are a number of risks that sponsors may face when funding plan benefits, including the following:

- Investment Risk – The risk that investment returns will be different than expected.
- Demographic Risk – The potential that mortality or other demographic experience will be different than expected.
- Contribution Risk – The risk that contributions received will be different than expected possibly due to lower than expected employee contributions.

Long Beach Transit has always contributed the full policy requirement.

Plan Maturity

Plan maturity can have a significant effect on the impact of these risks on a plan's long-term funding requirements.

The number of active employees covered by a pension plan may be an indication of the level of company operations that generates the revenue required to fund the pension plan. As the number of inactive participants (retirees and vested terminated participants) grows compared to active employees, the plan becomes more mature. As a pension plan matures, the revenue generated by active employees may become smaller in proportion to pension plan liabilities making it more expensive on a per-capita basis for the plan sponsor to cover potential funding shortfalls.

In general, a less mature plan represents a lower financial risk to the plan sponsor and a more mature plan represents a higher financial risk.

Following are a number of maturity and risk measurements for the Plan for the current and prior year. A history of maturity and other risk assessment measures are shown in the Historical Information section of this report.

SECTION 1: VALUATION RESULTS

Risk Assessment and Disclosure

Active to Inactive Ratio (Support Ratio)

The number of active employees covered by a pension plan may be an indication of the level of company operations that generates the revenue required to fund the pension plan. As the number of inactive participants (retirees and vested terminated participants) grows compared to active employees, it becomes more expensive on a per-capita basis for the plan sponsor to cover potential funding shortfalls that may occur.

The ratio of active to inactive participants as of July 1, 2023 is 3.53.

	<u>2023</u>	<u>2022</u>
Inactive	158	142
Active	558	551
Ratio	3.53	3.88

These ratios are more than most pension plans due to lump sums paid from the Plan for participants hired prior to July 1, 2012.

Ratio of Inactive to Total Liability

Similar to the active to inactive ratio, a higher ratio of liabilities for inactive participants means it will be more expensive on a per-capita basis and the Plan Sponsor will have fewer remedies to address funding shortfalls.

	<u>2023</u>	<u>2022</u>
Inactive	\$20,332,942	\$18,628,826
Total	\$106,957,133	\$98,511,679
Ratio	19.0%	18.9%

These ratios are less than most pension plans due to lump sums paid from the Plan.

Historical Information

A history of these maturity measures and other risk assessment measures are shown in the Historical Information section of this report.

SECTION 2: COMMENTS AND CERTIFICATION

Certification

This is to certify that our valuation of the Plan as of July 1, 2023 has been performed in accordance with generally accepted actuarial principles and practices. In preparing this report, we have relied on financial information contained in unaudited financial statements and on participant census information supplied by the Plan sponsor. We did not audit the participant census information. However, we reviewed the data for reasonableness and internal consistency and found no reason to doubt its substantial accuracy.

To the best of our knowledge, the information supplied in this report is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In our opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer our best estimate of anticipated experience under the plan.

We understand that the actuarial assumptions are selected by the Plan sponsor, Long Beach Public Transportation Company. During the last ten plan years, historical rates of return on a geometric basis have averaged 5.00% while rates of return averaged 4.69% during the last five plan years. Effective July 1, 2017 the investment return assumption was lowered from 7.00% per annum to 6.50% per annum to better reflect past experience as well as future expected returns. Funding under alternative interest rate assumptions is shown starting on page 29 of this report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in Plan provisions or applicable law. Due to the nature of this assignment, we did not perform an analysis of the potential range of such measurements.

SECTION 2: COMMENTS AND CERTIFICATION

Certification (continued)

This report has been prepared exclusively for the Retirement Plan for Contract Employees of Long Beach Public Transportation Company for the purposes stated herein.

To the best of our knowledge, the information supplied in this report is complete and accurate.

We, Jason C Birkle and Nancy Teague Lee, are members of the American Academy of Actuaries and meet the Qualifications of the American Academy of Actuaries to render the actuarial opinions contained herein.



A.S.A., F.C.A., M.A.A.A

Jason C. Birkle
Director of Actuarial Services
Enrolled Actuary No. 23-07856



F.C.A., M.A.A.A

Nancy Teague Lee
Managing Actuary
Enrolled Actuary No. 23-07500

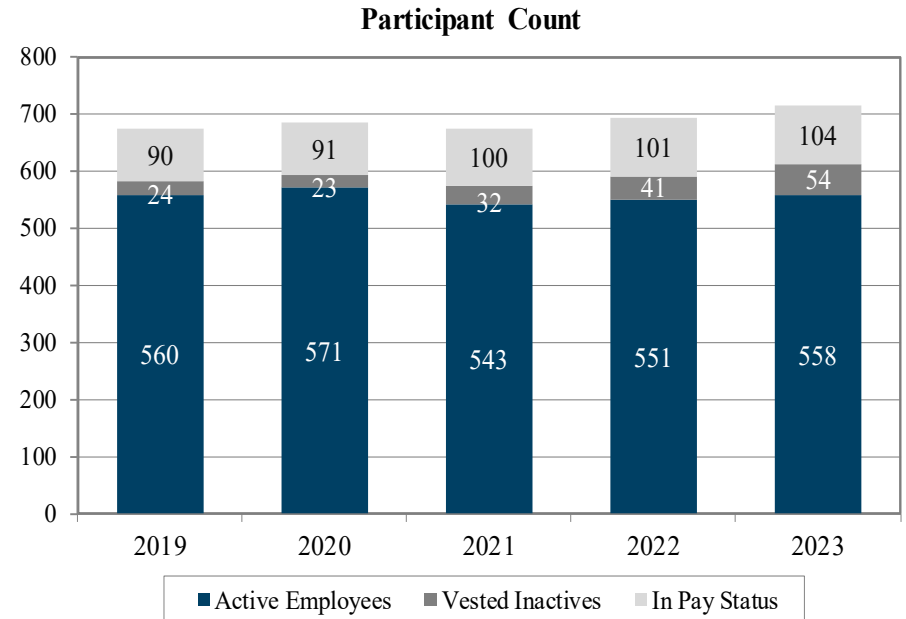
SECTION 3: SUPPLEMENTAL INFORMATION

Supplemental Information

SECTION 3: SUPPLEMENTAL INFORMATION

Participant Reconciliation

Active at June 30, 2022	551
Non-Vested Termination	(12)
Vested Termination	(23)
Retired Monthly	(1)
New Active	61
Lump Sum Distribution	(6)
Return of Employee Contributions	(11)
Transferred Out	(1)
Transferred from Salaried Plan	0
Disabled Retirement	0
Deceased	<u>0</u>
Active at June 30, 2023	558
Vested Inactive at June 30, 2022	41
Vested Termination	23
Re-Entered Covered Employment	0
Retired Monthly	(3)
Data Correction	0
Deceased	0
Lump Sum Distribution	<u>(7)</u>
Vested Inactive at June 30, 2023	54
In Pay Status at June 30, 2022	101
New Retiree	4
New Beneficiary	0
Data Correction	0
Deceased / Expired	(1)
New Occupational Disabled	<u>0</u>
In Pay Status at June 30, 2023	104



SECTION 3: SUPPLEMENTAL INFORMATION

Active Participant Data

Attained Age	Years of Credited Service																				Total			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		Over 40		No.	Avg.		
	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.		
Under 25	8	53,310	2	62,265	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	10	55,101
25 to 29	17	51,504	21	59,585	4	68,557	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	42	57,169
30 to 34	8	51,598	23	56,970	19	65,678	5	74,346	0	0	0	0	0	0	0	0	0	0	0	0	0	0	55	60,776
35 to 39	6	46,346	20	57,399	13	68,869	7	56,189	4	52,634	0	0	0	0	0	0	0	0	0	0	0	0	50	58,504
40 to 44	7	50,080	7	54,811	13	68,557	9	61,896	20	55,314	5	64,678	0	0	0	0	0	0	0	0	0	0	61	59,217
45 to 49	6	49,962	14	54,584	13	67,502	5	81,343	13	64,121	11	67,922	6	73,314	0	0	0	0	0	0	0	0	68	64,247
50 to 54	2	46,883	11	56,394	12	66,684	9	69,522	15	64,329	22	67,130	8	68,272	3	51,376	0	0	0	0	0	0	82	64,416
55 to 59	4	47,211	10	58,772	10	68,557	9	77,638	15	73,070	32	73,455	11	63,798	9	66,260	4	73,702	0	0	0	0	104	69,235
60 to 64	2	47,986	5	57,192	12	66,847	8	77,151	6	65,081	12	65,546	11	77,411	7	69,094	5	64,825	0	0	0	0	68	68,201
65 to 69	0	0	0	0	1	45,781	3	73,764	6	62,481	0	0	3	61,575	1	65,239	0	0	1	72,472	15	64,293	15	64,293
70 & up	0	0	0	0	1	45,781	1	68,557	0	0	0	0	0	0	0	0	1	69,198	0	0	0	0	3	61,179
Total	60	50,364	113	57,309	98	66,997	56	70,720	79	62,997	82	69,323	39	69,848	20	64,968	10	68,813	1	72,472	558	63,565	558	63,565

Average Age: 47.76 years

Average Credited Service: 12.55 years

SECTION 3: SUPPLEMENTAL INFORMATION

Vested Inactive Data

Monthly Accrued Benefit	Number
Under \$100	1
100 to 199	1
200 to 299	8
300 to 399	4
400 to 499	7
500 to 599	1
600 to 699	2
700 to 799	3
800 to 899	3
900 to 999	3
1,000 to 1,099	0
1,100 to 1,199	1
1,200 to 1,299	0
1,300 to 1,399	0
1,400 to 1,499	3
1,500 to 1,599	0
1,600 to 1,699	1
1,700 or more	16
Total	54

Age	Number
Under 30	3
30 to 34	8
35 to 39	8
40 to 44	5
45 to 49	3
50 to 54	4
55 to 59	4
60 to 64	11
65 or over	8
Total	54

Average Age: 49.93 years

Average Accrued Benefit: \$1,441.36

SECTION 3: SUPPLEMENTAL INFORMATION

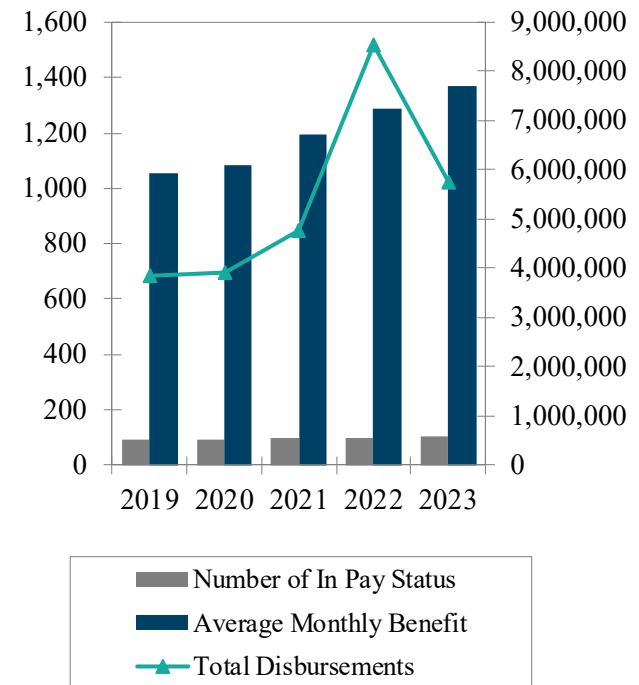
Retiree Data

Monthly Benefit ⁽¹⁾	Number
Under \$100	0
100 to 199	0
200 to 299	3
300 to 399	3
400 to 499	2
500 to 599	4
600 to 699	9
700 to 799	6
800 to 899	4
900 to 999	4
1,000 to 1,099	3
1,100 to 1,199	6
1,200 to 1,299	4
1,300 to 1,399	7
1,400 to 1,499	3
1,500 to 1,599	4
1,600 to 1,699	3
1,700 or over	22
Total	87

Age ⁽¹⁾	Number
Under 55	0
55 to 59	4
60 to 64	22
65 to 69	25
70 to 74	17
75 to 79	12
80 to 84	4
85 to 89	1
90 or over	2
Total	87

Average Age: 69.91 years
New Retirees: 65.88 years

Average Benefit: \$1,370.29
New Retirees: \$2,447.84



⁽¹⁾ Data excludes 17 beneficiaries who are included in the plan's liabilities.

SECTION 3: SUPPLEMENTAL INFORMATION

Asset Information

Market Value of Assets at July 1, 2022		\$69,897,651
Employer Contributions		\$4,148,988
Employee Contributions		\$2,540,648
Net Investment Income		
Interest	\$3,306	
Dividends	568,990	
Capital Gains Distributions	0	
Unrealized Gain (Loss)	6,340,808	
Realized Gain (Loss)	<u>(236,044)</u>	
Net Investment Income		\$6,677,060
Benefit Payments		(\$5,760,706)
Direct Administrative Costs		(39,894)
Other Administrative Costs		(313,626)
Asset Transfer to Salaried Plan		<u>(428,919)</u>
Market Value of Assets at June 30, 2023		\$76,721,202

SECTION 3: SUPPLEMENTAL INFORMATION

Present Value of Accumulated Plan Benefits⁽¹⁾

Reconciliation of Actuarial Present Value of Accumulated Plan Benefits	Actuarial Present Value of Vested and Non-Vested Accumulated Plan Benefits																										
<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Actuarial Present Value of Accumulated Plan Benefits at June 30, 2022</td> <td style="text-align: right; vertical-align: bottom;">\$79,214,264</td> </tr> <tr> <td style="vertical-align: top;">Benefits Accumulated and Actuarial Experience During the Year</td> <td style="text-align: right; vertical-align: bottom;">\$6,524,976</td> </tr> <tr> <td style="vertical-align: top;">Increase for Interest</td> <td style="text-align: right; vertical-align: bottom;">4,964,652</td> </tr> <tr> <td style="vertical-align: top;">Benefits Paid</td> <td style="text-align: right; vertical-align: bottom;">(5,760,706)</td> </tr> <tr> <td style="vertical-align: top;">Net Increase/(Decrease)</td> <td style="text-align: right; vertical-align: bottom;"><u>5,728,922</u></td> </tr> <tr> <td style="vertical-align: top;">Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023</td> <td style="text-align: right; vertical-align: bottom;">\$84,943,186</td> </tr> </table>	Actuarial Present Value of Accumulated Plan Benefits at June 30, 2022	\$79,214,264	Benefits Accumulated and Actuarial Experience During the Year	\$6,524,976	Increase for Interest	4,964,652	Benefits Paid	(5,760,706)	Net Increase/(Decrease)	<u>5,728,922</u>	Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023	\$84,943,186	<table border="0" style="width: 100%;"> <tr> <td colspan="2" style="vertical-align: top;">Vested Benefits</td> </tr> <tr> <td style="padding-left: 20px;">Participants Currently Receiving Benefits</td> <td style="text-align: right; vertical-align: bottom;">\$15,160,172</td> </tr> <tr> <td style="padding-left: 20px;">Other Participants</td> <td style="text-align: right; vertical-align: bottom;"><u>68,283,200</u></td> </tr> <tr> <td style="padding-left: 20px;">Vested Benefits</td> <td style="text-align: right; vertical-align: bottom;">\$83,443,372</td> </tr> <tr> <td colspan="2" style="vertical-align: top;">Non-Vested Benefits</td> </tr> <tr> <td style="padding-left: 20px;">Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023</td> <td style="text-align: right; vertical-align: bottom;"><u>1,499,814</u></td> </tr> <tr> <td style="padding-left: 20px;">Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023</td> <td style="text-align: right; vertical-align: bottom;">\$84,943,186</td> </tr> </table>	Vested Benefits		Participants Currently Receiving Benefits	\$15,160,172	Other Participants	<u>68,283,200</u>	Vested Benefits	\$83,443,372	Non-Vested Benefits		Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023	<u>1,499,814</u>	Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023	\$84,943,186
Actuarial Present Value of Accumulated Plan Benefits at June 30, 2022	\$79,214,264																										
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Benefits Paid	(5,760,706)																										
Net Increase/(Decrease)	<u>5,728,922</u>																										
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Non-Vested Benefits																											
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Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023	\$84,943,186																										

⁽¹⁾ Value of benefits earned by current participants based on pay and service through the valuation date. Approximation of amount due to participants if the plan terminated as of July 1, 2023 and settled all obligations at 6.50%.

SECTION 3: SUPPLEMENTAL INFORMATION

Summary of Plan Provisions

Plan Type: Public Pension Plan.

Plan Effective Date: June 30, 1979.

Plan Year: July 1 – June 30.

Participation: All full-time employees are eligible on their date of employment.

Average Monthly Final Earnings: 60 month average of compensation out of the last 10 calendar years of employment.

Adjusted Monthly Final Earnings (AMFE): Average Monthly Final Earnings less \$500 if average is at least \$500. AMFE is \$0 if Average Monthly Final Earnings is less than \$500.

Normal Retirement Age: Age 64 with 10 Years of Service.

Monthly Normal Retirement Benefit: Years of Service (not to exceed 40 years) times the sum of 1.23% of the first \$500 of Average Monthly Final Earnings plus 1.70% of AMFE. Participants retiring on or after age 54 with 10 Years of Service are entitled to a 15% increase in their benefit.

Years of Service: One year of service is granted for each 12 months of consecutive service in which an employee works at least one hour in each month.

Normal Form of Benefit: Lifetime payments to retiree.

Early Retirement Age: Age 54 with 10 Years of Service.

Early Retirement Benefit: Accrued benefit reduced 5.0% for each year preceding age 64 (prorated for partial years). The benefit is increased 15% for employees eligible for retirement at termination.

Late Retirement Benefit: A participant retiring after Normal Retirement Age is entitled to a benefit based on years of service as of retirement and final average pay based on salary as of the Normal Retirement Age.

Vesting: 5 Years of Service.

Break-in-Service: 12 consecutive month period during which an employee does not work at least one hour.

Permanent Break-in-Service: 5 consecutive 1-year breaks-in-service.

Disability Retirement Eligibility: Disabled while an active employee with 10 Years of Service.

Monthly Occupational Disability Benefit: Years of Service (at least 5 years) at time of disability times the sum of 1.16% of the first \$500 of Average Monthly Final Earnings plus 1.60% of AMFE. Benefit is payable immediately.

SECTION 3: SUPPLEMENTAL INFORMATION

Summary of Plan Provisions (continued)

Monthly Total and Permanent Disability Benefit: Monthly Normal Retirement Benefit based on AMFE and Years of Service as of date of disability. Benefit is payable immediately without reduction for early commencement.

Monthly Pre-Retirement Death Eligibility: Vested or eligible for Early or Normal Retirement and married.

Pre-Retirement Death Benefit: Surviving spouse will receive an annuity equal to 50% of the amount the participant would have received under the 50% joint and survivor form of payment if he/she had terminated on the day before death and survived to early retirement age.

Post-Retirement Death Benefit: Survivor benefit, if any, based on the form of payment in effect at time of death. In addition, the beneficiary is entitled to receive the excess of total employee contributions over the total amount of payments received by the retiree.

Optional Forms of Benefit Payment: 50%, 75%, or 100% joint and survivor annuity, period certain installment payments, annuity purchase or lump sum. The lump sum option is not available for participants who were hired on or after July 1, 2012.

Return of Employee Contributions: Non-vested participants are entitled to a return of their contributions upon termination from the plan.

Plan Provisions Excluded from Measurement: None.

Changes Since Prior Valuation: None.

SECTION 3: SUPPLEMENTAL INFORMATION

Actuarial Method and Assumptions

Actuarial Cost Method: Frozen Initial Liability.

Actuarial Assumptions:

Interest Discount Rate: 6.50% compounded annually.

Investment Yield: 6.50% compounded annually.

Administrative Expenses: Actual administrative expenses for the prior year are added to normal cost as of the beginning of the year. For 2023, the administrative expense assumption is \$353,520.

Employee Contribution Interest Credit: 5.00% compounded annually.

Salary Increases: 3.00% per year.

Lump Sums: 4.50% interest; 2023 IRS Applicable Mortality Table.

Mortality: For funding:

Healthy: PRI-2012 Blue Collar Mortality Table Projected with Scale MP-2019.

Disabled: PRI-2012 Disabled Mortality Table Projected with Scale MP-2019.

SECTION 3: SUPPLEMENTAL INFORMATION

Actuarial Method and Assumptions (continued)

Termination Before Retirement: Sample rates are shown below:

<u>Age</u>	<u>Turnover Rate</u>
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

Disability: Sample rates are shown below:

<u>Age</u>	<u>Disability Rate</u>
20	0.00%
25	0.00
30	0.00
35	0.00
40	0.20
45	0.30
50	0.55
55	0.50
60	0.30

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.

SECTION 3: SUPPLEMENTAL INFORMATION

Actuarial Method and Assumptions (continued)

Marital Status: 80% of non-retired participants are married. Female spouse is assumed to be three years younger than 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 and all actives hired on or after July 1, 2012 are assumed to elect the single life annuity. 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.

Asset Valuation Method: Market value.

Changes Since Prior Valuation: None.

SECTION 3: SUPPLEMENTAL INFORMATION

Rationale for Major Assumptions

Interest Rate/Investment Yield: Long Beach Public Transportation Company is responsible for the selection of this assumption.

Mortality, Termination, and Retirement: With concurrence from Long Beach Public Transportation Company, based on recent Plan experience which is monitored and analyzed annually.

SECTION 3: SUPPLEMENTAL INFORMATION

Six-Year Plan Overview

	Plan Year Beginning July 1					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Funding Policy Contribution						
Percentage of Covered Compensation	21.009%	20.897%	16.184%	22.451%	21.870%	21.816%
Annual Amount Paid Monthly	\$7,088,470	\$6,691,544	\$4,857,598	\$7,172,282	\$6,697,440	\$6,783,538
Covered Compensation	33,739,794	32,022,263	30,014,658	31,946,238	30,624,368	31,093,861
Market Value of Assets	76,721,202	69,897,651	81,807,082	63,776,866	60,679,049	56,021,895
Present Value of Vested Benefits	83,443,372	77,539,949	75,750,009	71,163,742	67,696,928	62,837,860
Present Value of Accumulated Benefits	84,943,186	79,214,264	77,520,120	72,856,440	69,328,728	64,655,826
Number of Active Participants	558	551	543	571	560	574
Number of Vested Terminees	54	41	32	23	24	21
Number of Retirees	104	101	100	91	90	93

Amounts are based on total employer plus employee contributions.

SECTION 3: SUPPLEMENTAL INFORMATION

**Determination of 2023 Total Normal Cost
Estimated Impact of Interest Rate Assumption Change**

	Current			
	<u>6.50% Interest</u>	<u>6.00% Interest</u>	<u>5.50% Interest</u>	<u>5.00% Interest</u>
1 Present Value of Future Benefits				
A. Active Participants	114,357,024	121,931,765	130,487,162	140,200,982
B. Vested Inactives	5,172,770	5,584,915	6,057,397	6,602,016
C. In Pay Status	<u>15,160,172</u>	<u>15,761,434</u>	<u>16,407,618</u>	<u>17,103,294</u>
D. Total	134,689,966	143,278,114	152,952,177	163,906,292
2 Plan Assets	76,721,202	76,721,202	76,721,202	76,721,202
3 Frozen initial accrued liability remaining unfunded	12,182,210	16,830,790	21,846,580	27,270,680
4 Present value of future normal costs = (1) - (2) - (3)	45,786,554	49,726,122	54,384,395	59,914,410
5 Present value of future salaries	281,346,920	290,226,042	299,709,272	309,854,720
6 Normal cost accrual rate = (4) / (5)	16.27%	17.13%	18.15%	19.34%
7 Valuation compensation	33,739,794	33,739,794	33,739,794	33,739,794
8 Preliminary normal cost = (6) x (7)	5,489,464	5,779,627	6,123,773	6,525,276
9 Administrative Expenses	353,520	353,520	353,520	353,520
10 Total normal cost = (8) + (9)	5,842,984	6,133,147	6,477,293	6,878,796
11 Total normal cost accrual rate = (10) / (7)	17.32%	18.18%	19.20%	20.39%

SECTION 3: SUPPLEMENTAL INFORMATION

**Determination of 2023 Contribution Under Funding Policy
Estimated Impact of Interest Rate Assumption Change With 30 Year Amortization**

	Current			
	<u>6.50% Interest</u>	<u>6.00% Interest</u>	<u>5.50% Interest</u>	<u>5.00% Interest</u>
1 Total normal cost for Plan year	5,842,984	6,133,147	6,477,293	6,878,796
2 Amortization of unfunded accrued liability:				
A. Initial unfunded remaining	1,717,897	1,717,897	1,717,897	1,717,897
B. Amortization period remaining (in years)	14	14	14	14
C. Amortization amount	178,952	174,358	169,802	165,285
D. Assumption changes at July 1, 2013	4,067,846	4,067,846	4,067,846	4,067,846
E. Amortization period	20	20	20	20
F. Amortization amount	346,651	334,579	322,649	310,871
G. Assumption change at July 1, 2016	2,409,259	2,409,259	2,409,259	2,409,259
H. Amortization period	23	23	23	23
I. Amortization amount	192,200	184,737	177,371	170,109
J. Assumption change at July 1, 2017	2,814,812	2,814,812	2,814,812	2,814,812
K. Amortization period	24	24	24	24
L. Amortization amount	220,421	211,586	202,869	194,278
M. Assumption changes at July 1, 2020	1,172,396	1,172,396	1,172,396	1,172,396
N. Amortization period	27	27	27	27
O. Amortization amount	87,542	83,724	79,959	76,252
P. Interest change at July 1, 2023	N/A	4,648,580	9,664,370	15,088,470
Q. Amortization period	N/A	30	30	30
R. Amortization amount	N/A	318,598	630,295	934,787
3 Interest required for monthly contributions	219,720	219,970	218,690	215,597
4 Total annual contribution payable monthly = (1)+(2C)+(2F)+(2I)+(2L)+(2O)+(2R)+(3)	7,088,470	7,660,699	8,278,928	8,945,975
A. Employer Non-PEPRA Employee Contribution	2,234,488	2,380,198	2,537,539	2,707,314
B. Employer PEPRA Employee Contribution	2,029,760	2,269,178	2,445,348	2,608,934
C. Non-PEPRA Employee Contribution	1,375,458	1,521,166	1,678,558	1,848,492
D. PEPRA Employee Contribution	1,448,764	1,490,157	1,617,483	1,781,235
5 Contribution as a percentage of payroll	21.009%	22.705%	24.538%	26.515%
A. Employer Non-PEPRA Employee Contribution	13.004%	13.852%	14.769%	15.757%
B. Employer PEPRA Employee Contribution	12.259%	13.705%	14.769%	15.757%
C. Non-PEPRA Employee Contribution	8.005%	8.853%	9.769%	10.758%
D. PEPRA Employee Contribution	8.750%	9.000%	9.769%	10.758%

SECTION 3: SUPPLEMENTAL INFORMATION

**Determination of 2023 Contribution Under Funding Policy
Estimated Impact of Interest Rate Assumption Change With 20 Year Amortization**

	<u>Current</u> <u>6.50% Interest</u>	<u>6.00% Interest</u>	<u>5.50% Interest</u>	<u>5.00% Interest</u>
1 Total normal cost for Plan year	5,842,984	6,133,147	6,477,293	6,878,796
2 Amortization of unfunded accrued liability:				
A. Initial unfunded remaining	1,717,897	1,717,897	1,717,897	1,717,897
B. Amortization period remaining (in years)	4	4	4	4
C. Amortization amount	470,853	467,708	464,556	461,397
D. Assumption changes at July 1, 2013	4,067,846	4,067,846	4,067,846	4,067,846
E. Amortization period	10	10	10	10
F. Amortization amount	531,321	521,406	511,537	501,719
G. Assumption change at July 1, 2016	2,409,259	2,409,259	2,409,259	2,409,259
H. Amortization period	13	13	13	13
I. Amortization amount	263,056	256,745	250,481	244,266
J. Assumption change at July 1, 2017	2,814,812	2,814,812	2,814,812	2,814,812
K. Amortization period	14	14	14	14
L. Amortization amount	293,217	285,690	278,224	270,822
M. Assumption changes at July 1, 2020	1,172,396	1,172,396	1,172,396	1,172,396
N. Amortization period	17	17	17	17
O. Amortization amount	108,880	105,565	102,284	99,039
P. Interest change at July 1, 2023	N/A	4,648,580	9,664,370	15,088,470
Q. Amortization period	N/A	20	20	20
R. Amortization amount	N/A	382,344	766,548	1,153,084
3 Interest required for monthly contributions	240,243	241,016	240,143	237,298
4 Total annual contribution payable monthly = (1)+(2C)+(2F)+(2I)+(2L)+(2O)+(2R)+(3)	7,750,554	8,393,621	9,091,066	9,846,421
A. Employer Non-PEPRA Employee Contribution	2,402,992	2,566,728	2,744,266	2,936,796
B. Employer PEPRA Employee Contribution	2,315,704	2,473,495	2,644,532	2,829,809
C. Non-PEPRA Employee Contribution	1,544,019	1,707,768	1,885,435	2,077,707
D. PEPRA Employee Contribution	1,487,839	1,645,630	1,816,833	2,002,109
5 Contribution as a percentage of payroll	22.972%	24.878%	26.945%	29.183%
A. Employer Non-PEPRA Employee Contribution	13.986%	14.939%	15.972%	17.091%
B. Employer PEPRA Employee Contribution	13.986%	14.939%	15.972%	17.091%
C. Non-PEPRA Employee Contribution	8.986%	9.939%	10.973%	12.092%
D. PEPRA Employee Contribution	8.986%	9.939%	10.973%	12.092%

SECTION 3: SUPPLEMENTAL INFORMATION

**Determination of 2023 Contribution Under Funding Policy
Estimated Impact of Interest Rate Assumption Change With 10 Year Amortization**

	<u>Current</u>			
	<u>6.50% Interest</u>	<u>6.00% Interest</u>	<u>5.50% Interest</u>	<u>5.00% Interest</u>
1 Total normal cost for Plan year	5,842,984	6,133,147	6,477,293	6,878,796
2 Amortization of unfunded accrued liability:				
A. Initial unfunded remaining	0	0	0	0
B. Amortization period remaining (in years)	0	0	0	0
C. Amortization amount	0	0	0	0
D. Assumption changes at July 1, 2013	0	0	0	0
E. Amortization period	0	0	0	0
F. Amortization amount	0	0	0	0
G. Assumption change at July 1, 2016	2,409,259	2,409,259	2,409,259	2,409,259
H. Amortization period	3	3	3	3
I. Amortization amount	854,157	850,309	846,447	842,572
J. Assumption change at July 1, 2017	2,814,812	2,814,812	2,814,812	2,814,812
K. Amortization period	4	4	4	4
L. Amortization amount	771,504	766,350	761,185	756,010
M. Assumption changes at July 1, 2020	1,172,396	1,172,396	1,172,396	1,172,396
N. Amortization period	7	7	7	7
O. Amortization amount	200,718	198,129	195,545	192,965
P. Interest change at July 1, 2023	N/A	4,648,580	9,664,370	15,088,470
Q. Amortization period	N/A	10	10	10
R. Amortization amount	N/A	595,843	1,215,308	1,860,977
3 Interest required for monthly contributions	245,330	252,580	257,639	260,072
4 Total annual contribution payable monthly = (1)+(2C)+(2F)+(2I)+(2L)+(2O)+(2R)+(3)	7,914,693	8,796,358	9,753,417	10,791,392
A. Employer Non-PEPRA Employee Contribution	2,444,909	2,669,357	2,913,037	3,177,443
B. Employer PEPRA Employee Contribution	2,355,939	2,572,177	2,807,125	3,061,776
C. Non-PEPRA Employee Contribution	1,585,772	1,810,347	2,053,995	2,318,262
D. PEPRA Employee Contribution	1,528,073	1,744,477	1,979,260	2,233,911
5 Contribution as a percentage of payroll	23.458%	26.071%	28.908%	31.984%
A. Employer Non-PEPRA Employee Contribution	14.229%	15.535%	16.954%	18.492%
B. Employer PEPRA Employee Contribution	14.229%	15.535%	16.954%	18.492%
C. Non-PEPRA Employee Contribution	9.229%	10.536%	11.954%	13.492%
D. PEPRA Employee Contribution	9.229%	10.536%	11.954%	13.492%

SECTION 1: VALUATION RESULTS

Determination of Contribution

Funding Policy

We understand that it is the Company’s policy to fund the normal cost plus an amount sufficient to amortize the unfunded accrued liability over 30 years from July 1, 2007. Contributions under the alternative 20-year and 10-year amortization of the July 1, 2007 unfunded accrued liability are shown as well. The contribution is made uniformly throughout the year.

	<u>Funding Policy</u>	<u>20 Year Eff. July 1, 2007</u>	<u>10 Year Eff. July 1, 2007</u>
1 Total normal cost for Plan year	\$5,842,984	\$5,842,984	\$5,842,984
2 Amortization of unfunded accrued liability:			
A. Initial unfunded remaining	1,717,897	1,717,897	0
B. Amortization period remaining (in years)	14	4	0
C. Amortization amount	178,952	470,853	0
D. Additional unfunded from assumption change	4,067,846	4,067,846	4,067,846
E. Amortization period	20	20	20
F. Amortization amount	346,651	346,651	346,651
G. Additional unfunded from interest rate change	2,409,259	2,409,259	2,409,259
H. Amortization period	23	23	23
I. Amortization amount	192,200	192,200	192,200
J. Additional unfunded from interest rate change	2,814,812	2,814,812	2,814,812
K. Amortization period	24	24	24
L. Amortization amount	220,421	220,421	220,421
M. Additional unfunded from assumption change	1,172,396	1,172,396	1,172,396
N. Amortization period	27	27	27
O. Amortization amount	87,542	87,542	87,542
3 Interest required for monthly contributions	219,720	229,058	213,996
4 Total annual contribution payable monthly = (1) + (2C) + (2F) + (2I) + (2L) + (2O) + (3)	7,088,470	7,389,709	6,903,794
5 Contribution as a percentage of compensation	21.009%	21.902%	20.462%

The contributions shown are the total required to meet the Company’s Funding Policy.

SECTION 4: HISTORICAL INFORMATION

An actuarial valuation provides a measurement of pension obligations and actuarially determined pension contributions. These measurements are based on assumptions about future events that impact the plan's funded status; events such as investment earnings on plan assets, how long retirees live, the probability of an active member remaining in covered employment, and the size and composition of the covered group, among others. It is important to understand the risks that the actual cost of a pension plan may differ significantly from the expected cost of a pension plan. In other words, it is important to understand the risks and impact of future plan experience differing from the actuarial assumptions.

The effect of various risks on a plan's long-term funding requirements will depend on the maturity of the plan. Plan maturity, risk factors and the plan's financial condition change over time depending on plan experience, how actual experience has differed from that anticipated by the actuarial assumptions and by changes in the underlying actuarial assumptions. It is informative to see how these measures have changed over time.

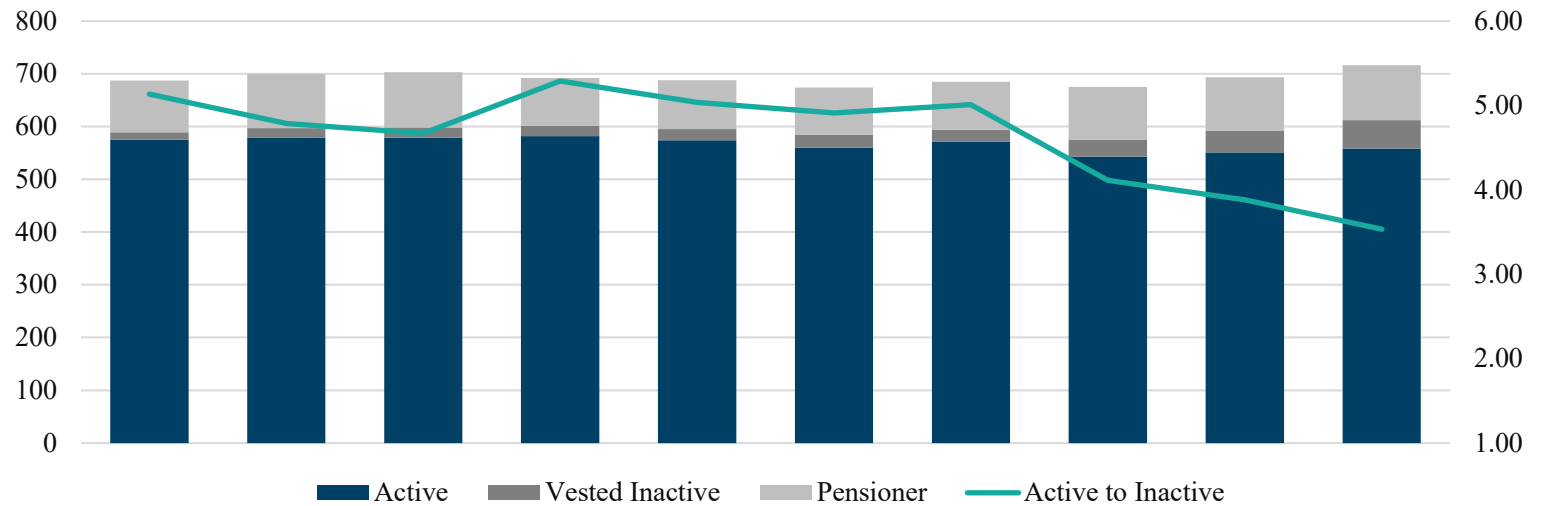
The following pages examine the history of a number of maturity measures, risk measures and other financial information.

- Ratio of Active to Inactive Participants
- Ratio of Inactive Liability to Total Liability
- Investment Return
- Funded Percentage
- Funding Policy Contribution
- Cash Flows

SECTION 4: HISTORICAL INFORMATION

Ratio of Active to Inactive Participants

The number of active employees covered by a pension plan may be an indication of the level of company operations that generates the revenue required to fund the pension plan. As the number of inactive participants (retirees and vested terminated participants) grows compared to active employees, it becomes more expensive on a per-capita basis for the plan sponsor to cover potential funding shortfalls that may occur. As of July 1, 2023 the active to inactive ratio for this Plan is 3.53.

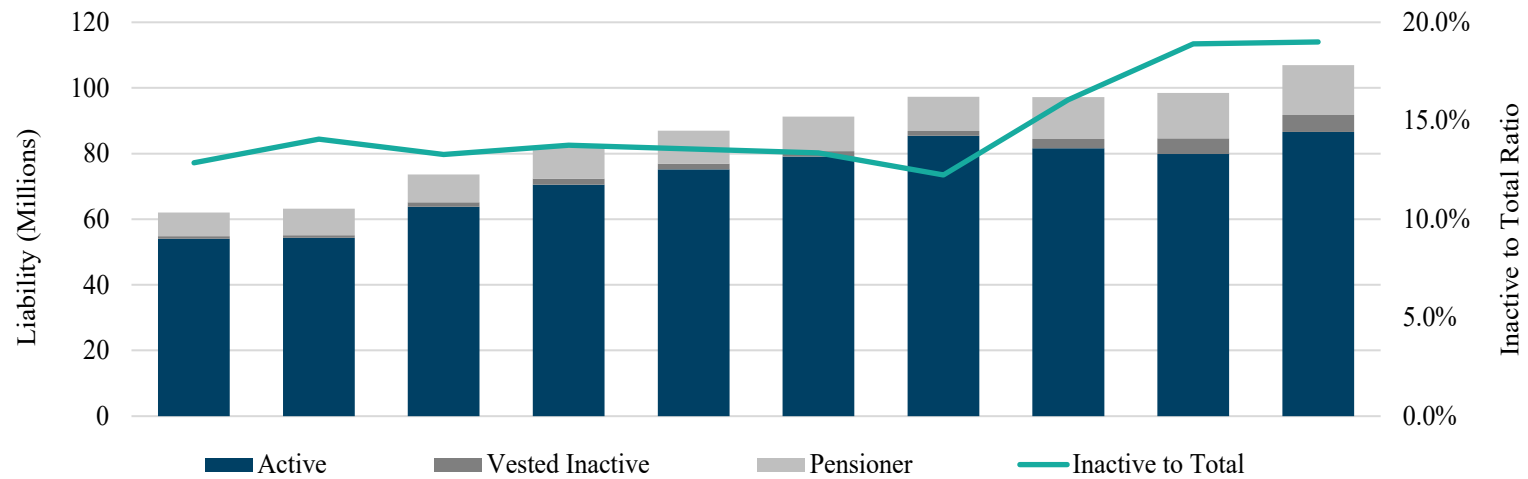


July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pensioner	98	103	105	91	93	90	91	100	101	104
Vested Inactive	14	18	19	19	21	24	23	32	41	54
Active	575	579	579	582	574	560	571	543	551	558
Total	687	700	703	692	688	674	685	675	693	716
Active to Inactive	5.13	4.79	4.67	5.29	5.04	4.91	5.01	4.11	3.88	3.53

SECTION 4: HISTORICAL INFORMATION

Ratio of Inactive Liability to Total Liability

Another measure of a plan’s maturity is the ratio of liability for inactive participants to liability for all participants. Similar to the inactive to active ratio, as the ratio of liabilities for inactive participants increases, it will be more expensive on a per-capita basis and the Plan Sponsor will have fewer remedies to address funding shortfalls. As of July 1, 2023 the ratio of inactive liability to total liability for this Plan is 19.0%.

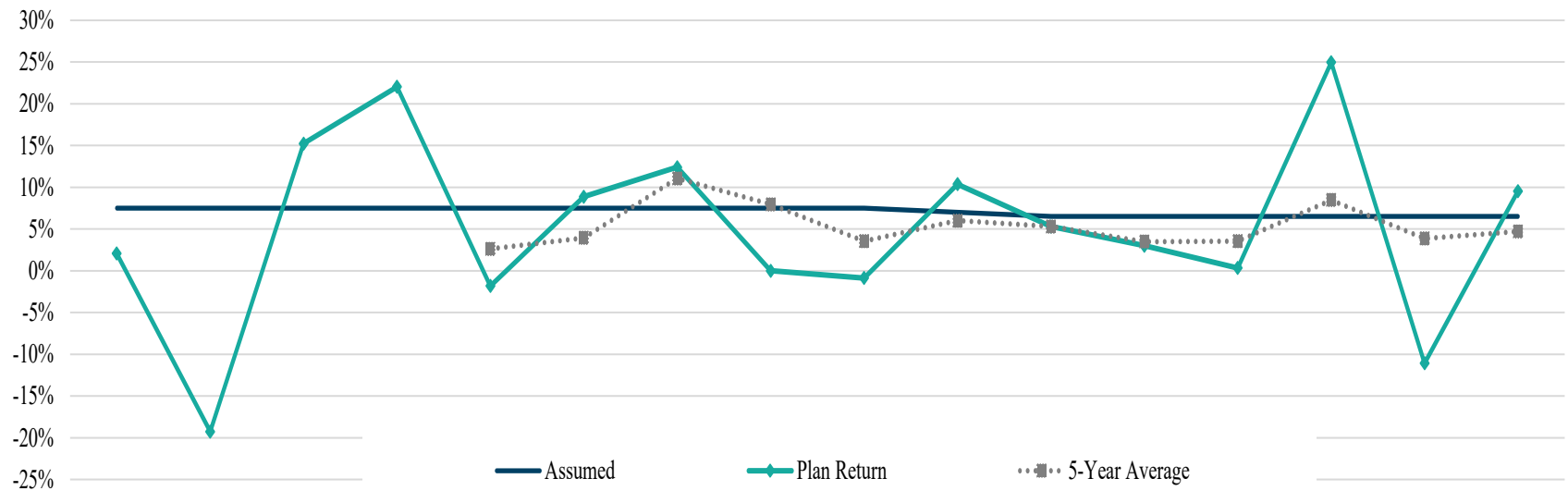


July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pensioner	7.2	8.1	8.5	9.5	10.1	10.5	10.4	12.8	13.9	15.2
Vested Inactive	0.8	0.8	1.3	1.8	1.7	1.7	1.5	2.8	4.7	5.2
Active	54.0	54.3	63.8	70.5	75.2	79.1	85.4	81.6	79.9	86.6
Total	62.0	63.2	73.6	81.8	87.0	91.3	97.3	97.2	98.5	107.0
Inactive to Total	12.9%	14.1%	13.3%	13.8%	13.6%	13.4%	12.2%	16.1%	18.9%	19.0%

SECTION 4: HISTORICAL INFORMATION

Investment Return

The long-term investment return assumption was 7.50% for plan years ending from 2009 through 2016, was updated to 7.00% for the plan year ending in 2017 and updated to 6.50% for plan years ending 2018 and thereafter. The return assumption is net of investment expenses. A Plan’s ability to meet the benefit requirements is largely determined by its ability to earn the assumed rate of return over the long term. Returns over the past 16 years are shown below.

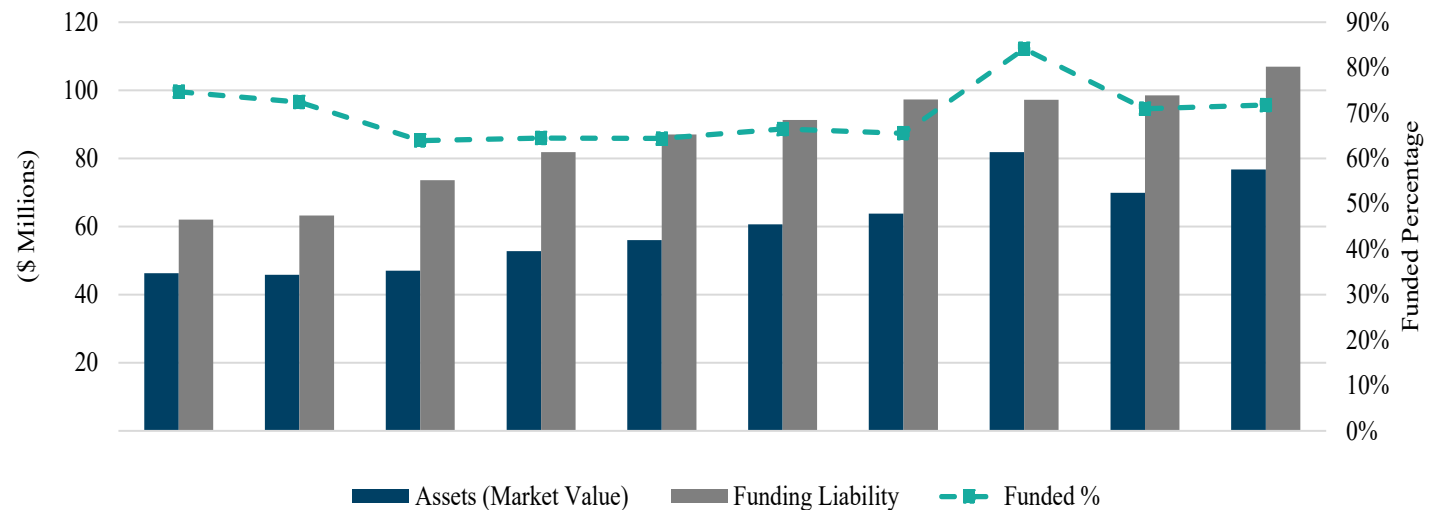


Plan Year End	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assumed	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.00	6.50	6.50	6.50	6.50	6.50	6.50
Plan Return	2.06	-19.26	15.22	22.03	-1.82	8.86	12.39	0.00	-0.87	10.37	5.30	2.99	0.33	24.96	-11.08	9.54
5-Year Average					2.61	3.94	11.05	7.95	3.55	6.01	5.30	3.48	3.55	8.46	3.87	4.69

SECTION 4: HISTORICAL INFORMATION

Funded Percentage

One measure of a plan’s financial condition is the funded percentage, the ratio of the assets to plan liabilities. The following shows the funded percentage based on the funding (“entry age”) liability.

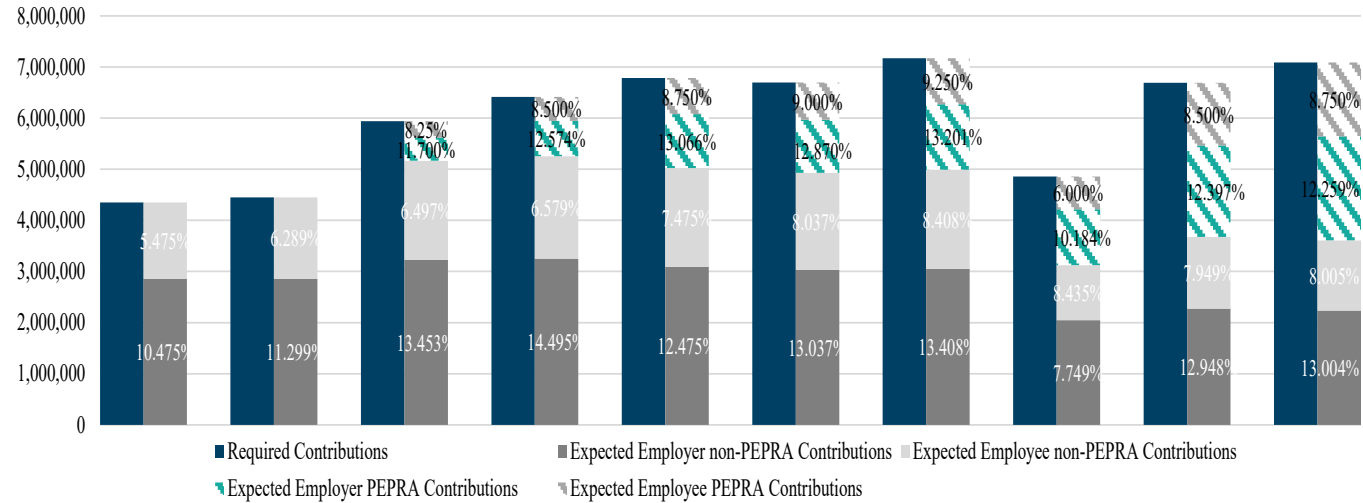


July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets (Market Value)	46.3	45.8	47.1	52.7	56.0	60.7	63.8	81.8	69.9	76.7
Funding Liability	62.0	63.2	73.6	81.8	87.0	91.3	97.3	97.2	98.5	107.0
Funded %	74.7%	72.4%	63.9%	64.5%	64.4%	66.5%	65.5%	84.1%	71.0%	71.7%

SECTION 4: HISTORICAL INFORMATION

Funding Policy Contribution

The Company’s funding policy is to fund the normal cost plus an amount sufficient to amortize the unfunded accrued liability over 30 years from July 1, 2007. The contribution is made uniformly over the year. The normal cost is the annual cost for actives accruing benefits for the year and is impacted by several factors – active population, interest discount rates and investment return. The calculation of the normal cost is based on the Frozen Initial Liability cost method and in years following strong asset performance there may be excess assets which can offset the normal costs.

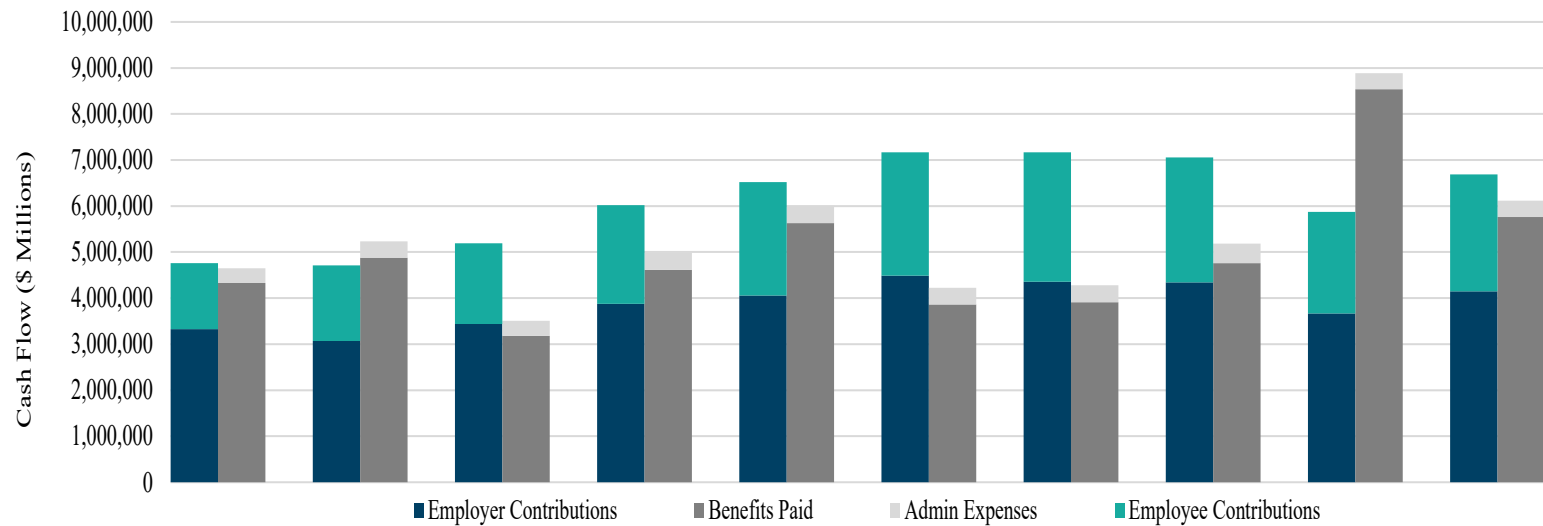


July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Required Contributions	4,349,099	4,451,105	5,942,475	6,416,647	6,783,538	6,697,440	7,172,282	4,857,598	6,691,544	7,088,470
Covered Compensation	27,266,377	25,321,405	29,787,114	30,447,872	31,093,861	30,624,368	31,946,238	30,014,658	32,022,263	33,739,794
Percent of Covered Compensation	15.950%	17.578%	19.950%	21.074%	21.816%	21.870%	22.451%	16.184%	20.897%	21.009%
Expected Employer non-PEPRA Contributions	2,856,265	2,858,588	3,229,612	3,249,575	3,088,638	3,028,251	3,050,046	2,045,759	2,276,190	2,234,488
Expected Employee non-PEPRA Contributions	1,492,834	1,592,517	1,935,210	2,003,247	1,936,785	1,901,318	1,939,120	1,080,035	1,397,483	1,375,458
Expected Employer PEPRA Contributions	N/A	N/A	456,067	694,407	1,052,967	1,040,352	1,283,654	1,089,761	1,790,331	2,029,760
Expected Employee PEPRA Contributions	N/A	N/A	321,586	469,418	705,148	727,519	899,462	642,043	1,227,540	1,448,764

SECTION 4: HISTORICAL INFORMATION

Cash Flows

Each year, a plan pays pension benefits to its participants in pay status as well as operational expenses incurred. Money coming into the plan helps fund and offset these plan costs. A negative cash flow is one indication that a plan may be more mature. In addition, a negative cash flow typically makes it more difficult for a plan to recover from asset losses.



PYE 6/30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer Contributions	3,326,307	3,067,778	3,439,288	3,877,435	4,054,711	4,488,508	4,357,936	4,341,170	3,667,102	4,148,988
Employee Contributions	<u>1,437,006</u>	<u>1,643,452</u>	<u>1,754,192</u>	<u>2,141,425</u>	<u>2,461,892</u>	<u>2,677,045</u>	<u>2,810,418</u>	<u>2,716,208</u>	<u>2,204,920</u>	<u>2,540,648</u>
Total Contributions	4,763,313	4,711,230	5,193,480	6,018,860	6,516,603	7,165,553	7,168,354	7,057,378	5,872,022	6,689,636
Benefits Paid	(4,326,353)	(4,881,029)	(3,182,794)	(4,615,902)	(5,626,291)	(3,859,763)	(3,912,892)	(4,763,085)	(8,536,535)	(5,760,706)
Admin Expenses	<u>(323,518)</u>	<u>(349,496)</u>	<u>(325,026)</u>	<u>(376,137)</u>	<u>(380,134)</u>	<u>(364,631)</u>	<u>(364,995)</u>	<u>(418,494)</u>	<u>(345,479)</u>	<u>(353,520)</u>
Total Benefits and Expenses	(4,649,871)	(5,230,526)	(3,507,820)	(4,992,039)	(6,006,425)	(4,224,394)	(4,277,887)	(5,181,579)	(8,882,014)	(6,114,226)
Net Cash Flow	113,442	(519,295)	1,685,660	1,026,821	510,178	2,941,159	2,890,467	1,875,799	(3,009,992)	575,410

***RETIREMENT PLAN FOR SALARIED
EMPLOYEES OF LONG BEACH
PUBLIC TRANSPORTATION COMPANY***

***Actuarial Valuation as of
July 1, 2023***

NWPS
160 W. Santa Clara Street, Suite 1550
San Jose, California 95113
(650) 960-5700

October 2023

October 24, 2023

Pension Committee
Retirement Plan for Salaried Employees of
Long Beach Public Transportation Company

Dear Pension Committee:

We are pleased to present our actuarial valuation report for the Retirement Plan for Salaried Employees of Long Beach Public Transportation Company as of July 1, 2023. The information in this report provides the means by which we determine the funding requirements for the Plan. The actuarial report serves three main purposes:

- Determine the annual funding levels under the Plan’s adopted funding policy and alternative funding levels.
- Determine how the required funding changed from the prior year using what is called an “experience analysis.”
- Determine other information pertinent to understanding the Plan’s funded status.

Compared to the prior year, the Plan’s funding cost for the Plan Year commencing July 1, 2023 increased from 30.624% of pay (\$1,201,596) to 32.003% of pay (\$1,322,745) as follows:

	<u>% of Pay</u>	<u>\$ Amount (est.)</u>
• July 1, 2022 funding cost	30.624%	\$1,201,596
• Plan experience	<u>1.379%</u>	<u>\$121,149</u>
• July 1, 2023 funding cost	32.003%	\$1,322,745

We look forward to discussing our report with you.

Sincerely,



Nancy Teague Lee
Managing Actuary

SECTION 1**Valuation Results**

Executive Summary.....	1
Summary Information.....	2
Annual Funding.....	4
Determination of Normal Cost.....	7
Determination of Contribution.....	8
Actuarial Experience.....	9
Risk Assessment & Disclosure.....	10

SECTION 2**Comments and Certification**

Certification.....	12
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SECTION 3**Supplemental Information**

Participant Reconciliation.....	15
Active Participant Data.....	16
Vested Inactive Data.....	17
Retiree Data.....	18
Asset Information.....	19
Present Value of Accumulated Plan Benefits.....	20
Summary of Plan Provisions.....	21
Actuarial Method and Assumptions.....	23
Rationale for Major Assumptions.....	26
Six Year Plan Overview.....	27
Assumption Change Exhibits.....	28

SECTION 4**Historical Information**

Ratio of Active to Inactive Participants.....	31
Ratio of Inactive to Total Liability.....	32
Investment Return.....	33
Funded Percentage.....	34
Funding Policy Contribution.....	35
Cash Flows.....	36

SECTION 1: VALUATION RESULTS

Executive Summary

The market value of assets increased \$307,813 during 2022-2023 and the return was 6.14%.

The Plan's funded percentage on an Entry Age Normal Accrued Liability basis decreased from 89.95% to 89.44%. This was primarily due to the increase in liabilities being greater than the increase in the market value of assets.

The funding policy contribution as of July 1, 2023 is \$1,322,745 which is comprised of the normal cost of \$1,284,764 plus interest required for monthly contributions. The funding policy contribution increased by \$121,149 from last year primarily due to increases in compensation.

Contributions made to the Plan were \$1,652,268.

The Plan's funding cost as a percentage of compensation for the July 1, 2023 Plan Year is 32.003% compared to 30.624% for the prior year. Plan experience increased the funding cost by 1.379%.

Benefit payments increased from \$3,020,182 to \$3,517,784 primarily due to lump sums paid in 2022/2023.

SECTION 1: VALUATION RESULTS

Summary Information

The following presents some of the important results of the actuarial valuation and compares this information with the prior year.

	July 1, 2023	July 1, 2022	Change
Number of Participants			
Actives			
Vested	60	65	(5)
Non-Vested	<u>0</u>	<u>0</u>	<u>0</u>
Total	60	65	(5)
Inactive Vested	11	12	(1)
In pay status			
Retirees	31	30	1
Disabled	6	6	0
Beneficiaries	<u>5</u>	<u>5</u>	<u>0</u>
Total	42	41	1
Total Participants	113	118	(5)

SECTION 1: VALUATION RESULTS

Summary Information (continued)

	July 1, 2023	July 1, 2022	Change
Normal Cost for all benefits for fiscal year	\$1,284,764	\$1,167,093	\$117,671
Contribution for the fiscal year under the Company's Funding policy (assuming it is paid uniformly throughout the year)			
Annual amount	\$1,322,745	\$1,201,596	\$121,149
Percent of covered compensation	32.003%	30.624%	1.379%
Employee contribution	5.000%	5.000%	0.000%
Employer contribution	27.003%	25.624%	1.379%
Expected employee contributions	\$206,659	\$196,184	\$10,475
Expected employer contributions	\$1,116,086	\$1,005,412	\$110,674
Entry Age Normal Accrued Liability	\$36,168,165	\$35,619,511	\$548,654
Funded Percentage	89.44%	89.95%	(0.51%)
Market Value of Plan Assets	\$32,349,016	\$32,041,203	\$307,813
Frozen Initial Liability Remaining Unfunded	\$0	\$0	\$0
Contributions Received	\$1,652,268	\$1,315,090	\$337,178
Benefits Paid	\$3,517,784	\$3,020,182	\$497,602

SECTION 1: VALUATION RESULTS

Annual Funding

The Plan sponsor has adopted the frozen initial liability method as its actuarial cost method, with costs allocated as a level percentage of future compensation. This funding method is described below.

Each year the present value of future benefits is determined by projecting the expected benefit payments in all future years for current employees and participants in pay status as of the valuation date. This projection is done by applying the actuarial assumptions to the current plan population. The current value of those future expected benefit payments is calculated using the assumed discount rate to arrive at the present value of future benefits (PVFB).

A portion of the PVFB has already been funded through previous contributions and investment return, reduced by previous benefit payments and expenses. This represents the current value of assets held by the Plan.

The portion of the PVFB not currently covered by Plan assets must come from future employer and employee contributions (offset by future plan investment and operational expenses). The total plan contributions are determined through the combination of an actuarial cost method and a funding policy. The funding policy is to contribute each year the normal cost plus an amount sufficient to amortize the unfunded liability as of July 1, 2007 over a period of 30 years.

As of July 1, 2007, the Plan's actuary determined what the Plan's assets would have been if (1) the Plan benefits had always been the same as they were then, (2) the Plan's actuarial

assumptions had always been met, and (3) contributions had always been an amount sufficient to fund the Plan benefits as a level percent of compensation from each employee's Plan entry date. This amount is known as the entry age normal accrued liability, and it was established as the frozen initial liability. The difference between the frozen initial liability as of July 1, 2007 and the Plan assets as of July 1, 2007 was established as the unfunded liability as of July 1, 2007. The funding policy adopted was to amortize this unfunded liability over a period of 30 years. Effective June 30, 2013, the original frozen initial liability was fully amortized. Changes in assumptions or the terms of the Plan are amortized over a period of 30 years beginning at the effective date of the change.

To reflect expected future asset returns the interest rate assumption was lowered from 8.00% to 7.50% effective July 1, 2007.

The additional liability created by the change in actuarial assumptions effective July 1, 2013 was fully amortized by supplemental contributions effective June 30, 2015. Based on a reassessment of future returns, effective July 1, 2016 the interest rate assumption was lowered from 7.50% to 6.00% which led to \$2,816,346 in additional liability. The amortization period for additional liability due to assumption or plan changes was changed from 30 years to 10 years. This liability was fully amortized by supplemental contributions effective June 30, 2018. Effective July 1, 2020, the mortality table and turnover assumptions were updated which led to additional liability of \$387,300 which was fully amortized by supplemental contributions effective June 30, 2021.

SECTION 1: VALUATION RESULTS

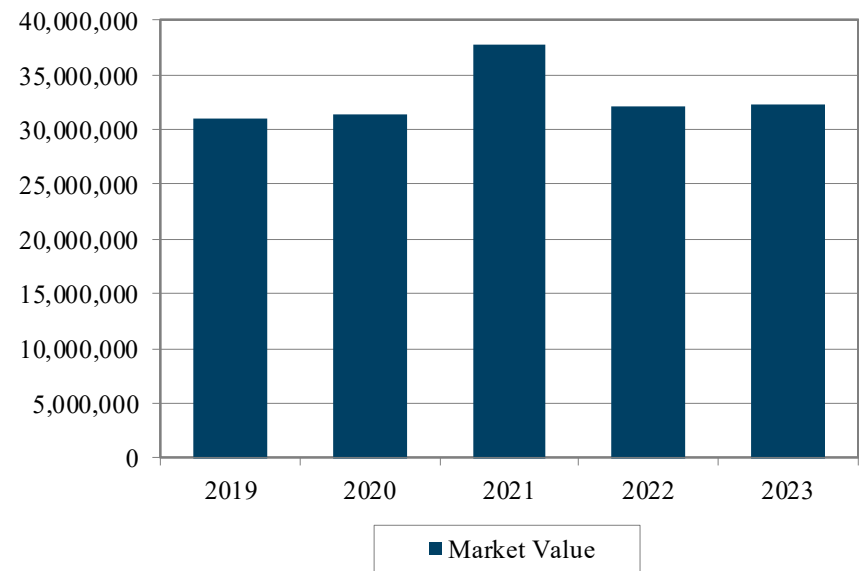
Annual Funding (continued)

Assets

Assets at June 30, 2023

Equity Mutual Funds	\$22,124,034
Bond Mutual Funds	8,530,456
Corporate Bonds	0
Government Bonds	0
Cash	1,265,607
Transfer Receivable	<u>428,919</u>
Assets at Market Value	\$32,349,016

Asset Values (June 30)



SECTION 1: VALUATION RESULTS

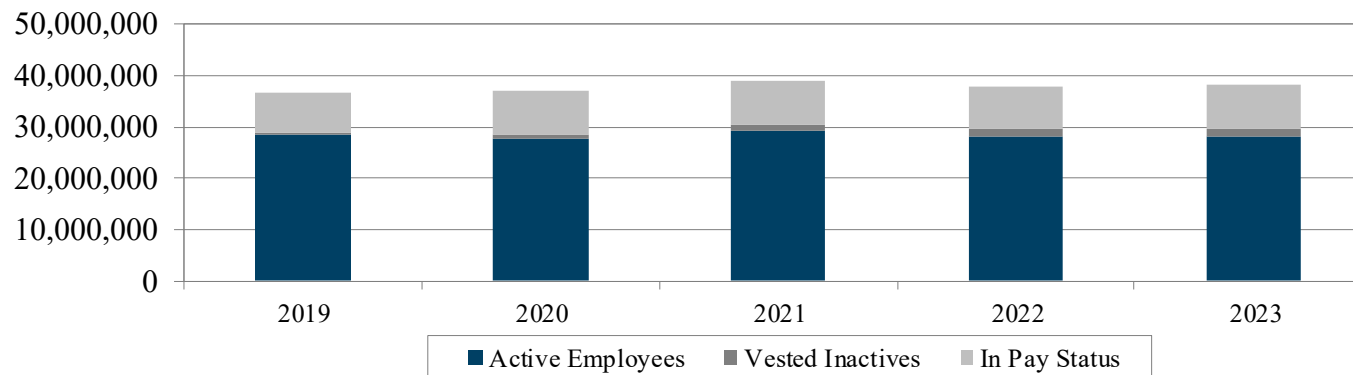
Annual Funding (continued)

Present Value of Future Benefits

In Pay Status ⁽¹⁾	\$8,728,235
Vested Inactives	1,332,774
Active Employees	<u>28,257,755</u>

Present Value of Future Benefits⁽²⁾ **\$38,318,764**

Present Value of Future Benefits



⁽¹⁾ Retirees, disabled retirees and beneficiaries currently receiving payments.

⁽²⁾ Increased \$444,822 from 2022 due to plan experience.

SECTION 1: VALUATION RESULTS

Determination of Total Normal Cost

1. Present Value of Future Benefits	
A. Active Participants	\$28,257,755
B. Vested Inactives	1,332,774
C. In Pay Status	<u>8,728,235</u>
D. Total	\$38,318,764
2. Plan Assets	32,349,016
3. Frozen initial accrued liability remaining unfunded	0
4. Present value of future normal costs = (1)(D) - (2) - (3)	5,969,748
5. Present value of future salaries	22,228,976
6. Normal cost accrual rate = (4) / (5)	26.86%
7. Valuation compensation	4,133,179
8. Preliminary normal cost = (6) x (7)	1,110,172
9. Administrative Expenses	174,592
10. Total normal cost = (8) + (9)	\$1,284,764
11. Total normal cost accrual rate = (10) / (7)	31.08%

SECTION 1: VALUATION RESULTS

Determination of Contribution

Funding Policy

We understand that it is the Company's policy to fund the normal cost plus an amount sufficient to amortize the unfunded accrued liability over 30 years from July 1, 2007. Effective July 1, 2016, changes in unfunded accrued liability are amortized over 10 years. The contribution is made uniformly throughout the year.

	<u>Funding Policy</u>
1 Total normal cost for Plan year	\$1,284,764
2 Amortization of unfunded accrued liability	\$0
3 Interest required for monthly contributions	\$37,981
4 Total annual contribution payable monthly = (1) + (2) + (3)	\$1,322,745
5 Contribution as a percentage of compensation	32.003%

The contribution shown is the total required to meet the Company's Funding Policy.

SECTION 1: VALUATION RESULTS

Actuarial Experience

A plan's actuarial liability is simply an estimate of the amount of funds required to pay benefits as they come due in the future. This estimate is based on assumptions about future events that impact the plan's funded status; events such as investment earnings on plan assets, how long retirees live, and the probability of an active member remaining in covered employment, among others. Each year the plan's funded status changes due to actual experience different from that anticipated by the actuarial assumptions. This difference is referred to as "actuarial experience."

There are two types of actuarial experience. "Actuarial gains" are generated when experience is more favorable than expected. Actuarial gains serve to improve the funded status of the plan. "Actuarial losses" occur when experience is less favorable than expected. Actuarial losses serve to lessen the funded status of the plan.

Actuarial experience is measured by performing an experience analysis. This analysis is important for two reasons. First, it tells the Plan Sponsor how and why the funded status changed from the prior year. Second, it allows the actuary to monitor whether the assumptions continue to be appropriate for valuing plan liabilities. Differences in actual experience compared to assumed are expected. However, a recurring trend of gains or losses from a particular assumption could indicate that the assumption should be modified.

The Plan's funding cost as a percentage of compensation for the July 1, 2023 Plan Year is 32.003% compared to 30.624% for the prior year. Plan experience increased the funding cost by 1.379%.

SECTION 1: VALUATION RESULTS

Risk Assessment and Disclosure

Actuarial Measurements

An actuarial valuation provides a measurement of pension obligations and actuarially determined pension contributions. These measurements are based on assumptions about future events that impact the plan's funded status; events such as investment earnings on plan assets, how long retirees live, the probability of an active member remaining in covered employment, and the size and composition of the covered group, among others. It is important to understand the risk that the actual cost of a pension plan may differ significantly from the expected cost. In other words, it is important to understand the risks and impact of future plan experience differing from the actuarial assumptions.

Risks to Plan's Financial Status

There are a number of risks that sponsors may face when funding plan benefits, including the following:

- Investment Risk – The risk that investment returns will be different than expected.
- Demographic Risk – The potential that mortality or other demographic experience will be different than expected.
- Contribution Risk – The risk that contributions received will be different than expected possibly due to lower than expected employee contributions.

Long Beach Transit has always contributed the full policy requirement.

Plan Maturity

Plan maturity can have a significant effect on the impact of these risks on a plan's long-term funding requirements.

The number of active employees covered by a pension plan may be an indication of the level of company operations that generates the revenue required to fund the pension plan. As the number of inactive participants (retirees and vested terminated participants) grows compared to active employees, the plan becomes more mature. As a pension plan matures, the revenue generated by active employees may become smaller in proportion to pension plan liabilities making it more expensive on a per-capita basis for the plan sponsor to cover potential funding shortfalls.

In general, a less mature plan represents a lower financial risk to the plan sponsor and a more mature plan represents a higher financial risk.

Following are a number of maturity and risk measurements for the Plan for the current and prior year. A history of maturity and other risk assessment measures are shown in the Historical Information section of this report.

SECTION 1: VALUATION RESULTS

Risk Assessment and Disclosure

Active to Inactive (Support Ratio)

The number of active employees covered by a pension plan may be an indication of the level of company operations that generates the revenue required to fund the pension plan. As the number of inactive participants (retirees and vested terminated participants) grows compared to active employees, it becomes more expensive on a per-capita basis for the plan sponsor to cover potential funding shortfalls that may occur.

The ratio of active to inactive participants as of July 1, 2023 is 1.13.

	<u>2023</u>	<u>2022</u>
Inactive	53	53
Active	60	65
Ratio	1.13	1.23

These ratios are higher than many pension plans due to lump sums paid from the Plan. Because the Plan is closed to new entrants, this ratio will decrease over time.

Ratio of Inactive to Total Liability

Similar to the active to inactive ratio, a higher ratio of liabilities for inactive participants means it will be more expensive on a per-capita basis and the Plan Sponsor will have fewer remedies to address funding shortfalls.

	<u>2023</u>	<u>2022</u>
Inactive	\$10,061,009	\$9,554,388
Total	\$36,168,165	\$35,619,511
Ratio	27.8%	26.8%

These ratios are less than most pension plans due to lump sums paid from the Plan.

Historical Information

A history of these maturity measures and other risk assessment measures are shown in the Historical Information section of this report.

SECTION 2: COMMENTS AND CERTIFICATION

Certification

This is to certify that our valuation of the Plan as of July 1, 2023 has been performed in accordance with generally accepted actuarial principles and practices. In preparing this report, we have relied on financial information contained in unaudited financial statements and on participant census information supplied by the Plan sponsor. We did not audit the participant census information. However, we reviewed the data for reasonableness and internal consistency and found no reason to doubt its substantial accuracy.

To the best of our knowledge, the information supplied in this report is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In our opinion each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer our best estimate of anticipated experience under the plan.

We understand that the actuarial assumptions are selected by the Plan sponsor, Long Beach Public Transportation Company. During the last ten plan years, historical rates of return have averaged 4.52% while rates of return averaged 3.88% over the last five plan years. Effective July 1, 2016 the investment return assumption was lowered from 7.50% per annum to 6.00% per annum to better reflect past experience as well as future expected returns and the amortization period for additional liability due to assumption or plan changes was changed from 30 years to 10 years.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in Plan provisions or applicable law. Due to the nature of this assignment, we did not perform an analysis of the potential range of such measurements.

SECTION 2: COMMENTS AND CERTIFICATION

Certification (continued)

This report has been prepared exclusively for the Retirement Plan for Salaried Employees of Long Beach Public Transportation Company for the purposes stated herein.

To the best of our knowledge, the information supplied in this report is complete and accurate.

We, Jason C. Birkle and Nancy Teague Lee, are members of the American Academy of Actuaries and meet the Qualifications of the American Academy of Actuaries to render the actuarial opinions contained herein.



A.S.A., F.C.A., M.A.A.A

Jason C. Birkle
Director of Actuarial Services
Enrolled Actuary No. 23-07856



F.C.A., M.A.A.A

Nancy Teague Lee
Managing Actuary
Enrolled Actuary No. 23-07500

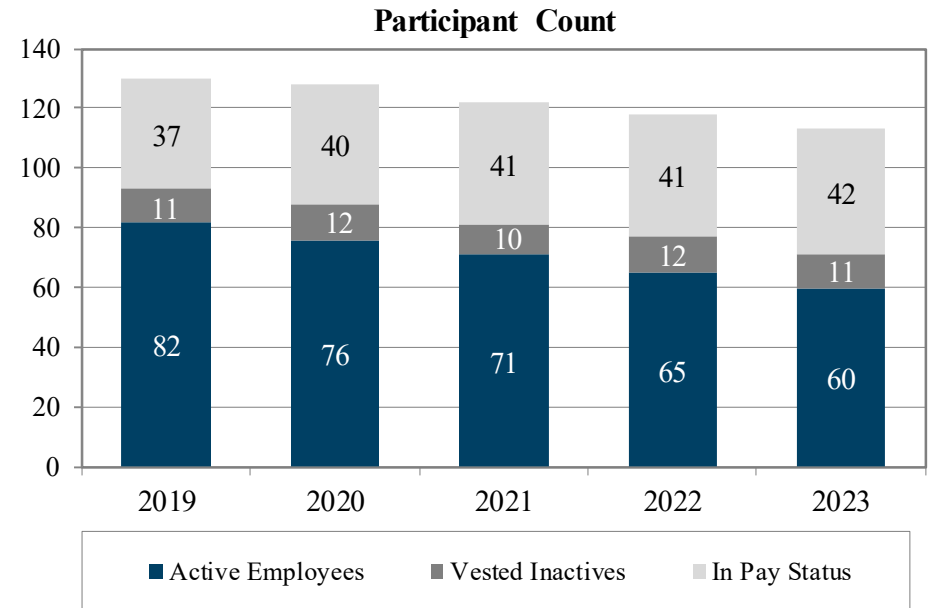
SECTION 3

Supplemental Information

SECTION 3: SUPPLEMENTAL INFORMATION

Participant Reconciliation

Active at June 30, 2022	65
Non-Vested Termination	0
Vested Termination	(1)
Retired Monthly	0
Transferred to Contract Plan	0
Transferred from Contract Plan	1
Occupational Disability	0
Lump Sum Distribution	(5)
Return of Employee Contributions	0
Data Correction	0
Disabled Retirement	0
Deceased	<u>0</u>
Active at June 30, 2023	60
Vested Inactive June 30, 2022	12
Vested Termination	1
Data Correction	0
Retired Monthly	(1)
Deceased	0
Lump Sum Distribution	(1)
Vested Inactive June 30, 2023	11
In Pay Status at June 30, 2022	41
New Retiree	1
New Beneficiary	0
New Occupational Disabled	0
Data Correction	0
Deceased	<u>0</u>
In Pay Status at June 30, 2023	42



SECTION 3: SUPPLEMENTAL INFORMATION

Active Participant Data

Attained Age	Years of Credited Service																Total		
	Under 5		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		Over 35		No.	Avg.	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.					
Under 25	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25 to 29	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
30 to 34	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
35 to 39	0	0	0	0	1	143,572	1	87,861	0	0	0	0	0	0	0	0	0	2	115,716
40 to 44	0	0	0	0	0	0	3	76,493	2	100,475	0	0	0	0	0	0	0	5	86,086
45 to 49	0	0	0	0	2	80,262	5	77,940	2	95,831	2	83,381	0	0	0	0	0	11	82,604
50 to 54	0	0	0	0	0	0	3	100,186	6	73,111	7	78,315	1	74,338	0	0	0	17	80,104
55 to 59	0	0	0	0	1	93,303	0	0	3	127,115	5	101,575	3	72,795	0	0	0	12	100,075
60 to 64	0	0	0	0	3	104,024	3	94,574	0	0	1	125,309	1	102,841	0	0	0	8	102,993
65 to 69	0	0	0	0	1	61,128	1	61,380	1	185,520	0	0	1	99,795	1	82,303	0	5	98,025
70 & up	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	8	96,325	16	84,544	14	99,867	15	89,877	6	82,560	1	82,303	60	90,788	

Average Age: 53.83 years

Average Credited Service: 22.20 years

SECTION 3: SUPPLEMENTAL INFORMATION

Vested Inactive Data

Monthly Accrued Benefit	Number
Under \$100	0
100 to 199	1
200 to 299	0
300 to 399	0
400 to 499	1
500 to 599	0
600 to 699	2
700 to 799	0
800 to 899	1
900 to 999	1
1,000 to 1,099	0
1,100 to 1,199	0
1,200 to 1,299	0
1,300 to 1,399	1
1,400 to 1,499	2
1,500 to 1,599	0
1,600 to 1,699	0
1,700 or more	2
Total	11

Age	Number
Under 30	0
30 to 34	0
35 to 39	0
40 to 44	2
45 to 49	1
50 to 54	2
55 to 59	1
60 to 64	2
65 or over	3
Total	11

Average Age: 56.09 years

Average Accrued Benefit: \$1,248.84

SECTION 3: SUPPLEMENTAL INFORMATION

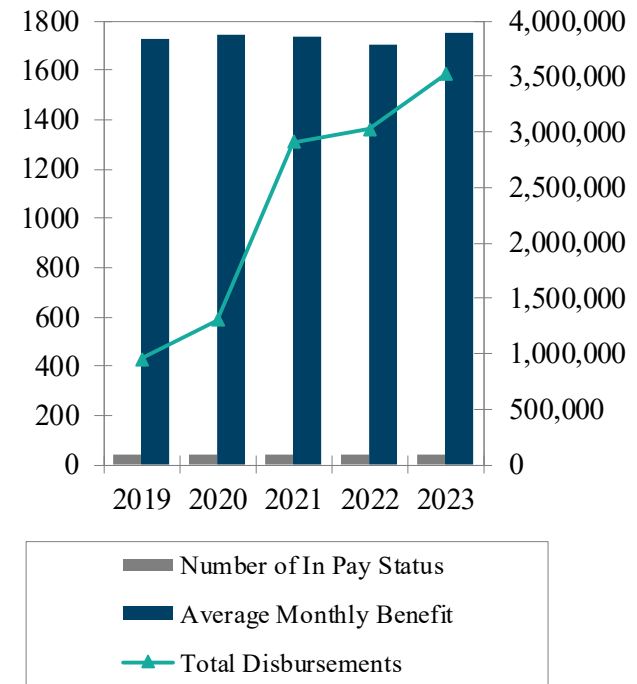
Retiree Data

Monthly Benefit ⁽¹⁾	Number
Under \$100	0
100 to 199	0
200 to 299	0
300 to 399	0
400 to 499	0
500 to 599	4
600 to 699	1
700 to 799	5
800 to 899	1
900 to 999	0
1,000 to 1,099	2
1,100 to 1,199	3
1,200 to 1,299	0
1,300 to 1,399	2
1,400 to 1,499	2
1,500 to 1,599	0
1,600 to 1,699	0
1,700 to 1,799	3
1,800 to 1,899	1
1,900 to 1,999	2
2,000 or over	11
Total	37

Age ⁽¹⁾	Number
Under 55	1
55 to 59	3
60 to 64	5
65 to 69	10
70 to 74	5
75 to 79	9
80 to 84	1
85 to 89	2
90 or over	1
Total	37

Average Age: 70.87 years
New Retirees: 57.32 years

Average Benefit: \$1,750.37
New Retirees: \$3,588.26



⁽¹⁾Data excludes 5 beneficiaries who are included in the plan's liabilities.

SECTION 3: SUPPLEMENTAL INFORMATION

Asset Information

Market Value of Assets at July 1, 2022		32,041,203
Employer Contributions		\$1,372,885
Employee Contributions		\$279,383
Net Investment Income		
Interest	\$31,938	
Dividends	784,366	
Unrealized Gain (Loss)	1,230,304	
Realized Gain (Loss)	(127,606)	
Other investment revenue	<u>0</u>	
Net Investment Income		\$1,919,002
Benefit Payments		(\$3,517,784)
Direct Administrative Costs		(15,412)
Other Administrative Costs		(159,180)
Asset Transfer From Contract Plan		<u>428,919</u>
Market Value of Assets at June 30, 2023		32,349,016

SECTION 3: SUPPLEMENTAL INFORMATION

Present Value of Accumulated Plan Benefits⁽¹⁾

Reconciliation of Actuarial Present Value of Accumulated Plan Benefits

Actuarial Present Value of Vested and Non-Vested Accumulated Plan Benefits

Actuarial Present Value of Accumulated Plan Benefits at June 30, 2022	\$31,347,933	Vested Benefits	
Benefits Accumulated and Actuarial Experience During the Year	\$2,387,934	Participants Currently Receiving Benefits	\$8,728,235
Increase for Interest	1,776,880	Other Participants	<u>22,221,775</u>
Benefits Paid	(3,517,784)	Vested Benefits	\$30,950,010
Net Increase/(Decrease)	<u>647,030</u>	Non-Vested Benefits	<u>1,044,953</u>
Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023	\$31,994,963	Actuarial Present Value of Accumulated Plan Benefits at June 30, 2023	\$31,994,963

⁽¹⁾ Value of benefits earned by current participants based on pay and service through the valuation date. Approximation of amount due to participants if the plan terminated as of July 1, 2023 and settled all obligations at 6.00%.

SECTION 3: SUPPLEMENTAL INFORMATION

Summary of Plan Provisions

Plan Type: Public Pension Plan.

Plan Effective Date: June 30, 1979.

Plan Year: July 1 – June 30.

Participation: All full-time employees are eligible on their date of employment. The Plan is frozen to new hires and rehires as of April 1, 2011.

Average Monthly Final Earnings (AMFE): 36 month average of compensation out of the last 10 calendar years of employment.

Monthly Normal Retirement Benefit: Years of Service (not to exceed 40 years) times 1.70% of AMFE.

Years of Service: One year of service is granted for each 12 months of consecutive service in which an employee works at least one hour in each month.

Normal Form of Benefit: Lifetime payments to retiree.

Normal Retirement Age: Age 64 with 10 Years of Service.

Early Retirement Age: Age 54 with 10 Years of Service.

Early Retirement Benefit: Accrued benefit reduced 5.0% for each year preceding age 64 (prorated for partial years).

Late Retirement Benefit: A participant retiring after Normal Retirement Age is entitled to a benefit based on years of service and final average pay as of retirement.

70/80 Early Retirement Eligibility: Any age if sum of age and Years of Service is at least 70.

70/80 Early Retirement Benefit: Accrued benefit unreduced if age plus Years of Service is at least 80. If sum is greater than 70 but less than 80 the following reduction table applies:

<u>Sum</u>	<u>Reduction</u>
80 or more	1.000
79	0.937
78	0.879
77	0.825
76	0.776
75	0.730
74	0.688
73	0.648
72	0.612
71	0.578
70	0.546

Vesting: 5 Years of Service.

SECTION 3: SUPPLEMENTAL INFORMATION

Summary of Plan Provisions (continued)

Break-in-Service: 12 consecutive month period during which an employee does not work at least one hour.

Permanent Break-in-Service: 5 consecutive 1-year breaks-in-service.

Disability Retirement Eligibility: Disabled while an active employee.

Monthly Occupational Disability Benefit: Years of Service at time of disability times 1.70% of AMFE. Minimum disability pension is 17% of AMFE. Benefit is payable immediately.

Total and Permanent Disability Retirement Benefit: Monthly Normal Retirement Benefit based on AMFE and Years of Service as of date of disability. Benefit is payable immediately without reduction for early commencement.

Monthly Pre-Retirement Death Eligibility: Vested or eligible for Early or Normal Retirement and married.

Pre-Retirement Death Benefit: Surviving spouse will receive an annuity equal to 50% of the amount the participant would have received under the 50% joint and survivor form of payment if he/she had terminated on the day before death and survived to early retirement age.

Post-Retirement Death Benefit: Survivor benefit, if any, based on the form of payment in effect at time of death.

Optional Forms of Benefit Payment: 50%, 75%, or 100% joint and survivor annuity, 25% lump sum/75% annuity, period certain installment payments, annuity purchase or lump sum.

Employee Contributions: All employees must contribute 5% of their pre-tax compensation to the Plan. Plan benefits are reduced if a participant chooses to receive a refund of their accumulated contributions.

Return of Employee Contributions: Non-vested participants are entitled to a return of their contributions upon termination from the plan.

Plan Provisions Excluded from Measurement: None.

Changes Since Prior Valuation: None.

SECTION 3: SUPPLEMENTAL INFORMATION

Actuarial Method and Assumptions

Actuarial Cost Method: Frozen Initial Liability.

Actuarial Assumptions:

Interest Discount Rate: 6.00% compounded annually.

Investment Yield: 6.00% compounded annually.

Administrative Expenses: Actual administrative expenses for the prior year are added to the normal cost as of the beginning of the year. For 2023, the administrative expense assumption is \$174,592.

Employee Contribution Interest Credit: 5.00% compounded annually.

Salary Increases: 3.00% per year.

Lump Sums: 4.50% interest; 2023 IRS Applicable Mortality Table.

Mortality: For funding:

Healthy: PRI-2012 White Collar Mortality Table Projected with Scale MP-2019.

Disabled: PRI-2012 Disabled Mortality Table Projected with Scale MP-2019.

SECTION 3: SUPPLEMENTAL INFORMATION

Actuarial Method and Assumptions (continued)

Termination Before Retirement: Sample rates are shown below:

<u>Age</u>	<u>Turnover Rate</u>
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

Retirement: The following rates apply for participants eligible for 70/80 Retirement:

<u>Age</u>	<u>Retirement Rate</u>
50-53	5%
54-55	10
56-57	20
58-59	40
60 and older	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.

SECTION 3: SUPPLEMENTAL INFORMATION

Actuarial Method and Assumptions (continued)

Disability:

Sample rates are shown below:

<u>Age</u>	<u>Disability Rate</u>
20	0.01%
25	0.02
30	0.03
35	0.04
40	0.05
45	0.18
50	0.34
55	0.60
60	0.89

Marital Status:

80% of non-retired participants are married. Female spouse is assumed to be three years younger than 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 the single life annuity. 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.

Asset Valuation Method:

Market value.

Changes Since Prior Valuation:

None.

SECTION 3: SUPPLEMENTAL INFORMATION

Rationale for Major Assumptions

Interest Rate/Investment Yield: Long Beach Public Transportation Company is responsible for the selection of this assumption.

Mortality, Termination, and Retirement: With concurrence from Long Beach Public Transportation Company, based on recent Plan experience which is monitored and analyzed annually.

SECTION 3: SUPPLEMENTAL INFORMATION

Six-Year Plan Overview

	Plan Year Beginning July 1					
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Funding Policy Contribution						
Percentage of Covered Compensation	32.003%	30.624%	8.781%	24.727%	22.603%	25.889%
Annual Amount Paid Monthly	\$1,322,745	\$1,201,596	\$427,544	\$1,134,803	\$1,081,072	\$1,257,856
Covered Compensation	4,133,179	3,923,681	4,869,172	4,589,323	4,782,843	4,858,664
Market Value of Assets	32,349,016	32,041,203	37,790,805	31,438,641	30,938,951	27,866,540
Present Value of Vested Benefits	30,950,010	30,312,794	29,579,811	28,040,594	26,577,714	25,129,957
Present Value of Accumulated Benefits	31,994,963	31,347,933	30,777,265	29,234,414	28,145,553	26,665,302
Number of Active Participants	60	65	71	76	82	84
Number of Vested Terms	11	12	10	12	11	12
Number of Retirees	42	41	41	40	37	36
Total Participants	113	118	122	128	130	132

Amounts are based on total employer plus employee contributions.

SECTION 3: SUPPLEMENTAL INFORMATION

**Determination of 2023 Total Normal Cost
Estimated Impact of Interest Rate Assumption Change**

	<u>Current 6.00% Interest</u>	<u>5.00% Interest</u>	<u>4.00% Interest</u>
1 Present Value of Future Benefits			
A. Active Participants	28,257,755	30,116,216	32,303,041
B. Vested Inactives	1,332,774	1,544,702	1,814,440
C. In Pay Status	<u>8,728,235</u>	<u>9,496,832</u>	<u>10,397,243</u>
D. Total	38,318,764	41,157,750	44,514,724
2 Plan Assets	32,349,016	32,349,016	32,349,016
3 Frozen initial accrued liability remaining unfunded	0	2,309,464	4,974,209
4 Present value of future normal costs = (1) - (2) - (3)	5,969,748	6,499,270	7,191,499
5 Present value of future salaries	22,228,976	23,107,834	24,066,092
6 Normal cost accrual rate = (4) / (5)	26.86%	28.13%	29.88%
7 Valuation compensation	4,133,179	4,133,179	4,133,179
8 Preliminary normal cost = (6) x (7)	1,110,172	1,162,663	1,234,994
9 Administrative Expenses	174,592	174,592	174,592
10 Total normal cost = (8) + (9)	1,284,764	1,337,255	1,409,586
11 Total normal cost accrual rate = (10) / (7)	31.08%	32.35%	34.10%

SECTION 3: SUPPLEMENTAL INFORMATION

**Determination of 2023 Contribution Under Funding Policy
Estimated Impact of Interest Rate Assumption Change With 10 Year Amortization**

	Current		
	<u>6.00% Interest</u>	<u>5.00% Interest</u>	<u>4.00% Interest</u>
1 Total normal cost for Plan year	1,284,764	1,337,255	1,409,586
2 Amortization of unfunded accrued liability:			
A. Initial unfunded remaining	0	0	0
B. Amortization period remaining (in years)	0	0	0
C. Amortization amount	0	0	0
D. Interest rate change	N/A	2,309,464	4,974,209
E. Amortization period	N/A	10	10
F. Amortization amount	N/A	284,844	589,687
3 Interest required for monthly contributions	37,981	40,058	39,593
4 Total annual contribution payable monthly = (1) + (2C) + (2F) + (3)	1,322,745	1,662,157	2,038,866
A. Employer	1,116,086	1,455,498	1,832,207
B. Employee	206,659	206,659	206,659
5 Contribution as a percentage of payroll	32.003%	40.215%	49.329%
A. Employer	27.003%	35.215%	44.329%
B. Employee	5.000%	5.000%	5.000%

SECTION 4: HISTORICAL INFORMATION

An actuarial valuation provides a measurement of pension obligations and actuarially determined pension contributions. These measurements are based on assumptions about future events that impact the plan's funded status; events such as investment earnings on plan assets, how long retirees live, the probability of an active member remaining in covered employment, and the size and composition of the covered group, among others. It is important to understand the risks that the actual cost of a pension plan may differ significantly from the expected cost of a pension plan. In other words, it is important to understand the risks and impact of future plan experience differing from the actuarial assumptions.

The effect of various risks on a plan's long-term funding requirements will depend on the maturity of the plan. Plan maturity, risk factors and the plan's financial condition change over time depending on plan experience, how actual experience has differed from that anticipated by the actuarial assumptions and by changes in the underlying actuarial assumptions. It is informative to see how these measures have changed over time.

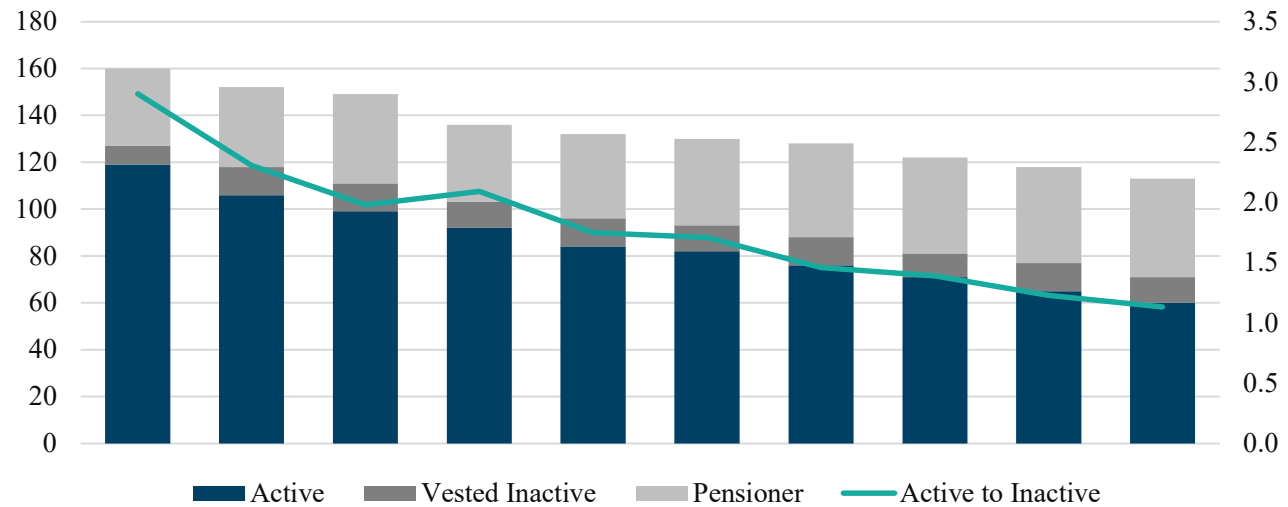
The following pages examine the history of a number of maturity measures, risk measures and other financial information.

- Ratio of Active to Inactive Participants
- Ratio of Inactive Liability to Total Liability
- Investment Return
- Funded Percentage
- Funding Policy Contribution
- Cash Flows

SECTION 4: HISTORICAL INFORMATION

Ratio of Active to Inactive Participants

The number of active employees covered by a pension plan may be an indication of the level of company operations that generates the revenue required to fund the pension plan. As the number of inactive participants (retirees and vested terminated participants) grows compared to active employees, it becomes more expensive on a per-capita basis for the plan sponsor to cover potential funding shortfalls that may occur. As of July 1, 2023 the active to inactive ratio for this Plan is 1.13. Because the Plan is closed to new entrants, this ratio will decrease over time.

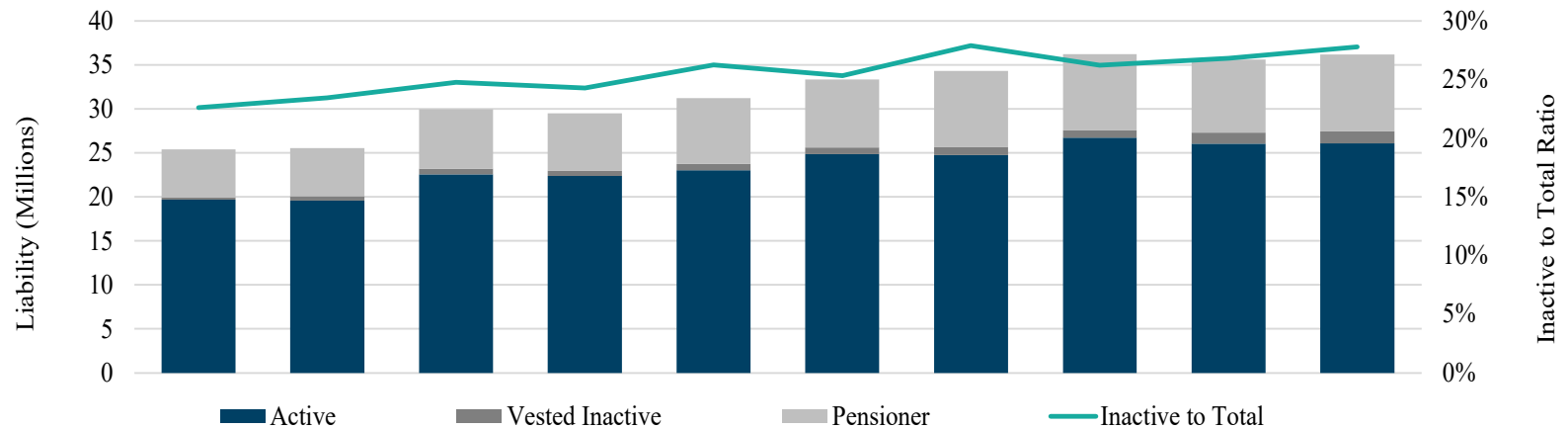


July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pensioner	33	34	38	33	36	37	40	41	41	42
Vested Inactive	8	12	12	11	12	11	12	10	12	11
Active	119	106	99	92	84	82	76	71	65	60
Total	160	152	149	136	132	130	128	122	118	113
Active to Inactive	2.90	2.30	1.98	2.09	1.75	1.71	1.46	1.39	1.23	1.13

SECTION 4: HISTORICAL INFORMATION

Ratio of Inactive Liability to Total Liability

Another measure of a plan’s maturity is the ratio of liability for inactive participants to liability for all participants. Similar to the inactive to active ratio, as the ratio of liabilities for inactive participants increases, it will be more expensive on a per-capita basis and the Plan Sponsor may have fewer remedies to address funding shortfalls. As of July 1, 2023 the ratio of inactive liability to total liability for this Plan is 27.8%.



July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pensioner	5.5	5.5	6.8	6.6	7.5	7.7	8.6	8.7	8.3	8.7
Vested Inactive	0.2	0.5	0.6	0.6	0.7	0.7	1.0	0.8	1.2	1.4
Active	19.7	19.6	22.6	22.3	23.0	24.9	24.7	26.7	26.1	26.1
Total	25.4	25.6	30.0	29.5	31.2	33.3	34.3	36.2	35.6	36.2
Inactive to Total	22.6%	23.4%	24.8%	24.3%	26.2%	25.3%	27.9%	26.2%	26.8%	27.8%

SECTION 4: HISTORICAL INFORMATION

Investment Return

The long-term investment return assumption was 7.50% from 2009 through 2015 and was updated to 6.00% in 2016. The return assumption is net of investment expenses. A Plan’s ability to meet the benefit requirements is largely determined by its ability to earn the assumed rate of return over the long term. Returns over the past 16 years are shown below.

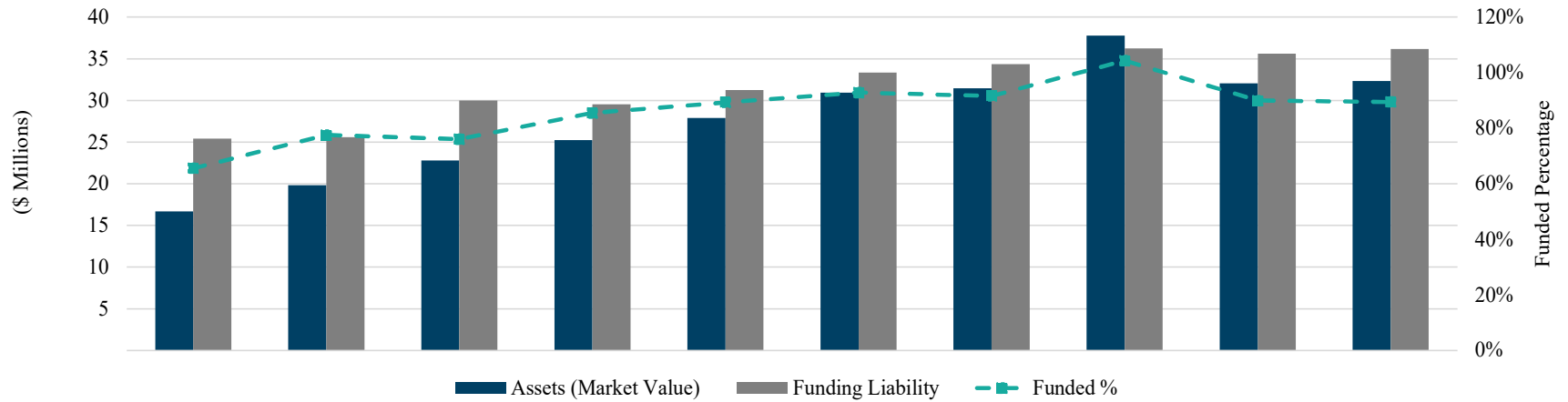


PYE 6/30	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assumed	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	7.50	6.00	6.00	6.00	6.00	6.00	6.00	6.00
Plan Return	-1.66	-19.66	14.19	22.65	-2.05	8.03	12.17	-0.06	-0.91	9.96	5.32	2.68	0.27	23.69	-10.50	6.14
5-Year Average					1.62	3.55	10.70	7.79	3.28	5.70	5.17	3.32	3.39	8.08	3.72	3.88

SECTION 4: HISTORICAL INFORMATION

Funded Percentage

One measure of a plan’s financial condition is the funded percentage, the ratio of the assets to plan liabilities. The following shows the funded percentage based on the funding (“entry age”) liability.

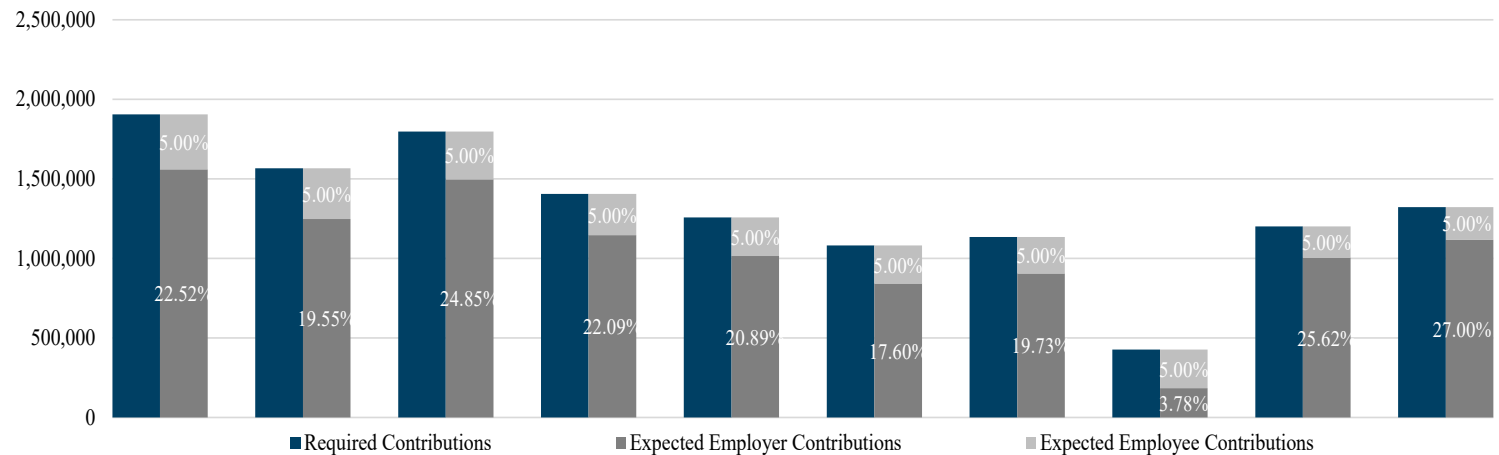


July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Assets (Market Value)	16.7	19.8	22.8	25.2	27.9	30.9	31.4	37.8	32.0	32.3
Funding Liability	25.4	25.6	30.0	29.5	31.2	33.3	34.3	36.2	35.6	36.2
Funded %	65.5%	77.5%	76.0%	85.5%	89.3%	92.8%	91.6%	104.3%	90.0%	89.4%

SECTION 4: HISTORICAL INFORMATION

Funding Policy Contribution

The Company’s funding policy is to fund the normal cost plus an amount sufficient to amortize the unfunded accrued liability over 30 years from July 1, 2007. Effective July 1, 2016, changes in unfunded accrued liability are amortized over 10 years. The contribution is made uniformly over the year. The normal cost is the annual cost for actives accruing benefits for the year and a component for prior experience different than assumed. It is impacted by several factors including: active population, interest discount rates, investment return and other demographic experience, and the level of prior-year contributions. The calculation of the normal cost is based on the Frozen Initial Liability cost method and in years following strong asset performance there may be excess asset returns which can reduce the normal costs.

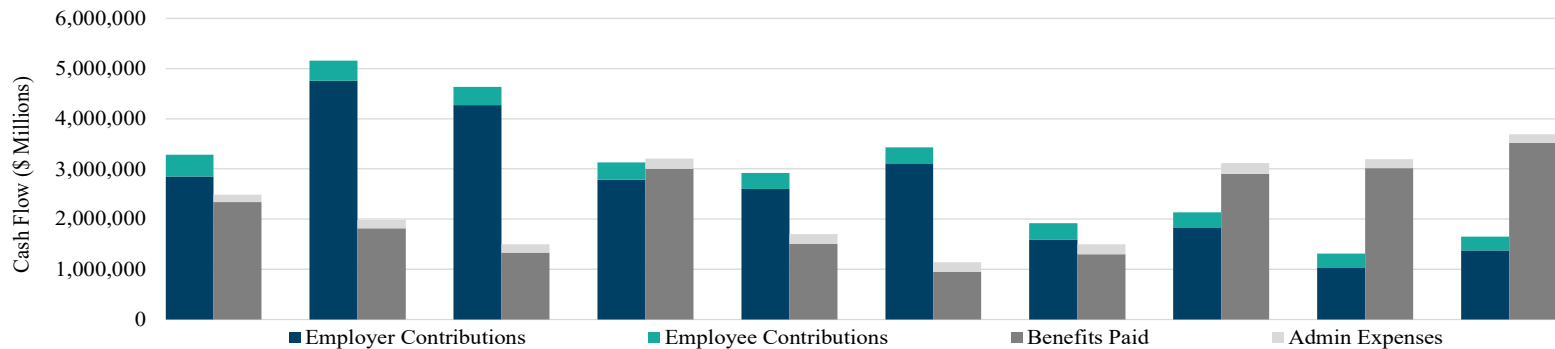


July 1,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Required Contributions	1,905,522	1,566,470	1,797,648	1,405,306	1,257,856	1,081,072	1,134,803	427,544	1,201,596	1,322,745
Covered Compensation	6,924,729	6,380,468	6,023,124	5,186,888	4,858,664	4,782,843	4,589,323	4,869,172	3,923,681	4,133,179
Percent of Covered Compensation	27.518%	24.551%	29.846%	27.093%	25.889%	22.603%	24.727%	8.781%	30.624%	32.003%
Expected Employer Contributions	1,559,286	1,247,447	1,496,492	1,145,962	1,014,923	841,930	905,337	184,085	1,005,412	1,116,086
Expected Employee Contributions	346,236	319,023	301,156	259,344	242,933	239,142	229,466	243,459	196,184	206,659

SECTION 4: HISTORICAL INFORMATION

Cash Flows

Each year, a plan pays pension benefits to its participants in pay status as well as operational expenses incurred. Money coming into the plan helps fund and offset these plan costs. A negative cash flow is one indication that a plan may be more mature. In addition, a negative cash flow typically makes it more difficult for a plan to recover from asset losses.



PYE 6/30	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Employer Contributions	2,847,508	4,758,243	4,270,185	2,790,134	2,602,155	3,111,520	1,596,044	1,826,321	1,026,804	1,372,885
Employee Contributions	<u>436,748</u>	<u>402,617</u>	<u>365,367</u>	<u>340,086</u>	<u>320,450</u>	<u>322,305</u>	<u>319,542</u>	<u>308,205</u>	<u>288,286</u>	<u>279,383</u>
Total Contributions	3,284,256	5,160,860	4,635,552	3,130,220	2,922,605	3,433,825	1,915,586	2,134,526	1,315,090	1,652,268
Benefits Paid	(2,342,868)	(1,818,412)	(1,332,112)	(3,003,925)	(1,503,429)	(951,414)	(1,302,936)	(2,902,046)	(3,020,182)	(3,517,784)
Admin Expenses	<u>(142,202)</u>	<u>(167,173)</u>	<u>(167,603)</u>	<u>(203,559)</u>	<u>(199,961)</u>	<u>(187,683)</u>	<u>(197,584)</u>	<u>(213,196)</u>	<u>(174,009)</u>	<u>(174,592)</u>
Total Benefits and Expenses	(2,485,070)	(1,985,585)	(1,499,715)	(3,207,484)	(1,703,390)	(1,139,097)	(1,500,520)	(3,115,242)	(3,194,191)	(3,692,376)
Net Cash Flow	799,186	3,175,275	3,135,837	(77,264)	1,219,215	2,294,728	415,066	(980,716)	(1,879,101)	(2,040,108)