

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND
Schedules of Passenger Facility Charges Collected and Expended and Interest Credited
Year ended September 30, 2024

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE PASSENGER FACILITY CHARGE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULES OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED AND INTEREST CREDITED

The Honorable Mayor and City Council
The City of Long Beach Airport Enterprise Fund, California:

Report on Compliance of the Passenger Facility Charge Program

Opinion on the Passenger Facility Charge Program

We have audited the City of Long Beach, California Airport Enterprise Fund's (the Airport) compliance with the types of compliance requirements identified as subject to audit in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on the Airport's Passenger Facility Charge (PFC) Program for the year ended September 30, 2024.

In our opinion, the Airport complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the PFC Program for the year ended September 30, 2024.

Basis for Opinion on the Passenger Facility Charge Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of the Guide. Our responsibilities under those standards and the Guide are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Airport's PFC program.

(Continued)

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Guide, we:

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

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

Report on Internal Control Over Compliance

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

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

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

(Continued)

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

Report on Schedule of Revenues and Expenditures of Passenger Facility Charges

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Long Beach, California (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 28, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedules of Passenger Facility Charges Collected and Expended and Interest Collected is presented for purposes of additional analysis as required by the Guide and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Passenger Facility Charges Collected and Expended and Interest Collected are fairly stated in all material respects in relation to the basic financial statements as a whole.



Crowe LLP

Costa Mesa, California
June 19, 2025

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

The Honorable Mayor and City Council
City of Long Beach, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California (the City) as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 28, 2025.

Our report includes a reference to other auditors who audited the financial statements of Long Beach Public Transportation Company (the Company), as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

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

(Continued)

Report on Compliance and Other Matters

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

Purpose of this Report

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


Crowe LLP

Costa Mesa, California
March 28, 2025

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited

Amended Application 03-02-C-04-LGB

Year ended September 30, 2024

Passenger facility charges collected	\$ 2,691,942
Interest credited (note 2)	<u>15,420</u>
	2,707,362
Expenditures for passenger facility charge approved projects	(719,626)
Transfer of excess charges to application 20-09-C-00-LGB (note 4)	<u>(3,566,183)</u>
Change in unexpended passenger facility charges	(1,578,447)
Unexpended passenger facility charges as of September 30, 2023	<u>5,268,079</u>
Excess of passenger facility charges collected over charges expended as of September 30, 2024	\$ <u>3,689,632</u>

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited

Application 11-06-U-00-LGB

Year ended September 30, 2024

Passenger facility charges collected	\$ 2,304,723
Interest credited (note 2)	<u>50,537</u>
	2,355,260
Expenditures for passenger facility charge approved projects	<u>(2,355,260)</u>
Change in passenger facility charges	—
Unexpended passenger facility charges as of September 30, 2023	<u>—</u>
Excess of passenger facility charges expended over charges collected as of September 30, 2024	\$ <u>—</u>

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited

Amended Application 20-09-C-01-LGB

Year ended September 30, 2024

Passenger facility charges collected	\$	2,488,262
Excess charges transferred from application 03-02-C-04-LGB (note 4)		3,566,183
Interest credited (note 2)		<u>75,658</u>
		6,130,103
Expenditures for passenger facility charge approved projects		<u>(6,130,103)</u>
Change in unexpended passenger facility charges		—
Unexpended passenger facility charges as of September 30, 2023		<u>—</u>
Excess of passenger facility charges collected over charges expended as of September 30, 2024	\$	<u>—</u>

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited

Amended Application 03-02-C-04-LGB

Quarters ended December 31, 2023, March 31, 2024, June 30, 2024, and September 30, 2024

	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	Total
Passenger facility charges collected	\$ 173,919	1,529,115	174,346	814,562	2,691,942
Interest credited (note 2)	3,493	7,766	1,118	3,043	15,420
	<u>177,412</u>	<u>1,536,881</u>	<u>175,464</u>	<u>817,605</u>	<u>2,707,362</u>
Expenditures for passenger facility charge approved projects	(177,412)	(183,500)	(175,464)	(183,250)	(719,626)
Transfer of excess charges to application 20-09-C-00-LGB (note 4)	<u>(769,002)</u>	<u>—</u>	<u>(2,797,181)</u>	<u>—</u>	<u>(3,566,183)</u>
Change in unexpended passenger facility charges	(769,002)	1,353,381	(2,797,181)	634,355	\$ <u>(1,578,447)</u>
Unexpended passenger facility charges at beginning of quarter	<u>5,268,079</u>	<u>4,499,077</u>	<u>5,852,458</u>	<u>3,055,277</u>	
Excess of passenger facility charges collected over charges expended at end of quarter	\$ <u>4,499,077</u>	<u>5,852,458</u>	<u>3,055,277</u>	<u>3,689,632</u>	

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited

Application 11-06-U-00-LGB

Quarters ended December 31, 2023, March 31, 2024, June 30, 2024, and September 30, 2024

	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	Total
Passenger facility charges collected	\$ 570,944	574,311	569,030	590,438	2,304,723
Interest credited (note 2)	11,466	25,417	3,620	10,034	50,537
	<u>582,410</u>	<u>599,728</u>	<u>572,650</u>	<u>600,472</u>	<u>2,355,260</u>
Expenditures for passenger facility charge approved projects	<u>(582,410)</u>	<u>(599,728)</u>	<u>(572,650)</u>	<u>(600,472)</u>	<u>(2,355,260)</u>
Change in passenger facility charges	—	—	—	—	\$ <u>—</u>
Excess of passenger facility charges expended over charges collected at beginning of quarter	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
Excess of passenger facility charges collected over charges expended at end of quarter	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND

Schedule of Passenger Facility Charges Collected and Expended and Interest Credited

Amended Application 20-09-C-01-LGB

Quarters ended December 31, 2023, March 31, 2024, June 30, 2024, and September 30, 2024

	December 31, 2023	March 31, 2024	June 30, 2024	September 30, 2024	Total
Passenger facility charges collected	\$ 534,753	188,661	628,982	1,135,866	2,488,262
Excess charges transferred from application 03-02-C-04-LGB (note 4)	769,002	—	2,797,181	—	3,566,183
Interest credited (note 2)	26,137	8,347	21,882	19,292	75,658
	<u>1,329,892</u>	<u>197,008</u>	<u>3,448,045</u>	<u>1,155,158</u>	<u>6,130,103</u>
Expenditures for passenger facility charge approved projects	<u>(1,329,892)</u>	<u>(197,008)</u>	<u>(3,448,045)</u>	<u>(1,155,158)</u>	<u>(6,130,103)</u>
Change in unexpended passenger facility charges	—	—	—	—	\$ <u>—</u>
Unexpended passenger facility charges at beginning of quarter	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	
Excess of passenger facility charges collected over charges expended at end of quarter	\$ <u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND
NOTES TO SCHEDULES OF PASSENGER FACILITY CHARGES
September 30, 2024

NOTE 1 – BASIS OF ACCOUNTING

The schedules of passenger facility charges (PFC) collected and expended and interest credited are prepared on the basis of cash receipts and disbursements, as prescribed by Sections 9110 and 9111 of the Aviation Safety and Capacity Expansion Act of 1990, issued by the Federal Aviation Administration (FAA) of the U.S. Department of Transportation, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

PFC collected includes amounts collected by the airlines and transferred to the City of Long Beach Airport Enterprise Fund (the Airport). Expenditures for passenger facility charge approved projects are presented on a cash basis and include only the expenditures for approved PFC projects.

NOTE 2 – INTEREST CREDITED

Interest credited represents interest income allocated to the PFC Program (the Program) based on the ratio of the Program's unexpended PFC cash balance to the Airport's total cash and investments balance included in the pooled cash funds of the City of Long Beach. The Program's interest is allocated to each application based on the applications expenditures in proportion to the total program expenditures.

NOTE 3 – APPLICATION AMENDMENTS AND CLOSEOUT

Under 14 Code of Federal Regulations (CFR) Part 158, public agencies controlling commercial service airports can apply to the FAA for authority to impose and/or use a PFC to finance approved, eligible airport-related projects. The Airport had no new application amendments or closeouts approved during the year ended September 30, 2024.

NOTE 4 – TRANSFERS OF EXCESS CHARGES TO OTHER APPLICATIONS

The Airport's policy is to match PFC charges collected and interest earned (collectively referred to as PFC collections) with expenditures from approved PFC projects. Any excess PFC collections over eligible expenditures are reported in application 03-02-C-04-LGB. To the extent there are cost adjustments, PFC collections are transferred between appropriate applications to adhere to the Airport's policy.

For the year ended September 30, 2024, the Airport transferred a portion of unused PFC funding from application 03-02-C-04-LGB to fund approved projects in application 20-09-C-01-LGB.

CITY OF LONG BEACH AIRPORT ENTERPRISE FUND
SCHEDULE OF FINDINGS AND RESPONSES
September 30, 2024

(1) Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None reported

Noncompliance material to financial statements noted?

_____ Yes X No

Passenger Facility Charge Audit Guide for Public Agencies

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiencies identified not considered to be material weaknesses?

_____ Yes X None reported

Type of auditor's report issued on compliance with the Passenger Facility Charge Audit Guide for Public Agencies:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Passenger Facility Charge Audit Guide for Public Agencies?

_____ Yes X No

(2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standard

- None