

# City of Long Beach

California



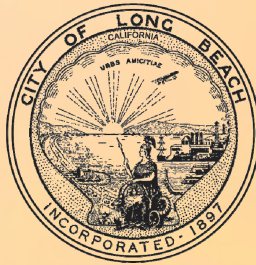
## Comprehensive Annual

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## Financial Report

Fiscal Year Ended September 30, 2015

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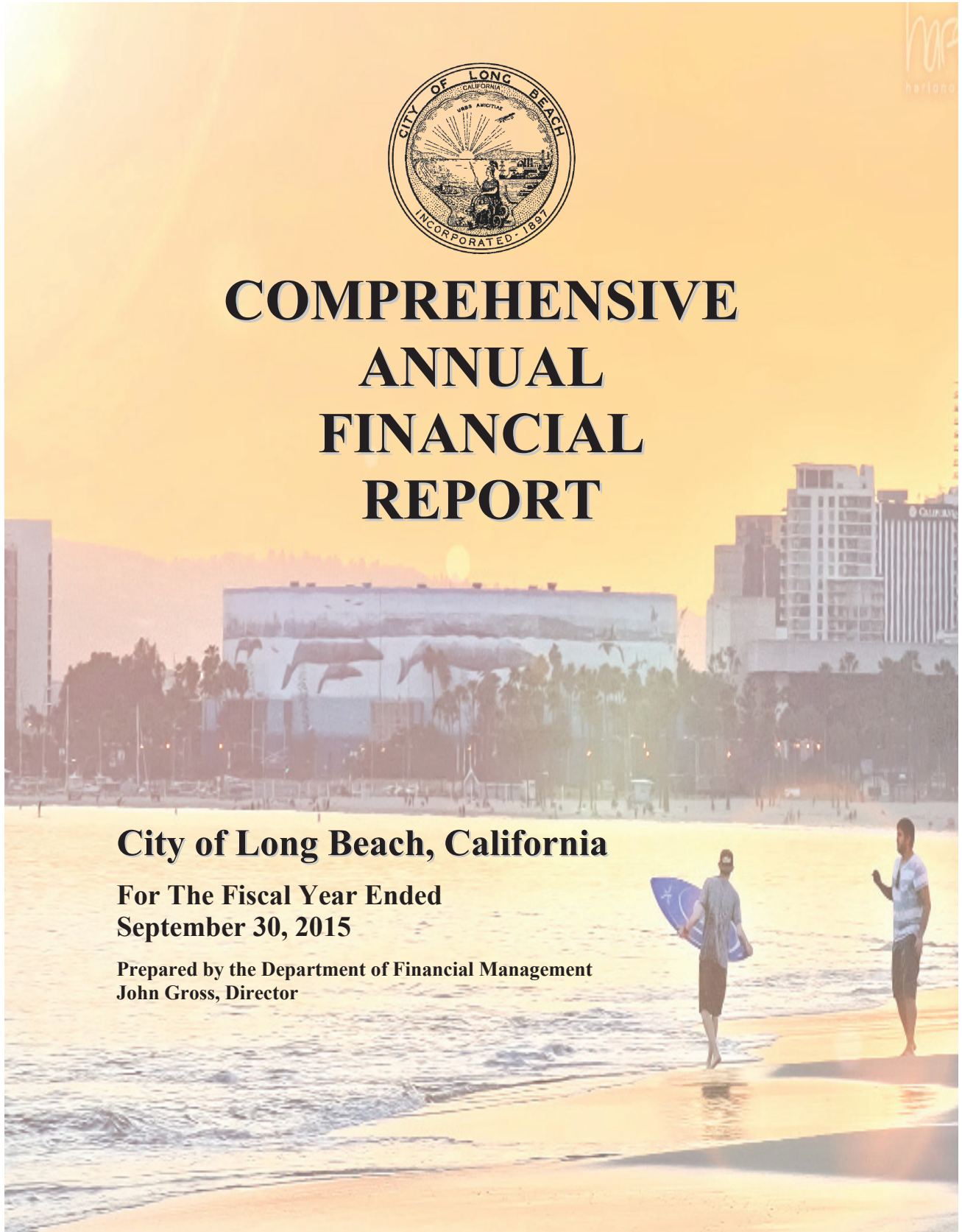
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# **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**City of Long Beach, California**

**For The Fiscal Year Ended  
September 30, 2015**

**Prepared by the Department of Financial Management  
John Gross, Director**





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City of Long Beach, California  
Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2015

*Prepared by the Department of Financial Management*

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Director of Financial Management

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Photography by *Hartono Tai*



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City of Long Beach  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2015

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# INTRODUCTORY SECTION

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# CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

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PATRICK H. WEST  
CITY MANAGER

March 25, 2016

Honorable Mayor and City Council  
City of Long Beach

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Long Beach (City) for the fiscal year ending September 30, 2015. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants.

This report contains management's representations concerning the City's finances, and management assumes full responsibility for the completeness and reliability of all of the information presented. To provide a reasonable basis for making these representations, City management has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. As the cost of internal controls should not exceed anticipated benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's basic financial statements have been audited by KPMG LLP, an international public accounting firm fully licensed and qualified to perform audits of the State of California (State) and local governments within the State. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ending September 30, 2015, are free of material misstatement. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ending September 30, 2015 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this report.

The independent audit of the City's basic financial statements is part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the City's fair presentation of the financial statements, but also on the City's internal controls and compliance with legal requirements, with special emphasis on those involving the administration of federal awards. The City's separately issued Single Audit report is available by contacting the City's Department of Financial Management.

## City of Long Beach Profile

The City of Long Beach is located in coastal southern California within the County of Los Angeles. Long Beach covers an area of 50 square miles, which includes 162 parks, six miles of beaches, a municipal golf system with five courses, and the largest municipally operated marina system in the nation. With an estimated 470,000 residents, it is the seventh most populous city in the state. Known as “The International City,” Long Beach is recognized as a primary gateway for international trade and also for being one of the nation’s most ethnically diverse cities. The strengths inherent in the City’s diversity are reflected in its motto, “Many unique neighborhoods, one great city.”

Incorporated in 1897, Long Beach is a Charter City with a mayor-council-manager form of government. A nine-member council is elected by district for four-year terms. The City Council is responsible, among other things, for enacting ordinances, approving contracts and public improvements, adopting the budget, and appointing committees. The Mayor is elected at large for a four-year term and is the chief legislative officer of the City. The Council and Mayor appoint a City Manager who serves at their discretion. The City Manager is the chief administrative officer, responsible for carrying out the policies and ordinances of the Council, preparing and managing the budget, and overseeing the day-to-day operations of the City.

The City’s Auditor, Prosecutor and Attorney are elected at large to serve four-year terms.

## Reporting Entity and its Services

This report includes all funds of the City, as well as all of its component units. Component units are legally separate entities for which the City is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City’s operations and are included in the report as part of the City. A discretely presented component unit, Long Beach Transit, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City and to differentiate its financial position and results of operations from that of the City. The City has seven independent fiscal entities that are considered blended component units:

- Housing Authority of the City of Long Beach
- Successor Agency to the Redevelopment Agency of the City of Long Beach
- Long Beach Community Investment Company
- Long Beach Financing Authority
- Long Beach Bond Financing Authority
- Long Beach Capital Improvement Company
- Southeast Resource Recovery Facility

These entities vary widely in function and provide essential services. Additional information on the City’s component units is contained Note 1 to the Basic Financial Statements.

The City provides a full range of municipal services, including police and fire protection; public health and environmental services; the construction and maintenance of streets and other infrastructure; gas and water utilities; refuse services; parks, recreational and cultural activities; and library services. The City operates and maintains the Port of Long Beach, one of America’s premier seaports, and the nationally award-winning Long Beach Airport. The City also administers oil extraction operations under a trust agreement with the State.

## Economic Conditions and Fiscal Outlook

Long Beach's economic base, much like the City itself, is diverse, with significant contributions from international trade, oil, aerospace and aviation, healthcare, education and tourism. Long Beach is a major industrial port, ranked second-busiest in the United States. Trade valued annually at more than \$180 billion moves through the Port of Long Beach. The Port supports more than 30,000 jobs in the City of Long Beach and 316,000 jobs throughout Southern California. Aerospace and aviation continue to play an important role in Long Beach's economy. The Long Beach Airport area complex is a vital economic hub, providing employment that accounts for 9.0 percent of jobs in the City of Long Beach and generating sales valued at more than \$6.0 billion annually. The City's oil industry can also be a strong contributor to the local and State economy.

Both the U.S. and California are approaching pre-recession levels of unemployment, according to the State Department of Finance. The State's unemployment rate decreased 1.4 percent to 5.9 percent at September 2015. Southern California participated in statewide employment gains and declining employment rates during 2015. The City's unemployment rate at September 2015 was 6.8 percent, a decrease of 1.8 percent from the same period in 2014.

Throughout much of the State, the housing market saw improvement in 2015. The median sales price of a single family home in Long Beach was \$501,000 up 5.7 percent compared with a year earlier. In its September 2015 report, the Los Angeles County Assessor's Office noted that Long Beach's assessed valuations increased \$1.2 billion, or 2.5 percent, from the prior year. The City's property tax revenue reflected this trend, increasing 4.0 percent in 2015.

According to the Los Angeles County Economic Development Corporation, personal income increased in 2015 and is expected to grow at a rate of 4.2 percent in 2016. Much of the gain in income is expected to be spent, increasing taxable sales an estimated 7.9 percent in 2016. This means local sales and use tax revenues will continue to climb, putting the City on sounder financial footing. The City's sales and use tax revenue increased 6.0 percent in 2015.

## Local Economy

The City ended fiscal year 2015 with an economy that continues its steady gradual growth, improved labor conditions, housing and commercial center development, increased retail activity, and increased tourism and hotel occupancy. Over the past few years, Long Beach has seen the emergence of a number of new businesses and company headquarters relocating into the City.

The Port of Long Beach (Harbor), with its ongoing \$4.5 billion program to modernize its facilities, continues to invest in capital, technology and service improvements that will bring long-term, environmentally sustainable growth. As of the end of fiscal year 2015, the Harbor posted an overall 4.0 percent increase in container trade and for the third time in its 104-year history, was able to surpass the seven million container units. Harbor's long-term vision and outlook helped ensure the port's competitive edge. As cargo volume continues to grow, the speed at which cargo moves into and out of the port is constantly evaluated so that critical capacity improvements can be identified and addressed while other related infrastructure enhancements and expansion are appropriately planned and implemented.

The ongoing Gerald Desmond Bridge replacement and the Middle Harbor Redevelopment projects are the Harbor's major infrastructure stand-outs that promise not only job growth and new career opportunities but also the building of the nation's iconic "Port of the Future" and the world's first "zero emission" terminal.

The Long Beach Innovation Team (i-team), formed in May 2015 to function as in-house innovation consultants, will help the City to assess problems, generate responsive new solutions, develop

partnerships, and deliver measurable results. Its main goal is to improve the City's capacity to effectively design and implement new approaches that will improve residents' lives. The i-team is currently working on a package of initiatives called startupLB, to prepare and guide entrepreneurs through the business startup process.

### Budgetary Controls

The annual budget serves as the foundation for the City's financial planning and budgetary control. The City Manager must submit a proposed budget to the Mayor on or before July 3<sup>rd</sup> and the Mayor must present that proposed budget along with recommendations to the City Council on or before August 2<sup>nd</sup>. The City Council is required to hold one or more public hearings on the proposed budget and to adopt a final budget on or before September 15. The budget is approved for each fund and department. The City Council adopted the fiscal year 2015 budget on September 9, 2014.

This annual budget serves as the foundation for the City's financial planning and control. The budget is prepared by fund, department (e.g. Police), and bureau (e.g. Patrol). From the effective date of the budget, the amounts stated therein become appropriated to the funds and departments for the purposes identified.

The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriations between funds or departments require City Council approval. Additionally, Council may amend the budget during the fiscal year. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered. Revenues are estimated annually and monitored on an ongoing basis to ensure adequate resources are available to cover expenditures.

### Budget Initiatives and Long-term Financial Planning

The City implements ongoing budget and management goals that enable the City to enhance its financial condition. The fiscal year 2016 Adopted Budget continues the City's trend of enacting fiscally prudent budgets while maintaining service levels. Key elements of the 2016 budget include:

- Supporting business and economic development. The fiscal year 2016 budget reflects \$3 million in funding awarded to the City by Bloomberg Philanthropies that will support the Long Beach Innovation Team (i-team) whose task is to enhance economic development.
- For fiscal year 2016, 69 percent of the General Fund is devoted to public safety. The budget includes funding for both a police academy and a fire academy and resources for enhanced violence prevention programs.
- Investments in efficiency improvements. The budget makes several innovative changes throughout the City's organization to improve efficiency of service delivery, such as consolidation of Fire and Police emergency call and dispatch; unification of the Workforce Development Bureau with the Economic & Property Development Department; implementation of new vehicle replacement model for total lifecycle costing which is projected to save \$1 million annually after full implementation; conversion of City's street lighting to LED; and implementation of "best practices" and conservation programs to reduce City water consumption.
- Enhanced focus on critical infrastructure. A supplemental investment of \$1.9 million for streets and sidewalks. These amounts are in addition to the \$7.9 million allocated for these purposes in the City's fiscal year 2016 Capital Budget.

### Future Challenges

An improving economy and prudent fiscal policies have helped the City maintain service levels, but there are near-term and longer-term issues on the horizon that will need to be monitored and managed if the City is to remain financially healthy.

*Price of oil and reduced production* – Worldwide oil prices have experienced a dramatic drop, resulting in adverse oil revenue impacts. Fiscal year 2016 adopted budget oil projections are based on \$55 per barrel. Current oil forecasts project oil will average \$45 per barrel in fiscal year 2016. The current price drop has led to a significant reduction in Uplands and Tidelands Fund oil revenues. Additionally, oil production-based tax revenues for the General Fund and Police and Fire Public Safety Oil Production Act Fund (Prop H) are impacted, although slightly less dramatically due to more conservative budgeting. In addition to impacts on the structural components of the budget, declining oil revenue also limits the City’s ability to fund one-time capital investments that include sidewalks, streets, bridges and other infrastructure.

*Retirement costs* – Changes by CalPERS as to how the City’s liability for its retirement plans is calculated could add as much as \$6.1 million to annual pension costs for the City by fiscal year 2017. CalPERS, at \$867.0 million, is the most significant unfunded liability of the City. This unfunded liability is being fully addressed through employer rate increases. The reduction of the CalPERS unfunded liability is a wise long-term investment that will ultimately save money. However, this comes at a cost to the budget beginning in fiscal year 2016. It is forecast that the annual projected increase in pension costs for the General Fund will reach \$25.7 million by fiscal year 2020. While these increases are not under the City’s control, the City did take steps to smooth the impact by creating a “CalPERS Stabilization Fund” in fiscal year 2014.

*Retiree health care subsidy and sick leave costs* – On a per retiree basis, the City’s post-retirement healthcare program is relatively small when compared to other cities across the county. However, the program’s unfunded liability is still significant. The annual cost of the program for fiscal year 2016 is projected to be \$9.1 million.

*Expiring employee agreements and employee benefit costs* – Many employee union contracts have expired and renewals are not reflected in projections for fiscal year 2016 and beyond. As negotiations continue and as employee benefit costs continue to outpace inflation, any significant increases could lead to budget shortfalls that will need to be offset through new revenues or service reductions.

### Fiscal Year 2016 Budget and Rates

When compared to the fiscal year 2015 budget, the fiscal year 2016 adopted General Fund revenue budget projected a small increase of less than 1.0 percent, or \$634,000, due to the impact of oil revenues. Operating transfers from other funds make up \$17.6 million, primarily from the uplands oil fund, of the \$401.7 million fiscal year 2016 budgeted revenue. Appropriations for 2016 are budgeted at \$429.8 million. The fiscal year 2016 adopted General Fund appropriations budget reflects an increase of \$10.8 million, or 2.9 percent. The budget projects the use of \$16.6 million of prior year surplus for needed one-time projects.

### Awards and Distinctions

Fiscal year 2015 was a productive year for the City of Long Beach as it continued its efforts to provide improved and more efficient service to the community.

This year’s awards and distinctions include:

- Recognized as a top 10 “Digital City” for the fifth consecutive year.
- Long Beach Airport rated “Top 10 Best Airports in America: Reader’s Choice Awards 2015” from Condé Nast Traveler magazine.
- “Outstanding Film Commission” from the Location Managers Guild of America.
- Excellence in Facility Design award for Orizaba Park Community Center from the California Parks and Recreation Society.

- Orizaba Park Community Center was awarded LEED Gold certification for superior environmental design.
- Excellence in Park Planning award for the Belmont Plaza Temporary Pool from the California Parks and Recreation Society.
- Project of the Year award for the Belmont Temporary Pool from the American Public Works Association, Southern California Chapter.
- Highest rating in Southern California on the Trust for Public Lands (TPL) 2015 Park Score Index.
- “2015 Playful City USA,” a national designation for cities and towns for creating more playable, kid-friendly communities.
- 2015 Centurion Award for Excellence in Community Policing for the Quality of Life Team from the Peace Officers Association of Los Angeles County.
- Leading Fleet Award for Excellence in Fleet Management from Government Fleet Magazine.

The City continued its efforts to provide improved and more efficient service to the community. Significant accomplishments for the year include:

- Enhancements to City parks include the completion of Jenni Rivera Park, NAACP Park, Chittick Field Scoreboard, Bixby Park playground and fitness equipment, McArthur Park community center improvements, Park Restroom rehabilitations at Cherry, Coolidge, El Dorado, Houghton, Miracle on 4th, Pan American, and Somerset Parks, Stearns Park T-ball field improvements, Jackson Street Dog Park, El Dorado Dog Park expansion, Rosie’s Dog Beach expansion, Cesar E. Chavez Park amphitheater renovation, Somerset Park renovations.
- Efforts to improve the City’s ability to overcome natural and man-made disasters resulted in 230 adults and 27 high school students received training through the Community Emergency Response Team (CERT) Program and 2,500 people attended the READY Long Beach Community Preparedness Expo.
- More than 1,000 volunteers collected 3,217 pounds of debris during the annual California Coastal Cleanup and 100 percent of the City’s beaches received “A” grades for water quality from the Heal the Bay Summer Report Card. 549 trees were planted in Port-adjacent neighborhoods as part of the “I Dig Long Beach – 6,000 Trees by 2020” initiative funded by the Port of Long Beach.
- The City provided 310 unemployed residents with quality jobs through partnership with Long Beach Memorial Medical Center, 3,032 job seekers were served through Workforce Development Grants with 65 percent finding permanent employment and the City was awarded a \$3.9 million grant for the C-17 Transition Master Plan, which studies the reuse and transition of the Boeing C-17 site. Finally, the City implemented a new youth employment strategy to bring more resources directly to the community and into local high schools, and support the creation of new internships
- New film productions for 2015 include: La La Land, CHiPS, and the mini-series American Crime Story – The People vs. O.J. Simpson; television productions included Scorpion, State of Affairs, The Last Ship, Shameless, Agents of Shield, Supergirl, Rosewood, American Horror Story, House of Lies, and Ray Donovan. Named “Outstanding Film Commission” from the Location Managers Guild of America.
- Efforts to assist businesses achieve success resulted in 32 new Long Beach businesses receiving grant assistance to help defray initial start-up cost. 20 business storefronts completed façade improvement to enhance corridor appearances and promoting economic development activity, and 103 commercial property owners received rebates for exterior improvements.

- Sustainability efforts resulted in total water use in Long Beach in 2015 was 22 percent less than the historic 10-year average: an average of 100 gallons per day per person. Waste-to-energy facility (SERRF) burned 450,000 tons of refuse that otherwise would have gone to landfills. 27,600 tons of recyclable material and 2,950 gallons of motor oil collected. Launched a \$6.1 million citywide LED Streetlight Retrofit Program.
- Veterans Affairs Supportive Housing (VASH) Program provided 664 vouchers to house homeless veterans benefiting over 500 families who received assistance through this program and housed 15 elderly homeless families with Project-Based Housing Choice Vouchers. Completed construction on the Cabrillo Gateway Apartments, which includes 81 affordable units for the homeless.
- Launched a new, redesigned City website significantly improving access to online services. Implemented Alert Long Beach, a new mass notification system that replaces the Reverse 911 and launched the OpenLB portal that provides access to a wide variety of informational databases facilitating transparency, collaboration, and public participation.

#### Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ending September 30, 2014. This was the eighth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. However, we believe that our current CAFR continues to meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

We wish to acknowledge the participation and professional contribution of the entire staff of the Department of Financial Management. We wish to thank all departments for their assistance in providing the data necessary to prepare this report. The CAFR requires a considerable amount of effort and time, in addition to normal daily job duties. The continued dedication of all staff involved in the development of this CAFR is most appreciated.

Respectfully submitted,



Patrick H. West  
City Manager



John Gross  
Director of Financial Management



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Directory of City Officials  
As of September 30, 2015

Dr. Robert Garcia  
Mayor

Dr. Suja Lowenthal  
Vice-Mayor  
2nd District

Lena Gonzalez  
Councilmember  
1st District

Suzie A. Price  
Councilmember  
3rd District

Daryl Supernaw  
Councilmember  
4th District

Stacey Mungo  
Councilmember  
5th District

Dee Andrews  
Councilmember  
6th District

Roberto Uranga  
Councilmember  
7th District

Al Austin  
Councilmember  
8th District

Rex Richardson  
Councilmember  
9th District

Elected Department Heads

City Attorney  
City Auditor  
City Prosecutor

Charles Parkin  
Laura Doud  
Douglas P. Haubert

Appointed by Council or Commission

City Clerk  
Executive Director - Civil Service  
Executive Director - Harbor  
General Manager - Water

Maria de la Luz Garcia  
Kandice Taylor-Sherwood  
Jon W. Slangerup  
Christopher J. Garner

City Manager  
Patrick H. West

Assistant City Manager  
Tom Modica

Deputy City Manager  
Arturo Sanchez

Director of Financial Management  
Director of Health and Human Services  
Director of Development Services  
Director of the Long Beach Airport  
Director of Human Resources  
Director of Library Services  
Acting Director of Long Beach Gas and Oil  
Interim Director of Parks, Recreation, and Marine  
Director of Public Works  
Director of Technology Services  
Director of Disaster Preparedness  
Fire Chief  
Chief of Police

John Gross  
Kelly Colopy  
Amy J. Bodek  
Bryant L. Francis  
Alejandrina Basquez  
Glenda Williams  
Edward Farrell  
Stephen P. Scott  
Ara Maloyan  
Bryan Sastokas  
Reginald I. Harrison  
Michael A. DuRee  
Robert G. Luna



Council District 1  
Lena Gonzalez



Council District 2  
Suja Lowenthal



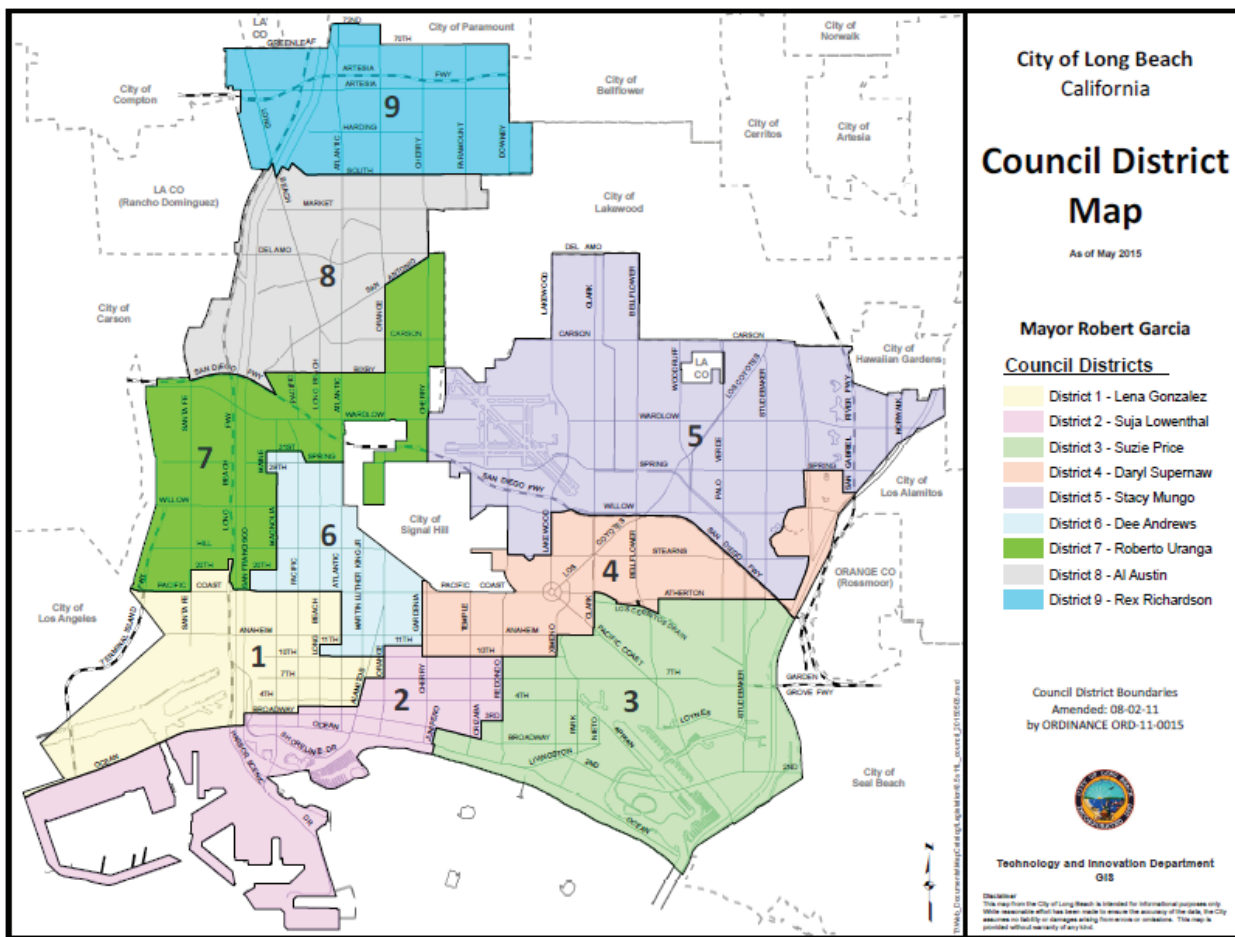
Mayor  
Robert Garcia



Council District 3  
Suzie Price



Council District 4  
Daryl Supernaw



Council District 5  
Stacy Mungo



Council District 6  
Dee Andrews



Council District 7  
Roberto Uranga



Council District 8  
Al Austin

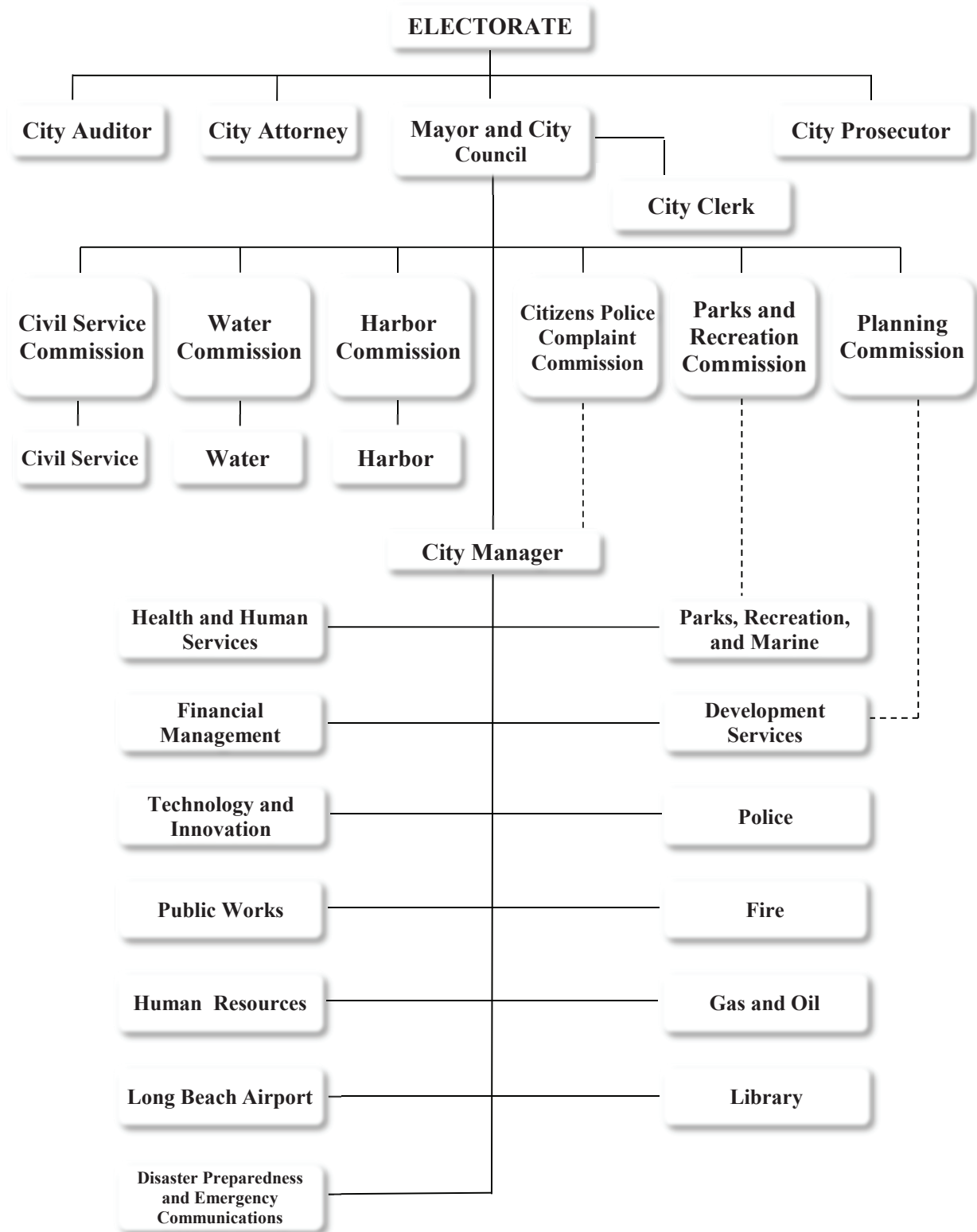


Council District 9  
Rex Richardson

# LONG BEACH CITY GOVERNMENT

## ORGANIZATIONAL CHART

As of September 30, 2015





Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Long Beach  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2014**

Executive Director/CEO

# FINANCIAL SECTION

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**KPMG LLP**  
Two Financial Center  
60 South Street  
Boston, MA 02111

## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Long Beach Public Transportation Company (the Company), which is the City's only discretely presented component unit. Those statements were audited by another auditor whose report has been furnished to us, and in our opinion, insofar as it relates to the amounts included for the Company, is based solely on the report of the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, based on our audit and the report of other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position 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, as of September 30, 2015, and the respective changes in financial position, and where applicable, cash flows thereof, and the budgetary comparison for the General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

#### ***Adoption of New Accounting Pronouncement***

As discussed in note 2 to the financial statements, in 2015, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as well as GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. Our opinions are not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under Required Supplementary Information in the table of contents (collectively referred to as RSI), 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 RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information identified in the table of contents as the introductory section, additional financial section, other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying additional financial section and the other supplementary information section are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting



and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying additional financial section and the other supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2016 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Boston, Massachusetts  
March 25, 2016



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# MANAGEMENT'S DISCUSSION AND ANALYSIS

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**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015

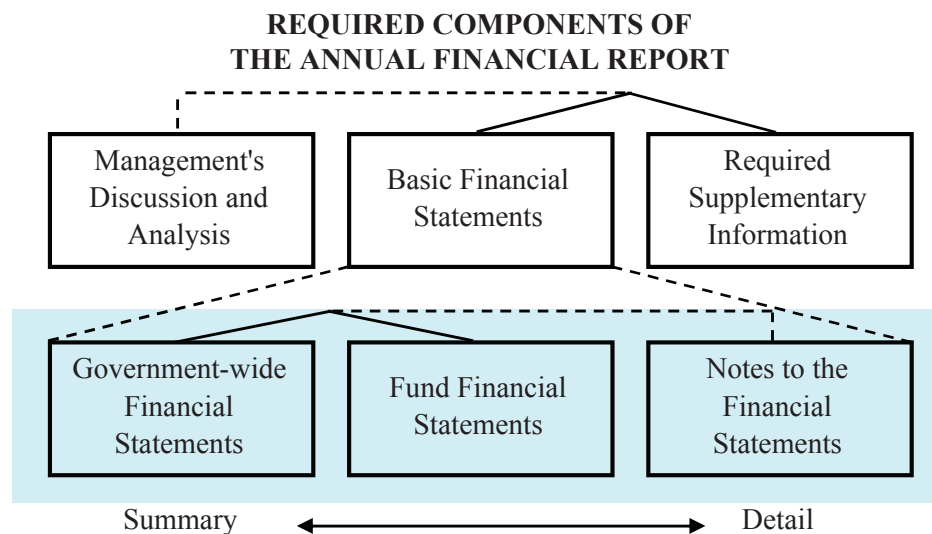
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2015. We encourage readers to consider this information in conjunction with the information found in the letter of transmittal.

**Financial Highlights**

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$4.7 billion (*net position*). Of this amount, \$4.2 billion represents net investment in capital assets, and \$845.6 million represents resources that are subject to restrictions on how they may be used (*restricted net position*). After the application of new pension reporting requirements (see Note 13), the City reports a deficit unrestricted net position of \$358.0 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$316.8 million, a decrease of \$119.2 million, or minus 27.3 percent, from the prior fiscal year end. Of these balances, \$2.8 million are nonspendable, \$177.4 million are restricted, \$64.0 million are committed, \$82.1 million are assigned, and a deficit balance of \$9.6 million is unassigned.
- The fund balance of the General Fund was \$112.0 million. This represents a \$6.2 million, or minus 5.3 percent, decrease from the prior fiscal year. Of this balance, \$4.3 million is restricted, \$62.6 million is committed, \$42.9 million is assigned, and \$2.2 million is unassigned.
- The City implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions (GASB 68) and, as a result, beginning fiscal year balances were restated to reflect the impact. The City's Net Pension Liability (NPL) of \$867.0 million was allocated to Governmental Activities (\$622.7 million, or 71.8 percent) and Business-type Activities (\$244.3 million, or 28.2 percent) and reduced their unrestricted net positions by a like amount.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: the *government-wide financial statements*, the *fund financial statements*, and the *Notes to the Basic Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements, including non-major fund financial statements and a statistical section.



**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

**Basic Financial Statements**

The Basic Financial Statements contain the Government-wide Financial Statements, the Fund Financial Statements and the Notes to these financial statements. This report also includes supplementary information intended to furnish additional detail to support the Basic Financial Statements.

**Government-wide financial statements:** The Government-wide Financial Statements provide a longer-term view of the City's activities as a whole. They include the Statement of Net Position and the Statement of Activities.

The *statement of net position* includes the City's capital assets and long-term liabilities on a full accrual basis of accounting similar to that used by private sector companies. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* provides information about the City's revenues and expenses on a full accrual basis, with an emphasis on measuring net revenues or expenses for each of the City's programs. The Statement of Activities explains in detail the change in net position for the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The amounts in the Statement of Net Position and the Statement of Activities are separated into Governmental and Business-type Activities in order to provide a summary of each type of activity.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues, such as grant revenue (*governmental activities*), from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Governmental activities of the City include legislative and legal, general government, public safety, public health, community and cultural, public works, and City oil operations. Business-type activities include those related to gas, water and sewer utilities, airport and solid waste management operations, towing, tidelands, marina and Rainbow Harbor area operations, as well as tidelands oil revenue operations and the Port of Long Beach (the Harbor).

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Long Beach Transit (LBT) for which the City is the sole stakeholder and, therefore, has authority to affect the company. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

**Fund financial statements:** The *fund financial statements* focus on current available resources and are organized and operated on the basis of funds, each of which is defined as a fiscal and accounting entity with a self-balancing set of accounts, established for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*. The focus of governmental and proprietary fund financial statements is on major funds. Major funds are determined based on minimum criteria set forth in Government Accounting Standards Board (GASB). Like other state and local governments, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Fund accounting is also used to aid financial management by segregating transactions related to certain government functions or activities.

**Governmental funds:** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financial resources.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided for both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances, to facilitate a comparison between *governmental funds* and *governmental activities*.

The City maintains numerous individual governmental funds. Information is presented separately for the General Fund and the aggregate of all non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements*, located in the Additional Financial Information section of this report.

The City adopts an annual appropriated budget for its funds. A budgetary comparison is provided for each of the City's governmental funds to demonstrate budgetary compliance. The budgetary comparison statements for the General Fund is located in the basic financial statements.

**Proprietary funds:** *Proprietary funds* are generally used to account for operations that provide services to the general public on a continuing basis or to internal City departments. Enterprise and Internal Service Fund Financial Statements are prepared on the full accrual basis of accounting, similar to that used by private sector companies. These statements include all of their assets, deferred outflows and inflows of resources and liabilities, both current and long-term.

Since the City's Internal Service Funds provide goods and services exclusively to the City's governmental and business-type activities, their activities are only reported in total at the fund level. Internal Service Funds cannot be considered major funds because their revenues are derived from other City funds. Revenues between funds are eliminated in the Government-wide Financial Statements, and any related profits or losses in Internal Service Funds are returned to the activities in which they were created, along with any residual net assets of the Internal Service Funds.

**Fiduciary funds:** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds include *Private Purpose Trust Funds* such as the Miller Library Fund and the Mayor's Fund for the Homeless, and *Agency Funds* such as special parking and business assessment districts. The City's fiduciary activities are reported in the separate Statement of Fiduciary Net Position and the supplemental Agency and private purpose trust fund combining statements. These activities are excluded from the City's other financial statements because the City cannot utilize these assets to finance its own operations. The fiduciary fund financial statements can be found in the Basic Financial Statements section of this report.

**The Notes to the Basic Financial Statements:** The *Notes to the Basic Financial Statements* provide additional information and narrative disclosures that are essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension and post-employment healthcare benefits to its employees. The combining statements referred to above in connection with non-major governmental funds and internal service funds are presented in the Required Supplementary Information and Other Supplementary Information section, along with information regarding capital assets. The table of the following page provides a summary of the significant features of the financial statements as well as insight into how the information is compiled for statement presentation:

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

|                                                | Government-wide Statements                                                          | Fund Financial Statements                                                                                                                                                     |                                                                                    |                                                                                                       |
|------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|                                                |                                                                                     | Governmental                                                                                                                                                                  | Proprietary                                                                        | Fiduciary                                                                                             |
| <b>Scope</b>                                   | Entire Entity (except fiduciary funds)                                              | The day-to-day operating activities of the City for basic governmental services.                                                                                              | The day-to-day operating activities of the City for business-type enterprises      | Instances in which the City administers resources on behalf of other entities or groups.              |
| <b>Accounting basis and measurement focus</b>  | Accrual accounting and economic resources focus.                                    | Modified accrual accounting and current financial resources focus.                                                                                                            | Accrual accounting and economic resources focus.                                   | Accrual accounting and economic resources focus; except agency funds do not have a measurement focus. |
| <b>Type of asset and liability information</b> | All assets and liabilities, both financial and capital, short-term and long-term.   | Current assets and liabilities that come due during the year or soon thereafter. Excludes capital assets and long-term debt.                                                  | All assets and liabilities, both financial and capital, short and long-term.       | All assets held in trustee or agency capacity for others.                                             |
| <b>Type of inflow and outflow information</b>  | All revenues and expenses during year, regardless of when cash is received or paid. | Revenues for which cash is received during the year or soon thereafter; expenditures when goods and services have been received and the related liability is due and payable. | All revenues and expenses during year regardless of when cash is received or paid. | All additions and deductions during the year, regardless of when cash is received or paid.            |

**Government-Wide Financial Analysis - Analysis of Net Position**

As noted earlier, *net position* may serve over time as a useful indicator of a government's financial position. As of September 30, 2015, the City's assets exceeded liabilities by \$4.7 billion, a decrease of \$559.4 million, or minus 10.7 percent, from the prior fiscal year.

Net investment in capital assets accounted for \$4.2 billion, or 89.5 percent, of the City's total net position. This component of net position consists of capital assets (land, structures and improvements, equipment, infrastructure, and construction-in-progress) net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased \$230.4 million, or 5.8 percent, from the prior fiscal year. The increase is attributable to the conversion of Land Held for Resale to Land related to the wind down of the Agency and Harbor's continued investment in the Middle Harbor and Gerald Desmond Bridge projects.

Restricted net position amounted to \$845.6 million, representing 18.1 percent of total net position. This component of net position represents resources that are subject to external restrictions imposed by creditors and grantors, laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. This component of the City's net position decreased \$66.8 million, or minus 7.3 percent, from the prior fiscal year.

The remaining deficit balance of \$358.0 million, or minus 7.7 percent, is the net of the \$595.8 million governmental activities unrestricted net position deficit and the \$237.8 million business-type activities

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

unrestricted net position balance. The unrestricted component of net position decreased \$723.0 million from the prior fiscal year. The change is primarily attributable to the implementation of GASB 68 that required to recognition of the \$867.0 million NPL. Excluding the effects of GASB 68, governmental activities net position would have increased \$15.4 million and business-type activities would have increased \$207.6 million.

| <b>Net Position</b>                    |                                    |              |                                     |              |               |              |
|----------------------------------------|------------------------------------|--------------|-------------------------------------|--------------|---------------|--------------|
| <b>September 30, 2015 and 2014</b>     |                                    |              |                                     |              |               |              |
| <b>(In Thousands)</b>                  |                                    |              |                                     |              |               |              |
|                                        | <i>Governmental<br/>Activities</i> |              | <i>Business-type<br/>Activities</i> |              | <i>Totals</i> |              |
|                                        | <i>2015</i>                        | <i>2014</i>  | <i>2015</i>                         | <i>2014</i>  | <i>2015</i>   | <i>2014</i>  |
| Assets:                                |                                    |              |                                     |              |               |              |
| Current and Other Assets               | \$ 964,015                         | \$ 1,027,291 | \$ 2,545,319                        | \$ 2,363,133 | \$ 3,509,334  | \$ 3,390,424 |
| Capital Assets                         | 723,109                            | 669,476      | 5,218,971                           | 4,990,320    | 5,942,080     | 5,659,796    |
| Deferred Outflows                      | 136,764                            | 4,120        | 74,203                              | 31,897       | 210,967       | 36,017       |
| Total Assets and Deferred Outflows     | 1,823,888                          | 1,700,887    | 7,838,493                           | 7,385,350    | 9,662,381     | 9,086,237    |
| Liabilities:                           |                                    |              |                                     |              |               |              |
| Current Liabilities                    | 173,192                            | 169,240      | 289,161                             | 340,116      | 462,353       | 509,356      |
| Noncurrent Liabilities, Net            | 1,373,414                          | 780,276      | 2,464,465                           | 2,118,967    | 3,837,879     | 2,899,243    |
| Deferred Inflows                       | 177,245                            | 85,577       | 522,754                             | 370,506      | 699,999       | 456,083      |
| Total Liabilities and Deferred Inflows | 1,723,851                          | 1,035,093    | 3,276,380                           | 2,829,589    | 5,000,231     | 3,864,682    |
| Net Position:                          |                                    |              |                                     |              |               |              |
| Net Investment in Capital Assets       | 344,839                            | 245,780      | 3,829,779                           | 3,698,447    | 4,174,618     | 3,944,227    |
| Restricted                             | 351,055                            | 473,181      | 494,526                             | 439,163      | 845,581       | 912,344      |
| Unrestricted                           | (595,857)                          | (53,167)     | 237,808                             | 418,151      | (358,049)     | 364,984      |
| Total Net Position                     | \$ 100,037                         | \$ 665,794   | \$ 4,562,113                        | \$ 4,555,761 | \$ 4,662,150  | \$ 5,221,555 |

**Key Changes in the Statement of Net Position:**

The City implemented GASB 68 effective October 1, 2014. The beginning balance of the fiscal year 2015 net position was restated to reflect the impact of the implementation.

There are 4 major components of GASB 68 that affect the Statements of Net Position for the Government-wide and each of the Proprietary Funds:

- NPL represents the actuarially valued liabilities for the Safety, Miscellaneous and PARS Pension Plans as of September 30, 2015.
- A deferred outflow for the difference between pension contributions made between July 1 and September 30, 2015.
- Deferred inflows or deferred outflows for two factors affecting the actuarial calculations of the pension plans. For fiscal year 2015, deferred inflows were recognized for a change in underlying assumptions and a variance between actual and projected participant experience.
- A deferred inflow or deferred outflow for the net difference between expected and actual earnings on investments. The new accounting standard requires that each year's differences between projected and actual investment returns be amortized on a straight-line basis over five years. For fiscal year 2015, the City has recognized a deferred outflow related to plan investments.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Compliance with GASB 68 requires that the City's NPL be recorded on the Statement of Net Position, which reduces unrestricted net position and, in some cases, creates a negative unrestricted net position or deficit.

The City's current and other assets increased \$118.9 million, or 3.5 percent, from the prior fiscal year. Governmental activities decreased \$63.3 million, primarily due to a \$78.0 million transfer of Land Held for Resale, a current or other asset, to Land, a capital asset. Business-type activities increased \$182.2 million and is mostly the result of a \$123.0 million increase in the fair value of the commodity swap, a \$114.0 million bond issued to help finance improvements to the Alamitos Bay Marina, of which \$59.2 million was used to refund various Department of Boating and Waterway (DBAW) notes.

Citywide, capital assets increased \$282.3 million or 5.0 percent. Governmental activities increased \$53.6 million, or 8.0 percent, attributable to the aforementioned transfer of Land Held for Resale to Land related to Agency wind down activities. Business-type activities increased \$228.7 million, or 4.6 percent. The change in business-type activities resulted from ongoing construction and improvements to the Middle Harbor and Gerald Desmond Bridge projects along with the ongoing construction of Tidelands improvements such as the Alamitos Bay Marina rebuild.

Deferred outflows increased \$174.9 million. Governmental activities deferred outflows increased \$132.6 million and business-type activities increased \$42.3 million. The net increase is mostly attributable to the implementation of GASB 68 as well as the effects of the change in the price of natural gas on the City's commodity swap.

The City's current liabilities decreased \$47.0 million, or minus 9.2 percent. Governmental activities increased \$4.0 million, or 2.3 percent, and business-type activities decreased \$51.0 million or minus 15.0 percent. Significant factors contributing the business-type activities decrease resulted from a reduction in the Tidelands Oil Revenue Fund of \$59.0 million in amounts due to the State of California.

The \$938.6 million, or 32.4 percent, increase in noncurrent liabilities is primarily attributable to the implementation of GASB 68, resulting in a citywide NPL of \$867.0 million, and to the issuance of \$114.0 million Marina bonds, of which \$59.2 million was used to refund various DBAW notes.

Deferred inflows increased \$243.9 million, or 53.5 percent. The increase in governmental and business-type activities of \$91.7 and \$152.2 million, respectively, is attributable to the implementation of GASB 68 along with changes in the fair value of derivatives.

#### **Analysis of Changes in Net Position**

The following table presents condensed information from the statement of activities for the fiscal years 2015 and 2014. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**The City of Long Beach**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2015 (Continued)**

**Changes in Net Position**  
**September 30, 2015 and 2014**  
**(In Thousands)**

|                                        | <i>Governmental<br/>Activities</i> |             | <i>Business-type<br/>Activities</i> |              | <i>Totals</i> |              |
|----------------------------------------|------------------------------------|-------------|-------------------------------------|--------------|---------------|--------------|
|                                        | <i>2015</i>                        | <i>2014</i> | <i>2015</i>                         | <i>2014</i>  | <i>2015</i>   | <i>2014</i>  |
| Revenues:                              |                                    |             |                                     |              |               |              |
| Program Revenues:                      |                                    |             |                                     |              |               |              |
| Charges for Services                   | \$ 123,652                         | \$ 134,852  | \$ 869,959                          | \$ 1,140,320 | \$ 993,611    | \$ 1,275,172 |
| Operating Grants and Contributions     | 164,621                            | 183,789     | 753                                 | 921          | 165,374       | 184,710      |
| Capital Grants and Contributions       | 3,780                              | 8,530       | 140,618                             | 182,021      | 144,398       | 190,551      |
| General Revenues:                      |                                    |             |                                     |              |               |              |
| Taxes:                                 |                                    |             |                                     |              |               |              |
| Property                               | 180,989                            | 183,719     | -                                   | -            | 180,989       | 183,719      |
| Sales                                  | 64,177                             | 59,097      | -                                   | -            | 64,177        | 59,097       |
| Utility Users                          | 38,419                             | 38,691      | -                                   | -            | 38,419        | 38,691       |
| Other                                  | 45,517                             | 41,504      | -                                   | -            | 45,517        | 41,504       |
| Franchise Fees                         | 25,915                             | 26,175      | -                                   | -            | 25,915        | 26,175       |
| Unrestricted Investment Earnings       | 6,061                              | 3,688       | 8,887                               | 6,365        | 14,948        | 10,053       |
| Total Revenues                         | 653,131                            | 680,045     | 1,020,217                           | 1,329,627    | 1,673,348     | 2,009,672    |
| Expenses:                              |                                    |             |                                     |              |               |              |
| Legislative and Legal                  | 10,632                             | 12,001      | -                                   | -            | 10,632        | 12,001       |
| General Government                     | 22,400                             | 21,378      | -                                   | -            | 22,400        | 21,378       |
| Public Safety                          | 307,116                            | 296,817     | -                                   | -            | 307,116       | 296,817      |
| Public Health                          | 43,710                             | 41,877      | -                                   | -            | 43,710        | 41,877       |
| Community and Cultural                 | 165,501                            | 153,206     | -                                   | -            | 165,501       | 153,206      |
| Public Works                           | 104,744                            | 114,303     | -                                   | -            | 104,744       | 114,303      |
| Oil Operations                         | 3,961                              | 4,869       | -                                   | -            | 3,961         | 4,869        |
| Interest on Long-Term Debt             | 22,738                             | 24,945      | -                                   | -            | 22,738        | 24,945       |
| Gas                                    | -                                  | -           | 68,414                              | 80,651       | 68,414        | 80,651       |
| Water                                  | -                                  | -           | 102,501                             | 93,297       | 102,501       | 93,297       |
| Sewer                                  | -                                  | -           | 16,244                              | 15,681       | 16,244        | 15,681       |
| Airport                                | -                                  | -           | 44,844                              | 44,067       | 44,844        | 44,067       |
| Development Services                   | -                                  | -           | 17,621                              | 15,753       | 17,621        | 15,753       |
| Solid Waste Management                 | -                                  | -           | 73,525                              | 76,027       | 73,525        | 76,027       |
| Towing                                 | -                                  | -           | 5,134                               | 4,938        | 5,134         | 4,938        |
| Tidelands                              | -                                  | -           | 121,547                             | 111,074      | 121,547       | 111,074      |
| Tideland Oil Revenue                   | -                                  | -           | 81,565                              | 327,087      | 81,565        | 327,087      |
| Harbor                                 | -                                  | -           | 236,186                             | 233,410      | 236,186       | 233,410      |
| Total Expenses                         | 680,802                            | 669,396     | 767,581                             | 1,001,985    | 1,448,383     | 1,671,381    |
| Increase (Decrease) in Net             |                                    |             |                                     |              |               |              |
| Position before Transfers              | (27,671)                           | 10,649      | 252,636                             | 327,642      | 224,965       | 338,291      |
| Capital Assets Transfers               | -                                  | 2,365       | -                                   | (2,365)      | -             | -            |
| Transfers                              | 21,661                             | 14,210      | (21,661)                            | (14,210)     | -             | -            |
| Total Change in Net Position           | (6,010)                            | 27,224      | 230,975                             | 311,067      | 224,965       | 338,291      |
| Net Position, Beginning of Year        | 665,794                            | 638,570     | 4,555,761                           | 4,244,694    | 5,221,555     | 4,883,264    |
| Adjustments for GASB 68 implementation | (559,747)                          | -           | (224,623)                           | -            | (784,370)     | -            |
| Net Position, End of Year              | \$ 100,037                         | \$ 665,794  | \$ 4,562,113                        | \$ 4,555,761 | \$ 4,662,150  | \$ 5,221,555 |

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

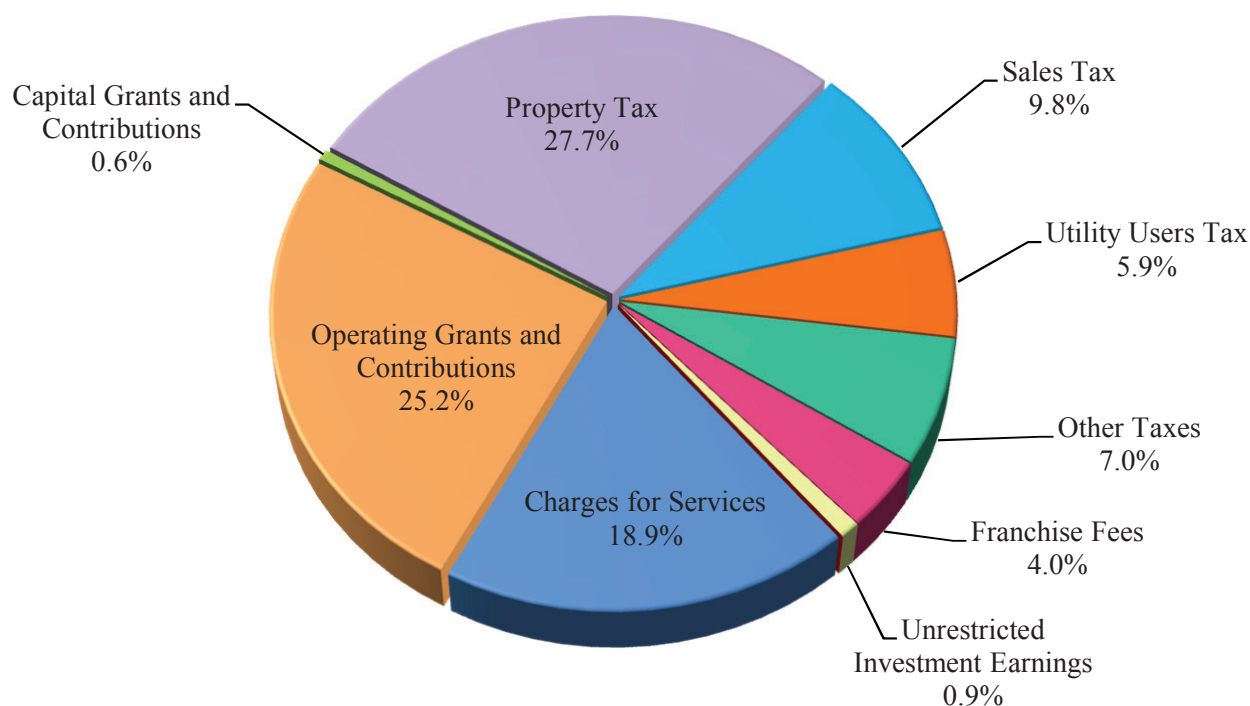
**Governmental activities**

Governmental activities net position decreased \$565.8 million when compared to the published fiscal year 2014 financial report. The decrease primarily resulted from the recognition of \$622.7 million in NPL. \$559.7 million of the NPL was applied to beginning net position and \$63.0 million of the total NPL was recognized for fiscal year 2015. The primary contributor to the fiscal year 2015 increase in NPL was CalPERS missing its investment return projections for its 2015 fiscal year.

Total revenues for governmental activities (excluding transfers) decreased \$26.9 million, or 4.0 percent, most notably operating grants and charges for services revenues, which decreased 10.4 percent and 8.3 percent, respectively. This was offset by 9.7 percent and 8.6 percent increases in other taxes, such as business and transient occupancy taxes, and sales taxes. Expenses increased \$11.4 million, or 1.7 percent. These changes are further discussed in the paragraphs that follow.

The following chart illustrates governmental activities revenues by source.

**Governmental Activities - Revenues by Source  
For the Year Ended September 30, 2015**



The three largest revenue sources for governmental activities are property taxes, operating grants and contributions, and charges for services. Excluding transfers, these sources accounted for 71.8 percent of revenues. These primary sources of governmental revenues decreased \$33.1 million, or 6.6 percent, from the previous year. Operating grants and contributions decreased \$19.2 million, or 10.4 percent, mostly due to decreases in HUD per unit housing assistance funding. Charges for services decreased \$11.2 million, or 8.3 percent, primarily as a result of the decrease in the price of oil. Property tax revenues decreased \$2.7 million, or 1.5 percent.

Capital grants and contributions decreased 55.7 percent, or \$4.8 million, as reimbursements from grantor agencies that include the County of Los Angeles and the State decreased. These revenue sources help fund park development and the refurbishment of the City's Multi-service Center.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Sales tax revenues increased 8.6 percent or \$5.1 million. Of this amount, \$5.0 million is attributed to a true-up of an underpayment of estimated revenue made by the State and the increase in sales tax sharing agreement revenues. Other taxes, inclusive of transient occupancy and business license taxes, increased 9.7 percent or \$4.0 million. The change was primarily composed of increases in transient occupancy tax and business license tax of \$2.2 million and \$1.0 million, respectively. Room rates increased approximately 10 percent and occupancy increased to 76.8 percent from the 2014 occupancy rate of 76.3 percent.

Governmental activities expenses, excluding transfers, increased 1.7 percent, or \$11.4 million. Legislative and legal expenses decreased \$1.4 million, or 11.4 percent. The change is attributable to decrease in City Clerk expenditures of \$1.9 million as 2015 was not an election year.

General government expenses increased \$1.0 million, or 4.8 percent. The change is attributable to the application of \$1.0 million GASB 68 pension expense.

Public safety expenses increased 3.5 percent, or \$10.3 million. The change is attributable to the application of \$10.3 million GASB 68 pension expense.

Public Health expenses increased \$1.8 million, or 4.4 percent. The change is attributable to the application of \$1.3 million GASB 68 pension expense.

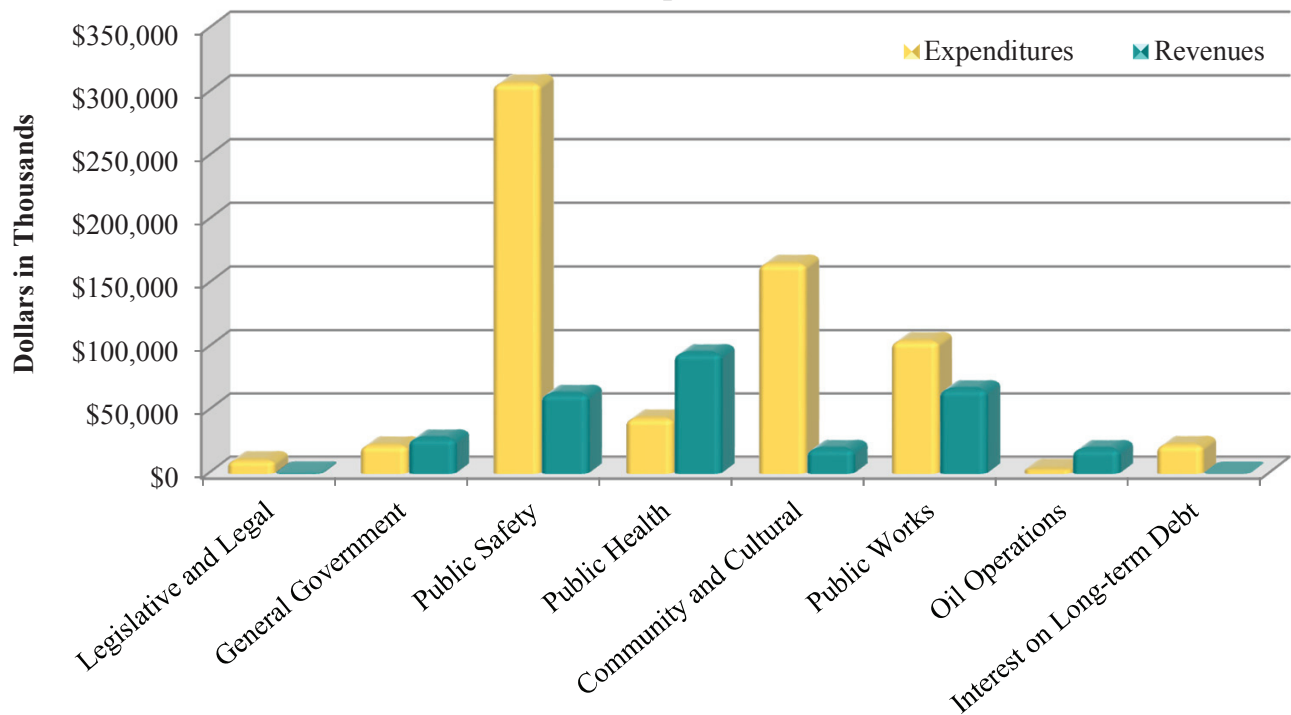
Community and cultural expenses increased \$12.3 million or 8.0 percent primarily resulting from the continued wind down of redevelopment activities.

Public works expenses decreased 8.4 percent, or \$9.6 million. The change is related to a reduction in construction activity and a decrease in the amount of Construction in Progress that was expensed versus converted to a capital asset.

Oil operations expenses decreased \$908 thousand, or 18.7 percent, as the decreased price of oil impacted costs associated with the drilling of new wells.

The following chart illustrates governmental activities program expenses and revenues by function.

**Governmental Activities - Program Expenditures and Revenues**  
**For the Year Ended September 30, 2015**

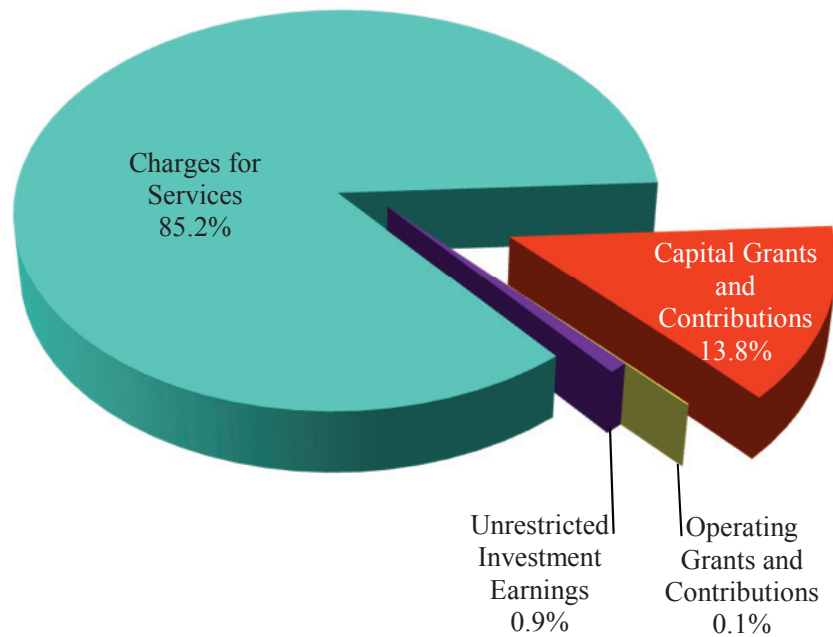


**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

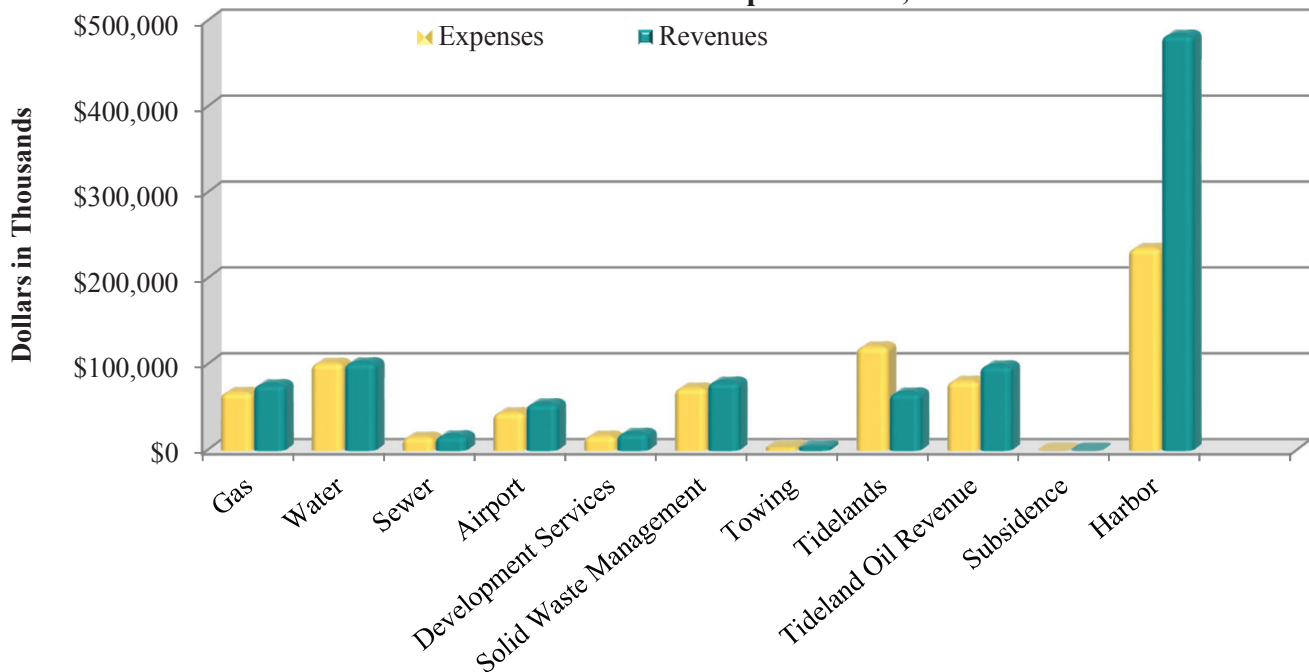
**Business-type activities**

The City's major enterprise funds include Gas Utility, Tidelands, Tidelands Oil, and Harbor. The non-major enterprise funds ("other proprietary funds") comprise Water Utility, Sewer, Airport, Solid Waste Management, Towing, Subsidence, and Development Services.

**Business-type Activities - Revenues by Source**  
**For the Year Ended September 30, 2015**



**Business-type Activities - Program Expenditures and Revenues**  
**For the Year Ended September 30, 2015**



**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Business-type activities increased net position \$6.4 million or less than 1 percent. Key elements in the current year's change in net position for various funds include:

- Gas Utility net position at fiscal year-end was deficit \$13.5 million, a \$27.6 million decrease from the prior fiscal year. The change is the result of the recognition of a GASB 68 \$27.1 million NPL, \$25.1 million relating to prior periods. Excluding GASB 68, the Gas Utility's net position would have declined \$2.2 million to \$11.8 million.
- Tidelands net position decreased \$55.0 million, or 14.0 percent, totaling \$336.4 million at fiscal year-end. The decrease was attributable to recognition of a GASB 68 resulted in a decrease in net position of \$35.8 million, \$34.9 million of which is related to prior periods. Net loss before contributions and transfers amounted to \$52.6 million. Transfers from Tidelands Oil and Harbor amounted to \$35.8 million. Harbor transferred \$17.8 million, consistent with City Charter mandated revenue sharing; and Tidelands Oil transferred \$18.0 million. Finally, \$1.2 million reflects a transfer for a ground lease to the City and \$1.5 million was transferred to the General Services fund in support of the new ERP system.
- The Tidelands Oil Revenue Fund posted a deficit net position of \$30.3 million, a deficit increase of \$5.8 million from the prior year. Recognition of a GASB 68 resulted in a decrease in net position of \$5.6 million, almost entirely relating to prior periods. Net income before contributions and transfers amounted to \$17.8 million. Transfers to the Tidelands fund amounted to \$18.0 million.
- Harbor's net position increased \$147.6 million, or 4.3 percent, reaching \$3.6 billion at fiscal year-end. The increase primarily resulted from operating income of \$131.2 million along with the receipt of \$121.0 million in capital grants, a decrease of \$47.1 million from the prior fiscal year as reimbursable activity related to the Gerald Desmond Bridge declined. Transfers to the City amounted to \$17.8 million. Recognition of a GASB 68 resulted in a decrease in net position of \$84.1 million, \$83.1 million relating to prior periods.
- Total net position for non-major business-type activities decreased \$55.1 million, or 7.3 percent. Recognition of a GASB 68 resulted in a decrease in net position of \$76.8 million, \$75.9 million relating to prior periods. This was offset by the combined change in net position of \$20.8 million.

### **Governmental Funds Financial Analysis**

The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *restricted, committed, assigned, and unassigned* fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of September 30, 2015, the City's governmental funds reported combined fund balances of \$316.8 million, a decrease of \$119.2 million, 27.3 percent, from the prior year. Further information can be found in *Note 16 – Government Activities Fund Balance*.

Governmental funds assets decreased \$107.4 million, or 13.4 percent, from the prior fiscal year. Of this amount \$88.7 million resulted from the conversion of \$78.0 Land Held for Resale to Land and a total write down of remaining \$10.7 million as the City is required to remit all the proceeds from the sale of this asset to the County for distribution. Additionally, pooled cash decreased \$4.1 million and non-pooled cash and investments decreased \$15.1 million, primarily as part of the refunding of Agency debt.

Governmental fund liabilities increased \$7.2 million, or 8.3 percent. Of this amount, \$11.8 million resulted from an increase in amounts advanced from other funds. This was offset by a \$1.9 million decrease in accounts payable.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Of the \$316.8 million total fund balances, \$177.4 million or 56.0 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

Restricted for Debt Service

Amounts restricted for debt service totaled \$20.7 million. Of this, \$20.3 is restricted for payment of Agency related debt and the balance for various debt issuances of other governmental funds.

Restricted for Public Safety

Amounts restricted for public safety totaled \$5.8 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$2.8 at the end of the fiscal year.
- The citizens of Long Beach approved Proposition H (Prop H), the Police and Fire Public Safety Oil Production Tax, in 2007. These proceeds may be used only for police officers, fire fighters, and related costs, including but not limited to equipment, facilities, and training in order to ensure timely responses to public needs. As of September 30, 2015, Prop H funds for police and fire amounted to \$682 thousand and \$557 thousand, respectively.
- State impact fees restricted for police and fire amounted to \$1.2 million and \$519 thousand, respectively.

Restricted for Public Health

Fund balance restricted for public health amounted to \$7.7 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$94.8 million. Restrictions include the following:

- Fund balance restricted within the Housing Fund for the provision of low-and-moderate-income housing amounted to \$40.9 million. Of this, \$11.8 million offsets advances to other funds and \$3.5 million is for Land Held for Resale.
- Fund balance restricted within the Housing Assistance Fund for programs to assist very low-income families, the elderly, and the disabled amounted to \$10.6 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$13.9 million. Of this, \$11.8 million offsets advances from other funds (specifically, the Housing Fund).
- The Belmont Shore Parking Meter Fund has restricted \$1.0 million as the first pledge of revenue for special assessment debt that benefited the Belmont Shore area of Long Beach.
- Fund balance restricted within the Community Development Grant Fund amounted to \$5.6 million. Of this, \$3.8 million offsets advances to other funds.
- Fund balance restricted within the Other Special Revenue Fund for economic development totaled \$1.5 million at the close of the fiscal year. Additionally, fund balance restricted for special advertising and promotion totaled \$8.7 million.
- Capital Projects Fund balance restricted for parks development amounted to \$8.3 million.

Restricted for Public Works

As of September 30, 2015, fund balance restricted for public works amounted to \$46.8 million. Restrictions include:

- General Capital Projects Fund balance restricted in relation to traffic mitigation impact fees and special assessment bond proceeds amounted to \$1.9 million at the close of the fiscal year.
- Gas Tax Fund balance restricted for the research, planning, construction, improvement, maintenance, and operation of public street and highways, including the mitigation of their environmental effects, totaled \$17.4 million.
- Transportation Fund balance restrictions totaled \$24.8 million and include: \$8.3 million pursuant to the provisions of Proposition A; \$10.0 million pursuant to the provisions of Proposition C; \$2.6

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

million pursuant to Measure R; and \$4.0 million pursuant to Air Quality Management District AB2766 requirements. Proposition A funds are to be used exclusively to benefit public transit and may be traded with other jurisdiction in exchange for general or other funds. Proposition C also benefits public transit, but has a wider range of uses including congestion management programs, bikeways and bike lanes, street improvement supporting public transit, and pavement management projects. Measure R is a one-half cent sales tax approved by Los Angeles County voters in November 2008 and is restricted for transportation purposes, including bus and highway corridor projects, streets and roads, and traffic control management. AB2766 funding is used to assist the City in meeting federal and state Clean Air Acts.

**General Fund Revenues and Other Financing Sources**

The table below illustrates general fund revenues and other financing sources for the current and prior fiscal years:

**General Fund Revenues and Other Financing Sources**  
**September 30, 2015 and 2014**  
(In Thousands)

| <i>Revenues and<br/>Other Financing Sources</i> | <i>Fiscal Year<br/>2014-15</i> | <i>Percentage<br/>of Total</i> | <i>Fiscal Year<br/>2013-14</i> | <i>Percentage<br/>of Total</i> |
|-------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Taxes                                           | \$ 286,040                     | 66.0%                          | \$ 268,813                     | 61.5%                          |
| Franchise Fees                                  | 25,915                         | 6.0%                           | 26,175                         | 6.0%                           |
| Licenses and Permits                            | 15,170                         | 3.5%                           | 14,899                         | 3.4%                           |
| Fines and Forfeitures                           | 15,988                         | 3.7%                           | 16,166                         | 3.7%                           |
| Use of Money and Property                       | 36,327                         | 8.4%                           | 52,219                         | 11.9%                          |
| From Other Agencies                             | 4,668                          | 1.1%                           | 5,932                          | 1.4%                           |
| Charges for services                            | 26,310                         | 6.0%                           | 26,415                         | 6.0%                           |
| Other Revenue                                   | 6,139                          | 1.4%                           | 6,845                          | 1.6%                           |
| Other Financing Sources                         | 16,944                         | 3.9%                           | 19,741                         | 4.5%                           |
|                                                 | <u>\$ 433,501</u>              | <u>100%</u>                    | <u>\$ 437,205</u>              | <u>100%</u>                    |

General Fund revenues and other financing sources decreased \$3.7 million, or less than 1.0 percent, from the prior fiscal year. Despite this relatively stable result, there were some significant year-over-year changes.

Taxes increased \$17.2 million, or 6.4 percent. Contributing to this change were a \$9.2 million increase in property taxes that benefited by a 2.5 percent increase in assessed value and a stronger housing market. Sales taxes increased \$5.0 million reflecting an improved in the local economy, the addition of new retail establishments, and the effects of tax sharing agreements.

Other taxes increased \$3.3 million as increased tourism and higher room rates resulted in higher transient occupancy tax receipts.

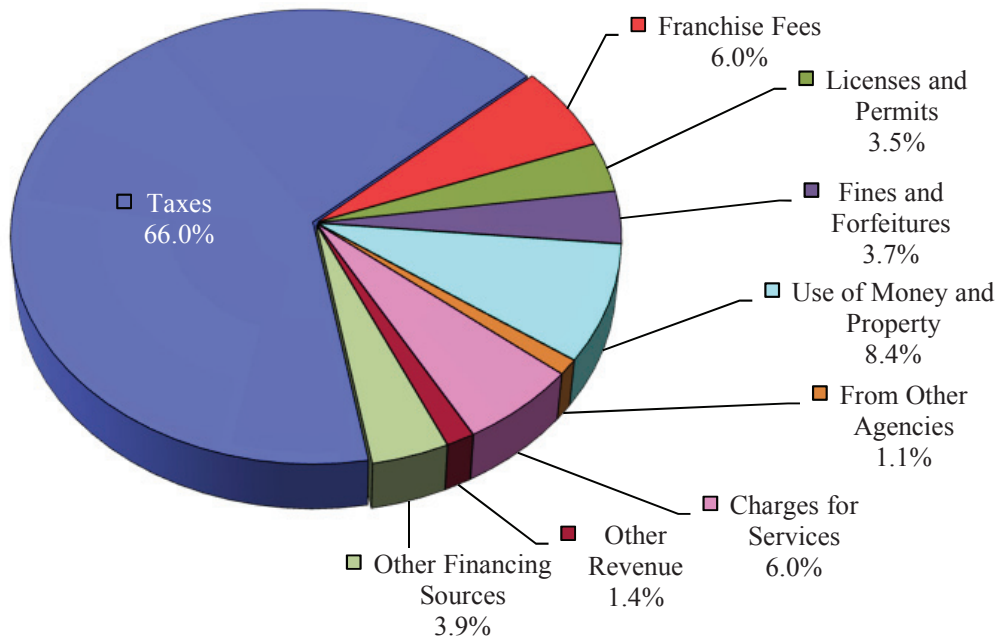
These gains were offset by a \$15.9 million, or minus 30.4 percent, decrease in use of money and property revenues reflecting the decrease in oil production related revenues.

Revenues from Other Agencies decreased \$1.3 million, or minus 21.3 percent, from the prior year. The Ground Emergency Medical Transportation (GEMT) Supplemental Reimbursement Program decreased \$3.4 million as fiscal year 2014 revenues included claims from multiple prior years. This was offset by a \$2.3 million increase in state mandated claims reimbursement.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Revenues derived from other financing sources decreased \$2.8 million and was primarily attributable to a decrease in amounts transferred from the City's Solid Waste Management fund.

**General Fund Revenues and Other Financing Sources  
For the Year Ended September 30, 2015**



**General Fund Expenditures**

Expenditures and other financing uses for the General Fund, including comparative amounts from the preceding year, are shown in following table:

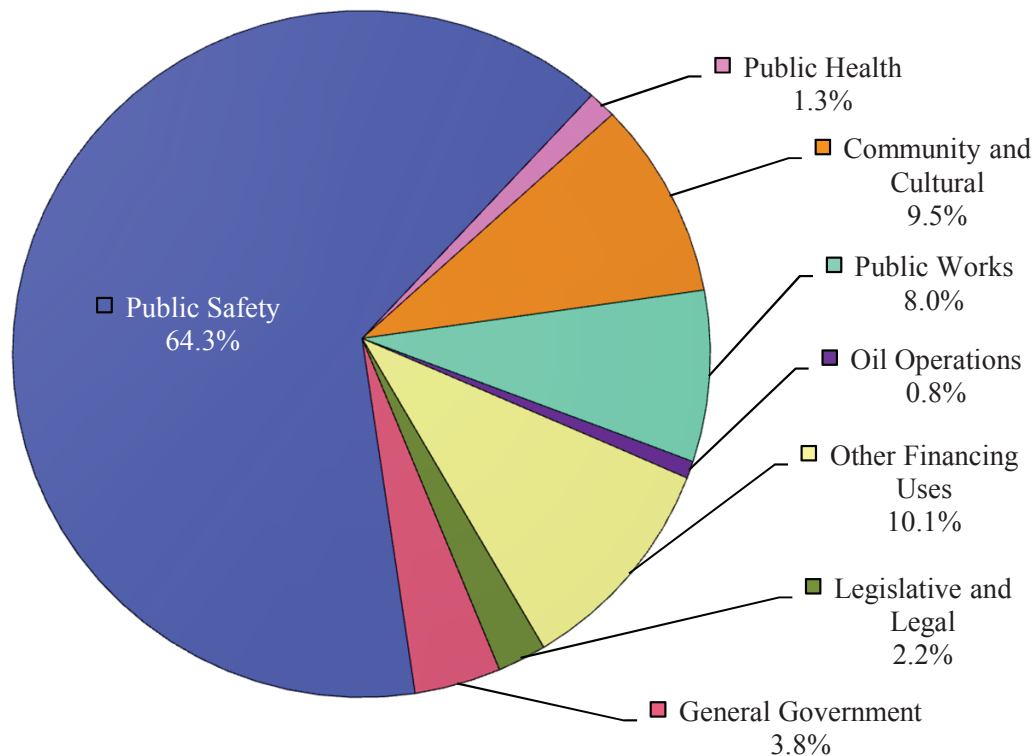
**General Fund Expenditures and Other Financing Uses  
September 30, 2015 and 2014  
(In Thousands)**

| <i>Expenditures and<br/>Other Financing Uses</i> | <i>Fiscal Year<br/>2014-15</i> | <i>Percentage<br/>of Total</i> | <i>Fiscal Year<br/>2013-14</i> | <i>Percentage<br/>of Total</i> |
|--------------------------------------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Legislative and Legal                            | \$ 9,604                       | 2.2%                           | \$ 11,373                      | 2.5%                           |
| General Government                               | 16,900                         | 3.8%                           | 17,769                         | 3.9%                           |
| Public Safety                                    | 282,516                        | 64.3%                          | 277,741                        | 60.8%                          |
| Public Health                                    | 5,876                          | 1.3%                           | 5,371                          | 1.2%                           |
| Community and Cultural                           | 41,849                         | 9.5%                           | 41,215                         | 9.0%                           |
| Public Works                                     | 34,917                         | 8.0%                           | 30,706                         | 6.7%                           |
| Oil Operations                                   | 3,512                          | 0.8%                           | 4,309                          | 1.0%                           |
| Other Financing Uses                             | 44,575                         | 10.1%                          | 68,179                         | 14.9%                          |
|                                                  | <u>\$ 439,749</u>              | <u>100%</u>                    | <u>\$ 456,663</u>              | <u>100%</u>                    |

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Expenditures, including other financing uses, decreased \$16.9 million, or 3.7 percent, from fiscal year 2014. The largest decrease was in other financing uses which declined \$23.6 million, or minus 34.6 percent. This decrease reflects the reduction in one time Uplands Oil revenues available for investment in the City's infrastructure. Other notable changes include increases in both Public Safety and Public Works expenditures. Public Safety expenditures increased \$4.8 million primarily related to Fire department increases in both staffing and overtime. Finally, Public Works expenditures increased \$4.2 million as a result of the purchase and installation of new parking meters.

**General Fund Expenditures and Other Financing Uses  
For the Year Ended September 30, 2015**



**Proprietary Funds Financial Analysis**

**Enterprise Funds:** The combined net position of enterprise funds totaled \$4.6 billion at the close of the fiscal year. Total unrestricted net position amounted to \$273.8 million before the allocation of internal service fund activities. The total growth in net position was \$6.4 million after the internal service fund activities allocation to enterprise funds. The implementation of GASB 68 had a significant impact on these funds as previously discussed. Other factors affecting the finances of these funds are addressed in the discussion of the City's business-type activities.

Tidelands and Harbor funds reported unrestricted net position of \$135.7 million and \$267.1 million, respectively. Tidelands Oil Fund had a deficit net position of \$30.3 million as result of the future oil field abandonment liability exceeding net book value of the West Wilmington oil field. The Gas Utility Fund reported a deficit net position of \$13.5 million, a decrease of \$27.6 million from the prior fiscal year. Other Proprietary funds reported unrestricted net position of \$47.4 million, a decrease of \$68.8 million, or minus 59.2 percent, from the prior fiscal year.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

**Internal Service Funds:** Internal service funds are used to finance and account for goods and services provided internally to City departments. As of September 30, 2015, internal service funds reported a \$178.5 million deficit net position. This is attributable to the deficit unrestricted net positions of the Insurance Fund and Employee Benefits fund, which reported deficit balances of \$88.0 million and \$177.3 million, respectively. It is the City's practice to bill City departments on a pay-as-you-go basis for functions performed by both funds, therefore, the long-term portion of related liabilities associated with these funds are not fully funded. City management believes that, over the long-term, current and future billing rates are sufficient to remediate any net asset deficit. In addition, City management believes that the cash position of each fund is sufficient to cover the current costs related to health insurance, workers' compensation, and general liability claims. The Civic Center, General Services, and Fleet Services funds reported net positions of \$18.4 million, \$22.8 million, and \$45.5 million, respectively.

### **Fiduciary Funds**

The City maintains fiduciary funds for the assets of private purpose trust and agency funds including the Miller Trust Fund, the Mayor's Fund for the Homeless, and various agency funds held by the City as an agent for individuals, private organizations, and other governmental units. The private purpose trust funds are held in trust for the benefit of the Main Library Miller Room staffing and books, and for homeless services expenditures.

### **General Fund Budgetary Highlights**

The City adopts an annual budget for the governmental funds that include the General Fund, Capital Projects, Debt Service, and Special Revenue funds. The City Council adopts budget adjustments during the year that are generally contingent upon new or additional revenue.

- The General Fund's fiscal year 2015 final budget for estimated revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$37.3 million. The change between original and final budgeted amounts was \$18.9 million and consisted of additional appropriation for expenditures and other financing uses of \$24.5 million offset by an increase in revenue and other financing sources of \$5.6 million.

Significant changes in revenue forecasts include:

- A \$1.4 million increase in projected revenues from state and federal fire agencies for increased Strike Team callback costs.
- A \$1.2 million increase in projected asset seizure revenues.

Significant changes in the appropriations budget include:

- A \$16.1 million increase in transfers to other funds. These increases were primarily funded through the use of one-time revenue sources.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$30.1 million. This consists of favorable variances in both revenues and other financing sources of \$23.0 million and expenditures and other financing uses of \$7.1 million.

General Fund revenues and other financing sources reflect a positive budget to actual variance of \$30.1 million. For the year, the General Fund received 105.6 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include \$12.0 million in property tax revenues; Sales tax revenues of \$3.2 million; \$3.8 million in other taxes as a result of \$3.3 million in transient occupancy taxes. Significant less than favorable variances include a \$1.6 million shortfall in use of money and property resulting from the reduction in the price of oil.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$7.1 million. Of the all General Fund appropriations and other financing uses, approximately 1.9% went unspent. General Government had savings of \$4.4 million. Additionally, \$3.2 million in Oil Operations and \$2.2 million in Public Safety Functions completed the year under budget. These were offset by actual transfers to other funds exceeding planned transfers to other funds by \$3.0 million as additional oil revenue funds were invested in City facilities.

**Capital Assets and Debt Administration**

**Capital assets:** As of September 30, 2015, the City's capital assets held by governmental and business-type activities amounted to \$5.9 billion (net of accumulated depreciation). There was an overall increase of \$282.3 million, or 5.0 percent, in the City's capital assets over the prior fiscal year.

**Capital Assets, Net of Depreciation**  
**September 30, 2015 and 2014**  
(In Thousands)

|                                   | <i>Governmental<br/>Activities</i> |            | <i>Business-type<br/>Activities</i> |              | <i>Totals</i> |              |
|-----------------------------------|------------------------------------|------------|-------------------------------------|--------------|---------------|--------------|
|                                   | 2015                               | 2014       | 2015                                | 2014         | 2015          | 2014         |
| Land                              | \$ 244,124                         | \$ 166,135 | \$ 993,728                          | \$ 966,760   | \$ 1,237,852  | \$ 1,132,895 |
| Rights-of-way                     | 81,340                             | 81,340     | 212,451                             | 213,243      | 293,791       | 294,583      |
| Water Rights                      | -                                  | -          | 40                                  | 40           | 40            | 40           |
| Construction in Progress          | 16,847                             | 11,138     | 1,320,321                           | 1,306,103    | 1,337,168     | 1,317,241    |
| Buildings                         | 154,273                            | 161,103    | 1,841,199                           | 1,692,898    | 1,995,472     | 1,854,001    |
| Improvements Other than Buildings | 52,271                             | 56,973     | 285,267                             | 255,802      | 337,538       | 312,775      |
| Infrastructure                    | 126,677                            | 138,946    | 518,347                             | 506,829      | 645,024       | 645,775      |
| Machinery and Equipment           | 11,295                             | 14,207     | 25,369                              | 32,713       | 36,664        | 46,920       |
| Vehicles and Aircrafts            | 24,142                             | 25,381     | 10,386                              | 10,168       | 34,528        | 35,549       |
| Software and Patents              | 12,140                             | 14,253     | 11,863                              | 5,764        | 24,003        | 20,017       |
| Total Net Capital Assets          | \$ 723,109                         | \$ 669,476 | \$ 5,218,971                        | \$ 4,990,320 | \$ 5,942,080  | \$ 5,659,796 |

Governmental activities' net capital assets increased \$53.6 million, or 8.0 percent. The increase is attributable to the conversion of Land Held for Resale to Land as part of the dissolution of the former redevelopment agency. Land increased \$78.0 million over the prior fiscal year as result of this conversion. An additional \$5.7 million increase is found in construction in progress. Routine depreciation charges, amounted to \$37.3 million at the close of the fiscal year and addition capital purchases, primarily vehicles, and transfers amounted to \$7.2 million.

Business-type activities' net capital assets increased \$228.7 million, or 4.6 percent, over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor capital assets increased \$199.2 million. The increase includes an increase of \$188.5 million in building, structures and facilities, \$25.5 million increase in constructed land, and a \$15.6 million increase in land improvements, all part of the Harbor's Middle Harbor projects.
- Repair and replacement of aging gas pipelines increased Gas Utility capitals assets \$6.5 million over the prior fiscal year.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$5.5 million.
- Routine depreciation charges decreased Solid Waste Management capital assets \$3.9 million.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

- In total, Tidelands capital assets increased \$15.4 million. During the year the Tidelands fund added \$13.8 million in new buildings and other facilities. Projects included \$6.9 million for the Beach Pedestrian Path project and \$4.6 million for Belmont pool. Additionally, \$20.9 million was invested into the ongoing Alamitos Bay Marina Rebuild Project. These additions were offset by \$19.9 million in fund asset depreciation.

Additional information on the City's capital assets can be found in Note 7 of the Basic Financial Statements, and information related to commitments for future capital asset acquisitions can be found in Note 23.

**Long-Term Indebtedness:** As of September 30, 2015, the City's net long-term obligations outstanding totaled \$4.0 billion. Of this amount, \$2.7 billion relates to notes, bonds, and capital leases and \$867.0 million is NPL. The remainder pertains to estimated oil field abandonment costs, environmental remediation, self-insurance, employee benefit obligations, and amounts due to the state of California.

The implied issuer ratings assigned to the City's bond issues are as follows:

Moody's Investors Services: Aa2, stable outlook

Fitch Ratings: AA, stable outlook

Standard & Poor's: AA, stable outlook

The table below provides summarized information for the City's outstanding long-term debt obligations at the close of the current and prior fiscal years-end.

**Outstanding Debt Obligations**  
**September 30, 2015 and 2014**  
(In Thousands)

|                   | <i>Governmental<br/>Activities</i> |            | <i>Business-type<br/>Activities</i> |              | <i>Totals</i> |              |
|-------------------|------------------------------------|------------|-------------------------------------|--------------|---------------|--------------|
|                   | 2015                               | 2014       | 2015                                | 2014         | 2015          | 2014         |
| Notes Payable     | \$ 5,117                           | \$ 6,137   | \$ 499,248                          | \$ 567,886   | \$ 504,365    | \$ 574,023   |
| Bonds Payable     | 407,961                            | 449,066    | 1,696,772                           | 1,534,901    | 2,104,733     | 1,983,967    |
| Capital Leases    | 33,978                             | 38,150     | 19,752                              | 2,215        | 53,730        | 40,365       |
| Total Outstanding | \$ 447,056                         | \$ 493,353 | \$ 2,215,772                        | \$ 2,105,002 | \$ 2,662,828  | \$ 2,598,355 |

Major changes in long-term obligations during the year include:

**Governmental Activities**

- Bonds payable decreased \$41.1 million. Annual principal payments and premium amortization, to include additional amounts applied as part of the Successor Agency's 2015 debt refunding, decreased bonds payable by \$203.4 million. This was offset by the issuance of \$162.3 million of new debt, as part of the Successor Agency's 2015 debt refunding debt refunding.

**Business-Type Activities**

- Notes payable decreased by \$68.6 million primarily as result of the refunding of the DBAW notes, part of the Marina's 2015 bond issue, along with annual principal payments and premium amortization.
- Bonds payable increased by \$161.9 million. The Marina issued new debt valued at \$114.0 million to refund various DBAW loans and to finish most of the Alamitos Bay Marina rebuild. The

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)

Harbor issued \$197.9 million in debt to refund the Harbor 2005 bonds and to fund ongoing Harbor capital projects. This activity along with annual principal payments and premium amortization resulted in the specified increase.

- Capital leases increased \$17.5 million as result of the Gas Utility's \$18.0 million Advanced Metering Infrastructure (AMI) equipment lease less principal payment made during the year.

Additional information on the City's long-term obligations can be found in Notes 8 through 11 of the Basic Financial Statements.

### **Economic Outlook**

The economy of the City is discussed in the accompanying Transmittal Letter.

### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information should be addressed to the City of Long Beach, Department of Financial Management, 333 West Ocean Boulevard, 6<sup>th</sup> Floor, Long Beach, California 90802.



**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2015 (Continued)



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# BASIC FINANCIAL STATEMENTS

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**City of Long Beach**  
**Statement of Net Position**  
**September 30, 2015**  
**(In Thousands)**

|                                                               | Primary Government      |                          |              | Component Unit                           |
|---------------------------------------------------------------|-------------------------|--------------------------|--------------|------------------------------------------|
|                                                               | Governmental Activities | Business-Type Activities | Total        | Long Beach Public Transportation Company |
| <b>ASSETS</b>                                                 |                         |                          |              |                                          |
| Current Assets:                                               |                         |                          |              |                                          |
| Pooled Cash and Cash Equivalents                              | \$ 97,003               | \$ 183,300               | \$ 280,303   | \$ -                                     |
| Non-Pooled Cash and Cash Equivalents                          | 38,452                  | 76,602                   | 115,054      | 44,315                                   |
| Pooled Investments                                            | 158,136                 | 298,820                  | 456,956      | -                                        |
| Non-Pooled Investments                                        | -                       | 2,624                    | 2,624        | -                                        |
| Interest Receivable                                           | 199                     | 251                      | 450          | -                                        |
| Property Tax Receivable, Net                                  | 84,603                  | -                        | 84,603       | -                                        |
| Accounts and Loans Receivables, Net                           | 18,708                  | 90,713                   | 109,421      | 8,711                                    |
| Due from Other Governments                                    | 43,427                  | 100,620                  | 144,047      | -                                        |
| Internal Balances                                             | 37,592                  | (37,592)                 | -            | -                                        |
| Inventory                                                     | 2,199                   | 5,965                    | 8,164        | 1,002                                    |
| Other Assets                                                  | 9,061                   | 28,621                   | 37,682       | 371                                      |
| Land Held for Resale                                          | 4,215                   | -                        | 4,215        | -                                        |
| Total Current Assets:                                         | 493,595                 | 749,924                  | 1,243,519    | 54,399                                   |
| Noncurrent Restricted Assets:                                 |                         |                          |              |                                          |
| Non-Pooled Cash and Cash Equivalents                          | -                       | 127,166                  | 127,166      | 25,713                                   |
| Non-Pooled Investments                                        | -                       | 150,675                  | 150,675      | -                                        |
| Total Noncurrent Restricted Assets:                           | -                       | 277,841                  | 277,841      | 25,713                                   |
| Other Noncurrent Assets:                                      |                         |                          |              |                                          |
| Pooled Investments                                            | 274,501                 | 518,707                  | 793,208      | -                                        |
| Other Noncurrent Receivables                                  | 195,919                 | 6,659                    | 202,578      | -                                        |
| Prepaid Gas - Long-term                                       | -                       | 450,292                  | 450,292      | -                                        |
| Fair Value - Commodity Swap                                   | -                       | 490,592                  | 490,592      | -                                        |
| Land and Other Capital Assets not being Depreciated           | 342,311                 | 2,526,540                | 2,868,851    | 15,827                                   |
| Capital Assets, net of Accumulated Depreciation               | 380,798                 | 2,692,431                | 3,073,229    | 75,449                                   |
| Other Assets                                                  | -                       | 51,304                   | 51,304       | -                                        |
| Total Other Noncurrent Assets:                                | 1,193,529               | 6,736,525                | 7,930,054    | 91,276                                   |
| Total Assets                                                  | 1,687,124               | 7,764,290                | 9,451,414    | 171,388                                  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                         |                         |                          |              |                                          |
| Deferred Outflows (Note 24)                                   | 136,764                 | 74,203                   | 210,967      | 2,680                                    |
| <b>LIABILITIES</b>                                            |                         |                          |              |                                          |
| Current Liabilities:                                          |                         |                          |              |                                          |
| Accounts Payable                                              | 32,684                  | 99,028                   | 131,712      | 8,728                                    |
| Accrued Wages and Benefits Payable                            | 49,523                  | 14,162                   | 63,685       | 4,422                                    |
| Accrued Interest Payable                                      | 5,640                   | 33,914                   | 39,554       | -                                        |
| Due to Other Governments                                      | 370                     | -                        | 370          | -                                        |
| Unearned Revenue, Credits, and Other Payables                 | 18,806                  | 59,656                   | 78,462       | 19,768                                   |
| Employee Benefits and Accrued Long-Term Obligations           | 39,880                  | -                        | 39,880       | 14,479                                   |
| Bonds, Loans, Capital Leases, and Other Long-Term Obligations | 26,289                  | 82,401                   | 108,690      | -                                        |
| Total Current Liabilities                                     | 173,192                 | 289,161                  | 462,353      | 47,397                                   |
| Noncurrent Liabilities:                                       |                         |                          |              |                                          |
| Fair Value - Interest Rate Swap                               | -                       | 15,189                   | 15,189       | -                                        |
| Unearned Revenue, Credits, and Other Payables                 | -                       | 9,798                    | 9,798        | 25,672                                   |
| Employee Benefits and Accrued Long-Term Obligations           | 329,975                 | 54,900                   | 384,875      | 3,438                                    |
| Bonds, Loans, Capital Leases, and Other Long-Term Obligations | 420,767                 | 2,140,243                | 2,561,010    | -                                        |
| Net Pension Liability                                         | 622,672                 | 244,335                  | 867,007      | 23,185                                   |
| Total Noncurrent Liabilities:                                 | 1,373,414               | 2,464,465                | 3,837,879    | 52,295                                   |
| Total Liabilities                                             | 1,546,606               | 2,753,626                | 4,300,232    | 99,692                                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                          |                         |                          |              |                                          |
| Deferred Inflows (Note 24)                                    | 177,245                 | 522,754                  | 699,999      | 507                                      |
| <b>NET POSITION</b>                                           |                         |                          |              |                                          |
| Net Investment in Capital Assets                              | 344,839                 | 3,829,779                | 4,174,618    | 91,277                                   |
| Restricted for:                                               |                         |                          |              |                                          |
| Debt Service                                                  | 9,905                   | 24,997                   | 34,902       | -                                        |
| Capital Projects                                              | 39,613                  | 276,671                  | 316,284      | 144                                      |
| Public Safety                                                 | 5,846                   | -                        | 5,846        | -                                        |
| Public Health                                                 | 7,718                   | -                        | 7,718        | -                                        |
| Community and Cultural                                        | 269,487                 | -                        | 269,487      | -                                        |
| Healthcare Insurance                                          | 18,486                  | -                        | 18,486       | -                                        |
| Tidelands                                                     | -                       | 9,991                    | 9,991        | -                                        |
| Airport                                                       | -                       | 7,665                    | 7,665        | -                                        |
| Subsidence                                                    | -                       | 175,202                  | 175,202      | -                                        |
| Unrestricted                                                  | (595,857)               | 237,808                  | (358,049)    | (17,552)                                 |
| Total Net Position                                            | \$ 100,037              | \$ 4,562,113             | \$ 4,662,150 | \$ 73,869                                |

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
**Statement of Activities**  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

| FUNCTIONS/PROGRAMS                       | Program Revenues    |                      |                                    |                                  |
|------------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|
|                                          | Expenses            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| <b>GOVERNMENTAL ACTIVITIES:</b>          |                     |                      |                                    |                                  |
| Legislative and Legal                    | \$ 10,632           | \$ 224               | \$ 210                             | \$ -                             |
| General Government                       | 22,400              | 16,545               | 10,319                             | 958                              |
| Public Safety                            | 307,116             | 38,961               | 24,114                             | -                                |
| Public Health                            | 43,710              | 8,178                | 86,934                             | -                                |
| Community and Cultural                   | 165,501             | 15,084               | 4,331                              | 129                              |
| Public Works                             | 104,744             | 25,246               | 38,713                             | 2,693                            |
| Oil Operations                           | 3,961               | 19,414               | -                                  | -                                |
| Interest on Long-Term Debt               | 22,738              | -                    | -                                  | -                                |
| Total Governmental Activities            | <u>680,802</u>      | <u>123,652</u>       | <u>164,621</u>                     | <u>3,780</u>                     |
| <b>BUSINESS-TYPE ACTIVITIES</b>          |                     |                      |                                    |                                  |
| Gas                                      | 68,414              | 77,398               | -                                  | -                                |
| Water                                    | 102,501             | 101,158              | -                                  | 1,726                            |
| Sewer                                    | 16,244              | 17,904               | -                                  | -                                |
| Airport                                  | 44,844              | 36,537               | 117                                | 18,461                           |
| Development Services                     | 17,621              | 20,783               | -                                  | -                                |
| Solid Waste Management                   | 73,525              | 80,322               | 152                                | -                                |
| Towing                                   | 5,134               | 5,253                | -                                  | -                                |
| Tidelands                                | 121,547             | 67,894               | 484                                | (577)                            |
| Tideland Oil Revenue                     | 81,565              | 99,401               | -                                  | -                                |
| Harbor                                   | 236,186             | 363,309              | -                                  | 121,008                          |
| Total Business-Type Activities           | <u>767,581</u>      | <u>869,959</u>       | <u>753</u>                         | <u>140,618</u>                   |
| Total Primary Government                 | <u>\$ 1,448,383</u> | <u>\$ 993,611</u>    | <u>\$ 165,374</u>                  | <u>\$ 144,398</u>                |
| <b>COMPONENT UNIT</b>                    |                     |                      |                                    |                                  |
| Long Beach Public Transportation Company | <u>\$ 97,207</u>    | <u>\$ 18,202</u>     | <u>\$ 64,700</u>                   | <u>\$ 24,762</u>                 |

Taxes:  
Property  
Sales  
Utility Users  
Other  
Franchise Fees  
Unrestricted Investment Earnings  
Transfers  
Total General Revenues and Transfers  
Change in Net Position  
Net Position, Beginning of Year  
Adjustments for GASB 68 Implementation  
Net Position, End of Year

The notes to the basic financial statements are an integral part of this statement.

| Net (Expense) Revenue and<br>Changes in Net Position |                             |              |                                                  |
|------------------------------------------------------|-----------------------------|--------------|--------------------------------------------------|
| Primary Government                                   |                             |              | Component Unit                                   |
| Governmental<br>Activities                           | Business-Type<br>Activities | Total        | Long Beach<br>Public Transpor-<br>tation Company |
| \$ (10,198)                                          | \$ -                        | \$ (10,198)  | \$ -                                             |
| 5,422                                                | -                           | 5,422        | -                                                |
| (244,041)                                            | -                           | (244,041)    | -                                                |
| 51,402                                               | -                           | 51,402       | -                                                |
| (145,957)                                            | -                           | (145,957)    | -                                                |
| (38,092)                                             | -                           | (38,092)     | -                                                |
| 15,453                                               | -                           | 15,453       | -                                                |
| (22,738)                                             | -                           | (22,738)     | -                                                |
| (388,749)                                            | -                           | (388,749)    | -                                                |
| -                                                    | 8,984                       | 8,984        | -                                                |
| -                                                    | 383                         | 383          | -                                                |
| -                                                    | 1,660                       | 1,660        | -                                                |
| -                                                    | 10,271                      | 10,271       | -                                                |
| -                                                    | 3,162                       | 3,162        | -                                                |
| -                                                    | 6,949                       | 6,949        | -                                                |
| -                                                    | 119                         | 119          | -                                                |
| -                                                    | (53,746)                    | (53,746)     | -                                                |
| -                                                    | 17,836                      | 17,836       | -                                                |
| -                                                    | 248,131                     | 248,131      | -                                                |
| -                                                    | 243,749                     | 243,749      | -                                                |
| (388,749)                                            | 243,749                     | (145,000)    | -                                                |
| -                                                    | -                           | -            | 10,457                                           |
| 180,989                                              | -                           | 180,989      | -                                                |
| 64,177                                               | -                           | 64,177       | -                                                |
| 38,419                                               | -                           | 38,419       | -                                                |
| 45,517                                               | -                           | 45,517       | -                                                |
| 25,915                                               | -                           | 25,915       | -                                                |
| 6,061                                                | 8,887                       | 14,948       | 230                                              |
| 21,661                                               | (21,661)                    | -            | -                                                |
| 382,739                                              | (12,774)                    | 369,965      | 230                                              |
| (6,010)                                              | 230,975                     | 224,965      | 10,687                                           |
| 665,794                                              | 4,555,761                   | 5,221,555    | 88,462                                           |
| (559,747)                                            | (224,623)                   | (784,370)    | (25,280)                                         |
| \$ 100,037                                           | \$ 4,562,113                | \$ 4,662,150 | \$ 73,869                                        |

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2015**  
(In Thousands)

|                                                       | General           | Other<br>Governmental<br>Funds | Total<br>September 30,<br>2015 |
|-------------------------------------------------------|-------------------|--------------------------------|--------------------------------|
| <b>ASSETS</b>                                         |                   |                                |                                |
| Pooled Cash and Cash Equivalents                      | \$ 104,710        | \$ 166,514                     | \$ 271,224                     |
| Non-Pooled Cash and Cash Equivalents                  | 329               | 38,123                         | 38,452                         |
| Receivables:                                          |                   |                                |                                |
| Property Taxes                                        | 88,349            | -                              | 88,349                         |
| Accounts Receivable                                   | 43,876            | 2,533                          | 46,409                         |
| Notes and Loans Receivable                            | 1,712             | -                              | 1,712                          |
| Due from Other Governments                            | 18,080            | 25,347                         | 43,427                         |
| Due from Other Funds                                  | 14,106            | 6,770                          | 20,876                         |
| Allowance for Receivables                             | (33,627)          | (1,096)                        | (34,723)                       |
| Other Assets                                          | 2                 | 2,846                          | 2,848                          |
| Advances to Other Funds                               | -                 | 15,628                         | 15,628                         |
| Land Held for Resale                                  | -                 | 4,215                          | 4,215                          |
| Other Noncurrent Receivables                          | -                 | 195,695                        | 195,695                        |
| Total Assets                                          | <u>\$ 237,537</u> | <u>\$ 456,575</u>              | <u>\$ 694,112</u>              |
| <b>LIABILITIES</b>                                    |                   |                                |                                |
| Accounts Payable                                      | \$ 9,198          | \$ 17,725                      | \$ 26,923                      |
| Accrued Wages and Benefits Payable                    | 6,562             | 1,002                          | 7,564                          |
| Due to Other Governments                              | 340               | 30                             | 370                            |
| Due to Other Funds                                    | 10,259            | 13,470                         | 23,729                         |
| Unearned Revenues                                     | 4,543             | 4,766                          | 9,309                          |
| Deposits and Collections Held in Trust                | 2,752             | 3,895                          | 6,647                          |
| Advances from Other Funds                             | 3,114             | 15,628                         | 18,742                         |
| Total Liabilities                                     | <u>36,768</u>     | <u>56,516</u>                  | <u>93,284</u>                  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                   |                                |                                |
| Deferred Inflows (Note 24)                            | <u>88,738</u>     | <u>195,317</u>                 | <u>284,055</u>                 |
| <b>FUND BALANCES (DEFICIT)</b>                        |                   |                                |                                |
| Nonspendable                                          | 2                 | 2,846                          | 2,848                          |
| Restricted                                            | 4,308             | 173,096                        | 177,404                        |
| Committed                                             | 62,598            | 1,422                          | 64,020                         |
| Assigned                                              | 42,953            | 39,197                         | 82,150                         |
| Unassigned                                            | 2,170             | (11,819)                       | (9,649)                        |
| Total Fund Balances                                   | <u>112,031</u>    | <u>204,742</u>                 | <u>316,773</u>                 |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 237,537</u> | <u>\$ 456,575</u>              | <u>\$ 694,112</u>              |

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
Reconciliation of the Governmental Funds Balance Sheet to  
Governmental Activities in the Statement of Net Position  
September 30, 2015  
(In Thousands)

|                                  |            |
|----------------------------------|------------|
| Total governmental fund balances | \$ 316,773 |
|----------------------------------|------------|

Amounts reported for governmental activities in the statement of net position are different because:

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Capital assets used in the governmental activities, which are not included in the internal service funds, are not financial resources and, therefore, are not reported in the funds.                                                                                                                                                                                                                                                                                                               | 638,232          |
| Deferred outflows related to pension related items are not included in the governmental fund activity.                                                                                                                                                                                                                                                                                                                                                                                             | 123,464          |
| Deferred inflows related to pension related items are not included in the governmental fund activity.                                                                                                                                                                                                                                                                                                                                                                                              | (80,021)         |
| Certain property taxes receivable are not available to pay current period expenditures and, therefore, are deferred inflows in the funds.                                                                                                                                                                                                                                                                                                                                                          | 3,425            |
| Because the focus of governmental funds is short-term financing, some assets will not be available to pay for current period expenditures. Those assets are offset by unearned revenue in the funds.                                                                                                                                                                                                                                                                                               | 195,266          |
| Governmental long-term liabilities, excluding those liabilities in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds. Liability amounts have been reduced by interest receivables for federal subsidy on Build America and Recovery Zone Economic Development Bonds.                                                                                                                                                         | (954,582)        |
| Internal service funds are used by management to charge the cost of operations and financing related to the Civic Center complex; operations, maintenance, financing, timely replacement of information technology assets and vehicles; and to account for the City's risk management, self-insurance, and employee benefits programs to individual user funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. | <u>(142,520)</u> |

|                                         |                   |
|-----------------------------------------|-------------------|
| Net position of governmental activities | <u>\$ 100,037</u> |
|-----------------------------------------|-------------------|

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2015**  
(In Thousands)

|                                                 | General    | Other<br>Governmental<br>Funds | Total<br>September 30,<br>2015 |
|-------------------------------------------------|------------|--------------------------------|--------------------------------|
| Revenues:                                       |            |                                |                                |
| Taxes:                                          |            |                                |                                |
| Property                                        | \$ 151,111 | \$ 28,888                      | \$ 179,999                     |
| Sales                                           | 61,613     | 2,564                          | 64,177                         |
| Utility Users                                   | 38,419     | -                              | 38,419                         |
| Other Taxes                                     | 34,897     | 10,620                         | 45,517                         |
| Franchise Fees                                  | 25,915     | -                              | 25,915                         |
| Licenses and Permits                            | 15,170     | 8,159                          | 23,329                         |
| Fines and Forfeitures                           | 15,988     | -                              | 15,988                         |
| Use of Money and Property                       | 36,327     | 5,489                          | 41,816                         |
| From Other Agencies                             | 4,668      | 162,320                        | 166,988                        |
| Charges for Services                            | 26,310     | 2,118                          | 28,428                         |
| Contributions and Donations                     | -          | 556                            | 556                            |
| Other                                           | 6,139      | 11,476                         | 17,615                         |
| Total Revenues                                  | 416,557    | 232,190                        | 648,747                        |
| Expenditures:                                   |            |                                |                                |
| Current:                                        |            |                                |                                |
| Legislative and Legal                           | 9,604      | -                              | 9,604                          |
| General Government                              | 16,900     | 1,216                          | 18,116                         |
| Public Safety                                   | 282,516    | 15,385                         | 297,901                        |
| Public Health                                   | 5,876      | 36,232                         | 42,108                         |
| Community and Cultural                          | 41,849     | 195,584                        | 237,433                        |
| Public Works                                    | 34,917     | 36,004                         | 70,921                         |
| Oil Operations                                  | 3,512      | -                              | 3,512                          |
| Total Current Expenditures                      | 395,174    | 284,421                        | 679,595                        |
| Capital Improvements                            | -          | 27,139                         | 27,139                         |
| Debt Service:                                   |            |                                |                                |
| Principal                                       | -          | 18,601                         | 18,601                         |
| Interest                                        | -          | 22,499                         | 22,499                         |
| Debt Administration Fees                        | -          | 178                            | 178                            |
| Total Expenditures                              | 395,174    | 352,838                        | 748,012                        |
| Excess of Revenues over<br>(under) Expenditures | 21,383     | (120,648)                      | (99,265)                       |
| Other Financing Sources (Uses):                 |            |                                |                                |
| Debt Issuance                                   | -          | 155,820                        | 155,820                        |
| Premium on Debt Issuance                        | -          | 6,700                          | 6,700                          |
| Payment to Refunded Bond Escrow Agent           | -          | (179,330)                      | (179,330)                      |
| Cost of Issuance                                | -          | (1,505)                        | (1,505)                        |
| Transfers In                                    | 16,944     | 74,419                         | 91,363                         |
| Transfers Out                                   | (44,575)   | (48,415)                       | (92,990)                       |
| Total Other Financing Sources (Uses)            | (27,631)   | 7,689                          | (19,942)                       |
| Net Change in Fund Balances                     | (6,248)    | (112,959)                      | (119,207)                      |
| Fund Balances - October 1                       | 118,279    | 317,701                        | 435,980                        |
| Fund Balances - September 30                    | \$ 112,031 | \$ 204,742                     | \$ 316,773                     |

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
Reconciliation of Statement of Revenues, Expenditures, and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                                                                 |              |
|-------------------------------------------------------------------------------------------------|--------------|
| Excess of expenditures and other uses over revenue and other sources - total governmental funds | \$ (119,207) |
|-------------------------------------------------------------------------------------------------|--------------|

Amounts reported for governmental activities in the statement of activities are different because:

|                                                                                                                                                                                                                                                                                                                                                                  |          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost associated with the acquisition of those assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlay (\$9,939) is less than depreciation (\$25,382) in the current period. | (15,443) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|

|                                                                                                                                                                                                                                                                                                         |        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| The net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) results in a decrease to net position. The transfer of \$76.1 million from Land Held for Resale to Land as part of the Successor Agency wind down results in an increase to Net Position. | 76,034 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|
| Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period. Under accrual accounting, revenue is recognized when it is earned regardless of its availability. In addition, governmental funds report expenditures pertaining to the establishment of certain long-term loans. Payments on these long-term receivables are recorded as revenue in the governmental funds. These deferred credits are not reported on the statement of net position and, therefore, the corresponding net expense is not reported on the statement of | 2,311 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|

|                                                                                                                                                                                               |        |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Pension contributions made subsequent to the measurement date are an expenditure in the governmental funds, but reported as a deferred outflow of resources in the statement of net position. | 11,475 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                                                                                                                                                        |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (15,140) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |        |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes current financial resources. Neither transaction, however, has any affect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | 37,956 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                                                                                                                                                                                                                                                                                        |         |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in government funds. The net affect of the implementation of GASB 68 resulted in the adjustment of beginning net position in the statement of activities. | (9,014) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|

|                                                                                                                                                                                                                |        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|
| Internal service funds are used by management to charge the cost of certain services to individual funds. The net loss of certain activities of internal service funds is reported as governmental activities. | 25,018 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------|

|                                                   |            |
|---------------------------------------------------|------------|
| Change in net position of governmental activities | \$ (6,010) |
|---------------------------------------------------|------------|

The notes to the basic financial statements are an integral part of this statement.

# City of Long Beach

## General Fund

### Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) For the Fiscal Year Ended September 30, 2015 (In Thousands)

|                                                                                        | Budgeted Amounts |             | Actual on  | Variance with  |
|----------------------------------------------------------------------------------------|------------------|-------------|------------|----------------|
|                                                                                        | Original         | Final       | Budgetary  | Final Budget - |
|                                                                                        |                  |             | Basis      | Favorable      |
|                                                                                        |                  |             |            | (Unfavorable)  |
| <b>Sources:</b>                                                                        |                  |             |            |                |
| Property Taxes                                                                         | \$ 139,091       | \$ 139,091  | \$ 151,111 | \$ 12,020      |
| Sales Taxes                                                                            | 58,387           | 58,387      | 61,613     | 3,226          |
| Utility Users Taxes                                                                    | 37,406           | 37,406      | 38,419     | 1,013          |
| Other Taxes                                                                            | 31,057           | 31,057      | 34,897     | 3,840          |
| Franchise Fees                                                                         | 25,265           | 25,265      | 25,915     | 650            |
| Licenses and Permits                                                                   | 14,783           | 14,783      | 15,170     | 387            |
| Fines and Forfeitures                                                                  | 15,702           | 15,702      | 15,988     | 286            |
| Use of Money and Property                                                              | 37,687           | 38,056      | 36,486     | (1,570)        |
| From Other Agencies                                                                    | 2,744            | 4,136       | 4,668      | 532            |
| Charges for Services                                                                   | 25,358           | 25,488      | 26,310     | 822            |
| Other                                                                                  | 4,334            | 5,554       | 8,318      | 2,764          |
| Transfers In                                                                           | 15,639           | 15,775      | 16,944     | 1,169          |
| Total Sources                                                                          | 407,453          | 410,700     | 435,839    | 25,139         |
| <b>Uses:</b>                                                                           |                  |             |            |                |
| Current:                                                                               |                  |             |            |                |
| Legislative and Legal                                                                  |                  |             |            |                |
| Mayor and City Council                                                                 | 5,051            | 5,052       | 4,822      | 230            |
| City Attorney                                                                          | 2,233            | 2,288       | 1,876      | 412            |
| City Clerk                                                                             | 2,966            | 3,266       | 2,915      | 351            |
| General Government                                                                     |                  |             |            |                |
| City Auditor                                                                           | 2,509            | 2,573       | 2,527      | 46             |
| City Manager                                                                           | 2,969            | 3,494       | 3,090      | 404            |
| Civil Service                                                                          | 2,322            | 2,625       | 2,417      | 208            |
| Financial Management                                                                   | 13,192           | 11,918      | 8,323      | 3,595          |
| Planning and Building                                                                  | 1,209            | 1,016       | 832        | 184            |
| Public Safety                                                                          |                  |             |            |                |
| Police                                                                                 | 197,145          | 198,715     | 195,259    | 3,456          |
| Fire                                                                                   | 73,007           | 76,373      | 75,527     | 846            |
| Disaster Preparedness                                                                  | 1,490            | 1,498       | 1,503      | (5)            |
| City Prosecutor                                                                        | 5,057            | 5,189       | 4,953      | 236            |
| Planning and Building - Code Enforcement                                               | 3,283            | 3,283       | 3,198      | 85             |
| Police and Fire Annuity                                                                | -                | -           | 2,400      | (2,400)        |
| Public Health                                                                          | 5,419            | 5,813       | 5,876      | (63)           |
| Community and Cultural                                                                 |                  |             |            |                |
| Community Development                                                                  | 831              | 1,188       | 986        | 202            |
| Library                                                                                | 14,920           | 15,047      | 14,833     | 214            |
| Parks and Recreation                                                                   | 25,685           | 26,128      | 26,030     | 98             |
| Public Works                                                                           | 33,341           | 35,396      | 35,351     | 45             |
| Oil Operations                                                                         | 6,751            | 6,746       | 3,512      | 3,234          |
| Transfers Out                                                                          | 26,696           | 40,343      | 44,575     | (4,232)        |
| Total Uses                                                                             | 426,076          | 447,951     | 440,805    | 7,146          |
| Net Change in Budgetary Fund Balance:                                                  | \$ (18,623)      | \$ (37,251) | \$ (4,966) | \$ 32,285      |
| <b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>                  |                  |             |            |                |
| Change in Fund Balance - September 30, Budgetary Basis                                 |                  |             | \$ (4,966) |                |
| Add: Encumbrances                                                                      |                  |             | 1,056      |                |
| Less: Change in Mark-to-Market and Other Adjustments                                   |                  |             | (159)      |                |
| Change in Fund Balance - September 30, GAAP Basis                                      |                  |             | (4,069)    |                |
| Fund Balance, October 1, GAAP Basis                                                    |                  |             | 118,279    |                |
| Fund Balance, September 30, GAAP Basis                                                 |                  |             | \$ 114,210 |                |
| <b>Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis</b> |                  |             |            |                |
| Fund Balance, September 30, GAAP Basis                                                 |                  |             | \$ 114,210 |                |
| Less: Nonspendable Fund Balance                                                        |                  |             | (2)        |                |
| Restricted for Public Safety                                                           |                  |             | (2,822)    |                |
| Restricted for Operations                                                              |                  |             | (1,486)    |                |
| Committed for Public Safety                                                            |                  |             | (1,000)    |                |
| Committed for Emergencies                                                              |                  |             | (43,486)   |                |
| Committed for Operations                                                               |                  |             | (12,383)   |                |
| Committed for Oil Field Abandonment                                                    |                  |             | (5,729)    |                |
| Assigned for Future Infrastructure                                                     |                  |             | (25)       |                |
| Assigned for Subsequent Year's Appropriations                                          |                  |             | (18,397)   |                |
| Assigned for Unfunded Liabilities                                                      |                  |             | (24,531)   |                |
| Total Adjustments                                                                      |                  |             | (109,861)  |                |
| Budgetary Funds Available - September 30                                               |                  |             | \$ 4,349   |                |

The notes to the basic financial statements are an integral part of this statement.



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**City of Long Beach**  
**Proprietary Funds**  
**Statement of Net Position (Deficit)**  
**September 30, 2015**  
(In Thousands)

|                                                     | <u>Business-type Activities - Enterprise Funds</u> |                  |                                     |
|-----------------------------------------------------|----------------------------------------------------|------------------|-------------------------------------|
|                                                     | <u>Gas<br/>Utility</u>                             | <u>Tidelands</u> | <u>Tideland<br/>Oil<br/>Revenue</u> |
| <b>ASSETS</b>                                       |                                                    |                  |                                     |
| Current Assets:                                     |                                                    |                  |                                     |
| Pooled Cash and Cash Equivalents                    | \$ 15,488                                          | \$ 174,087       | \$ 21,197                           |
| Non-Pooled Cash and Cash Equivalents                | 16,045                                             | 55,346           | -                                   |
| Non-Pooled Investments                              | -                                                  | -                | -                                   |
| Receivables:                                        |                                                    |                  |                                     |
| Interest Receivable                                 | 12                                                 | 102              | -                                   |
| Accounts Receivable                                 | 5,012                                              | 6,454            | 10,925                              |
| Due from Other Governments                          | -                                                  | 8                | -                                   |
| Due from Other Funds                                | -                                                  | 20,980           | -                                   |
| Allowance for Receivables                           | (449)                                              | (500)            | -                                   |
| Deposits                                            | -                                                  | -                | -                                   |
| Inventory                                           | 2,066                                              | -                | -                                   |
| Prepaid Gas - Current                               | 22,939                                             | -                | -                                   |
| Other Assets - Current                              | 119                                                | 160              | -                                   |
| Total Current Asset                                 | <u>61,232</u>                                      | <u>256,637</u>   | <u>32,122</u>                       |
| Noncurrent Assets:                                  |                                                    |                  |                                     |
| Restricted Noncurrent assets                        |                                                    |                  |                                     |
| Non-Pooled Cash and Cash Equivalents                | -                                                  | -                | -                                   |
| Non-Pooled Investments                              | 20,148                                             | 20,485           | -                                   |
| Noncurrent Receivables:                             |                                                    |                  |                                     |
| Other Noncurrent Receivables (net)                  | -                                                  | -                | -                                   |
| Advances to Other Funds                             | -                                                  | -                | -                                   |
| Fair Value - Commodity Swap                         | 490,592                                            | -                | -                                   |
| Capital Assets:                                     |                                                    |                  |                                     |
| Land and Other Capital Assets not being Depreciated | 5,926                                              | 70,211           | -                                   |
| Capital Assets net of Accumulated Depreciation      | 132,679                                            | 288,525          | 12,532                              |
| Prepaid Gas - Long Term                             | 450,292                                            | -                | -                                   |
| Other Assets - Long-Term                            | -                                                  | -                | -                                   |
| Total Noncurrent Assets                             | <u>1,099,637</u>                                   | <u>379,221</u>   | <u>12,532</u>                       |
| Total Assets                                        | <u>1,160,869</u>                                   | <u>635,858</u>   | <u>44,654</u>                       |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                                                    |                  |                                     |
| Deferred Outflows (Note 24)                         | <u>19,710</u>                                      | <u>15,268</u>    | <u>1,078</u>                        |

The notes to the basic financial statements are an integral part of this statement.

| Business-type Activities - Enterprise Funds |                               |                               | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|---------------------------------------------|-------------------------------|-------------------------------|------------------------------------------------------------|
| Harbor                                      | Other<br>Proprietary<br>Funds | Total<br>Proprietary<br>Funds |                                                            |
| \$ 452,640                                  | \$ 337,415                    | \$ 1,000,827                  | \$ 258,416                                                 |
| 17                                          | 5,194                         | 76,602                        | -                                                          |
| -                                           | 2,624                         | 2,624                         | -                                                          |
| -                                           | 137                           | 251                           | 29                                                         |
| 51,082                                      | 20,384                        | 93,857                        | 1,683                                                      |
| 98,176                                      | 2,436                         | 100,620                       | -                                                          |
| -                                           | 2,830                         | 23,810                        | 10,174                                                     |
| (1,119)                                     | (1,076)                       | (3,144)                       | (119)                                                      |
| -                                           | -                             | -                             | 6,213                                                      |
| 584                                         | 3,315                         | 5,965                         | 2,199                                                      |
| -                                           | -                             | 22,939                        | -                                                          |
| 2,657                                       | 2,746                         | 5,682                         | -                                                          |
| 604,037                                     | 376,005                       | 1,330,033                     | 278,595                                                    |
| 127,166                                     | -                             | 127,166                       | -                                                          |
| 88,979                                      | 21,063                        | 150,675                       | -                                                          |
| 5,667                                       | 992                           | 6,659                         | 224                                                        |
| 1,300                                       | 3,114                         | 4,414                         | -                                                          |
| -                                           | -                             | 490,592                       | -                                                          |
| 2,390,342                                   | 60,061                        | 2,526,540                     | 4,262                                                      |
| 1,706,178                                   | 552,517                       | 2,692,431                     | 80,615                                                     |
| -                                           | -                             | 450,292                       | -                                                          |
| 51,160                                      | 144                           | 51,304                        | -                                                          |
| 4,370,792                                   | 637,891                       | 6,500,073                     | 85,101                                                     |
| 4,974,829                                   | 1,013,896                     | 7,830,106                     | 363,696                                                    |
| 22,268                                      | 15,879                        | 74,203                        | 11,955                                                     |

(Continued)

The notes to the basic financial statements are an integral part of this statement.

(Continued)

|                                                                                                         | Business-type Activities - Enterprise Funds |            |                            |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------|------------|----------------------------|
|                                                                                                         | Gas<br>Utility                              | Tidelands  | Tideland<br>Oil<br>Revenue |
| <b>LIABILITIES</b>                                                                                      |                                             |            |                            |
| Current Liabilities Payable from Current Assets:                                                        |                                             |            |                            |
| Accounts Payable                                                                                        | 716                                         | 8,904      | 5,419                      |
| Accrued Wages                                                                                           | 358                                         | 539        | 75                         |
| Accrued Interest Payable                                                                                | 11,053                                      | 4,146      | -                          |
| Due to Other Funds                                                                                      | 3,045                                       | 399        | 1,541                      |
| Unearned Revenues                                                                                       | 1,057                                       | 1,586      | 59                         |
| Collections Held in Trust                                                                               | -                                           | 160        | 1,452                      |
| Customers Deposits                                                                                      | 3,005                                       | -          | -                          |
| Advances from Developers                                                                                | -                                           | -          | -                          |
| Employee Benefits                                                                                       | -                                           | -          | -                          |
| Accrued Self-Insurance Claims - Current                                                                 | -                                           | -          | -                          |
| Environmental Remediation - Current                                                                     | -                                           | -          | -                          |
| Due to State of California                                                                              | -                                           | -          | 6,872                      |
| Obligations Under Capital Leases - Current                                                              | 1,554                                       | 32         | -                          |
| Bonds Payable Due Within One Year                                                                       | 7,150                                       | 6,930      | -                          |
| Other Long-Term Obligations - Current                                                                   | -                                           | 38         | -                          |
| Total Current Liabilities                                                                               | 27,938                                      | 22,734     | 15,418                     |
| Noncurrent Liabilities:                                                                                 |                                             |            |                            |
| Advances from Other Funds                                                                               | -                                           | 1,300      | -                          |
| Unearned Revenues                                                                                       | -                                           | 4,836      | -                          |
| Accrued Self-Insurance Claims                                                                           | -                                           | -          | -                          |
| Accrued Oil Field Abandonment Costs                                                                     | -                                           | -          | 53,900                     |
| Site Restoration                                                                                        | -                                           | -          | -                          |
| Due to State of California                                                                              | -                                           | -          | -                          |
| Fair Value - Interest Rate Swap                                                                         | 15,189                                      | -          | -                          |
| Obligations Under Capital Leases                                                                        | 17,796                                      | 370        | -                          |
| Other Long-Term Obligations                                                                             | -                                           | 441        | -                          |
| Bonds Payable                                                                                           | 612,703                                     | 241,298    | -                          |
| Compensated Absences - REHIP                                                                            | -                                           | -          | -                          |
| Net OPEB Liability                                                                                      | -                                           | -          | -                          |
| Net Pension Liability                                                                                   | 27,071                                      | 38,646     | 6,039                      |
| Total Noncurrent Liabilities                                                                            | 672,759                                     | 286,891    | 59,939                     |
| Total Liabilities                                                                                       | 700,697                                     | 309,625    | 75,357                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                                    |                                             |            |                            |
| Deferred Inflows (Note 24)                                                                              | 493,402                                     | 5,087      | 671                        |
| <b>NET POSITION (DEFICIT)</b>                                                                           |                                             |            |                            |
| Net Investment in Capital Assets                                                                        | 119,255                                     | 180,349    | 12,531                     |
| Restricted for:                                                                                         |                                             |            |                            |
| Debt Service                                                                                            | -                                           | 8,406      | -                          |
| Capital Projects                                                                                        | 873                                         | 1,959      | -                          |
| Healthcare Insurance                                                                                    | -                                           | -          | -                          |
| Tidelands                                                                                               | -                                           | 9,991      | -                          |
| Airport                                                                                                 | -                                           | -          | -                          |
| Subsidence                                                                                              | -                                           | -          | -                          |
| Unrestricted                                                                                            | (133,648)                                   | 135,709    | (42,827)                   |
| Total Net Position (Deficit)                                                                            | \$ (13,520)                                 | \$ 336,414 | \$ (30,296)                |
| Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds |                                             |            |                            |
| Net Position of Business-type Activities                                                                |                                             |            |                            |

The notes to the basic financial statements are an integral part of this statement.

| Business-type Activities - Enterprise Funds |                               |                               | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|---------------------------------------------|-------------------------------|-------------------------------|------------------------------------------------------------|
| Harbor                                      | Other<br>Proprietary<br>Funds | Total<br>Proprietary<br>Funds |                                                            |
| 64,451                                      | 19,538                        | 99,028                        | 5,761                                                      |
| 11,869                                      | 1,321                         | 14,162                        | 41,959                                                     |
| 15,244                                      | 3,471                         | 33,914                        | 1,858                                                      |
| 22,653                                      | 892                           | 28,530                        | 2,601                                                      |
| 38,874                                      | 5,651                         | 47,227                        | -                                                          |
| -                                           | 6,510                         | 8,122                         | 6,321                                                      |
| -                                           | 1,038                         | 4,043                         | -                                                          |
| -                                           | 264                           | 264                           | -                                                          |
| -                                           | -                             | -                             | 9,057                                                      |
| -                                           | -                             | -                             | 25,671                                                     |
| -                                           | -                             | -                             | 4,537                                                      |
| -                                           | -                             | 6,872                         | -                                                          |
| -                                           | -                             | 1,586                         | 2,317                                                      |
| 45,360                                      | 14,465                        | 73,905                        | 5,255                                                      |
| -                                           | -                             | 38                            | -                                                          |
| 198,451                                     | 53,150                        | 317,691                       | 105,337                                                    |
| -                                           | -                             | 1,300                         | -                                                          |
| -                                           | 4,962                         | 9,798                         | -                                                          |
| -                                           | -                             | -                             | 104,950                                                    |
| -                                           | -                             | 53,900                        | -                                                          |
| -                                           | 1,000                         | 1,000                         | -                                                          |
| -                                           | -                             | -                             | 2,728                                                      |
| -                                           | -                             | 15,189                        | -                                                          |
| -                                           | -                             | 18,166                        | 22,692                                                     |
| 487,519                                     | 11,250                        | 499,210                       | -                                                          |
| 596,023                                     | 172,843                       | 1,622,867                     | 55,483                                                     |
| -                                           | -                             | -                             | 129,026                                                    |
| -                                           | -                             | -                             | 72,208                                                     |
| 90,470                                      | 82,109                        | 244,335                       | 55,803                                                     |
| 1,174,012                                   | 272,164                       | 2,465,765                     | 442,890                                                    |
| 1,372,463                                   | 325,314                       | 2,783,456                     | 548,227                                                    |
| 14,816                                      | 8,778                         | 522,754                       | 5,930                                                      |
| 3,077,224                                   | 440,420                       | 3,829,779                     | 37,162                                                     |
| 13,754                                      | 2,837                         | 24,997                        | -                                                          |
| 251,720                                     | 22,119                        | 276,671                       | -                                                          |
| -                                           | -                             | -                             | 18,486                                                     |
| -                                           | -                             | 9,991                         | -                                                          |
| -                                           | 7,665                         | 7,665                         | -                                                          |
| -                                           | 175,202                       | 175,202                       | -                                                          |
| 267,120                                     | 47,440                        | 273,794                       | (234,154)                                                  |
| \$ 3,609,818                                | \$ 695,683                    | 4,598,099                     | \$ (178,506)                                               |
|                                             |                               | (35,986)                      |                                                            |
|                                             |                               | <u>\$ 4,562,113</u>           |                                                            |

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

|                                                                                                         | Business-type Activities - Enterprise Funds |            |                         |
|---------------------------------------------------------------------------------------------------------|---------------------------------------------|------------|-------------------------|
|                                                                                                         | Gas<br>Utility                              | Tidelands  | Tideland<br>Oil Revenue |
| Operating Revenues:                                                                                     |                                             |            |                         |
| Licenses and Permits                                                                                    | \$ -                                        | \$ 190     | \$ -                    |
| Fines and Forfeitures                                                                                   | -                                           | 204        | -                       |
| Fees, Concessions, and Rentals                                                                          | 78                                          | 41,023     | 94,978                  |
| From Other Agencies                                                                                     | -                                           | 135        | -                       |
| Charges for Services                                                                                    | 76,133                                      | 26,213     | 4,414                   |
| Other                                                                                                   | 887                                         | 129        | -                       |
| Total Operating Revenues                                                                                | 77,098                                      | 67,894     | 99,392                  |
| Operating Expenses:                                                                                     |                                             |            |                         |
| Personnel Services                                                                                      | 15,684                                      | 30,292     | 3,464                   |
| Purchases of Gas and Water                                                                              | 2,255                                       | -          | -                       |
| Maintenance and Other Operations                                                                        | 12,906                                      | 62,818     | 4,393                   |
| Insurance Premiums                                                                                      | -                                           | -          | -                       |
| Self-Insured Losses                                                                                     | -                                           | -          | -                       |
| Compensated Absences                                                                                    | -                                           | -          | -                       |
| Employee Benefits                                                                                       | -                                           | -          | -                       |
| Payments to Other Entities                                                                              | -                                           | -          | 71,243                  |
| Amortization                                                                                            | -                                           | 514        | -                       |
| Depreciation                                                                                            | 5,651                                       | 19,869     | -                       |
| Total Operating Expenses                                                                                | 36,496                                      | 113,493    | 79,100                  |
| Operating Income (Loss)                                                                                 | 40,602                                      | (45,599)   | 20,292                  |
| Non-Operating Income (Expenses):                                                                        |                                             |            |                         |
| Interest Income                                                                                         | 785                                         | 1,357      | -                       |
| Interest Expense                                                                                        | (31,201)                                    | (7,747)    | -                       |
| Gain (Loss) on Disposition of Capital Assets                                                            | (241)                                       | -          | -                       |
| Oil Field Abandonment Costs                                                                             | -                                           | -          | (2,500)                 |
| Operating Grants                                                                                        | -                                           | 484        | -                       |
| Other Income                                                                                            | 300                                         | -          | 9                       |
| Other Expense                                                                                           | (761)                                       | (1,072)    | -                       |
| Total Non-Operating Income (Expenses)                                                                   | (31,118)                                    | (6,978)    | (2,491)                 |
| Income (Loss) Before Contributions<br>and Transfers                                                     | 9,484                                       | (52,577)   | 17,801                  |
| Capital Grants and Contributions                                                                        | -                                           | (577)      | -                       |
| Transfers:                                                                                              |                                             |            |                         |
| Transfers In                                                                                            | -                                           | 35,765     | -                       |
| Transfers Out                                                                                           | (12,000)                                    | (2,641)    | (18,025)                |
| Change in Net Position                                                                                  | (2,516)                                     | (20,030)   | (224)                   |
| Net Position (Deficit) - October 1                                                                      | 14,085                                      | 391,388    | (24,504)                |
| Adjustments for GASB 68 Implementation                                                                  | (25,089)                                    | (34,944)   | (5,568)                 |
| Net Position (Deficit) - September 30                                                                   | \$ (13,520)                                 | \$ 336,414 | \$ (30,296)             |
| Change in Net Position of Business - Enterprise Funds                                                   |                                             |            |                         |
| Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds |                                             |            |                         |
| Change in Net Position of Business-type Activities                                                      |                                             |            |                         |

The notes to the basic financial statements are an integral part of this statement.

| Business-Type Activities - Enterprise Funds |                               |                               | Governmental<br>Activities   |
|---------------------------------------------|-------------------------------|-------------------------------|------------------------------|
| Harbor                                      | Other<br>Proprietary<br>Funds | Total<br>Proprietary<br>Funds | Internal<br>Service<br>Funds |
| \$ -                                        | \$ 19,390                     | \$ 19,580                     | \$ -                         |
| -                                           | -                             | 204                           | -                            |
| 353,015                                     | 33,741                        | 522,835                       | -                            |
| -                                           | 50                            | 185                           | -                            |
| -                                           | 204,179                       | 310,939                       | 333,235                      |
| 2,435                                       | 42                            | 3,493                         | 6,232                        |
| 355,450                                     | 257,402                       | 857,236                       | 339,467                      |
| 55,950                                      | 60,442                        | 165,832                       | 38,624                       |
| -                                           | 42,178                        | 44,433                        | -                            |
| 74,063                                      | 121,735                       | 275,915                       | 56,378                       |
| -                                           | -                             | -                             | 2,745                        |
| -                                           | -                             | -                             | 17,121                       |
| -                                           | -                             | -                             | 50,053                       |
| -                                           | -                             | -                             | 162,480                      |
| -                                           | -                             | 71,243                        | -                            |
| -                                           | 79                            | 593                           | 161                          |
| 137,709                                     | 27,123                        | 190,352                       | 11,944                       |
| 267,722                                     | 251,557                       | 748,368                       | 339,506                      |
| 87,728                                      | 5,845                         | 108,868                       | (39)                         |
| 4,036                                       | 2,709                         | 8,887                         | 854                          |
| (878)                                       | (8,818)                       | (48,644)                      | (3,640)                      |
| 35,979                                      | (323)                         | 35,415                        | 268                          |
| -                                           | -                             | (2,500)                       | -                            |
| -                                           | 269                           | 753                           | -                            |
| 7,859                                       | 4,555                         | 12,723                        | 5,218                        |
| (3,488)                                     | (366)                         | (5,687)                       | (110)                        |
| 43,508                                      | (1,974)                       | 947                           | 2,590                        |
| 131,236                                     | 3,871                         | 109,815                       | 2,551                        |
| 121,008                                     | 20,187                        | 140,618                       | 1,382                        |
| -                                           | 75                            | 35,840                        | 30,904                       |
| (21,531)                                    | (3,304)                       | (57,501)                      | (7,616)                      |
| 230,713                                     | 20,829                        | 228,772                       | 27,221                       |
| 3,462,209                                   | 750,772                       | 4,593,950                     | (154,267)                    |
| (83,104)                                    | (75,918)                      | (224,623)                     | (51,460)                     |
| \$ 3,609,818                                | \$ 695,683                    | 4,598,099                     | \$ (178,506)                 |
|                                             |                               | 228,772                       |                              |
|                                             |                               | 2,203                         |                              |
|                                             |                               | \$ 230,975                    |                              |

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
**Proprietary Funds**  
**Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

|                                                                             | Business-Type Activities - Enterprise Funds |            |                            |
|-----------------------------------------------------------------------------|---------------------------------------------|------------|----------------------------|
|                                                                             | Gas<br>Utility                              | Tidelands  | Tideland<br>Oil<br>Revenue |
| <b>INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</b>                 |                                             |            |                            |
| Cash Flows from Operating Activities:                                       |                                             |            |                            |
| Receipts from Customers                                                     | \$ 76,400                                   | \$ 44,503  | \$ -                       |
| Receipts from Oil Companies                                                 | -                                           | -          | 129,660                    |
| Receipts from Other Governments                                             | -                                           | 22,097     | -                          |
| Receipts from Other Funds                                                   | -                                           | 538        | -                          |
| Payments for Employee Salaries                                              | (15,375)                                    | (29,365)   | (3,386)                    |
| Payments for Goods and Services                                             | (15,627)                                    | (65,377)   | (17,722)                   |
| Payments for Compensated Absences                                           | -                                           | -          | -                          |
| Payments for Employee Benefits                                              | -                                           | -          | -                          |
| Payments for Liability Claims                                               | -                                           | -          | -                          |
| Payments to Other Entities                                                  | -                                           | -          | (112,638)                  |
| Payments in Lieu of Taxes                                                   | -                                           | -          | -                          |
| Other Income                                                                | 23,978                                      | 129        | 9                          |
| Other Expense                                                               | (768)                                       | (5)        | (2,500)                    |
| Net Cash Provided by (Used for) Operating Activities                        | 68,608                                      | (27,480)   | (6,577)                    |
| Cash Flows from Non-Capital Financing Activities:                           |                                             |            |                            |
| Operating Grants Received from Other Governments                            | -                                           | -          | -                          |
| Receipts for Oil Well Abandonment Reserve                                   | -                                           | -          | 2,500                      |
| Clean Air Action Plan                                                       | -                                           | -          | -                          |
| Receipts from Prepayment of Gas Supply                                      | 1,240                                       | -          | -                          |
| Payments of Principal on Bonds Payable                                      | (6,840)                                     | -          | -                          |
| Payments of Interest                                                        | (31,724)                                    | -          | -                          |
| Transfers In                                                                | -                                           | 36,926     | -                          |
| Transfers Out                                                               | (11,943)                                    | (2,222)    | (21,097)                   |
| Net Cash Provided by (Used for)<br>Non-Capital Financing Activities         | (49,267)                                    | 34,704     | (18,597)                   |
| Cash Flows from Capital and Related Financing Activities:                   |                                             |            |                            |
| Receipt of Capital Grants                                                   | -                                           | -          | -                          |
| Proceeds from the Sale of Capital Assets                                    | -                                           | -          | -                          |
| Proceeds from Issuance of Long-Term Obligations                             | 18,500                                      | -          | -                          |
| Proceeds from Issuance of Bonds                                             | -                                           | 121,356    | -                          |
| Payment of Cost of Issuance                                                 | -                                           | (1,067)    | -                          |
| Receipts of Contributed Capital                                             | -                                           | -          | -                          |
| Receipts from Passenger Facility Charges                                    | -                                           | -          | -                          |
| Payments for Capital Acquisitions                                           | (12,301)                                    | (34,567)   | -                          |
| Payments of Principal on Bonds Payable                                      | -                                           | (6,680)    | -                          |
| Payments of Principal on Other Long-Term Obligations                        | (2,432)                                     | (59,298)   | -                          |
| Payments of Interest, Net of Amounts Capitalized                            | (35)                                        | (8,043)    | -                          |
| Receipt of Federal Subsidy                                                  | -                                           | -          | -                          |
| Net Cash Provided by (Used for)<br>Capital and Related Financing Activities | 3,732                                       | 11,701     | -                          |
| Cash Flows from Investing Activities:                                       |                                             |            |                            |
| Proceeds from the Sale of Investments                                       | (124)                                       | -          | -                          |
| Payments for Investments                                                    | -                                           | (8,029)    | -                          |
| Payment to Joint Venture                                                    | -                                           | -          | -                          |
| Receipts of Interest                                                        | 798                                         | 1,358      | -                          |
| Transfer From 2005 Bond Reserve Premiums                                    | -                                           | -          | -                          |
| Net Cash Provided by (Used for) Investing Activities                        | 674                                         | (6,671)    | -                          |
| Net Increase (Decrease) in Cash and Cash Equivalents                        | 23,747                                      | 12,254     | (25,174)                   |
| Cash and Cash Equivalents - October 1                                       | 7,786                                       | 217,179    | 46,371                     |
| Cash and Cash Equivalents - September 30                                    | \$ 31,533                                   | \$ 229,433 | \$ 21,197                  |

The notes to the basic financial statements are an integral part of this statement.

| Business-Type Activities - Enterprise Funds |                               |                               | Governmental<br>Activities<br>Internal<br>Service<br>Funds |
|---------------------------------------------|-------------------------------|-------------------------------|------------------------------------------------------------|
| Harbor                                      | Other<br>Proprietary<br>Funds | Total<br>Proprietary<br>Funds |                                                            |
| \$ 357,266                                  | \$ 257,987                    | \$ 736,156                    | \$ 6,238                                                   |
| -                                           | -                             | 129,660                       | -                                                          |
| -                                           | 46                            | 22,143                        | -                                                          |
| -                                           | 8,335                         | 8,873                         | 330,634                                                    |
| (48,355)                                    | (49,083)                      | (145,564)                     | (41,861)                                                   |
| (71,974)                                    | (163,491)                     | (334,191)                     | (53,860)                                                   |
| -                                           | -                             | -                             | (61,238)                                                   |
| -                                           | -                             | -                             | (144,007)                                                  |
| -                                           | -                             | -                             | (2,205)                                                    |
| -                                           | -                             | (112,638)                     | 984                                                        |
| -                                           | (11,268)                      | (11,268)                      | -                                                          |
| 1,961                                       | (3,779)                       | 22,298                        | 5,218                                                      |
| -                                           | 5                             | (3,268)                       | (110)                                                      |
| <u>238,898</u>                              | <u>38,752</u>                 | <u>312,201</u>                | <u>39,793</u>                                              |
| -                                           | 320                           | 320                           | -                                                          |
| -                                           | -                             | 2,500                         | -                                                          |
| (2,038)                                     | -                             | (2,038)                       | -                                                          |
| -                                           | -                             | 1,240                         | -                                                          |
| -                                           | -                             | (6,840)                       | -                                                          |
| -                                           | -                             | (31,724)                      | -                                                          |
| -                                           | 75                            | 37,001                        | 30,904                                                     |
| <u>(21,602)</u>                             | <u>(2,969)</u>                | <u>(59,833)</u>               | <u>(7,616)</u>                                             |
| <u>(23,640)</u>                             | <u>(2,574)</u>                | <u>(59,374)</u>               | <u>23,288</u>                                              |
| 94,506                                      | 15,963                        | 110,469                       | -                                                          |
| 53,589                                      | 156                           | 53,745                        | 268                                                        |
| -                                           | 1,500                         | 20,000                        | -                                                          |
| 227,535                                     | -                             | 348,891                       | -                                                          |
| (781)                                       | -                             | (1,848)                       | -                                                          |
| -                                           | 1,757                         | 1,757                         | 1,382                                                      |
| -                                           | 5,685                         | 5,685                         | -                                                          |
| (363,472)                                   | (33,677)                      | (444,017)                     | (4,238)                                                    |
| (145,215)                                   | (13,790)                      | (165,685)                     | -                                                          |
| -                                           | -                             | (61,730)                      | (8,247)                                                    |
| (15,217)                                    | (10,624)                      | (33,919)                      | (4,139)                                                    |
| -                                           | 1,116                         | 1,116                         | -                                                          |
| <u>(149,055)</u>                            | <u>(31,914)</u>               | <u>(165,536)</u>              | <u>(14,974)</u>                                            |
| -                                           | (110)                         | (234)                         | -                                                          |
| -                                           | -                             | (8,029)                       | -                                                          |
| 2,000                                       | -                             | 2,000                         | -                                                          |
| 3,197                                       | 2,667                         | 8,020                         | 879                                                        |
| 16,689                                      | -                             | 16,689                        | -                                                          |
| <u>21,886</u>                               | <u>2,557</u>                  | <u>18,446</u>                 | <u>879</u>                                                 |
| 88,089                                      | 6,821                         | 105,737                       | 48,986                                                     |
| 491,734                                     | 338,412                       | 1,101,482                     | 209,430                                                    |
| <u>\$ 579,823</u>                           | <u>\$ 345,233</u>             | <u>\$ 1,207,219</u>           | <u>\$ 258,416</u>                                          |

(continued)

The notes to the basic financial statements are an integral part of this statement.

(Continued)

|                                                                                                                  | Business-Type Activities - Enterprise Funds |             |                            |
|------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-------------|----------------------------|
|                                                                                                                  | Gas<br>Utility                              | Tidelands   | Tideland<br>Oil<br>Revenue |
| <u>RECONCILIATION OF OPERATING<br/>INCOME (LOSS) TO NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</u> |                                             |             |                            |
| Operating Income (Loss)                                                                                          | \$ 40,602                                   | \$ (45,599) | \$ 20,292                  |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by (Used for)                           |                                             |             |                            |
| Operating Activities:                                                                                            |                                             |             |                            |
| Depreciation and Amortization Expense                                                                            | 5,651                                       | 20,383      | -                          |
| Other Income                                                                                                     | 23,084                                      | (91)        | 9                          |
| Other Expense                                                                                                    | (761)                                       | (5)         | (2,500)                    |
| (Increase) Decrease in Accounts Receivable, Net                                                                  | 1,369                                       | (3,060)     | 31,477                     |
| Increase (Decrease) in Amounts Due to Other Governments                                                          | -                                           | 631         | (41,395)                   |
| Decrease in Amounts Due from Other Governments                                                                   | -                                           | 51          | -                          |
| (Increase) Decrease in Amounts Due from Other Funds                                                              | 10                                          | -           | -                          |
| Decrease in Inventory                                                                                            | 420                                         | -           | -                          |
| (Increase) Decrease in Other Assets                                                                              | (1,307)                                     | -           | -                          |
| Decrease in Other Liabilities                                                                                    | -                                           | -           | -                          |
| Increase (Decrease) in Accounts Payable                                                                          | (2,295)                                     | (344)       | (13,329)                   |
| Increase in Accrued Wages Payable                                                                                | 309                                         | 927         | 69                         |
| Increase (Decrease) in Amounts Due to Other Funds                                                                | 1,532                                       | -           | 9                          |
| Increase in Accrued Claims Payable                                                                               | -                                           | -           | -                          |
| Increase (Decrease) in Unearned Revenues                                                                         | (410)                                       | (427)       | 59                         |
| Increase (Decrease) in Collections Held in Trust                                                                 | 404                                         | 54          | (1,268)                    |
| Total Adjustments                                                                                                | 28,006                                      | 18,119      | (26,869)                   |
| Net Cash Provided by (Used for) Operating Activities                                                             | \$ 68,608                                   | \$ (27,480) | \$ (6,577)                 |
| <u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>                                                    |                                             |             |                            |
| Contribution of Capital Assets                                                                                   | \$ -                                        | -           | \$ -                       |
| Contributed Capital Assets                                                                                       | -                                           | -           | -                          |
| Amortization of Bond Premium, Net                                                                                | -                                           | -           | -                          |
| Accrued Capital Asset Costs                                                                                      | -                                           | -           | -                          |
| Accrued Oilfield Abandonment Costs                                                                               | -                                           | -           | 2,500                      |
| Amortization of Deferred Outflows on Debt Refunding                                                              | -                                           | -           | -                          |
| Amortization of Deferred Inflows on Debt Refunding                                                               | -                                           | -           | -                          |

The notes to the basic financial statements are an integral part of this statement.

| Business-Type Activities - Enterprise Funds |                               |                               | Governmental<br>Activities   |
|---------------------------------------------|-------------------------------|-------------------------------|------------------------------|
| Harbor                                      | Other<br>Proprietary<br>Funds | Total<br>Proprietary<br>Funds | Internal<br>Service<br>Funds |
| \$ 87,728                                   | \$ 5,845                      | \$ 108,868                    | \$ (39)                      |
| 137,709                                     | 27,202                        | 190,945                       | 12,105                       |
| 1,961                                       | 2,014                         | 26,977                        | 5,218                        |
| 5                                           | 383                           | (2,878)                       | (110)                        |
| 547                                         | 1,450                         | 31,783                        | (62)                         |
| -                                           | -                             | (40,764)                      | -                            |
| -                                           | 29                            | 80                            | -                            |
| -                                           | 75                            | 85                            | (5,081)                      |
| 46                                          | 48                            | 514                           | 50                           |
| -                                           | 14                            | (1,293)                       | -                            |
| 531                                         | -                             | 531                           | -                            |
| (191)                                       | 903                           | (15,256)                      | 6,483                        |
| 953                                         | 869                           | 3,127                         | 15,760                       |
| 2,846                                       | (130)                         | 4,257                         | 2,292                        |
| -                                           | -                             | -                             | 2,663                        |
| 6,763                                       | (753)                         | 5,232                         | -                            |
| -                                           | 803                           | (7)                           | 514                          |
| 151,170                                     | 32,907                        | 203,333                       | 39,832                       |
| \$ 238,898                                  | \$ 38,752                     | \$ 312,201                    | \$ 39,793                    |

|             |       |             |      |
|-------------|-------|-------------|------|
| \$ (10,050) | \$ -  | \$ (10,050) | \$ - |
| -           | 1,090 | 1,090       | -    |
| 15,218      | -     | 15,218      | -    |
| -           | 1,281 | 1,281       | -    |
| -           | -     | 2,500       | -    |
| 705         | -     | 705         | -    |
| 1,124       | -     | 1,124       | -    |

The notes to the basic financial statements are an integral part of this statement.

**City of Long Beach**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
September 30, 2015  
(In Thousands)

|                                               | Private<br>Purpose<br>Trust Funds | Agency<br>Funds  |
|-----------------------------------------------|-----------------------------------|------------------|
| ASSETS:                                       |                                   |                  |
| Pooled Cash and Cash Equivalents              | \$ 863                            | \$ 15,969        |
| Non-pooled Investments                        | -                                 | 2,051            |
| Non-Pooled Cash and Cash Equivalents          | -                                 | 7,058            |
| Property Taxes Receivable                     | -                                 | 34               |
| Interest Receivable                           | -                                 | 10               |
| Accounts Receivable                           | -                                 | 1,093            |
| Prepaid Expense                               | -                                 | 9                |
| Land                                          | -                                 | 11,000           |
| Total Assets                                  | <u>\$ 863</u>                     | <u>\$ 37,224</u> |
| LIABILITIES:                                  |                                   |                  |
| Accounts Payable                              | -                                 | 1,451            |
| Due to Special Assessment Bondholders         | -                                 | 2,606            |
| Collections Held in Trust                     | -                                 | 33,167           |
| Total Liabilities                             | <u>-</u>                          | <u>\$ 37,224</u> |
| NET POSITION:                                 |                                   |                  |
| Held in Trust for Private Purpose Trust Funds | <u>\$ 863</u>                     |                  |

**City of Long Beach**  
Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                            | Private<br>Purpose<br>Trust Funds |
|----------------------------|-----------------------------------|
| ADDITIONS:                 |                                   |
| Interest Income            | \$ 29                             |
| Total Additions            | <u>29</u>                         |
| DEDUCTIONS:                |                                   |
| Community and Cultural     | <u>45</u>                         |
| Change in Net Position     | (16)                              |
| Net Position, October 1    | <u>879</u>                        |
| Net Position, September 30 | <u>\$ 863</u>                     |

The notes to the basic financial statements are an integral part of this statement.

# NOTES TO THE FINANCIAL STATEMENTS

BLANK

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

**NOTE 1 – REPORTING ENTITY**

Organization

The City of Long Beach (City) operates under a City Charter originally adopted in 1921 and last amended in 2010. The City Charter establishes the current Mayor-Council-City Manager form of government, sets forth the powers and duties of the Mayor and City Council, and defines the roles, duties, and form of organization of the City's various boards, commissions, and other offices. The City is divided into nine council districts, with Councilpersons elected to serve within their respective districts. The citizens, as a whole, elect a Mayor, City Auditor, City Attorney, and City Prosecutor. The City Council appoints a City Manager who serves at the discretion of the Council.

Financial Reporting Entity

The City provides a full range of municipal services including police and fire, health and environmental, library, recreation, social services, public works, parks, planning, community development, and public works improvements. The City also provides for sanitation, gas, water, and towing services. The City operates its own airport, five golf courses, international harbor facility, and a tidelands area (consisting of the beaches, Convention Center, Queen Mary, Rainbow Harbor, the Aquarium of the Pacific, marinas, and oil extraction administrative operations), under a trust agreement with the State of California. It is the City's policy to establish fees and charges designed to recover the full cost of providing services, including capital costs such as depreciation and debt service. Accordingly, the financial activities of these operations are accounted for as enterprise funds.

The accompanying basic financial statements present the financial activity of the City and its component units, entities for which the primary government is considered to be financially accountable. Blended component units, although separate legal entities, are in substance part of the government's operations. The City's discretely presented component unit represents a legally separate organization for which the nature and significance of its relationship to the primary government are such that exclusion would cause the City's reporting entity to be misleading or incomplete. Brief descriptions of these related blended and discretely presented component financial reporting units/entities and the method of incorporating their financial information in the accompanying basic financial statements are as follows:

Blended Component Entities

*Housing Authority of the City of Long Beach* (the Authority) is a public agency created by action of the City Council in 1969 to administer housing assistance programs for qualified residents. The Authority is governed by an 11-member Board of Commissioners, comprised of the nine City Council members and two representatives elected by housing assistance benefit recipients. The Authority's administrative functions are directed and performed by City employees. The financial activity of the Authority is included in the Housing Assistance Fund, a non-major governmental fund.

*Successor Agency to the Redevelopment Agency of the City of Long Beach* (Agency): Consistent with the dissolution legislation, the Redevelopment Agency ceased operation effective February 1, 2012. The City exercised its option to become the Successor Agency for the former Redevelopment Agency and the Housing Successor Agency (HSA) for the Low and Moderate Income Housing function. The City is responsible for the winding down of Agency business to include the completion of ongoing projects and the disposition of assets. As the HSA, the City is responsible for executing the former mission of the Low and Moderate Income Housing function as long as funding permits. Like its predecessor, the Agency is considered a blended component unit of the City. The financial activities of the Agency were blended with those of the City in the accompanying basic financial statements and are reported as the Agency's Capital Projects and Debt Service Funds.

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*Long Beach Community Investment Company* (the Company) is a non-profit corporation formed by action of the City Council in 1987 to plan, direct, perform, and assist the City in meeting its responsibility to provide adequate housing to low-and-moderate-income residents, senior citizens, and disabled persons. The Company provides services that indirectly benefit the City even though it does not provide services directly to the City. The City Council appoints the Company's Board of Directors, approves the Company's bylaws and changes thereto, approves the Company's budget, and has ultimate authority over the Company's activities. In addition, the City provides all staffing, facilities, and funding for the Company's operations and the City's management has operational responsibility for the Company. The financial activities are blended with those of the City in the accompanying basic financial statements and are accounted for in the Housing Development Fund. By electing to form a non-profit corporation to carry out functions that would ordinarily revert to the City, it is the City Council's intention that a greater potential for public/private partnerships be created.

*Southeast Resource Recovery Facility Authority* (SERRF) is a joint powers authority between the City and the Los Angeles County Sanitation District Number 2. SERRF was created to finance the construction of a waste-to-energy facility through the issuance of lease revenue bonds. Payments under the lease are intended to service bonded debt issued to finance construction of the project. For financial reporting purposes, the capital lease between SERRF and the City has been eliminated, and the financial activities of SERRF are included in the Solid Waste Management Enterprise Fund (see Note 19).

Non-profit Financing Corporations and Authorities

The financial operations of several non-profit financing corporations and authorities organized for the purpose of financing various capital improvements within the City or the refinancing of debt are also included as blended component units in the accompanying basic financial statements. The activities of the organizations listed below are generally restricted to financing City-related capital improvements. In this regard, the City Council either serves as the governing board or appoints the voting majority of the governing board, and otherwise exercises significant oversight and direct operational and financial control over these entities. Therefore, such entities meet established criteria for inclusion in the accompanying basic financial statements.

For the most part, these non-profit corporations enter into capitalizable leases with the City. However, for financial reporting purposes, such lease transactions are eliminated, and the related financing obligations and related capital assets are carried at cost in the accompanying basic financial statements. There is no requirement to separately issue financial statements for these component units.

The non-profit financing corporations established by the City are:

| Entity                                 | Fund Type                         | Affected Funds                                                   |
|----------------------------------------|-----------------------------------|------------------------------------------------------------------|
| Long Beach Financing Authority         | Governmental                      | Agency Funds                                                     |
| Long Beach Bond Financing Authority    | Governmental and<br>Business-type | Internal Service Funds<br>Enterprise Funds<br>Governmental Funds |
| Long Beach Capital Improvement Company | Business-type                     | Enterprise Funds                                                 |

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Discretely Presented Component Unit

The Long Beach Public Transportation Company (LBT) is a non-profit corporation formed in 1963 to purchase the local public transit system from a private carrier. The City is LBT's sole stakeholder.

LBT is governed by a seven-member Board of Directors (Board), which provides broad policy and financial decisions, setting direction for management. The Mayor, with the approval of the City Council, appoints residents of the community to the Board to serve overlapping four-year terms. In addition, two designees of the City Manager's Office serve as ex-officio Board members but do not have voting authority. LBT's mission is "to provide public transit services that enhance and improve the quality of life for the people in our community."

LBT's governing body does not share common membership with that of the City and its service area overlaps other communities. The financial operations of the LBT are reported as a separate column in the basic financial statements to emphasize that LBT is legally and operationally separate from the City. Separate financial statements can be obtained from the Senior Vice President and Chief Financial Officer, Long Beach Transit, P.O. Box 731, Long Beach, California 90801.



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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Government-wide and Fund Financial Statements**

The Statement of Net Position and the Statement of Activities report information on all of the non-fiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements with the exception of exchange or exchange-like transactions between governmental functions that if eliminated would distort direct cost and program revenue. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely on fees and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include: (a) charges paid by the recipients for goods and services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program, and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the accompanying government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the accompanying fund financial statements.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The City's government-wide, proprietary, and private trust fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and an expense is recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Agency funds have no measurement focus since only assets and liabilities are reported. Receivables and payables are recognized under the accrual basis of accounting.

The governmental funds financial statements are prepared on a current financial resources measurement focus and modified accrual basis of accounting. To conform to the modified accrual basis of accounting, certain modifications must be made to the accrual method. These modifications are outlined below:

- Revenue is recorded when it becomes both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, and except for reimbursement-basis government revenues that are recognized when earned, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

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- An expenditure is recorded when the related liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.
- Expenditures are presented in functional categories such as general government and public safety. For the City, the amounts presented include an allocation of indirect costs.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing sources.

With this measurement focus, operating statements present increases and decreases in net current assets and unrestricted fund balance that is either committed, assigned, or unassigned, as a measure of available spendable resources. This is the traditional basis of accounting for governmental funds and also is the manner in which these funds are normally budgeted. This presentation is deemed most appropriate to demonstrate legal and covenant compliance, demonstrate the sources and uses of liquid resources, and demonstrate how the City's actual revenues and expenditures conform to the annual budget. Since the governmental funds financial statements are presented on a different basis than the governmental activities column of the government-wide financial statements, a reconciliation is provided immediately following each fund statement. These reconciliations briefly explain the adjustments necessary to transform the fund financial statements into the governmental activities column of the government-wide financial statements.

The City reports the following major governmental and enterprise funds:

Major Governmental Funds

The *General Fund* is used to account for financial resources applicable to the general governmental operations of the City, which are not required to be accounted for in another fund.

Major Enterprise Funds

The *Gas Utility Fund* is used to account for the activities associated with the transmission and distribution of natural gas to the City's customers. The Long Beach Financing Authority Gas Prepay Function is combined with the City's Gas Operating Function for the purpose of financial statement presentation.

The *Tidelands Fund* is used to account for operations, maintenance, and development of the beaches, Convention Center, the Queen Mary, the Aquarium of the Pacific, as well as the City's marinas.

The *Tideland Oil Revenue Fund* is used to account for the proceeds from oil operations within the City's tidelands area.

The *Harbor Fund* is used to account for the operations and development of the Tidelands area harbor district, commonly referred to as the Port of Long Beach (Harbor).

Other Fund Types

*Internal Service Funds* account for a variety of services provided to other departments or agencies of the City on a cost-reimbursement basis. These services include information technology, fleet services, civic center and related maintenance and financing, liability insurance, workers' compensation insurance, unemployment insurance, and employee benefits.

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*Fiduciary Funds* include private trust and agency funds. Private trust funds account for assets and activities restricted to a specific purpose in accordance with a trust agreement. These include the Miller Library and Mayor's Fund for the Homeless, from which both principal and interest may be spent for the purposes outlined in the trusts. Agency funds account for assets held by the City as an agent for individuals, private organizations, and other governmental units. The City's Agency funds include Los Cerritos Wetlands Authority, which holds land and cash for the protection and restoration of the Los Cerritos Wetlands area, and Special Assessment Districts that issue various debts for the benefit of Long Beach area property owners.

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. The effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, operating grants and contributions that are restricted to meeting the operational requirements of a particular function or segment, and capital grants and contributions, including special assessments, that are restricted to meeting the capital requirements of a particular function or segment. Internally dedicated resources, including all taxes, are reported as general revenues rather than as program revenues.

Business-type activities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services along with producing and delivering goods in connection with a business-type activity's principal ongoing operations. The principal operating revenues of the City's business-type activities are charges for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Pooled Cash and Cash Equivalents

The City pools the cash resources of its various funds to facilitate the management of cash and for the purpose of increasing income through investment activities. The pooled cash balances are readily identifiable by fund and are available to meet current operating requirements. The pool is used as a demand deposit account by the various funds.

The fund statements present all cash, cash equivalents, and investments as cash and cash equivalents regardless of their maturity. The government-wide statements do not present the pool as a demand deposit account and thus all cash, cash equivalents, and investments with a maturity of less than 90 days of the balance sheet date are presented as cash. Cash equivalents and investments with a maturity between 90 days and one year of the balance sheet date, excluding those restricted for long-term purposes, are presented as investments, and all other cash equivalents and investments are presented as long-term investments.

The pool investments are based on three investment strategies designed to meet any demand for funding by using a combination of short-term on demand accounts and highly liquid investments. In addition, several individual funds maintain specific investments over and above any pooled cash balances. Interest income arising from pooled cash and investments is apportioned to the participating funds based on the relationship of their respective daily cash balances to the total of pooled cash and investments. Investments are stated at fair value as of September 30, 2015.

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Receivables and Payables

Activities between funds that represent lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” for the current portion of interfund loans or “advances to/from other funds” for the non-current portion of interfund loans. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable, available financial resources. Trade and property tax receivables are shown net of any provisions for uncollectible accounts.

Inventories

Inventory and supplies are accounted for using the consumption method and are stated at average cost, applied on a first-in, first-out basis.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the accompanying government-wide financial statements.

The City defines capital assets as items with an initial, individual cost of more than ten thousand dollars (five thousand dollars for grant-funded assets) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred during the construction phase of capital assets of business-type activities are included as part of the capitalized value of the constructed asset.

Capital assets of the primary government are depreciated on a straight-line basis, over the estimated useful lives of the assets, as follows:

|                                           |               |
|-------------------------------------------|---------------|
| Land Improvements                         | 15 - 35 years |
| Buildings and Utility Plant               | 20 - 50 years |
| Structures and Facilities                 | 10 - 35 years |
| Infrastructure                            | 20 - 50 years |
| Automobiles                               | 2 - 6 years   |
| Automotive Equipment                      | 10 - 20 years |
| Software, Machinery and Equipment         | 5 - 20 years  |
| Office Furniture, Fixtures, and Equipment | 3 - 20 years  |
| Patent                                    | 20 years      |

Land parcels held for resale are recorded at the lower of cost or estimated net realizable value, and are adjusted for estimated declines in fair value, upon negotiation of a development disposition agreement.

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Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Initial-issue bond premiums and discounts are amortized using the effective-interest-rate method. Bonds payable are reported net of the unamortized portion of applicable premium, discount, and the gain or loss on refunding. Bond issuance costs, including underwriters' discount, are expensed during the period issued. Amortization of bond premiums or discounts, and the gain or loss on refunding are generally included in interest expense unless otherwise noted.

In the City's governmental fund statements bond premiums, discounts, and issuance costs are recognized during the period the debt is issued. The face amount of debt issued has been reported as other financing sources. Premiums received are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Employee Benefits and Compensated Absences

Excluding the residual balance of a City-administered Police and Fire Annuity Benefit Program that was terminated in 1945, benefits for City employees are paid from the City's Employee Benefits Internal Service Fund (EBF). The EBF is reimbursed through payroll charges to other funds based on estimates of benefits earned. The City's policy is to pay all accumulated vacation and holiday pay when an employee retires or terminates. Beginning August 1, 2007, management employees, upon retirement, may have 75 percent of his/her outstanding vacation leave converted to sick leave. Vacation and holiday benefits are recognized when earned. Sick leave benefits are recognized on a pro rata basis using an actuarially determined method.

Accumulated sick leave becomes vested only when an employee meets the City's minimum requirements for retirement. At the time of retirement, employees have the option of using the cash value equivalent of accumulated sick leave to continue in the City's health insurance plan or to purchase additional pension benefits from CalPERS. Accumulated sick leave is forfeited upon termination for reasons other than retirement.

The City makes annual contributions in varying amounts to deferred compensation plans for certain employee groups who serve in sensitive, confidential capacities. No other City employees received such benefit.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow resources (expense/expenditure) until then.

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In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. The separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position and Fund Balance

In the government-wide financial statements and proprietary fund financial statements, net position is reported in three categories: net investment in capital assets; restricted net position; and unrestricted net position. Restricted net position represent net position restricted by parties outside of the City (such as investors, grantors, contributors, and laws and regulations of other governments) and include unspent proceeds of bonds issued to acquire or construct capital assets. Nonexpendable portions of the private-purpose trust funds are reported as held in trust. The City's other restricted net position is restricted but ultimately expendable. All other net position is considered unrestricted.

The fund balances reported on the governmental fund statements consist of the following categories:

| <i>Classification</i> | <i>Definition</i>                                                                                                                                                                                                                                                                                   | <i>Examples</i>                                                                                                                                                                                                                                                                                                            |
|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nonspendable</b>   | Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.                                                                                                                                                    | 1. Inventories, prepaid items, long-term receivables, and permanent principal of endowment funds.                                                                                                                                                                                                                          |
| <b>Restricted</b>     | Fund balance should be reported as restricted when constraints placed on the use of resources are either (a) Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) Imposed by law through constitutional provisions or enabling legislation. | 1. Restricted by state statute;<br>2. Unspent bond proceeds;<br>3. Grants earned but not spent;<br>4. Debt covenants;<br>5. Taxes dedicated to a specific purpose;<br>6. Revenues restricted by enabling legislation.                                                                                                      |
| <b>Unrestricted</b>   | <b>Committed</b>                                                                                                                                                                                                                                                                                    | Used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.                                                                                                                                                                                |
|                       | <b>Assigned</b>                                                                                                                                                                                                                                                                                     | Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.                                                                                                                                                                                        |
|                       | <b>Unassigned</b>                                                                                                                                                                                                                                                                                   | Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned. |

Fund balance reported in a governmental funds is calculated as assets and deferred outflows less liabilities and deferred inflows. There are five separate components of fund balance, each of which is based upon the extent to which the City is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

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Committed fund balance classifications may be created by formal action of the City Council through either adopted resolution or ordinance. Commitments can be modified or rescinded through the same formal action that created the commitment. Both of these actions are binding upon the City.

Consistent with the City's adopted Fund Balance Policy, assignments may be designated for a purpose by the City Council or, if delegated, the Council's designee who, for the purpose of this disclosure, is the City Manager. It is a policy goal of the City to maintain an overall unrestricted fund balance of no less than two months or 16.7 percent of General Fund expenditures. This percentage includes committed, assigned, and unassigned balances.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) fund balances are available, the City's policy is to apply restricted fund balance first. When expenditures are incurred for purposes for which committed, assigned, or unassigned fund balances are available, the City's policy is to apply committed fund balance first, then assigned fund balance, and finally unassigned fund balance.

#### Property Tax Calendar

Under the State Constitution, the property tax rate is limited to one percent of assessed value, but may be adjusted for specific voter-approved indebtedness. Property taxes are levied by the Los Angeles County (County) Tax Assessor and shared among all other local taxing authorities within the City. Accordingly, the County collects property taxes and distributes such taxes on the basis of the taxing authorities' tax rate percentages, allowing for such adjustments as may be authorized for voter-approved debt.

Secured property taxes are levied during September of every year and become a lien on real property on January 1 of the calendar year for which taxes are levied. These tax payments can be made in two equal installments: the first is due November 1<sup>st</sup> and delinquent with penalties after December 10<sup>th</sup>; the second is due February 1<sup>st</sup> and delinquent with penalties after April 10<sup>th</sup>. The City recognizes property tax receivable when levied and defers the portion that is neither intended nor available to finance current year expenditures.

#### Budgetary Principles

The City Council adopted the fiscal year 2015 budget prior to September 30, 2014 for all funds except for agency funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various governmental funds. The City Council may amend the budget by motion during the fiscal year.

The City Manager may transfer appropriations within the departments or within a given fund, without City Council approval, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriation between funds or departments require City Council approval. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

Budget information is presented in the accompanying basic financial statements for the General Fund on a non-GAAP budgetary basis, since appropriations represent budgeted amounts to be expended or encumbered during the year. Budgeted revenue and expenditure amounts represent the originally budgeted amounts as well as budgeted amounts as modified by adjustments authorized during the year. Total expenditures may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations. For budgetary purposes, the City records an encumbrance as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received.

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Implementation of New Accounting Pronouncements

Application of the following Statements was effective for the City's fiscal year ended September 30, 2015:

In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The Statement will improve the decision-usefulness of information in the financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Net pension liability is measured as of a date no later than the end of the City's prior fiscal year (the measurement date), consistently applied from period to period. Pension expense and deferred outflows of resources and deferred inflows of resources primarily result from changes in the components of net pension liability—that is, changes in the total pension liability and in the pension plan's fiduciary net position. It requires that most changes in net pension liability to be included in pension expense in the period of change. The effects of certain other changes in the net pension liability are required to be included in pension expense over current and future periods. The notes to financial statements shall include descriptive information, such as types of benefits provided, number and classes of employees covered, sources of changes in net pension liability, and significant assumptions and other inputs used in valuations. Finally, the government is to present, once data is available, required supplementary information for each of the ten most recent fiscal years. The application of this Statement had a material impact on the City's financial statements.

In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. This Statement amends Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension liability. This Statement will eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement. The application of this Statement had a material impact on the City's financial statements.

In June of 2015, GASB issued Statement No. 76 – *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy into two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. Application of this statement had no impact on the City's financial statements.

The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

In February of 2015, GASB issued Statement No. 72 – *Fair Value Measurement and Application*. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes and also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

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In June of 2015, GASB issued Statement No. 73 – *Accounting and Financial Reporting for Pensions and Related Assets that are not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement establishes requirements for defined benefit pensions that are not within the scope of Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions. It also amends certain provisions of Statement No. 67 and Statement 68 for pension plans and pensions that are within their respective scopes. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2016.

In June of 2015, GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is not applicable to the City.

In June of 2015, GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The provisions of this Statement are effective for fiscal years beginning after June 15, 2015.

In August of 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about a reporting government's own tax abatement agreements and those that are entered into by other governments and that reduce the reporting government's tax revenues. This information is intended, among other things, to assist users of financial statements in assessing whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity); whether a government complied with finance-related legal and contractual obligations; where a government's financial resources come from and how it uses them; and a government's financial position and economic condition and how they have changed over time. The provisions of this Statement are effective for fiscal years beginning after December 15, 2015.

#### Estimates and Rounding

The preparation of the City's basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. All amounts included in the basic financial statements and footnotes are presented to the nearest thousand.

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Restatements as a Result of Implementing GASB 68

The following table summarizes the restatement for Deferred outflows, Net Pension Liability and Net Position due to implementation GASB 68 for both the Government-wide and fund financial statements (in thousands):

***Government-wide Financial Statements***

| <b><i>Governmental Activities</i></b> |                                       |                               |                        | <b><i>Business-type Activities</i></b> |                                       |                               |                        |
|---------------------------------------|---------------------------------------|-------------------------------|------------------------|----------------------------------------|---------------------------------------|-------------------------------|------------------------|
|                                       | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |                                        | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |
| Deferred Outflow                      | \$ 4,120                              | \$ 12,143                     | \$ 16,263              | Deferred Outflow                       | \$ 399,440                            | \$ 4,191                      | \$ 403,631             |
| Net Pension Liability                 | -                                     | 571,890                       | 571,890                | Net Pension Liability                  | -                                     | 228,814                       | 228,814                |
| Total Net Position                    | 665,794                               | (559,747)                     | 106,047                | Total Net Position                     | 4,555,761                             | (224,623)                     | 4,331,138              |

***Fund Financial Statements - Proprietary Funds***

| <b><i>Gas Utility</i></b> |                                       |                               |                        | <b><i>Tidelands</i></b> |                                       |                               |                        |
|---------------------------|---------------------------------------|-------------------------------|------------------------|-------------------------|---------------------------------------|-------------------------------|------------------------|
|                           | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |                         | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |
| Deferred Outflow          | \$ 379,890                            | \$ 459                        | \$ 380,349             | Deferred Outflow        | \$ 7,878                              | \$ 723                        | \$ 8,601               |
| Net Pension Liability     | -                                     | 25,548                        | 25,548                 | Net Pension Liability   | -                                     | 35,667                        | 35,667                 |
| Total Net Position        | 14,085                                | (25,089)                      | (11,004)               | Total Net Position      | 391,388                               | (34,944)                      | 356,444                |

| <b><i>Tidelands Oil</i></b> |                                       |                               |                        | <b><i>Harbor</i></b>  |                                       |                               |                        |
|-----------------------------|---------------------------------------|-------------------------------|------------------------|-----------------------|---------------------------------------|-------------------------------|------------------------|
|                             | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |                       | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |
| Deferred Outflow            | \$ -                                  | \$ 102                        | \$ 102                 | Deferred Outflow      | \$ 9,593                              | \$ 1,519                      | \$ 11,112              |
| Net Pension Liability       | -                                     | 5,670                         | 5,670                  | Net Pension Liability | -                                     | 84,623                        | 84,623                 |
| Total Net Position          | (24,504)                              | (5,568)                       | (30,072)               | Total Net Position    | 3,462,209                             | (83,104)                      | 3,379,105              |

| <b><i>Non-Major Enterprise Funds</i></b> |                                       |                               |                        | <b><i>Internal Service Funds</i></b> |                                       |                               |                        |
|------------------------------------------|---------------------------------------|-------------------------------|------------------------|--------------------------------------|---------------------------------------|-------------------------------|------------------------|
|                                          | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |                                      | <i>As<br/>Previously<br/>Reported</i> | <i>GASB 68<br/>Adjustment</i> | <i>As<br/>Restated</i> |
| Deferred Outflow                         | \$ 2,079                              | \$ 1,388                      | \$ 3,467               | Deferred Outflow                     | \$ 2,358                              | \$ 1,274                      | \$ 3,632               |
| Net Pension Liability                    | -                                     | 77,306                        | 77,306                 | Net Pension Liability                | -                                     | 52,734                        | 52,734                 |
| Total Net Position                       | 750,772                               | (75,918)                      | 674,854                | Total Net Position                   | (154,267)                             | (51,460)                      | (205,727)              |

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
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**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

Amounts reported for governmental activities in the statement of net position are different from those reported for governmental funds in the balance sheet. The following table provides a reconciliation of those differences (in thousands):

|                                                 | Total<br>Governmental<br>Funds<br>(Page 28) | Long-term<br>Assets<br>and<br>Liabilities | Internal<br>Service<br>Funds | Eliminations<br>and<br>Conversions | Total<br>Statement of<br>Net Position<br>(Page 25) |
|-------------------------------------------------|---------------------------------------------|-------------------------------------------|------------------------------|------------------------------------|----------------------------------------------------|
| <b>ASSETS</b>                                   |                                             |                                           |                              |                                    |                                                    |
| Current Assets:                                 |                                             |                                           |                              |                                    |                                                    |
| Pooled Cash and Cash Equivalents                | \$ 271,224                                  | \$ -                                      | \$ 258,416                   | \$ (432,637)                       | \$ 97,003                                          |
| Non-Pooled Cash and Cash Equivalents            | 38,452                                      | -                                         | -                            | -                                  | 38,452                                             |
| Pooled Investments                              | -                                           | -                                         | -                            | 158,136                            | 158,136                                            |
| Interest Receivable                             | -                                           | 170                                       | 29                           | -                                  | 199                                                |
| Property Taxes Receivable, Net                  | 88,349                                      | -                                         | -                            | (3,746)                            | 84,603                                             |
| Accounts Receivable                             | 46,409                                      | -                                         | 1,683                        | (48,092)                           | -                                                  |
| Notes and Loans Receivable                      | 1,712                                       | -                                         | -                            | (1,712)                            | -                                                  |
| Due from Other Governments                      | 43,427                                      | -                                         | -                            | -                                  | 43,427                                             |
| Due from Other Funds                            | 20,876                                      | -                                         | 10,174                       | (31,050)                           | -                                                  |
| Allowance for Receivables                       | (34,723)                                    | -                                         | (119)                        | 34,842                             | -                                                  |
| Accounts and Loans Receivables, Net             | -                                           | -                                         | -                            | 18,708                             | 18,708                                             |
| Internal Balances                               | -                                           | -                                         | -                            | 37,592                             | 37,592                                             |
| Deposits                                        | -                                           | -                                         | 6,213                        | (6,213)                            | -                                                  |
| Inventory                                       | -                                           | -                                         | 2,199                        | -                                  | 2,199                                              |
| Other Assets                                    | 2,848                                       | -                                         | -                            | 6,213                              | 9,061                                              |
| Advances to Other Funds                         | 15,628                                      | -                                         | -                            | (15,628)                           | -                                                  |
| Land Held for Resale                            | 4,215                                       | -                                         | -                            | -                                  | 4,215                                              |
| Other Noncurrent Assets:                        |                                             |                                           |                              |                                    |                                                    |
| Noncurrent Pooled Investments                   | -                                           | -                                         | -                            | 274,501                            | 274,501                                            |
| Other Noncurrent Receivables                    | 195,695                                     | -                                         | 224                          | -                                  | 195,919                                            |
| Capital Assets:                                 |                                             |                                           |                              |                                    |                                                    |
| Nondepreciable                                  | -                                           | 338,049                                   | 4,262                        | -                                  | 342,311                                            |
| Depreciable, Net                                | -                                           | 300,183                                   | 80,615                       | -                                  | 380,798                                            |
| Other Noncurrent Assets                         | -                                           | -                                         | -                            | -                                  | -                                                  |
| Total Assets                                    | 694,112                                     | 638,402                                   | 363,696                      | (9,086)                            | 1,687,124                                          |
| Deferred Outflows of Resources                  | -                                           | 124,809                                   | 11,955                       | -                                  | 136,764                                            |
| Total Assets and Deferred Outflows of Resources | \$ 694,112                                  | \$ 763,211                                | \$ 375,651                   | \$ (9,086)                         | \$ 1,823,888                                       |

*(continued)*

**The City of Long Beach**  
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|                                                                        | Total<br>Governmental<br>Funds<br>(Page 28) | Long-term<br>Assets<br>and<br>Liabilities | Internal<br>Service<br>Funds | Eliminations<br>and<br>Conversions | Total<br>Statement of<br>Net Position<br>(Page 25) |
|------------------------------------------------------------------------|---------------------------------------------|-------------------------------------------|------------------------------|------------------------------------|----------------------------------------------------|
| <b>LIABILITIES</b>                                                     |                                             |                                           |                              |                                    |                                                    |
| Current Liabilities:                                                   |                                             |                                           |                              |                                    |                                                    |
| Accounts Payable                                                       | \$ 26,923                                   | \$ -                                      | \$ 5,761                     | \$ -                               | \$ 32,684                                          |
| Accrued Wages and Benefits Payable                                     | 7,564                                       | -                                         | 41,959                       | -                                  | 49,523                                             |
| Accrued Interest Payable                                               | -                                           | 3,782                                     | 1,858                        | -                                  | 5,640                                              |
| Due to Other Governments                                               | 370                                         | -                                         | -                            | -                                  | 370                                                |
| Due to Other Funds                                                     | 23,729                                      | -                                         | 2,601                        | (26,330)                           | -                                                  |
| Unearned Revenue                                                       | 9,309                                       | -                                         | -                            | 9,497                              | 18,806                                             |
| Deposits and Collections Held in Trust                                 | 6,647                                       | -                                         | 6,321                        | (12,968)                           | -                                                  |
| Advances from Other Funds                                              | 18,742                                      | -                                         | -                            | (18,742)                           | -                                                  |
| Long-term Liabilities Due Within One Year:                             |                                             |                                           |                              |                                    |                                                    |
| Bonds Payable                                                          | -                                           | 16,805                                    | 5,255                        | (22,060)                           | -                                                  |
| Capital Leases Payable                                                 | -                                           | 1,912                                     | 2,317                        | (4,229)                            | -                                                  |
| Environmental Remediation                                              | -                                           | 615                                       | 4,537                        | (5,152)                            | -                                                  |
| Accrued Self Insurance Claims Payable                                  | -                                           | -                                         | 25,671                       | (25,671)                           | -                                                  |
| Employee Benefits Payable                                              | -                                           | -                                         | 9,057                        | (9,057)                            | -                                                  |
| Total Employee Benefits and Accrued LT Obligations                     | -                                           | -                                         | -                            | 39,880                             | 39,880                                             |
| Total LT Debt and Other LT Obligations                                 | -                                           | -                                         | -                            | 26,289                             | 26,289                                             |
| Long-term Liabilities Due Beyond One Year:                             |                                             |                                           |                              |                                    |                                                    |
| Bonds Payable                                                          | -                                           | 330,418                                   | 55,483                       | (385,901)                          | -                                                  |
| Notes Payable                                                          | -                                           | 5,117                                     | -                            | (5,117)                            | -                                                  |
| Capital Leases Payable                                                 | -                                           | 7,057                                     | 22,692                       | (29,749)                           | -                                                  |
| Police and Fire Annuities Payable                                      | -                                           | 11,213                                    | -                            | (11,213)                           | -                                                  |
| Estimated Oil Field Abandonment Costs Payable                          | -                                           | 10,000                                    | -                            | (10,000)                           | -                                                  |
| Environmental Remediation                                              | -                                           | (150)                                     | 2,728                        | (2,578)                            | -                                                  |
| Accrued Self Insurance Claims Payable                                  | -                                           | -                                         | 104,950                      | (104,950)                          | -                                                  |
| Employee Benefits Payable                                              | -                                           | -                                         | 201,234                      | (201,234)                          | -                                                  |
| Net Pension Liability                                                  | -                                           | 566,869                                   | 55,803                       | -                                  | 622,672                                            |
| Total Employee Benefits and Accrued LT Obligations                     | -                                           | -                                         | -                            | 329,975                            | 329,975                                            |
| Total LT Debt and Other LT Obligations                                 | -                                           | -                                         | -                            | 420,767                            | 420,767                                            |
| Total Liabilities                                                      | 93,284                                      | 953,638                                   | 548,227                      | (48,543)                           | 1,546,606                                          |
| Deferred Inflows of Resources                                          | 284,055                                     | -                                         | 5,930                        | (112,740)                          | 177,245                                            |
| Fund Balance / Net Position                                            |                                             |                                           |                              |                                    |                                                    |
| Total Fund Balance / Net Position                                      | 316,773                                     | (190,427)                                 | (178,506)                    | 152,197                            | 100,037                                            |
| Total Liabilities, Deferred Inflows and<br>Fund Balance / Net Position | \$ 694,112                                  | \$ 763,211                                | \$ 375,651                   | \$ (9,086)                         | \$ 1,823,888                                       |

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Amounts reported for governmental activities in the statement of activities are different from those reported for governmental funds in the statement of revenues, expenditures and changes in fund balances. The following table provides a reconciliation of those differences (in thousands):

|                                       | Total<br>Governmental<br>Funds<br>(Page 30) | Debt and<br>Capital<br>Related<br>Transactions | Internal<br>Service<br>Funds | Reclass<br>and<br>Adjust-<br>ments | Statement<br>of<br>Activities<br>(Pages 26 - 27) |
|---------------------------------------|---------------------------------------------|------------------------------------------------|------------------------------|------------------------------------|--------------------------------------------------|
| <b>Revenues:</b>                      |                                             |                                                |                              |                                    |                                                  |
| Taxes                                 | \$ 328,112                                  | \$ -                                           | \$ -                         | \$ 990                             | \$ 329,102                                       |
| Franchise Fees                        | 25,915                                      | -                                              | -                            | -                                  | 25,915                                           |
| Licenses and Permits                  | 23,329                                      | -                                              | -                            | (23,329)                           | -                                                |
| Fines and Forfeitures                 | 15,988                                      | -                                              | -                            | (15,988)                           | -                                                |
| Use of Money and Property /           |                                             |                                                |                              |                                    |                                                  |
| Unrestricted Investment Earnings      | 41,816                                      | 2                                              | 854                          | (36,611)                           | 6,061                                            |
| From Other Agencies                   | 166,988                                     | -                                              | -                            | (166,988)                          | -                                                |
| Charges for Services                  | 28,428                                      | -                                              | -                            | (28,428)                           | -                                                |
| Other Contributions                   | 556                                         | -                                              | -                            | (556)                              | -                                                |
| Other                                 | 17,615                                      | -                                              | -                            | (17,615)                           | -                                                |
| <b>Program Revenue:</b>               |                                             |                                                |                              |                                    |                                                  |
| Charges for Services                  | -                                           | -                                              | 6,232                        | 117,420                            | 123,652                                          |
| Operating Grants and Contributions    | -                                           | -                                              | -                            | 164,621                            | 164,621                                          |
| Capital Grants and Contributions      | -                                           | -                                              | -                            | 3,780                              | 3,780                                            |
| <b>Other Financing Sources :</b>      |                                             |                                                |                              |                                    |                                                  |
| Issuance of Long-term Debt            | 162,520                                     | -                                              | -                            | (162,520)                          | -                                                |
| Transfers, Net                        | (1,627)                                     | -                                              | 23,288                       | -                                  | 21,661                                           |
| <b>Total Revenues</b>                 | <b>809,640</b>                              | <b>2</b>                                       | <b>30,374</b>                | <b>(165,224)</b>                   | <b>674,792</b>                                   |
| <b>Expenditures / Expenses:</b>       |                                             |                                                |                              |                                    |                                                  |
| <b>Current:</b>                       |                                             |                                                |                              |                                    |                                                  |
| Legislative and Legal                 | 9,604                                       | 392                                            | 636                          | -                                  | 10,632                                           |
| General Government                    | 18,116                                      | 1,296                                          | 2,988                        | -                                  | 22,400                                           |
| Public Safety                         | 297,901                                     | 12,306                                         | (3,091)                      | -                                  | 307,116                                          |
| Public Health                         | 42,108                                      | 1,468                                          | 134                          | -                                  | 43,710                                           |
| Community and Cultural                | 237,433                                     | (68,047)                                       | 1,129                        | (5,014)                            | 165,501                                          |
| Public Works                          | 70,921                                      | 33,902                                         | (79)                         | -                                  | 104,744                                          |
| Oil Operations                        | 3,512                                       | 449                                            | -                            | -                                  | 3,961                                            |
| <b>Capital Improvements</b>           |                                             |                                                |                              |                                    |                                                  |
| Capital Improvements                  | 27,139                                      | (27,139)                                       | -                            | -                                  | -                                                |
| <b>Debt Service:</b>                  |                                             |                                                |                              |                                    |                                                  |
| Principal                             | 18,601                                      | (18,601)                                       | -                            | -                                  | -                                                |
| Interest on Long-Term Debt            | 22,499                                      | (3,401)                                        | 3,640                        | -                                  | 22,738                                           |
| Debt Administration Fees              | 178                                         | (178)                                          | -                            | -                                  | -                                                |
| Issuance Costs                        | 1,505                                       | -                                              | -                            | (1,505)                            | -                                                |
| <b>Other Financing (Uses):</b>        |                                             |                                                |                              |                                    |                                                  |
| Payment to Refunded Bond Escrow Agent | 179,330                                     | -                                              | -                            | (179,330)                          | -                                                |
| <b>Total Expenditures / Expenses</b>  | <b>928,847</b>                              | <b>(67,553)</b>                                | <b>5,357</b>                 | <b>(185,849)</b>                   | <b>680,802</b>                                   |
| <b>Net Change in Fund Balances</b>    | <b>\$ (119,207)</b>                         | <b>\$ 67,555</b>                               | <b>\$ 25,017</b>             | <b>\$ 20,625</b>                   | <b>\$ (6,010)</b>                                |

**The City of Long Beach**  
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**NOTE 4 – CASH AND INVESTMENTS**

Cash and Investments as of September 30, 2015 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

|                                   |                            |
|-----------------------------------|----------------------------|
| Cash and investments in City pool | \$ 1,547,299               |
| Non-pooled cash and investments   | <u>404,628</u>             |
| Total cash and investments        | <u><u>\$ 1,951,927</u></u> |

Cash and investments as of September 30, 2015 consist of the following:

|                            |                            |
|----------------------------|----------------------------|
| Cash and deposits          | \$ 170,044                 |
| Outstanding checks         | (10,507)                   |
| Investments                | <u>1,792,390</u>           |
| Total cash and investments | <u><u>\$ 1,951,927</u></u> |

A reconciliation of the cash, cash equivalents, and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2015 is as follows (in thousands):

|                                      | <i><b>Primary<br/>Government</b></i>      |                                            |                                   |                     |
|--------------------------------------|-------------------------------------------|--------------------------------------------|-----------------------------------|---------------------|
|                                      | <i><b>Governmental<br/>Activities</b></i> | <i><b>Business-type<br/>Activities</b></i> | <i><b>Fiduciary<br/>Funds</b></i> | <i><b>Total</b></i> |
| Pooled Cash and Cash Equivalents     | \$ 97,003                                 | \$ 183,300                                 | \$ 16,832                         | \$ 297,135          |
| Non-Pooled Cash and Cash Equivalents | 38,452                                    | 76,602                                     | 7,058                             | 122,112             |
| Pooled Investments                   | 158,136                                   | 298,820                                    | -                                 | 456,956             |
| Non-Pooled Investments               | -                                         | 2,624                                      | 2,051                             | 4,675               |
| Noncurrent Pooled Investments        | 274,501                                   | 518,707                                    | -                                 | 793,208             |
| Restricted Assets:                   |                                           |                                            |                                   |                     |
| Non-Pooled Cash and Cash Equivalents | -                                         | 127,166                                    | -                                 | 127,166             |
| Non-Pooled Investments               | -                                         | 150,675                                    | -                                 | 150,675             |
| Total Deposits and Investments       | <u>\$ 568,092</u>                         | <u>\$ 1,357,894</u>                        | <u>\$ 25,941</u>                  | <u>\$ 1,951,927</u> |

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

The table on the following page identifies the investment types that are authorized by the City's investment policy for the City's Investment pool. The table also identifies certain provisions of the City's investment policy that address interest rate risk, credit risk, and concentration of credit risk. This table does not include debt proceeds held by bond trustees that are governed by the provisions of debt agreements.

**The City of Long Beach**  
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| <i>Authorized Investment Type</i>                                                  | <i>Maximum Maturity</i> | <i>Maximum Percentage of Portfolio</i> | <i>Maximum Investment in One Issuer</i> |
|------------------------------------------------------------------------------------|-------------------------|----------------------------------------|-----------------------------------------|
| Bonds Issued by the City                                                           | 5 years *               | 30%                                    | None                                    |
| U.S. Treasury Notes, Bonds, or Bills                                               | 5 years *               | None                                   | None                                    |
| Registered State Warrants or Treasury Notes<br>or Bonds of the state of California | 5 years *               | 30%                                    | None                                    |
| Local Agency Bonds                                                                 | 5 years *               | 30%                                    | None                                    |
| Federal Agency Securities                                                          | 5 years *               | None                                   | None                                    |
| Bankers Acceptances                                                                | 180 days                | 40%                                    | 30%                                     |
| Commercial Paper                                                                   | 270 days                | 25%                                    | 10%                                     |
| Negotiable Certificates of Deposit                                                 | 5 years *               | 30%                                    | 10%                                     |
| Time Certificates of Deposit                                                       | 5 years *               | 100%                                   | 10%                                     |
| Repurchase Agreements                                                              | 90 days                 | 100%                                   | None                                    |
| Reverse Repurchase Agreements                                                      | 92 days                 | 20%                                    | None                                    |
| Securities Lending Program                                                         | 92 days                 | 20%                                    | None                                    |
| Medium-Term Notes                                                                  | 5 years *               | 30%                                    | 10%                                     |
| Money Market Funds                                                                 | N/A                     | 20%                                    | 10%                                     |
| Local Agency Investment Fund (LAIF)                                                | N/A                     | None                                   | \$40 million<br>per account             |
| Asset-backed Securities                                                            | 5 years                 | 20%                                    | None                                    |
| Mortgage-backed Securities                                                         | 5 years                 | 20%                                    | None                                    |

\* Maximum maturity of five (5) years unless a longer maturity is approved by the City Council, either specifically or as part of an investment program, at least three (3) months prior to purchase.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements.

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. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and timing cash flows from maturities so that a near-level portion of the portfolio is maturing or coming closer to maturity over time to provide the cash flow and liquidity needed for operations.

**The City of Long Beach**  
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The following schedule indicates the interest rate risk of the City's investments as of September 30, 2015 (in thousands):

| <i>Investment Type</i>                | <i>Fair Value</i>   | <i>Weighted Average<br/>Maturity (in years)</i> |
|---------------------------------------|---------------------|-------------------------------------------------|
| Cash and investments in City pool     |                     |                                                 |
| Money market account                  | \$ 647              | 0.05                                            |
| U.S. Treasury notes                   | 331,078             | 1.13                                            |
| Federal agency securities             | 925,502             | 1.40                                            |
| Time certificates of deposit          | 9,998               | 0.23                                            |
| Local Agency Investment Fund (LAIF)   | 121,009             | 0.58                                            |
| Subtotal City pool                    | 1,388,234           |                                                 |
| Cash and deposits                     | 169,572             |                                                 |
| Outstanding checks                    | (10,507)            |                                                 |
| Total City pool                       | <u>\$ 1,547,299</u> |                                                 |
| Non-pooled cash and investments       |                     |                                                 |
| Cash and deposits                     | \$ 472              | -                                               |
| Money market funds                    | 248,805             | -                                               |
| U.S. Treasury notes                   | 135,203             | 1.65                                            |
| Guaranteed investment contracts       | 20,148              | 4.31                                            |
| Total non-pooled cash and investments | <u>\$ 404,628</u>   |                                                 |

Investments with Fair Values Highly Sensitive to Interest Rate Risk

The City had no investments that were highly sensitive to market interest rate changes as of September 30, 2015. Highly sensitive investments are investments whose sensitivity to market interest rate fluctuations are not fully addressed by use of one of the five methods for reporting interest rate risk.

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. The minimum rating requirements for commercial paper, asset-backed securities, and medium-term notes is an A rating. Mortgage-backed security issuers must have a minimum AAA rating. State Warrants, State Treasury Notes, or bonds of the State are to be rated at a minimum of A1 / Sp-1 for short-term investments and Aa/AA for long-term investments.

**The City of Long Beach**  
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The following are the actual ratings as of September 30, 2015 for each investment type (in thousands):

| <i>Rating as of Year End</i>          |                     |                     |                                 |                   |                   |                   |
|---------------------------------------|---------------------|---------------------|---------------------------------|-------------------|-------------------|-------------------|
| <i>Investment Type</i>                | <i>Legal Rating</i> | <i>Total</i>        | <i>Not Required To Be Rated</i> | <i>AAA</i>        | <i>AA+</i>        | <i>Unrated</i>    |
| Cash and investments in City pool     |                     |                     |                                 |                   |                   |                   |
| Money market account                  | N/A                 | \$ 647              | \$ -                            | \$ 647            | \$ -              | \$ -              |
| U.S. Treasury notes                   | N/A                 | 331,078             | 331,078                         | -                 | -                 | -                 |
| Federal agency securities             | N/A                 | 925,502             | -                               | 125,530           | 799,972           | -                 |
| Time Certificate of Deposit           | N/A                 | 9,998               | -                               | -                 | 9,998             | -                 |
| Local Agency Investment Fund (LAIF)   | N/A                 | 121,009             | -                               | -                 | -                 | 121,009           |
| Subtotal City pool                    |                     | 1,388,234           | 331,078                         | 126,177           | 809,970           | 121,009           |
| Cash and deposits                     |                     | 169,572             | -                               | -                 | -                 | 169,572           |
| Outstanding checks                    |                     | (10,507)            | -                               | -                 | -                 | (10,507)          |
| Total City pool                       |                     | <u>\$ 1,547,299</u> | <u>\$ 331,078</u>               | <u>\$ 126,177</u> | <u>\$ 809,970</u> | <u>\$ 280,074</u> |
| Non-pooled cash and investments       |                     |                     |                                 |                   |                   |                   |
| Cash and deposits                     | N/A                 | \$ 472              | \$ -                            | \$ -              | \$ -              | \$ 472            |
| Money market funds                    | N/A                 | 248,805             | -                               | -                 | -                 | 248,805           |
| U.S. Treasury notes                   | N/A                 | 135,203             | 135,203                         | -                 | -                 | -                 |
| Guaranteed Investment Contracts       | N/A                 | 20,148              | -                               | -                 | -                 | 20,148            |
| Total non-pooled cash and investments |                     | <u>\$ 404,628</u>   | <u>\$ 135,203</u>               | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ 269,425</u> |

**Concentration of Credit Risk**

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the City's total pooled investments are as follows (in thousands):

| <i>Issuer</i>                          | <i>Investment Type</i>              | <i>Reported Amount</i> |
|----------------------------------------|-------------------------------------|------------------------|
| Federal Home Loan Bank                 | Federal agency securities           | \$ 341,248             |
| Federal Home Loan Mortgage Corporation | Federal agency securities           | 241,137                |
| Federal National Mortgage Association  | Federal agency securities           | 275,374                |
| Local Agency Investment Fund (LAIF)    | Local Agency Investment Fund (LAIF) | 121,009                |
| U.S. Treasuries                        | U.S. Treasury bills and notes       | 331,078                |

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Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of 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. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits. All securities owned by the City are deposited in trust for safekeeping with a custodial bank different from the City's primary bank.

As of September 30, 2015, the City reported deposits of \$170.0 million, collateralized in compliance with California Government Code, less \$11.0 million for checks outstanding.

Investment in State Investment Pool

The City is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are mortgage-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured basis.

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**NOTE 5 – RECEIVABLES**

Receivables at September 30, 2015 for the City's individual major funds, and nonmajor and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows (in thousands). All receivables are expected to be collected within one year, except for delinquent property taxes.

|                                | <i>General</i> | <i>Nonmajor<br/>Governmental<br/>Funds</i> | <i>Internal<br/>Service<br/>Funds</i> | <i>Total</i> |
|--------------------------------|----------------|--------------------------------------------|---------------------------------------|--------------|
| Governmental Activities:       |                |                                            |                                       |              |
| Receivables:                   |                |                                            |                                       |              |
| Interest <sup>1</sup>          | \$ -           | \$ -                                       | \$ 29                                 | \$ 29        |
| Taxes                          | 88,349         | -                                          | -                                     | 88,349       |
| Accounts, Unrestricted         | 43,876         | 2,533                                      | 1,683                                 | 48,092       |
| Notes and Loans                | 1,712          | -                                          | -                                     | 1,712        |
| Due from Other Governments     | 18,080         | 25,347                                     | -                                     | 43,427       |
| Total Receivables              | 152,017        | 27,880                                     | 1,712                                 | 181,609      |
| Less Allowance for Receivables | (33,627)       | (1,096)                                    | (119)                                 | (34,842)     |
| Net Receivables                | \$118,390      | \$ 26,784                                  | \$ 1,593                              | \$146,767    |

|                                | <i>Gas<br/>Utility</i> | <i>Tidelands</i> | <i>Tideland<br/>Oil<br/>Revenue</i> | <i>Harbor</i> | <i>Nonmajor<br/>Proprietary<br/>Funds</i> | <i>Total</i> |
|--------------------------------|------------------------|------------------|-------------------------------------|---------------|-------------------------------------------|--------------|
| Business-Type Activities:      |                        |                  |                                     |               |                                           |              |
| Receivables:                   |                        |                  |                                     |               |                                           |              |
| Interest, Unrestricted         | \$ 12                  | \$ 102           | \$ -                                | \$ -          | \$ 137                                    | \$ 251       |
| Accounts, Unrestricted         | 5,012                  | 6,454            | 10,925                              | 51,082        | 20,384                                    | 93,857       |
| Due from Other Governments     | -                      | 8                | -                                   | 98,176        | 2,436                                     | 100,620      |
| Total Receivables              | 5,024                  | 6,564            | 10,925                              | 149,258       | 22,957                                    | 194,728      |
| Less Allowance for Receivables | (449)                  | (500)            | -                                   | (1,119)       | (1,076)                                   | (3,144)      |
| Net Receivables                | \$4,575                | \$ 6,064         | \$ 10,925                           | \$148,139     | \$ 21,881                                 | \$191,584    |

1) Governmental activities interest receivable in the Statement of Net Position differs from total interest receivable listed above by \$170 thousand due to the federal subsidy receivable for the Agency's Build America and Recovery Zone Economic Development Bonds.

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**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances as of September 30, 2015 is as follows (in thousands):

|                       |                  | <i>Receivable - Due to:</i>            |                  |                                           |                                       |                           |
|-----------------------|------------------|----------------------------------------|------------------|-------------------------------------------|---------------------------------------|---------------------------|
|                       |                  | <i>Nonmajor<br/>Govern-<br/>mental</i> | <i>Tidelands</i> | <i>Nonmajor<br/>Proprietary<br/>Funds</i> | <i>Internal<br/>Service<br/>Funds</i> | <i>Total<br/>Due from</i> |
| <i>General</i>        |                  |                                        |                  |                                           |                                       |                           |
| Payable- Due from:    |                  |                                        |                  |                                           |                                       |                           |
| General               | \$ 34            | \$ 1,550                               | \$ -             | \$ 2,691                                  | \$ 5,984                              | \$10,259                  |
| Nonmajor Governmental | 7,964            | 4,904                                  | -                | -                                         | 602                                   | 13,470                    |
| Gas Utility           | 2,827            | -                                      | -                | -                                         | 218                                   | 3,045                     |
| Tidelands             | 71               | -                                      | -                | -                                         | 328                                   | 399                       |
| Tidelands Oil Revenue | -                | -                                      | 1,496            | -                                         | 45                                    | 1,541                     |
| Harbor                | 751              | 315                                    | 19,470           | 139                                       | 1,978                                 | 22,653                    |
| Nonmajor Proprietary  | 297              | 1                                      | -                | -                                         | 594                                   | 892                       |
| Internal Service      | 2,162            | -                                      | 14               | -                                         | 425                                   | 2,601                     |
| Total Due to          | <u>\$ 14,106</u> | <u>\$ 6,770</u>                        | <u>\$20,980</u>  | <u>\$ 2,830</u>                           | <u>\$10,174</u>                       | <u>\$54,860</u>           |

|                        |                  | <i>Receivable - Advances from:</i>     |                 |                                           |
|------------------------|------------------|----------------------------------------|-----------------|-------------------------------------------|
|                        |                  | <i>Nonmajor<br/>Govern-<br/>mental</i> | <i>Harbor</i>   | <i>Nonmajor<br/>Proprietary<br/>Funds</i> |
|                        |                  |                                        |                 | <i>Total<br/>Advances<br/>to</i>          |
| Payable - Advances to: |                  |                                        |                 |                                           |
| General                | \$ -             | \$ -                                   | \$ 3,114        | \$ 3,114                                  |
| Nonmajor Governmental  | 15,628           | -                                      | -               | 15,628                                    |
| Tidelands              | -                | 1,300                                  | -               | 1,300                                     |
| Total Advances from    | <u>\$ 15,628</u> | <u>\$ 1,300</u>                        | <u>\$ 3,114</u> | <u>\$ 20,042</u>                          |

**Due to / Due from Other Funds**

The General Fund has provided \$7.9 million to non-major governmental funds. \$1.4 million was provided to the Community Development Grants Fund to cover operating expenses prior to receipt of grant funds from the Home Investment Partnership Act, Community Development Block Grant, and Workforce Investment Act. In addition, the General Fund provided the General Grants Fund and Health Fund, \$4.6 million and \$1.9 million, respectively, for temporary cash flow in order to cover expenses for the Urban Area Security Initiative Grant and various health grants including the Homeless Supportive Housing Grant.

The General Fund has \$1.5 million payable to Capital Projects Fund, a non-major governmental fund, to finance the following capital projects – Heartwell Park irrigation system, HVAC system repair for Police Department West Division, Health Department facilities and Fire Department training center maintenance and repair.

As of September 30, 2015, \$1.5 million is payable from the Tidelands Oil Revenue Fund to the Tidelands Fund. At fiscal year-end, \$1.0 million of the net oil profits and \$500 thousand, through the 1992 Optimized Waterflood Program Agreement whereby Tidelands Fund receives 8.5 percent of the incremental oil revenue generated by the injection of water into the Tidelands area oil fields, was due to the Tidelands Fund.

The City, under authority of the City Charter Chapter XII, Section 1209(c)(4), and with the approval of the Board of Harbor Commissioners, adopted a resolution to transfer 5 percent of the

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Harbor operating revenues to the Tidelands Fund. The amount accrued for the Harbor's 2015 operating revenues is \$19.5 million and will be paid in fiscal year 2016.

Advances from Other Funds

Advances to/from other funds have been recorded for amounts that will be repaid usually with interest over an extended period of time.

The Subsidence Fund advanced interest earning on reserves to the General fund in the amount of \$4.1 million in both fiscal years 2005 and 2006. This was allowed under State law passed in fiscal year 2004 to retain interest earned on that reserve for subsidence contingencies for the previous calendar year. In fiscal year 2007, the General Fund started repayment of \$500 thousand per year at zero percent interest. The balance outstanding as of September 30, 2015 is \$3.6 million, of which \$3.1 million is long-term and \$500 thousand is current.

During the period from 1986 through 2010, the Housing Development Fund made a series of advances to the former Redevelopment Agency through the deferral of housing set-aside funds. With the dissolution of the former Redevelopment Agency, the Successor Agency, a non-major governmental fund, became responsible for the repayment of the advances. At September 30, 2015, inclusive of fiscal year 2015 payments of \$5 million, the remaining balance was \$11.8 million.

In fiscal year 2001, The Long Beach Housing Development Company (the Company), a subset of the Housing Development Fund, entered into a \$4.0 million zero interest loan agreement with the City for the acquisition of 26 parcels of land, each containing a four-plex apartment building for affordable rental housing for low and very low-income residents. The Company is required to make the principal payments to the City using 25 percent of the proceeds from repayments of promissory notes from the developer. Any remaining balance of the promissory note owed on April 1, 2034 shall be immediately due and payable. The Company's outstanding loan balance with Community Development Grants Fund is \$3.8 million at September 30, 2015.

Interfund Transfers

The City regularly transfers current financial resources from one fund to another. At September 30, 2015, interfund transfers are as follows (in thousands):

| <i>Transfers To:</i>   |                  |                                            |                                |                                           |                                       |                                    |
|------------------------|------------------|--------------------------------------------|--------------------------------|-------------------------------------------|---------------------------------------|------------------------------------|
|                        | <i>General</i>   | <i>Nonmajor<br/>Governmental<br/>Funds</i> | <i>Tidelands<br/>Operating</i> | <i>Nonmajor<br/>Proprietary<br/>Funds</i> | <i>Internal<br/>Service<br/>Funds</i> | <i>Total<br/>Transfers<br/>Out</i> |
| Transfers Out of:      |                  |                                            |                                |                                           |                                       |                                    |
| General                | \$ -             | \$ 25,206                                  | \$ -                           | \$ 75                                     | \$ 19,294                             | \$ 44,575                          |
| Nonmajor Governmental  | 136              | 48,094                                     | -                              | -                                         | 185                                   | 48,415                             |
| Gas                    | 10,673           | 50                                         | -                              | -                                         | 1,277                                 | 12,000                             |
| Nonmajor Proprietary   | -                | 538                                        | -                              | -                                         | 2,766                                 | 3,304                              |
| Tidelands              | 1,169            | -                                          | -                              | -                                         | 1,472                                 | 2,641                              |
| Tideland Oil Revenue   | -                | -                                          | 17,993                         | -                                         | 32                                    | 18,025                             |
| Harbor                 | -                | -                                          | 17,772                         | -                                         | 3,759                                 | 21,531                             |
| Internal Service Funds | 4,966            | 531                                        | -                              | -                                         | 2,119                                 | 7,616                              |
| Total Transfers In     | <u>\$ 16,944</u> | <u>\$ 74,419</u>                           | <u>\$ 35,765</u>               | <u>\$ 75</u>                              | <u>\$ 30,904</u>                      | <u>\$ 158,107</u>                  |

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Significant transfers include the following:

The General Fund transferred a total of \$25.2 million to non-major governmental funds in fiscal year 2015. Of this \$7.3 million was transferred to the General Debt Service Fund for the payment of principal, interest, and fiscal agent fees; \$16.2 million was transferred to the General Capital Projects Fund for ongoing projects such as street and sidewalk construction and City building improvements, maintenance and repair; and \$1.7 million was transferred to General Grants Fund to fund for the following - the North Library technology start-up costs, Bloomberg Innovation Grant City-match, and City Prosecutors “Promising Adults, Tomorrow’s Hope” (PATH) Program.

In addition, the General Fund transferred \$19.3 million to Internal Service Fund. Significant transfers include \$13.2 million to Employee Benefit Fund to offset pension related unfunded liabilities, \$2 million was transferred to Civic Center Fund for expenditure related to the new Civic Center project; and \$3.3 million was transferred to Fleet Acquisition Fund for purchase of street sweepers and other city vehicles.

Non-major governmental funds transferred \$48.1 million to other non-major governmental funds. Significant transfers include the Agency Capital Projects Fund transferring \$35.8 million and \$1.7 million to the Agency Debt Service Fund and the Housing Development Fund, respectively, for debt service payments.

The Gas Utility Fund transferred \$10.6 million to the General Fund as allowed by City Charter.

The Tidelands Oil Revenue Fund shares revenue from tidelands oil operations under an optimized water flood program. In fiscal year 2012, \$11.1 million was transferred to the Tidelands Fund under this program. As a result of Measure D, Tidelands Oil Revenue Fund was able to transfer an additional amount of \$6.9 million from the West Wilmington Oilfield net profits, bringing total fiscal year 2015 transfers to \$18 million.

The Harbor accrued an operating transfer of \$17.8 million and due to the Tidelands Fund as allowed by the City Charter.



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**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for governmental activity for the year ended September 30, 2015 is as follows (in thousands):

| <i><b>Governmental Activities:</b></i>      | <i><b>Balance at<br/>October 1,<br/>2014</b></i> | <i><b>Increase</b></i> | <i><b>Decrease</b></i> | <i><b>Transfers</b></i> | <i><b>Balance at<br/>September 30,<br/>2015</b></i> |
|---------------------------------------------|--------------------------------------------------|------------------------|------------------------|-------------------------|-----------------------------------------------------|
| Capital Assets not being Depreciated:       |                                                  |                        |                        |                         |                                                     |
| Land                                        | \$ 166,135                                       | \$ 75,247 <sup>1</sup> | \$ (29)                | \$ 2,771                | \$ 244,124                                          |
| Rights-of-way                               | 81,340                                           | -                      | -                      | -                       | 81,340                                              |
| Construction In Progress                    | 11,138                                           | 13,755                 | (4,704)                | (3,342)                 | 16,847                                              |
| Total Capital Assets not being Depreciated  | <u>258,613</u>                                   | <u>89,002</u>          | <u>(4,733)</u>         | <u>(571)</u>            | <u>342,311</u>                                      |
| Capital Assets being Depreciated:           |                                                  |                        |                        |                         |                                                     |
| Buildings                                   | 295,529                                          | 964                    | -                      | 58                      | 296,551                                             |
| Improvements Other than Buildings           | 110,641                                          | -                      | -                      | 276                     | 110,917                                             |
| Infrastructure                              | 425,703                                          | -                      | -                      | 237                     | 425,940                                             |
| Machinery and Equipment                     | 63,377                                           | 817                    | (2,442)                | -                       | 61,752                                              |
| Vehicles and Aircraft                       | 96,662                                           | 4,909                  | (1,815)                | -                       | 99,756                                              |
| Software and Patents                        | 23,663                                           | -                      | (35)                   | -                       | 23,628                                              |
| Total Capital Assets being Depreciated      | <u>1,015,575</u>                                 | <u>6,690</u>           | <u>(4,292)</u>         | <u>571</u>              | <u>1,018,544</u>                                    |
| Less Accumulated Depreciation for:          |                                                  |                        |                        |                         |                                                     |
| Buildings                                   | (134,426)                                        | (7,852)                | -                      | -                       | (142,278)                                           |
| Improvements Other than Buildings           | (53,668)                                         | (4,978)                | -                      | -                       | (58,646)                                            |
| Infrastructure                              | (286,757)                                        | (12,506)               | -                      | -                       | (299,263)                                           |
| Machinery and Equipment                     | (49,170)                                         | (3,729)                | 2,442                  | -                       | (50,457)                                            |
| Vehicles and Aircraft                       | (71,281)                                         | (6,148)                | 1,815                  | -                       | (75,614)                                            |
| Software and Patents                        | (9,410)                                          | (2,113)                | 35                     | -                       | (11,488)                                            |
| Total Accumulated Depreciation              | <u>(604,712)</u>                                 | <u>(37,326)</u>        | <u>4,292</u>           | <u>-</u>                | <u>(637,746)</u>                                    |
| Total Capital Assets being Depreciated, Net | <u>410,863</u>                                   | <u>(30,636)</u>        | <u>-</u>               | <u>571</u>              | <u>380,798</u>                                      |
| Governmental Activities Capital Assets, Net | <u>\$ 669,476</u>                                | <u>\$ 58,366</u>       | <u>\$ (4,733)</u>      | <u>\$ -</u>             | <u>\$ 723,109</u>                                   |

<sup>1</sup> Includes \$75.2 million converted to Land and 1.0 million converted to Buildings from Land Held for Resale pursuant to the Successor Agency' Long Range Property Management Plan.

Depreciation has been charged to functions/programs of governmental activities as follows (in thousands):

|                                                                                                                                             |                  |
|---------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Legislative and Legal                                                                                                                       | \$ 2             |
| General Government                                                                                                                          | 214              |
| Public Safety                                                                                                                               | 4,799            |
| Public Health                                                                                                                               | 449              |
| Community and Cultural                                                                                                                      | 5,729            |
| Public Works                                                                                                                                | 14,189           |
| Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets | <u>11,944</u>    |
| Total governmental activities depreciation                                                                                                  | <u>\$ 37,326</u> |

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Capital asset activity for business-type activities for the year ended September 30, 2015 is as follows (in thousands):

| <i><b>Business-type Activities:</b></i>      | <i><b>Balance at<br/>October 1,<br/>2014</b></i> | <i><b>Increase</b></i> | <i><b>Decrease</b></i> | <i><b>Transfers</b></i> | <i><b>Balance at<br/>September 30,<br/>2015</b></i> |
|----------------------------------------------|--------------------------------------------------|------------------------|------------------------|-------------------------|-----------------------------------------------------|
| Capital Assets not being Depreciated:        |                                                  |                        |                        |                         |                                                     |
| Land                                         | \$ 966,760                                       | \$ 26,968              | \$ -                   | \$ -                    | \$ 993,728                                          |
| Rights-of-way                                | 213,243                                          | -                      | (792)                  | -                       | 212,451                                             |
| Water Rights                                 | 40                                               | -                      | -                      | -                       | 40                                                  |
| Construction In Progress                     | 1,306,103                                        | 617,848                | (214,308)              | (389,322)               | 1,320,321                                           |
| Total Capital Assets not being Depreciated   | <u>2,486,146</u>                                 | <u>644,816</u>         | <u>(215,100)</u>       | <u>(389,322)</u>        | <u>2,526,540</u>                                    |
| Capital Assets being Depreciated:            |                                                  |                        |                        |                         |                                                     |
| Buildings                                    | 3,195,446                                        | -                      | (103,822)              | 294,683                 | 3,386,307                                           |
| Improvements Other than Buildings            | 522,564                                          | -                      | (5,532)                | 52,634                  | 569,666                                             |
| Infrastructure                               | 1,230,657                                        | -                      | (3,018)                | 42,005                  | 1,269,644                                           |
| Machinery and Equipment                      | 83,947                                           | 4,603                  | (4,632)                | -                       | 83,918                                              |
| Vehicles and Aircraft                        | 31,685                                           | 2,176                  | (1,624)                | -                       | 32,237                                              |
| Software and Patents                         | 12,482                                           | 9,136                  | -                      | -                       | 21,618                                              |
| Total Capital Assets being Depreciated       | <u>5,076,781</u>                                 | <u>15,915</u>          | <u>(118,628)</u>       | <u>389,322</u>          | <u>5,363,390</u>                                    |
| Less Accumulated Depreciation for:           |                                                  |                        |                        |                         |                                                     |
| Buildings                                    | (1,502,548)                                      | (125,463)              | 82,903                 | -                       | (1,545,108)                                         |
| Improvements Other than Buildings            | (266,762)                                        | (18,705)               | 1,068                  | -                       | (284,399)                                           |
| Infrastructure                               | (723,828)                                        | (29,751)               | 2,282                  | -                       | (751,297)                                           |
| Machinery and Equipment                      | (51,234)                                         | (11,603)               | 4,288                  | -                       | (58,549)                                            |
| Vehicles and Aircraft                        | (21,517)                                         | (1,793)                | 1,459                  | -                       | (21,851)                                            |
| Software and Patents                         | (6,718)                                          | (3,037)                | -                      | -                       | (9,755)                                             |
| Total Accumulated Depreciation               | <u>(2,572,607)</u>                               | <u>(190,352)</u>       | <u>92,000</u>          | <u>-</u>                | <u>(2,670,959)</u>                                  |
| Total Capital Assets being Depreciated, Net  | <u>2,504,174</u>                                 | <u>(174,437)</u>       | <u>(26,628)</u>        | <u>389,322</u>          | <u>2,692,431</u>                                    |
| Business-type Activities Capital Assets, Net | <u>\$4,990,320</u>                               | <u>\$470,379</u>       | <u>\$(241,728)</u>     | <u>\$ -</u>             | <u>\$5,218,971</u>                                  |

Depreciation has been charged to functions/programs of business-type activities as follows (in thousands):

|                                             |                   |
|---------------------------------------------|-------------------|
| Gas                                         | \$ 5,651          |
| Tidelands                                   | 19,869            |
| Harbor                                      | 137,709           |
| Non-major Business-type Funds:              |                   |
| Water                                       | 10,739            |
| Sewer                                       | 2,010             |
| Solid Waste Management                      | 4,319             |
| Airport                                     | 10,037            |
| Development Services                        | 18                |
| Total Business-type Activities Depreciation | <u>\$ 190,352</u> |

**Capitalized Interest**

The Harbor, Airport, Tidelands, Gas Fund, Water Fund and Sewer Fund capitalized interest of \$26.2 million, \$76 thousand, \$683 thousand, \$104 thousand, \$895 thousand, and \$28 thousand, respectively, in capital assets.

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**NOTE 8 – CHANGE IN LONG -TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2015 is as follows (in thousands):

|                                                              | <i>Balance at<br/>October 1,<br/>2014</i> | <i>Additions</i> | <i>Reductions</i>   | <i>Balance at<br/>September 30,<br/>2015</i> | <i>Due<br/>Within<br/>One Year</i> |
|--------------------------------------------------------------|-------------------------------------------|------------------|---------------------|----------------------------------------------|------------------------------------|
| <b><u>Governmental Activities:</u></b>                       |                                           |                  |                     |                                              |                                    |
| Bonds Payable:                                               |                                           |                  |                     |                                              |                                    |
| Revenue Bonds                                                | \$ 131,170                                | \$ -             | \$ (8,210)          | \$ 122,960                                   | \$ 8,520                           |
| Tax Allocation Bonds                                         | 303,399                                   | 155,820          | (191,804)           | 267,415                                      | 13,540                             |
| Plus (Less) Unamortized Amounts:                             |                                           |                  |                     |                                              |                                    |
| Premium                                                      | 15,127                                    | 6,522            | (3,908)             | 17,741                                       | -                                  |
| Discount                                                     | (630)                                     | -                | 475                 | (155)                                        | -                                  |
| Total Bonds Payable                                          | 449,066                                   | 162,342          | (203,447)           | 407,961                                      | 22,060                             |
| Notes Payable                                                | 6,137                                     | -                | (1,020)             | 5,117                                        | -                                  |
| Capital Leases                                               | 38,150                                    | 899              | (5,071)             | 33,978                                       | 4,229                              |
| Police and Fire Annuities                                    | 12,514                                    | 1,099            | (2,400)             | 11,213                                       | -                                  |
| Estimated Oil Field Abandonment Costs                        | 9,600                                     | 400              | -                   | 10,000                                       | -                                  |
| Environmental Remediation                                    | 3,934                                     | 4,490            | (694)               | 7,730                                        | 5,152                              |
| Accrued Self-Insured Claims                                  | 127,958                                   | 16,488           | (13,825)            | 130,621                                      | 25,671                             |
| Other Post-employment Benefits                               | 192,991                                   | 26,368           | (9,068)             | 210,291                                      | 9,057                              |
| Net Pension Liability                                        | 571,890                                   | 87,705           | (36,923)            | 622,672                                      | -                                  |
| Governmental Activities<br>Long-Term Liabilities             | <u>\$1,412,240</u>                        | <u>\$299,791</u> | <u>\$ (272,448)</u> | <u>\$ 1,439,583</u>                          | <u>\$ 66,169</u>                   |
| <b><u>Business-Type Activities:</u></b>                      |                                           |                  |                     |                                              |                                    |
| Bonds Payable:                                               |                                           |                  |                     |                                              |                                    |
| Revenue Bonds                                                | \$1,470,715                               | \$311,940        | \$ (172,525)        | \$ 1,610,130                                 | \$ 73,905                          |
| Plus (Less) Unamortized Amounts:                             |                                           |                  |                     |                                              |                                    |
| Premium                                                      | 64,312                                    | 36,503           | (14,075)            | 86,740                                       | -                                  |
| Discount                                                     | (126)                                     | -                | 28                  | (98)                                         | -                                  |
| Total Bonds Payable                                          | 1,534,901                                 | 348,443          | (186,572)           | 1,696,772                                    | 73,905                             |
| Notes, Commercial Paper<br>and Lines of Credit Payable       | 515,996                                   | 2,000            | (61,266)            | 456,730                                      | 38                                 |
| Premium                                                      | 51,891                                    | -                | (9,372)             | 42,519                                       | -                                  |
| Discount                                                     | (1)                                       | -                | -                   | (1)                                          | -                                  |
| Total Notes, Commercial Paper<br>and Lines of Credit Payable | 567,886                                   | 2,000            | (70,638)            | 499,248                                      | 38                                 |
| Capital Leases                                               | 2,215                                     | 18,000           | (463)               | 19,752                                       | 1,586                              |
| Due to State of California                                   | 48,267                                    | 71,243           | (112,638)           | 6,872                                        | 6,872                              |
| Estimated Oil Field Abandonment Costs                        | 51,400                                    | 2,500            | -                   | 53,900                                       | -                                  |
| Fair Value of Derivative                                     | 12,347                                    | 2,842            | -                   | 15,189                                       | -                                  |
| Accrued Claims Liability                                     | 6,961                                     | -                | (6,961)             | -                                            | -                                  |
| Net Pension Liability                                        | 228,814                                   | 19,712           | (4,191)             | 244,335                                      | -                                  |
| Site Restoration                                             | 1,000                                     | -                | -                   | 1,000                                        | -                                  |
| Business-Type Activities<br>Long-Term Liabilities            | <u>\$2,453,791</u>                        | <u>\$464,740</u> | <u>\$ (381,463)</u> | <u>\$ 2,537,068</u>                          | <u>\$ 82,401</u>                   |

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**NOTE 9 – BONDS PAYABLE**

At September 30, 2015, bonded indebtedness consisted of the following (in thousands):

| <i>Description</i>                          | <i>Date<br/>Issued</i> | <i>Final<br/>Maturity</i> | <i>Range of<br/>Interest Rates</i> | <i>Authorized<br/>and<br/>Issued</i> | <i>Outstanding<br/>September 30,<br/>2015</i> |
|---------------------------------------------|------------------------|---------------------------|------------------------------------|--------------------------------------|-----------------------------------------------|
| <b><u>GOVERNMENTAL ACTIVITIES</u></b>       |                        |                           |                                    |                                      |                                               |
| LEASE REVENUE BONDS:                        |                        |                           |                                    |                                      |                                               |
| LB Bond Finance Auth LBBFA 2012A            | 11/28/12               | 08/01/31                  | 4.0% - 5.0%                        | \$ 32,969                            | \$ 32,969                                     |
| LB Bond Finance Auth LBBFA 2012B            | 11/28/12               | 08/01/18                  | 1.1% - 5.0%                        | 15,120                               | 8,095                                         |
| Parks and Open Spaces                       | 11/07/06               | 05/01/31                  | 4.0% - 5.0%                        | 24,320                               | 24,320                                        |
| Premium (Discount)                          |                        |                           |                                    |                                      | 4,904                                         |
| Total General City Bonds                    |                        |                           |                                    | <u>72,409</u>                        | <u>70,288</u>                                 |
| TAX ALLOCATION BONDS:                       |                        |                           |                                    |                                      |                                               |
| Tax Allocation Bonds:                       |                        |                           |                                    |                                      |                                               |
| 1992 Multiple Series -                      |                        |                           |                                    |                                      |                                               |
| Downtown Project Refunding                  | 12/01/92               | 11/01/17                  | 5.5% - 6.0%                        | 81,020                               | 11,625                                        |
| West Long Beach Industrial                  | 12/01/92               | 11/01/17                  | 5.5% - 6.0%                        | 36,470                               | 5,240                                         |
| 2002B West Long Beach Industrial Project    | 12/05/02               | 11/01/24                  | 2.25% - 5.5%                       | 21,860                               | 12,055                                        |
| 2002B Downtown                              | 12/05/02               | 11/01/22                  | 2.25% - 5.5%                       | 25,920                               | 22,615                                        |
| 2005C Downtown Project                      | 02/01/06               | 08/01/24                  | 3.25% - 5.50%                      | 7,900                                | 6,415                                         |
| 2005C North Long Beach Project              | 02/01/06               | 08/01/31                  | 3.25% - 5.50%                      | 27,145                               | 23,730                                        |
| 2010A North Long Beach Recover Zone         | 05/12/10               | 08/01/40                  | 2.39% - 8.36%                      | 22,235                               | 22,235                                        |
| 2010B North Long Beach Build America        | 05/12/10               | 08/01/25                  | 2.39% - 8.36%                      | 10,745                               | 7,680                                         |
| 2015AB SA Tax Alloc Rev                     | 06/23/15               | 08/01/40                  | 4.00% - 5.00%                      | 155,820                              | 155,820                                       |
| Premium/Discount                            |                        |                           |                                    |                                      | 9,520                                         |
| Total Tax Allocation Bonds                  |                        |                           |                                    | <u>389,115</u>                       | <u>276,935</u>                                |
| INTERNAL SERVICE FUND BONDS:                |                        |                           |                                    |                                      |                                               |
| 2012A LB Bond Finance Authority             | 11/28/12               | 08/01/31                  | 4.0% - 5.0%                        | 21,661                               | 21,661                                        |
| 2002 Pension Obligation Refunding Bonds     | 08/15/02               | 09/01/21                  | 5.18%                              | 76,550                               | 35,915                                        |
| Premium/Discount                            |                        |                           |                                    |                                      | 3,162                                         |
| Total Internal Service Funds                |                        |                           |                                    | <u>98,211</u>                        | <u>60,738</u>                                 |
| Total Governmental Activities Bonds Payable |                        |                           |                                    | <u>\$ 559,735</u>                    | <u>\$ 407,961</u>                             |

(continued)

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| <i>Description</i>                           | <i>Date<br/>Issued</i> | <i>Final<br/>Maturity</i> | <i>Range of<br/>Interest Rates*</i> | <i>Authorized<br/>and<br/>Issued</i> | <i>Outstanding<br/>September 30,<br/>2015</i> |
|----------------------------------------------|------------------------|---------------------------|-------------------------------------|--------------------------------------|-----------------------------------------------|
| <b><u>BUSINESS-TYPE ACTIVITIES</u></b>       |                        |                           |                                     |                                      |                                               |
| <b>ENTERPRISE FUND BONDS:</b>                |                        |                           |                                     |                                      |                                               |
| Gas Utility Fund:                            |                        |                           |                                     |                                      |                                               |
| 2007A Natural Gas Purchase                   | 10/18/07               | 11/15/37                  | 4.25% - 5.5%                        | \$ 635,665                           | \$ 537,930                                    |
| 2007B Natural Gas Purchase                   | 10/18/07               | 11/15/33                  | 4.9% - 5.07%                        | 251,695                              | 69,005                                        |
| Premium/Discount                             |                        |                           |                                     |                                      | 12,918                                        |
| Total Gas Utility Fund                       |                        |                           |                                     | 887,360                              | 619,853                                       |
| Tidelands Fund:                              |                        |                           |                                     |                                      |                                               |
| 2006 Rainbow Harbor Refinancing              | 04/18/06               | 05/01/24                  | 3.375% - 5.0%                       | 50,785                               | 28,280                                        |
| 2012 Aquarium Bonds                          | 03/14/12               | 11/01/30                  | 3.5% - 5.0%                         | 102,580                              | 89,570                                        |
| 2015 Marina Revenue Bonds                    | 06/03/15               | 05/15/45                  | 4.0% - 5.0%                         | 114,015                              | 114,015                                       |
| Premium/Discount                             |                        |                           |                                     |                                      | 16,363                                        |
| Total Tidelands Fund                         |                        |                           |                                     | 267,380                              | 248,228                                       |
| Harbor Fund:                                 |                        |                           |                                     |                                      |                                               |
| 1998 Harbor                                  | 02/01/98               | 05/15/19                  | 5.0% - 6.0%                         | 206,330                              | 60,965                                        |
| 2010A Harbor                                 | 04/22/10               | 05/15/25                  | 0.4% - 5.0%                         | 200,835                              | 148,705                                       |
| 2010B Harbor                                 | 05/12/10               | 05/15/27                  | 3.0% - 5.0%                         | 158,085                              | 134,135                                       |
| 2014A Harbor                                 | 04/24/14               | 05/15/17                  | 2.0% - 5.0%                         | 38,465                               | 25,690                                        |
| 2014B Harbor                                 | 04/24/14               | 05/15/27                  | 3.0% - 5.0%                         | 20,570                               | 20,570                                        |
| 2015A Harbor                                 | 04/16/15               | 05/15/23                  | 4.0% - 5.0%                         | 44,845                               | 44,845                                        |
| 2015B Harbor                                 | 04/16/15               | 05/15/25                  | 5.0%                                | 20,130                               | 20,130                                        |
| 2015C Harbor                                 | 07/15/15               | 05/15/32                  | 5.0%                                | 66,085                               | 66,085                                        |
| 2015D Harbor                                 | 07/15/15               | 05/15/42                  | 5.0%                                | 66,865                               | 66,865                                        |
| Premium/Discount                             |                        |                           |                                     |                                      | 53,393                                        |
| Total Harbor Fund                            |                        |                           |                                     | 822,210                              | 641,383                                       |
| Non-Major Enterprise Funds:                  |                        |                           |                                     |                                      |                                               |
| 2010A Water                                  | 09/15/10               | 05/01/24                  | 3.0% - 5.0%                         | 22,740                               | 21,860                                        |
| 2012 Water                                   | 08/30/12               | 05/01/27                  | 2.0% - 5.0%                         | 9,850                                | 8,410                                         |
| 2009A Airport                                | 12/08/09               | 06/01/22                  | 4.0% - 5.0%                         | 9,795                                | 9,115                                         |
| 2009B Airport                                | 12/08/09               | 06/01/16                  | 4.0% - 5.0%                         | 6,755                                | 1,075                                         |
| 2009C Airport                                | 12/08/09               | 06/01/39                  | 7.0% - 7.8%                         | 44,890                               | 44,890                                        |
| 2010A Airport                                | 11/23/10               | 06/01/40                  | 4.0% - 5.0%                         | 48,435                               | 45,695                                        |
| 2010B Airport                                | 11/23/10               | 06/01/40                  | 3.0% - 5.0%                         | 12,965                               | 11,955                                        |
| 2003 SERRF                                   | 11/12/03               | 12/01/18                  | 4.0% - 5.375%                       | 120,235                              | 40,340                                        |
| Premium/Discount                             |                        |                           |                                     |                                      | 3,968                                         |
| Total Non-major Enterprise Funds             |                        |                           |                                     | 275,665                              | 187,308                                       |
| Total Business-Type Activities Bonds Payable |                        |                           |                                     | 2,252,615                            | 1,696,772                                     |
| Total Primary Government Bonded Indebtedness |                        |                           |                                     | \$2,812,350                          | \$2,104,733                                   |

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Debt service payments to maturity for governmental activities bonds are as follows (in thousands):

| <i>Year Ending</i> | <i>Government Funds</i> |                       | <i>Internal Service Funds</i> |                      | <i>Annual Debt Service Requirements</i> |                 |              |
|--------------------|-------------------------|-----------------------|-------------------------------|----------------------|-----------------------------------------|-----------------|--------------|
|                    | <i>Lease Revenue</i>    | <i>Tax Allocation</i> | <i>Pension Obligation</i>     | <i>Lease Revenue</i> | <i>Principal</i>                        | <i>Interest</i> | <i>Total</i> |
| 2016               | \$ 3,265                | \$ 13,540             | \$ 5,255                      | \$ -                 | \$ 22,060                               | \$ 18,628       | \$ 40,688    |
| 2017               | 3,345                   | 14,180                | 5,530                         | -                    | 23,055                                  | 17,660          | 40,715       |
| 2018               | 3,962                   | 14,530                | 5,815                         | 773                  | 25,080                                  | 16,747          | 41,827       |
| 2019               | 3,495                   | 15,300                | 6,115                         | 1,410                | 26,320                                  | 15,720          | 42,040       |
| 2020               | 3,647                   | 15,945                | 6,435                         | 1,473                | 27,500                                  | 14,570          | 42,070       |
| 2021 - 2025        | 20,905                  | 76,640                | 6,765                         | 8,500                | 112,810                                 | 55,169          | 167,979      |
| 2026 - 2030        | 22,577                  | 44,380                | -                             | 8,253                | 75,210                                  | 33,058          | 108,268      |
| 2031 - 2035        | 4,188                   | 43,935                | -                             | 1,252                | 49,375                                  | 15,354          | 64,729       |
| 2036 - 2040        | -                       | 28,965                | -                             | -                    | 28,965                                  | 4,772           | 33,737       |
| Subtotal           | 65,384                  | 267,415               | 35,915                        | 21,661               | 390,375                                 | 191,678         | 582,053      |
| Premium / Discount | 4,904                   | 9,520                 | (78)                          | 3,240                | 17,586                                  | -               | 17,586       |
| Totals             | \$ 70,288               | \$ 276,935            | \$ 35,837                     | \$ 24,901            | \$ 407,961                              | \$ 191,678      | \$ 599,639   |

In June of 2015, the Successor Agency to the Long Beach Redevelopment Agency of the City of Long Beach (the “Agency”) participated in the County of Los Angeles Redevelopment Refunding Authority (CLARRA) “County Refunding Program” as a means to provide debt service savings and to increase property tax revenues available for distribution to affected taxing entities, which includes the City of Long Beach. The Agency issued \$ 74.4 million in Tax Allocation Revenue Refunding Bonds, Series 2015A, and \$81.5 million in Tax allocation Revenue Refunding Bonds, Series 2015B, with an average interest rate of 4.5% and 3.3%, respectively.

The Series A Bonds were issued to refund certain former Redevelopment Agency’ outstanding obligations consisting of: a portion of the 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project); a portion of the 2002 Tax Allocation Bonds (North Long Beach Redevelopment Project); all of the 2002 Tax Allocation Bonds (West Beach Redevelopment Project); a portion of the West Long Beach Industrial Redevelopment Project Tax Allocation Refunding Bonds Series 2002 A; a portion of the 2005 Tax Allocation Bonds (Central Long Beach Redevelopment Project); all of the 2005 Tax Allocation Bonds (Los Altos Redevelopment Project); all of the 2005 Tax Allocation Bonds (West Beach Redevelopment Project); and a portion of the 2005 Tax allocation Series A Refunded Bonds (North Long Beach Project); (collectively, the “Series A Refunded Bonds”). The Series A Refunded Bonds were outstanding in the aggregate principal amount (including accreted value) of \$95.5 million as of August 1, 2014.

The Series B Bonds were issued to refund certain former Redevelopment Agency’ outstanding obligations consisting of: the remaining portion of the 2005 Tax Allocation Bonds (Central Long Beach Redevelopment Project); all of the 2005 Tax Allocation Bonds (Housing Projects); the remaining portion of the 2005 Tax Allocation Bonds (North Long Beach Redevelopment Project); (collectively, the “Series B Refunded Bonds”). The Series B Refunded Bonds were currently outstanding in the aggregate principal amount of \$90.2 million.

The refunding resulted in an accounting gain of \$2.7 million, which will be recognized over the life of the bonds. Aggregate debt service decreased by \$63.2 million, thereby resulting in an economic gain of \$20.0 million.

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Advance Refundings

In December 2002, the Agency issued \$47.8 million in LBBFA Downtown and West Long Beach Industrial Redevelopment Project Areas 2002 Series B Tax Allocation Revenue Bonds (Series B bonds). These 2002 Series B bonds were issued (a) to refund \$25.7 million of the outstanding Series 1992A Downtown and West Long Beach Industrial Bonds with interest rates ranging from 0.0 percent to 6.0 percent, (b) to repay certain amounts owed by the Agency to the Harbor, (c) to make a deposit to the reserve account and (d) to pay certain issuance costs for the 2002 Series B bonds. The 2002 Series B interest rates range from 2.0 percent to 5.5 percent for the West Long Beach Industrial Project and 2.3 percent to 5.5 percent for Downtown Project.

In February 2006, the Agency issued \$35.0 million in LBBFA Tax Allocation Revenue Bonds Downtown and North Long Beach Redevelopment Project Areas 2005 Series C bonds (Series C bonds). The Series C bonds were issued to (a) purchase a portion of the outstanding Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) and (b) the outstanding Redevelopment Agency of the City of Long Beach 2002 Tax Allocation bonds (North Long Beach Redevelopment Project) in order to advance refund a portion of the outstanding LBBFA Tax Allocation Revenue Bonds (Downtown, North Long Beach, Poly High, and West Beach Redevelopment Project Areas) 2002 Series A and to finance certain Agency projects within or of benefit to the Downtown Project Area. The interest rates for the Series C bonds range from 3.3 percent to 5.5 percent.

Debt service payments to maturity for business-type activities bonds are as follows (in thousands):

| <i>Year Ending</i> | <i>Enterprise Funds</i> |                  |               |              | <i>Annual Debt Service Requirements</i> |                 |              |
|--------------------|-------------------------|------------------|---------------|--------------|-----------------------------------------|-----------------|--------------|
|                    | <i>Major Funds</i>      |                  |               | <i>Non</i>   | <i>Principal</i>                        | <i>Interest</i> | <i>Total</i> |
|                    | <i>Gas</i>              | <i>Tidelands</i> | <i>Harbor</i> | <i>Major</i> |                                         |                 |              |
|                    | <i>Utility</i>          |                  |               | <i>Funds</i> |                                         |                 |              |
| 2016               | \$ 7,150                | \$ 6,930         | \$ 45,360     | \$ 14,465    | \$ 73,905                               | \$ 79,727       | \$ 153,632   |
| 2017               | 8,120                   | 7,200            | 44,905        | 15,160       | 75,385                                  | 78,189          | 153,574      |
| 2018               | 8,925                   | 8,270            | 47,190        | 15,885       | 80,270                                  | 74,483          | 154,753      |
| 2019               | 10,290                  | 8,700            | 45,965        | 16,690       | 81,645                                  | 70,478          | 152,123      |
| 2020               | 11,905                  | 9,185            | 37,300        | 6,065        | 64,455                                  | 66,532          | 130,987      |
| 2021 - 2025        | 95,610                  | 50,545           | 213,515       | 31,780       | 391,450                                 | 278,873         | 670,323      |
| 2026 - 2030        | 137,675                 | 49,875           | 70,500        | 23,595       | 281,645                                 | 186,938         | 468,583      |
| 2031 - 2035        | 108,945                 | 29,170           | 33,145        | 27,960       | 199,220                                 | 126,967         | 326,187      |
| 2036 - 2040        | 218,315                 | 27,235           | 34,010        | 31,740       | 311,300                                 | 45,930          | 357,230      |
| 2041 - 2045        | -                       | 34,755           | 16,100        | -            | 50,855                                  | 6,600           | 57,455       |
| Subtotal           | 606,935                 | 231,865          | 587,990       | 183,340      | 1,610,130                               | 1,014,717       | 2,624,847    |
| Premium / Discount | 12,918                  | 16,363           | 53,393        | 3,968        | 86,642                                  | -               | 86,642       |
| Totals             | \$619,853               | \$248,228        | \$641,383     | \$187,308    | \$1,696,772                             | \$1,014,717     | \$2,711,489  |

In May of 2015 the City issued \$66.1 million of Harbor Revenue Bonds Series 2015C, (the 2015C Bonds), to (a) pay and/or reimburse the Harbor for capital expenditures incurred or to be incurred including, but not limited to, terminal development projects at Piers D/E/F (Middle Harbor), Pier G, various environmental, dredging, security, safety, rail, buildings, and related facility improvements and (b) paying the financing costs and the costs of issuing the bonds. The 2015C Bonds mature on May 15 of each year from 2026 to 2032 in amounts ranging from \$6.9 million to \$16.8 million with interest

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payable semiannually at coupon rates of 5.0%. The 2015C Bonds are subject to redemption prior to maturity. The bonds are secured by the Harbor gross revenues.

In July of 2015 the City issued \$66.7 million of Harbor Revenue Bonds Series 2015D, (the 2015D Bonds) to (a) pay and/or reimburse the Harbor for capital expenditures incurred or to be incurred including, but not limited to, terminal development projects at Piers D/E/F (Middle Harbor), Pier G, various environmental, dredging, security, safety, rail, buildings, and related facility improvements and (b) paying the financing costs and the costs of issuing the bonds. The 2015D bonds will mature on May 15 of each year from 2033 to 2037 in amounts ranging from \$5.3 million to \$6.5 million with interest payable semiannually at coupon rates of 5.0%. The 2015D Bonds are subject to redemption prior to maturity. The bonds are secured by the Harbor gross revenues.

Tidelands

In May of 2015, the City issued \$114.0 million Marina Revenue Bonds. The Bonds were issued to provide funds to (a) finance improvements to the Alamitos Bay Marina (the "Project "), (b) prepay certain existing loans from the State Department of Parks and Recreation, Division of Boating and Waterways, (c) fund a portion of capitalized interest on the Bonds during the Project construction, (d) fund a reserve fund, and (e) pay the costs of issuance of the Bonds. The 2015 bonds will mature on May 15 of each year from 2018 to 2045 in amounts ranging from \$1.3 million to \$7.6 million with interest payable semiannually at coupon rates of 5.0%. The Bonds are payable from the net revenues of the Marina.

Harbor Revenue Refunding Bonds

In April of 2015 the City issued \$65.0 million of Harbor Revenue Refunding Bonds Series 2015A, and 2015B (taxable), (the 2015AB Bonds), to (a) current refund and/or defease all or a portion of the Series 2005 Senior Bonds, and (b) pay the costs of issuing the 2015 Bonds. The refunding resulted in an accounting loss of \$2.3 million which has been recorded as a deferred inflow to be amortized over the life of the bonds. The 2015AB bonds will mature on May 15 of each year from 2017 to 2025 in amounts ranging from \$1.4 million to \$16.8 million with interest payable semiannually at coupon rates of 5.0%. The bonds are not subject to redemption prior to maturity and they are secured by the Harbor gross revenues.

Pledged Revenues

The Agency has pledged a portion of property tax revenues attributable to the Project Areas of the former Redevelopment Agency to repay tax allocation bonds issued in between 1992 and 2015. The bonds were issued to finance either redevelopment activities within various project areas or to refinance existing debt that was originally issued for the same purpose. Property tax revenues attributable to the Project Areas of the former Redevelopment Agency are projected to produce 100 percent of the debt service requirements over the life of the bonds. As of September 30, 2015, total principal and interest requirement for the bonds is \$414.8 million (\$267.4 million for principal and \$147.4 for interest), payable semiannually through 2040. For the current year, principal and interest paid and tax increment revenues received were \$18.9 million and \$12.0 million.

Special Assessment Debt

The City serves as the facilitating agent for a number of no-obligation special assessment debt issues. Funding from these issues has been used to improve streets and other City infrastructure, as well as assisting City residents and businesses with the cost of major structural repairs and installation of seismic resistant improvements to their properties. The City has no obligation to service the debt

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on these special assessment issues; therefore, no liability has been recorded in the City's books for the special assessment debt.

At September 30, 2015, aggregate special assessment debt issued through the City consisted of eight issues and is summarized as follows:

|                                                |                            |
|------------------------------------------------|----------------------------|
| • Dates Issued:                                | 7/11/02 – 6/15/10          |
| • Final Maturities:                            | 10/01/25 – 10/1/40         |
| • Range of Interest Rates:                     | 2.0% – 6.30%               |
| • Amounts Authorized and Issued:               | \$1,060,000 – \$43,000,000 |
| • Range of Amounts Outstanding:                | \$875,000 – \$34,155,000   |
| • Aggregate Outstanding at September 30, 2015: | \$58,705,000               |

The proceeds from special assessment debt issued for City infrastructure improvements are usually accounted for in the General Capital Projects Fund. The proceeds from special assessment debt issued for the Pike Public Improvements are accounted for in the Tidelands Fund. Special assessment revenues used to repay these debt issues are accounted for in Agency Funds.

Pike Public Improvements

In June 2002, the City of Long Beach Community Facilities District No. 6 issued \$43.0 million of 2002 Special Tax Bonds (Pike Public Improvement Bonds) under the provisions of the Mello-Roos Community Facilities Act of 1982. The Pike Public Improvement Bonds were issued (a) to finance a portion of the costs of the acquisition, construction, installation, and equipping of various public capital improvements in the Pike Development Project adjacent to downtown Long Beach. A substantial portion of the proceeds were applied to finance the cost of a parking structure. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The debt is payable from special tax revenues levied on the property within the district.

CFD No. 2007-2 (Belmont Shore) 2009 Special Tax Bonds

In December 2009, Community Facilities District No. 2007-2 (Belmont Shore) issued \$3.7 million of Special Tax Bonds. The Bonds are payable solely from proceeds of a special assessment tax to be levied annually on land within the district and certain pledged Belmont Shore area parking meter revenues. Proceeds will be used to finance a new City parking lot in the Belmont Shore area and to finance other improvements to enhance parking. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The Bonds will mature in October 2040 and carry interest rates ranging from 2.0 percent to 6.0 percent.

Toledo Utility Underground

In June 2010, Assessment District No. 08-01 (the Toledo Utility Undergrounding) issued \$1.1 million of Limited Obligation Improvement Bonds. The Bonds were issued under the provisions of the City Code, and where applicable, the Improvement Bond Act of 1915, which is a Division 10 of the California Streets and Highways Code. The Bonds are secured by the tax assessments levied against parcels within the District. Proceeds will be used to finance the costs of certain undergrounding of overhead electrical, telephone, and cable facilities between Second Street and the Geneva Walkway in the City. The Bonds will mature in September 2030 and bear interest rates from 2.0 percent to 5.5 percent.

Such bonds described above do not constitute indebtedness of the City. The City is in no way obligated for their repayment and is only acting on behalf of the bond owners in collecting the assessments and special taxes from the property owners, forwarding the collections to the bond owners,

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and initiating foreclosure proceedings, when necessary. Accordingly, these special assessment bonds payable have been excluded from the accompanying basic financial statements.

**Conduit Debt**

The bond issues described below do not constitute general obligations of either the City, the Authority, or the Agency. There is no legal or ethical obligation on the part of the City to make debt service payments on the conduit debt issues. Likewise, the City has no responsibility for bond administration, as the issues are completely administered by independent trustees. Accordingly, these programs and issues have been excluded from the accompanying basic financial statements.

Bonds have been issued in the City's name for Carnival Cruises to facilitate construction of pier and wharf improvements for a cruise line docking in the tidelands area adjacent to the Queen Mary. The bonds are payable by a tariff assessed to Carnival Cruises.

Several multi-family mortgage bonds have been issued under the auspices of the Authority and the Agency. These issues provided for the financing of acquisitions and construction of an apartment complex. The resulting bonds are not obligations of the City and only constitute special limited obligations of the Authority and the Agency and are payable solely from the revenue and assets of the homeowner obtaining funding under this program.

At September 30, 2015, the City's Conduit Debt outstanding consisted of the following (in thousands):

| <i>Description</i>             | <i>Final<br/>Maturity</i> | <i>Amount<br/>Authorized</i> | <i>Outstanding at<br/>September 30,<br/>2015</i> |
|--------------------------------|---------------------------|------------------------------|--------------------------------------------------|
| Carnival Bonds                 | 2030                      | \$ 30,000                    | \$ 26,275                                        |
| Grisham Housing Bonds Series A | 2035                      | 10,245                       | 1,176                                            |
| Total Conduit Debt             |                           | <u>\$ 40,245</u>             | <u>\$ 27,451</u>                                 |



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**NOTE 10 – NOTES, COMMERCIAL PAPER NOTES, AND OTHER LONG-TERM OBLIGATIONS**

At September 30, 2015, the City had notes and installments payable, certificates of participation, commercial paper, and other long-term obligations, which consisted of the following (in thousands):

**Successor Agency Fund Loans**

The Agency has an agreement with the Los Angeles County Office of Education and the County of Los Angeles (County Entities) whereby the County Entities' share of the net tax increment revenue generated by the Los Altos Project area shall be deferred through 2020. The deferral accrues simple interest at a rate of 3.8%. The outstanding balance of the deferral and any interest accrued thereon are due prior to the termination of the project area, which is 2031. The balance of the deferral at September 30, 2015 totaled \$5.1 million.

| <i><b>Description</b></i>                                        | <i><b>Date Issued</b></i> | <i><b>Final Maturity</b></i> | <i><b>Range of Interest Rates</b></i> | <i><b>Authorized and Issued</b></i> | <i><b>Outstanding at September 30, 2015</b></i> |
|------------------------------------------------------------------|---------------------------|------------------------------|---------------------------------------|-------------------------------------|-------------------------------------------------|
| <b><u>GOVERNMENTAL ACTIVITIES</u></b>                            |                           |                              |                                       |                                     |                                                 |
| NOTES PAYABLE:                                                   |                           |                              |                                       |                                     |                                                 |
| Successor Agency Fund:                                           |                           |                              |                                       |                                     |                                                 |
| Los Angeles County                                               | 01/21/92                  | 12/10/31                     | 3.75%                                 | \$ 5,117                            | \$ 5,117                                        |
| ANNUITY OBLIGATION:                                              |                           |                              |                                       |                                     |                                                 |
| General Fund:                                                    |                           |                              |                                       |                                     |                                                 |
| Police and Fire Annuity                                          | N/A                       | N/A                          | N/A                                   | 37,600                              | 11,213                                          |
| Governmental Activities Notes and Annuity Obligation             |                           |                              |                                       | <u>\$ 42,717</u>                    | <u>\$ 16,330</u>                                |
| <b><u>BUSINESS-TYPE ACTIVITIES</u></b>                           |                           |                              |                                       |                                     |                                                 |
| NOTES PAYABLE:                                                   |                           |                              |                                       |                                     |                                                 |
| Tidelands Fund:                                                  |                           |                              |                                       |                                     |                                                 |
| State of Calif DBAW - Lighthouse                                 | 06/23/00                  | 08/01/30                     | 4.5%                                  | 700                                 | 457                                             |
| Southern Calif Edison Project 2417                               | 04/06/12                  | 10/20/21                     | 0.0%                                  | 13                                  | 9                                               |
| Southern Calif Edison Project 2419                               | 08/15/13                  | 06/15/16                     | 0.0%                                  | 56                                  | 14                                              |
| Premium/Discount                                                 |                           |                              |                                       |                                     | (1)                                             |
| Total Tidelands Fund                                             |                           |                              |                                       | <u>769</u>                          | <u>479</u>                                      |
| Harbor Fund:                                                     |                           |                              |                                       |                                     |                                                 |
| Line of Credit                                                   | 07/16/13                  | 07/29/16                     | Variable                              | 200,000                             | 120,000                                         |
| Harbor Short Term Note 2014c                                     | 06/12/14                  | 11/15/18                     | Variable                              | 325,000                             | 325,000                                         |
| Premium/Discount                                                 |                           |                              |                                       |                                     | 42,519                                          |
| Total Harbor Fund                                                |                           |                              |                                       | <u>525,000</u>                      | <u>487,519</u>                                  |
| Sewer Fund:                                                      |                           |                              |                                       |                                     |                                                 |
| Revolving Line of Credit                                         | 05/05/11                  | 05/26/17                     | 0.88-0.92%                            | 20,000                              | 11,250                                          |
| Business-type Activities Notes and Certificates of Participation |                           |                              |                                       | <u>\$ 545,769</u>                   | <u>\$ 499,248</u>                               |

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Debt service requirements for governmental activities notes payable and the funds from which payments will be made are as follows (in thousands):

| <i><b>Governmental Activities</b></i> |                                             |                                                |                        |                     |
|---------------------------------------|---------------------------------------------|------------------------------------------------|------------------------|---------------------|
| <i><b>Year ending</b></i>             | <i><b>Successor<br/>Agency<br/>Fund</b></i> | <i><b>Annual Debt Service Requirements</b></i> |                        |                     |
|                                       |                                             | <i><b>Principal</b></i>                        | <i><b>Interest</b></i> | <i><b>Total</b></i> |
| 2016                                  | \$ -                                        | \$ -                                           | \$ -                   | \$ -                |
| 2017                                  | -                                           | -                                              | -                      | -                   |
| 2018                                  | -                                           | -                                              | -                      | -                   |
| 2019                                  | -                                           | -                                              | -                      | -                   |
| 2020                                  | -                                           | -                                              | -                      | -                   |
| 2031 - 2035                           | 5,117                                       | 5,117                                          | -                      | 5,117               |
| Totals                                | \$ 5,117                                    | \$ 5,117                                       | \$ -                   | \$ 5,117            |

**Police and Fire Annuity Obligation Program**

The City administers a Police and Fire Annuity Program (Program) under the City Charter Section 187. Enrollment in the program was terminated in 1945. The terminated Program covers a diminishing number of public safety retirees or their surviving spouses. Total expenditures amounted to \$2.4 million for the fiscal year ended September 30, 2015. Program benefits are funded when required to be paid and there are no assets of the Program. At September 30, 2015, The City's accrued program liability was \$11.3 million and there were 31 participants remaining in the program.

The current year change in the accrued liability comprises the following (in thousands):

|                                                      |                  |
|------------------------------------------------------|------------------|
| Accrued Program Liability at October 1, 2014         | \$ 12,514        |
| Increase (Decrease) During the Year Attributable to: |                  |
| Benefits Paid                                        | (2,400)          |
| Estimated Change in Annualized Value of Benefits     | 1,099            |
| Accrued Program Liability at September 30, 2015      | <u>\$ 11,213</u> |

The number of program participants diminishes each year. Since 2006, the number of program participants has been reduced by 75 individuals. The following table presents additional information for the Program (dollars in thousands):

| <i><b>Year ending</b></i> | <i><b>Number of<br/>Participants</b></i> | <i><b>Annuity<br/>Benefits Paid</b></i> | <i><b>Accrued<br/>Program Liability</b></i> |
|---------------------------|------------------------------------------|-----------------------------------------|---------------------------------------------|
| 2006                      | 106                                      | \$4,589                                 | \$29,896                                    |
| 2007                      | 81                                       | 4,277                                   | 27,432                                      |
| 2008                      | 75                                       | 3,930                                   | 24,775                                      |
| 2009                      | 67                                       | 3,721                                   | 21,494                                      |
| 2010                      | 62                                       | 3,425                                   | 19,038                                      |
| 2011                      | 53                                       | 3,044                                   | 16,234                                      |
| 2012                      | 49                                       | 3,260                                   | 14,224                                      |
| 2013                      | 43                                       | 3,067                                   | 14,183                                      |
| 2014                      | 38                                       | 2,826                                   | 12,514                                      |
| 2015                      | 31                                       | 2,400                                   | 11,213                                      |

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Business-Type Activities

Future debt service payments under various notes payable for the City's business-type activities are as follows (in thousands):

| <i>Year ending</i>   | <i>Business-Type Activities</i>   |               |              |                                         |                 |              |
|----------------------|-----------------------------------|---------------|--------------|-----------------------------------------|-----------------|--------------|
|                      | <i>Principal Payments by Fund</i> |               |              | <i>Annual Debt Service Requirements</i> |                 |              |
|                      | <i>Tidelands</i>                  | <i>Harbor</i> | <i>Sewer</i> | <i>Principal</i>                        | <i>Interest</i> | <i>Total</i> |
| 2016                 | \$ 38                             | \$ -          | \$ -         | \$ 38                                   | \$ 15,664       | \$ 15,702    |
| 2017                 | 25                                | -             | -            | 25                                      | 15,663          | 15,688       |
| 2018                 | 26                                | 120,000       | 11,250       | 131,276                                 | 15,662          | 146,938      |
| 2019                 | 27                                | 325,000       | -            | 325,027                                 | 7,839           | 332,866      |
| 2020                 | 28                                | -             | -            | 28                                      | 16              | 44           |
| 2021 - 2025          | 150                               | -             | -            | 150                                     | 63              | 213          |
| 2026 - 2030          | 186                               | -             | -            | 186                                     | 26              | 212          |
| Subtotal             | 480                               | 445,000       | 11,250       | 456,730                                 | 54,933          | 511,663      |
| Premium/<br>Discount | (1)                               | 42,519        | -            | 42,518                                  | -               | 42,518       |
| Totals               | \$ 479                            | \$ 487,519    | \$ 11,250    | \$ 499,248                              | \$ 54,933       | \$ 554,181   |

Tidelands Loans

The Tidelands Fund entered into a loan agreement with the Department of Boating and Waterways for construction and improvements to the lighthouse with a harbormaster's office, with an authorized and issued amount of \$700 thousand as of September 30, 2015. The amount outstanding at September 30, 2015 is \$457 thousand.

During fiscal years 2012 and 2013, the City entered into a loan agreement with Southern California Edison (SCE) to fund municipal energy efficiency projects. The amount outstanding at September 30, 2015 is \$23 thousand.

Subordinate Sewer Revolving Line of Credit

During fiscal year 2011, the Water Department entered into an agreement with Wells Fargo Bank to provide a Revolving Line of Credit (LOC) in an amount not to exceed \$20.0 million. Obligations under the LOC are secured by and payable from a subordinate lien upon the City's Sewer Enterprise net revenues. The Line of Credit was originally for a term of three years but was extended by an additional three years to May 26, 2017. The LOC was secured to pay the outstanding principal on Senior Sewer Revenue Commercial Paper Notes and to continue to provide interim financing of sewer system improvements and sewer pipe rehabilitation and replacement programs.

In May 2011, the Department drew \$6.0 million on the Revolving LOC to retire \$4.0 million of outstanding Sewer Revenue Commercial Paper notes and fund \$2.0 million in sewer system improvements. In September 2013, the Department drew \$3.8 million on the Revolving LOC to fund sewer system improvements. In August of 2015, the Department drew \$1.5 million on the Revolving LOC to fund sewer system improvements.

Interest rates are based on 70 percent of the LIBOR plus an applicable margin, and can be designated as fixed or variable for one-month, three-month, or six-month interest periods. Interest rates have ranged from 0.8 percent to 1.1 percent. At September 30, 2015, the total outstanding balance for the line of credit was \$11.3 million.

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Harbor Revolving Lines of Credit

In July 2013, the Harbor authorized the issuance and/or incurrence of \$200.0 million Subordinate Harbor Revenue Revolving Obligations.

Bank of America will provide a tax-exempt revolving line of credit that will allow the Harbor to borrow up to \$78.0 million at any one time. The interest rate for the Subordinate Harbor Revenue Revolving Obligations Series A (Tax Exempt) will be based on the Harbor choice of a percentage of the daily, one-month, two-month, three-month, or six-month LIBOR. At September 30, 2015, the outstanding balance on this LOC was \$50.0 million.

Union Bank will provide two revolving lines of credit (a tax-exempt revolving LOC and a taxable revolving LOC) that will allow the Harbor to borrow up to \$122.0 million at any one time. Interest rates for both the Subordinate Harbor Revenue Revolving Obligation Series B (Tax Exempt) and the Subordinate Harbor Revenue Revolving Obligation Series C (Taxable) will be based on a percentage of the one-month LIBOR rate. At September 30, 2015, the outstanding balance on this LOC was \$70.0 million.

The revolving LOCs will be available for three years (unless the revolving line of credit is terminated earlier or extended pursuant to its terms). Any amounts borrowed are secured with a subordinate lien on the Harbor revenues.

Harbor Revenue Short-Term Notes

In June 2014, the City issued \$325.0 million of Harbor Revenue Short/Term Notes Series 2014C, (a) to finance and refinance a portion of the costs of the Gerald Desmond Bridge Replacement Project, (b) to fund capital interest on the Series 2014C Senior Notes through November 15, 2018, (c) to repay \$20.0 million aggregate principal amount of outstanding Subordinate Revolving Obligations that were originally issued to finance cost of the Gerald Desmond Bridge Replacement Project, and (d) to pay the costs of issuance of the Series 2014C Senior Notes.

The Series 2014C Senior Notes are secured by a pledge of revenues and funds of the Harbor Department. The Notes bear interest payable semiannually and will mature on November 2018.

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**NOTE 11 – LEASING ARRANGEMENTS**

The City has various capital leasing arrangements as follows (in thousands):

| <i>Description</i>                        | <i>Date Issued</i> | <i>Final Maturity</i> | <i>Range of Interest Rates</i> | <i>Authorized and Issued</i> | <i>Outstanding at September 30, 2015</i> |
|-------------------------------------------|--------------------|-----------------------|--------------------------------|------------------------------|------------------------------------------|
| <b><u>GOVERNMENTAL ACTIVITIES:</u></b>    |                    |                       |                                |                              |                                          |
| General Fund:                             |                    |                       |                                |                              |                                          |
| City Light and Power (a)                  | 05/29/96           | 10/31/19              | 8.73%                          | \$ 20,968                    | \$ 8,232                                 |
| Ambulances (b)                            | 03/24/10           | 03/24/16              | 3.08%                          | 988                          | 89                                       |
| Modular Trailers (c)                      | 11/15/11           | 11/15/16              | 1.94%                          | 302                          | 73                                       |
| Digital X-Ray (d)                         | 03/30/12           | 03/15/19              | 2.06%                          | 311                          | 161                                      |
| Tasers and Accessories (e)                | 08/26/14           | 08/26/19              | 3.53%                          | 1,012                        | 414                                      |
| Total General Fund                        |                    |                       |                                | <u>23,581</u>                | <u>8,969</u>                             |
| Internal Service Funds:                   |                    |                       |                                |                              |                                          |
| Civic Center Fund:                        |                    |                       |                                |                              |                                          |
| Civic Center Projects (f)                 | 08/13/10           | 04/01/27              | 4.30%                          | <u>31,450</u>                | <u>23,425</u>                            |
| Total Civic Center Fund                   |                    |                       |                                | <u>31,450</u>                | <u>23,425</u>                            |
| General Services Fund:                    |                    |                       |                                |                              |                                          |
| Virtual Storage Platform (g)              | 06/06/12           | 06/15/17              | 1.89%                          | 261                          | 94                                       |
| Personal Computers (h)                    | 07/20/12           | 07/15/16              | 1.85%                          | 1,100                        | 236                                      |
| Personal Computers & Equipment (i)        | 11/14/13           | 11/15/17              | 1.80%                          | 939                          | 517                                      |
| Computer Equipment and Servers (j)        | 11/26/14           | 12/15/18              | 1.93%                          | <u>900</u>                   | <u>737</u>                               |
| Total General Services Fund               |                    |                       |                                | <u>3,200</u>                 | <u>1,584</u>                             |
| Total Governmental Activities Leases      |                    |                       |                                | <u>\$ 58,231</u>             | <u>\$ 33,978</u>                         |
| <b><u>BUSINESS-TYPE ACTIVITIES:</u></b>   |                    |                       |                                |                              |                                          |
| Gas Utility Fund:                         |                    |                       |                                |                              |                                          |
| Utility Customer Information Software (k) | 09/15/11           | 09/15/18              | 2.06%                          | \$ 3,025                     | \$ 1,350                                 |
| Advanced Metering Infrastructure (l)      | 08/03/15           | 05/01/30              | 2.40%                          | <u>18,000</u>                | <u>18,000</u>                            |
| Tidelands Fund:                           |                    |                       |                                |                              |                                          |
| Convention Center (m)                     | 10/01/05           | 10/01/25              | 4.99%                          | <u>649</u>                   | <u>402</u>                               |
| Total Business-type Activities Leases     |                    |                       |                                | <u>\$ 21,674</u>             | <u>\$ 19,752</u>                         |

- (a) The City entered into a capital lease agreement in May 1996 to improve and replace the street lighting infrastructure in the City. The lease amount varies by year ranging from \$57 thousand per month at inception to \$169 thousand per month from year six through year 25.
- (b) In March 2010, the City financed the purchase of ambulances through a capital lease with monthly installments of \$15 thousand through March 2016.
- (c) In November 2011, the City entered into a capital lease agreement to finance the acquisition of five modular trailers to provide office and meeting space in several City parks. The lease is payable in monthly installments of \$5 thousand through November 2016.
- (d) The City entered into capital lease agreement in March 2012 to finance the acquisition of a digital x-ray system for use by the Health and Human Services Department. Monthly installments of \$4 thousand are due through March 2019.

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- (e) The City entered into a capital lease agreement for the purchase of tasers and accessories. The lease is payable in annual installments of \$ 1.0 million through August 2019.
- (f) The City entered into a private placement capital lease to redeem the 1997 Series A Lease Revenue and Refunding Bonds. The original bonds were used for Civic Center complex capital projects. The advanced refunding resulted in an accounting loss of \$1.3 million and an economic gain of \$1.2 million. The City pays annual debt service payment of approximately \$2.6 million per annum through 2027.
- (g) In June 2012, the City entered into a capital lease agreement to replace computer servers. Lease payments are \$5 thousand a month through June 2017.
- (h) The City entered into a capital lease agreement for the purchase of personal computers in July 2012. The lease is payable in monthly installments of \$24 thousand through July 2016.
- (i) The City entered into a capital lease agreement for the purchase of computers, computer-related equipment, and servers in November 2013. The lease is payable in monthly installments of \$20 thousand through November 2017.
- (j) The City entered into a capital lease agreement for the purchase of computers, computer-related equipment, and servers in November 2014. The lease is payable in monthly installments of \$19 thousand through December 2018.

Aggregate future debt service payments under the City's governmental activities capital leases are as follows (in thousands):

| <i>Governmental Activities</i> |                                   |                     |                         |                                         |                 |                  |
|--------------------------------|-----------------------------------|---------------------|-------------------------|-----------------------------------------|-----------------|------------------|
| <i>Year ending</i>             | <i>Principal Payments by Fund</i> |                     |                         | <i>Annual Debt Service Requirements</i> |                 |                  |
|                                | <i>General</i>                    | <i>Civic Center</i> | <i>General Services</i> | <i>Principal</i>                        | <i>Interest</i> | <i>Total</i>     |
| 2016                           | \$ 1,912                          | \$ 1,570            | \$ 747                  | \$ 4,229                                | \$ 1,668        | \$ 5,897         |
| 2017                           | 1,969                             | 1,645               | 508                     | 4,122                                   | 1,432           | 5,554            |
| 2018                           | 2,092                             | 1,730               | 271                     | 4,093                                   | 1,186           | 5,279            |
| 2019                           | 2,996                             | 1,810               | 58                      | 4,864                                   | 937             | 5,801            |
| 2020                           | -                                 | 1,900               | -                       | 1,900                                   | 697             | 2,597            |
| 2021 - 2025                    | -                                 | 10,965              | -                       | 10,965                                  | 2,163           | 13,128           |
| 2026 - 2030                    | -                                 | 3,805               | -                       | 3,805                                   | 165             | 3,970            |
| Totals                         | <u>\$ 8,969</u>                   | <u>\$ 23,425</u>    | <u>\$ 1,584</u>         | <u>\$ 33,978</u>                        | <u>\$ 8,248</u> | <u>\$ 42,226</u> |

- (k) The City entered into a capital lease agreement for the purchase and implementation of a utility customer information system in September 2011. The lease is payable in monthly installments of \$39 thousand through September 2018.
- (l) The City entered into a capital lease agreement for the purchase and implementation of an Advanced Metering Infrastructure (AMI) in August 2015. The lease is payable in monthly installments of \$713 thousand through May 2030.
- (m) The City entered into a capital lease agreement to finance the installation of a surface membrane to the Convention Center roof. The lease is payable in annual installments of \$52 thousand through October 2025.

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Annual debt service requirements to maturity for business-type activities capital leases are as follows (in thousands):

| <i><b>Business-type Activities</b></i> |                                          |                         |                                                |                        |                     |
|----------------------------------------|------------------------------------------|-------------------------|------------------------------------------------|------------------------|---------------------|
| <i><b>Year ending</b></i>              | <i><b>Principal Payments by Fund</b></i> |                         | <i><b>Annual Debt Service Requirements</b></i> |                        |                     |
|                                        | <i><b>Gas Utility</b></i>                | <i><b>Tidelands</b></i> | <i><b>Principal</b></i>                        | <i><b>Interest</b></i> | <i><b>Total</b></i> |
| 2016                                   | \$ 1,554                                 | \$ 32                   | \$ 1,586                                       | \$ 358                 | \$ 1,944            |
| 2017                                   | 1,478                                    | 34                      | 1,512                                          | 432                    | 1,944               |
| 2018                                   | 1,512                                    | 35                      | 1,547                                          | 396                    | 1,943               |
| 2019                                   | 1,078                                    | 37                      | 1,115                                          | 364                    | 1,479               |
| 2020                                   | 1,104                                    | 39                      | 1,143                                          | 336                    | 1,479               |
| 2021 - 2025                            | 5,936                                    | 225                     | 6,161                                          | 1,237                  | 7,398               |
| 2026 - 2030                            | 6,688                                    | -                       | 6,688                                          | 449                    | 7,137               |
| Totals                                 | <u>\$ 19,350</u>                         | <u>\$ 402</u>           | <u>\$ 19,752</u>                               | <u>\$ 3,572</u>        | <u>\$ 23,324</u>    |

The City is the lessor for a number of operating lease agreements. Future rental income under non-cancelable operating leases having an initial term in excess of one year is as follows (in thousands):

| <i><b>Year ending</b></i> | <i><b>Total</b></i> |
|---------------------------|---------------------|
| 2016                      | \$ 337,903          |
| 2017                      | 355,952             |
| 2018                      | 354,530             |
| 2019                      | 353,557             |
| 2020                      | 347,386             |
| 2021 - 2025               | 1,381,238           |
| 2026 - 2030               | 720,572             |
| 2031 - 2035               | 343,447             |
| 2036 - 2040               | 931,991             |
| 2041 - 2045               | 65,852              |
| 2046 - 2050               | 66,870              |
| 2051 - 2055               | 45,515              |
| 2056 - 2060               | 25,854              |
| 2061 - 2065               | 25,040              |
| 2066 - 2070               | 16,436              |
| 2071 - 2075               | 6,296               |
| 2076 - 2080               | 5,812               |
| 2081 - 2085               | 4,066               |
| Total                     | <u>\$ 5,388,317</u> |

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**NOTE 12 – DERIVATIVE INSTRUMENTS**

At September 30, 2015, the City had the following hedging derivative instruments outstanding within business-type activities:

| <i>Type</i>                  | <i>Objective</i>                                                                                                   | <i>Notional Amount</i>           | <i>Effective Date</i> | <i>Various Maturity Dates to:</i> | <i>Terms</i>                                                  |
|------------------------------|--------------------------------------------------------------------------------------------------------------------|----------------------------------|-----------------------|-----------------------------------|---------------------------------------------------------------|
| Pay-Fixed Interest Rate Swap | To reduce the risks associated with the change in interest rates related to the 2007 Series B Variable-rate Bonds. | \$69.0 million                   | 11/18/2007            | 11/15/2033                        | Receive 67% LIBOR plus 1.432%, pay fixed at 4.931%            |
| Commodity Forward Contract   | To hedge against a reduction in revenues resulting from changes in monthly commodity prices.                       | 127.1 million MMBtu <sup>1</sup> | 11/18/2007            | 9/30/2037                         | Pay variable receive fixed for scheduled notional quantities. |

<sup>1</sup> MMBtu is one million British Thermal Units.

*Interest Rate Swap Objective and Terms:* As a means to lower financing costs and to reduce the risks associated with the fluctuation of market interest rates, the LBBFA entered into a series of interest rate swaps in connection with the 2007 Gas Prepay Bonds, Series B (Prepay Bonds) in the amount of \$251.7 million. In July 2009, a tender offer was submitted to bondholders reducing the Prepay Bond's outstanding notional amounts to \$69.0 million as follows:

| <i>Maturity Date</i> | <i>Notional Amounts (in thousands)</i> | <i>Synthetic Fixed Rate</i> | <i>Variable Rate</i> | <i>Spread</i>       |
|----------------------|----------------------------------------|-----------------------------|----------------------|---------------------|
| 11/15/2025           | \$ 19,195                              | 4.903%                      | 1.625%               | 1.410%              |
| 11/15/2026           | 25,175                                 | 4.930%                      | 1.645%               | 1.430%              |
| 11/15/2027           | 24,630                                 | 4.955%                      | 1.665%               | 1.450%              |
| 11/15/2033           | 5                                      | 5.067%                      | 1.765%               | 1.550%              |
|                      | <u>\$ 69,005</u>                       | 4.931% <sup>2</sup>         | 1.646% <sup>3</sup>  | 1.432% <sup>2</sup> |

<sup>2</sup> Percentages are weighted average.

<sup>3</sup> The weighted average floating rate is based on the present value of 67% of the forward three-month LIBOR rate curve at September 30, 2015, plus the indicative spread.

The objective of the swap was to effectively change the variable interest rate on the Prepay Bonds to a synthetic weighted average fixed rate of 4.9 percent (pay-fixed interest rate swap). The Prepay Bonds and the related swap agreements mature on the dates specified above and the swap's notional amount of \$69.0 million matches the \$69.0 million variable-rate Prepay Bonds. The swap was effective at the same time the Prepay Bonds were issued on October 18, 2007.

Starting in fiscal year 2008-09, under the swap agreement, LBBFA paid Merrill Lynch Capital Services, Inc. fixed payments based on the above schedule. In October 2007, the Alternative Floating Rate Option was used to calculate interest paid to LBBFA. The Alternate Floating Rate Option means

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a per annum rate, not to exceed the maximum interest rate payable on the Prepay Bonds, expressed as a decimal, equal to 67 percent of the three-month LIBOR, as quoted by the British Bankers Association (BBA), plus a spread as defined above, not to exceed a rate of 15 percent per annum for any calculation period.

*Commodity Swap Objective and Terms:* The City entered into a natural gas commodity price sale agreement with Royal Bank of Canada Capital Markets (RBC) to hedge against a reduction in its gas sale revenues resulting from changes in monthly market index prices. Under the swap agreement, the City pays a floating natural gas price over a 30-year period and receives specified fixed natural gas prices for notional quantities of natural gas as determined in the Prepaid Gas Agreement. In consideration for the agreement, the City remitted \$892.6 million to the seller. Settlement provisions of the contract permit the City to take delivery of the gas or to pay a settlement price equal to the applicable Index Price (NGI So Cal Border Index) for the month in which the gas delivery occurs, less \$0.83 per one million MMBtu. The swap was effective at the same time the Prepay Bonds were issued on October 18, 2007 and continues through September 30, 2037.

*Tender Offer:* In July 2009, the City executed a tender offer for a portion of the underlying Prepay Bonds. The results of the tender offer reduced the amount of outstanding variable-rate Prepay Bonds associated with the interest rate swap by \$182.7 million and the City's purchase volume of natural gas over the life of the commodity swap agreement by 60 million MMBtu.

*Fair Value:* The interest rate swap, with the market price quoted by Bank of America-Merrill Lynch, had a negative fair value of approximately \$12.3 million at October 1, 2014. During the current period, ending September 30, 2015, the fair value decreased \$2.8 million to a negative fair value of \$15.2 million.

The commodity swap, with the market price quoted by the RBC, had a fair value of \$367.5 million at October 1, 2014. During the current period, fair value increased \$123 million to a fair value of \$491 million as of September 30, 2015.

Fair values are based on mark-to-market valuations provided by the swap counterparties. The following table provides the details for the changes in fair value for both derivative instruments (in thousands):

| <i><b>Maturity<br/>Date</b></i> | <i><b>Fair Value,<br/>October 1,<br/>2014</b></i> | <i><b>Change<br/>in Fair<br/>Value</b></i> | <i><b>Fair Value,<br/>September<br/>2015</b></i> |
|---------------------------------|---------------------------------------------------|--------------------------------------------|--------------------------------------------------|
| <i>Governmental Activities</i>  |                                                   |                                            |                                                  |
| <i>Interest Rate Swap</i>       |                                                   |                                            |                                                  |
| 11/15/2025                      | \$ (3,268)                                        | \$ (689)                                   | \$ (3,957)                                       |
| 11/15/2026                      | (4,492)                                           | (1,029)                                    | (5,521)                                          |
| 11/15/2027                      | (4,586)                                           | (1,124)                                    | (5,710)                                          |
| 11/15/2033                      | (1)                                               | -                                          | (1)                                              |
|                                 | (12,347)                                          | (2,842)                                    | (15,189)                                         |
| <i>Commodity Swap</i>           |                                                   |                                            |                                                  |
| 11/1/2037                       | 367,543                                           | 123,049                                    | 490,592                                          |
| Total                           | <u>\$ 355,196</u>                                 | <u>\$ 120,207</u>                          | <u>\$ 475,403</u>                                |

Information on the effects of these transactions on the financial statement presentation can be found in Note 24 – Deferred Outflows and Deferred Inflows of Resources.

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*Credit Risks:* As of September 30, 2015, the interest rate swap counterparty was rated A- by Standard & Poor's and Baa1 by Moody's Investor Services. As of September 30, 2015, the commodity swap counterparty was rated AA- by Standard & Poor's and Aa3 by Moody's.

Merrill Lynch Commodities, Inc., a wholly owned subsidiary of Merrill Lynch and Co. Inc. (Guarantor), entered into a Prepaid Natural Gas Purchase and Sale Agreement with the LBBFA to sell and deliver gas to the LBBFA. In the event the Guarantor credit rating falls below a credit rating of BBB+ as rated by Standard & Poor's or Fitch Ratings, or a Baa1 as rated by Moody's Investor Services, Inc., the Guarantor will post acceptable market value of collateral equal to or greater than the current present value of the remaining savings as specified in the Agreement on the date of the credit downgrade. If the rating by any one of the rating agencies should be restored to a level greater than BBB+ or Baa1, LBBFA will return the collateral posted by the following month.

On June 21, 2012, Moody's Investor Service downgraded Bank of America Corporation, the parent of Merrill Lynch Commodities, Inc., to Baa2 from Baa1. On July 12, 2012, the City of Long Beach, Merrill Lynch Commodities and the Bank of New York Mellon Trust Company, N.A. (Custodian) entered into a Pledge Collateral and Custodial Agreement, pursuant to Section 21.2 of the Prepaid Gas Agreement, for purposes of securing the obligations of the Seller and Guarantor to pay the Purchaser the Unearned Amount in the event an Early Termination Date occurs and the Unearned Amount is owed by the Seller or Guarantor to the Purchaser. The Custodian for benefit of the City holds a perfected interest in the collateral pledged.

*Interest Rate Swap Payment and Associated Debt:* Using rates as of September 30, 2015, debt service requirements of the variable-rate debt and net swap payments, assuming the current interest rate remains the same for their term, were as follows (in thousands):

| <i><b>Fiscal Year</b></i>             | <i><b>Variable-Rate Bonds</b></i> |                        | <i><b>Net Swap</b></i> | <i><b>Total</b></i>    |
|---------------------------------------|-----------------------------------|------------------------|------------------------|------------------------|
| <i><b>Ending<br/>September 30</b></i> | <i><b>Principal</b></i>           | <i><b>Interest</b></i> | <i><b>Payments</b></i> | <i><b>Interest</b></i> |
| 2016                                  | \$ -                              | \$ 3,403               | \$ 336                 | \$ 3,739               |
| 2017                                  | -                                 | 3,403                  | 305                    | 3,708                  |
| 2018                                  | -                                 | 3,403                  | 290                    | 3,693                  |
| 2019                                  | -                                 | 3,403                  | 266                    | 3,669                  |
| 2020                                  | -                                 | 3,403                  | 208                    | 3,611                  |
| 2021 - 2025                           | -                                 | 16,309                 | 1,039                  | 17,348                 |
| 2026 - 2030                           | 69,000                            | 1,837                  | 293                    | 2,130                  |
| 2031 - 2033                           | 5                                 | -                      | -                      | -                      |
| Total                                 | <u>\$ 69,005</u>                  | <u>\$ 35,161</u>       | <u>\$ 2,737</u>        | <u>\$ 37,898</u>       |

As rates vary, variable-rate bond interest payments and net swap payments will vary.

*Termination Risks:* In accordance with the Trust Indenture and the Prepaid Natural Gas Purchase and Sale Agreement, the issuer has the right to optionally redeem Prepay Bonds either pursuant to the covered indenture at no market risk or a Triggering Event as described in the Prepaid Natural Gas Purchase and Sale Agreement.

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**NOTE 13 – RETIREMENT PROGRAMS**

**Plan Description – Public Employees’ Retirement System (CalPERS)**

*Plan Description* – The City contributes to the California Public Employees’ Retirement System (CalPERS) agent multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plans including benefit provisions, assumptions and membership information. All qualified permanent employees are eligible to participate in the City’s separate Safety (police and fire) or Miscellaneous (all other) Plans. The reports can be found on the CalPERS website.

*Benefits Provided* – CalPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service equal to one year of full-time employment, age at retirement and final compensation. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at September 30, 2015, are summarized in the following table:

| <i>Miscellaneous</i>                |                             |                                                                   |                                |
|-------------------------------------|-----------------------------|-------------------------------------------------------------------|--------------------------------|
| Hire date                           | Prior to<br>October 1, 2006 | On or after<br>October 1, 2006<br>and prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
| Benefit formula                     | 2.7% @ 55                   | 2.5% @ 55                                                         | 2.0% @ 62                      |
| Benefit vesting schedule            |                             | 5 years of service                                                |                                |
| Benefit payments                    |                             | Monthly for life                                                  |                                |
| Retirement age                      | 50 - 55                     | 50 - 55                                                           | 52 - 60                        |
| Required Contribution Rates         |                             |                                                                   |                                |
| Employee                            | 8.0%                        | 8.0%                                                              | 6.5%                           |
| Employer                            | 16.288%                     | 16.288%                                                           | 16.288%                        |
| Percentage of Eligible Compensation |                             |                                                                   |                                |
| Monthly benefits                    | 2.0% to 2.7%                | 2.0% to 2.5%                                                      | 1.0% to 2%                     |
| <i>Safety</i>                       |                             |                                                                   |                                |
| Hire date                           | Prior to<br>October 1, 2006 | On or after<br>October 1, 2006<br>and prior to<br>January 1, 2013 | On or after<br>January 1, 2013 |
| Benefit formula                     | 3.0% @ 55                   | 3.0% @ 50                                                         | 2.70% @ 57                     |
| Benefit vesting schedule            |                             | 5 years of service                                                |                                |
| Benefit payments                    |                             | Monthly for life                                                  |                                |
| Retirement age                      | 50 - 55                     | 50                                                                | 50 - 57                        |
| Required Contribution Rates         |                             |                                                                   |                                |
| Employee                            | 9.0%                        | 9.0%                                                              | 12.3%                          |
| Employer                            | 24.059%                     | 24.059%                                                           | 24.059%                        |
| Percentage of Eligible Compensation |                             |                                                                   |                                |
| Monthly benefits                    | 2.4% to 3.0%                | 2.0% to 2.7%                                                      | 2.0% to 2.7%                   |

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*Employees Covered* – Based on the Actuarial Valuation Report as of June 30, 2012, the following employees were covered by the benefit terms for each Plan:

|                                                                  | <u>Miscellaneous</u> | <u>Safety</u> |
|------------------------------------------------------------------|----------------------|---------------|
| Active employees                                                 | 3,354                | 1,189         |
| Inactive employees or beneficiaries currently receiving benefits | 3,851                | 1,623         |
| Inactive employees entitled to but not yet receiving benefits    | 3,195                | 314           |

*Contributions* – California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

**CalPERS Net Pension Liability**

The City’s net pension liability for both Plans is measured as the total pension liability, less the plan’s fiduciary net position. Net pension liability is measured as of June 30, 2015 (measurement date), using the actuarial valuation report as of June 30, 2014 rolled forward using standard update procedures. At September 30, 2015 the City reported net pension liability of \$866.9 million for both plans. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

*Actuarial Assumptions* – The total pension liabilities were determined using the following actuarial assumptions:

|                           | <u>Miscellaneous</u>            | <u>Safety</u>     |
|---------------------------|---------------------------------|-------------------|
| Valuation Date            | June 30, 2014                   | June 30, 2014     |
| Measurement Date          | June 30, 2015                   | June 30, 2015     |
| Actuarial Cost Method     | Entry Age Normal                |                   |
| Actuarial Assumptions:    |                                 |                   |
| Discount Rate             | 7.65%                           | 7.65%             |
| Inflation                 | 2.75%                           | 2.75%             |
| Payroll Growth            | 3.00%                           | 3.00%             |
| Projected Salary Increase | Varies by entry age and service |                   |
| Investment Rate of Return | 7.5% <sup>1</sup>               | 7.5% <sup>1</sup> |
| Mortality                 | <sup>2</sup>                    | <sup>2</sup>      |

<sup>1</sup> Net of Pension Plan Investment and Administrative Expenses; includes inflation.

<sup>2</sup> The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scal AA. For more details on this table, refer to the 2014 experience study report.

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All other actuarial assumptions used in the June 30, 2015 Actuarial Valuation Report were based on the results of an actuarial experience study for the period from 1997 to 2011. Further details of the experience study can be found on the CalPERS website.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference to the Plans.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments of 7.50% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table on the following page reflects the long-term expected real rate of return by asset class for both Safety and Miscellaneous Plans. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

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| <i>Asset Class</i>            | <i>New Strategic Allocation</i> | <i>Real Return Years 1 - 10<sup>a</sup></i> | <i>Real Return Years 11+<sup>b</sup></i> |
|-------------------------------|---------------------------------|---------------------------------------------|------------------------------------------|
| Global Equity                 | 51.0%                           | 5.25%                                       | 5.71%                                    |
| Global Fixed Income           | 19.0                            | 0.99                                        | 2.43                                     |
| Inflation Sensitive           | 6.0                             | 0.45                                        | 3.36                                     |
| Private Equity                | 10.0                            | 6.83                                        | 6.95                                     |
| Real Estate                   | 10.0                            | 4.50                                        | 5.13                                     |
| Infrastructure and Forestland | 2.0                             | 4.50                                        | 5.09                                     |
| Liquidity                     | 2.0                             | (0.55)                                      | (1.05)                                   |

<sup>a</sup> An expected inflation of 2.5% used for this period

<sup>b</sup> An expected inflation of 3.0% used for this period

Changes in the CalPERS Net Pension Liability

The following tables show the changes in the net pension liability for each Plan (in thousands):

| <i>Miscellaneous Plan</i>                          | <i>Increase (Decrease)</i>     |                                    |                                      |
|----------------------------------------------------|--------------------------------|------------------------------------|--------------------------------------|
|                                                    | <i>Total Pension Liability</i> | <i>Plan Fiduciary Net Position</i> | <i>Net Pension Liability/(Asset)</i> |
| Balance at June 30, 2014                           | \$ 2,362,579                   | \$ 1,881,680                       | \$ 480,899                           |
| Changes in the year:                               |                                |                                    |                                      |
| Service Cost                                       | 37,502                         | -                                  | 37,502                               |
| Interest on Total Pension Liability                | 171,128                        | -                                  | 171,128                              |
| Differences between Actual and Expected Experience | (45,118)                       | -                                  | (45,118)                             |
| Changes in Assumptions                             | (40,892)                       | -                                  | (40,892)                             |
| Contribution - Employer                            | -                              | 35,136                             | (35,136)                             |
| Contribution - Employee                            | -                              | 17,652                             | (17,652)                             |
| Net Investment Income                              | -                              | 41,570                             | (41,570)                             |
| Administrative Expenses                            | -                              | (2,090)                            | 2,090                                |
| of Employee Contributions                          | (116,699)                      | (116,699)                          | -                                    |
| Net changes                                        | 5,921                          | (24,431)                           | 30,352                               |
| Balance at June 30, 2015                           | \$ 2,368,500                   | \$ 1,857,249                       | \$ 511,251                           |

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| <i>Safety Plan</i>                                 | <i>Increase (Decrease)</i>     |                                    |                                      |
|----------------------------------------------------|--------------------------------|------------------------------------|--------------------------------------|
|                                                    | <i>Total Pension Liability</i> | <i>Plan Fiduciary Net Position</i> | <i>Net Pension Liability/(Asset)</i> |
| Balance at June 30, 2014                           | \$ 2,209,454                   | \$ 1,889,902                       | \$ 319,552                           |
| Changes in the year:                               |                                |                                    |                                      |
| Service Cost                                       | 34,835                         | -                                  | 34,835                               |
| Interest on Total Pension Liability                | 160,374                        | -                                  | 160,374                              |
| Differences between Actual and Expected Experience | (38,807)                       | -                                  | (38,807)                             |
| Changes in Assumptions                             | (39,710)                       | -                                  | (39,710)                             |
| Contribution - Employer                            | -                              | 29,815                             | (29,815)                             |
| Contribution - Employee                            | -                              | 11,737                             | (11,737)                             |
| Net Investment Income                              | -                              | 41,167                             | (41,167)                             |
| Administrative Expenses                            | -                              | (2,101)                            | 2,101                                |
| of Employee Contributions                          | (103,922)                      | (103,922)                          | -                                    |
| Net Changes                                        | 12,770                         | (23,304)                           | 36,074                               |
| Balance at June 30, 2015                           | \$ 2,222,224                   | \$ 1,866,598                       | \$ 355,626                           |

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following table presents the net pension liability of the City for each plan as of the measurement date, calculated using the discount rate of 7.65 percent, compared to a discount rate that is 1 percentage point lower (6.65%) or 1 percentage point higher (8.65%). Amounts shown below are in thousands:

| <i>Net Pension Liability/ (Asset)</i> | <i>Miscellaneous</i> | <i>Safety</i> |
|---------------------------------------|----------------------|---------------|
| 1% Decrease (6.65%)                   | \$ 819,433           | \$ 656,731    |
| Current Discount Rate (7.65%)         | 511,250              | 355,626       |
| 1% Increase (8.65%)                   | 256,070              | 108,172       |

*Pension Plan Fiduciary Net Position* – Detailed information about each Plan’s fiduciary net position is available in the separately issued CalPERS financial report.

**Pension Expense and Deferred Outflows/Inflows of Resources Related to CalPERS Pensions**

For the year ended September 30, 2015, the City recognized pension expense of \$5.3 million and \$13.5 million for the Miscellaneous and Safety Plan respectively.

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At September 30, 2015, the City reported pension related deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

|                                                                              | <i><b>Deferred<br/>Outflows of<br/>Resources</b></i> | <i><b>Deferred<br/>Inflows of<br/>Resources</b></i> |
|------------------------------------------------------------------------------|------------------------------------------------------|-----------------------------------------------------|
| Pension Contributions Subsequent to Measurement Date                         | \$ 17,043                                            | \$ -                                                |
| Differences Between Actual and Expected Experience                           | -                                                    | (57,861)                                            |
| Changes in Assumptions                                                       | -                                                    | (55,816)                                            |
| Net Differences between Projected and Actual Earnings on<br>Plan Investments | 160,290                                              | -                                                   |
| Total                                                                        | <u>\$ 177,333</u>                                    | <u>\$ (113,677)</u>                                 |

The \$17.0 million reported as deferred outflows of resources relates to contributions made by the City subsequent to the measurement date of June 30, 2015 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

| <i><b>Year Ending<br/>September 30</b></i> | <i><b>Amount</b></i> |
|--------------------------------------------|----------------------|
| 2016                                       | \$ (10,778)          |
| 2017                                       | (4,634)              |
| 2018                                       | 21,953               |
| 2019                                       | 40,072               |
| 2020                                       | -                    |

**Plan Description – Public Agency Retirement Services (PARS)**

*Plan Description* – Special Status Contractors and Seasonal and Temporary Employees of the City are eligible to participate in the City’s Public Agency Retirement Services (PARS) Plan, a defined benefit, single-employer retirement plan. Public Agency Retirement Services is the Trust Administrator for the Plan.

*Benefits Provided* – The Plan provides for retirement as well as disability and death benefits to Plan members, who must be Contractor Special Status (hired after January 1, 1995) or Seasonal or Temporary employees (hired after November 11, 1995) and beneficiaries. The Plan benefit is a lifetime monthly annuity equal to 1.5 percent times the final average of the participant’s highest 36 consecutive month’s salary times the years of service.

*Employees Covered* – Based on the Actuarial Valuation Report as of September 30, 2014, the following employees were covered by the benefit terms of the Plan:

|                                                                  |       |
|------------------------------------------------------------------|-------|
| Active employees                                                 | 1,101 |
| Inactive employees or beneficiaries currently receiving benefits | -     |
| Inactive Employees entitled to but not yet receiving benefits    | 2,082 |

*Contributions* – The Plan requires employee contributions of 6.2 percent of earnings (Contractors Special Status) and 3.0 percent of earnings (Seasonal and Temporary Employees). All employees enter the Plan upon hire and all benefits are vested after five years of service (Contractors Special Status) or immediately (Seasonal and Temporary Employees) and employees are always vested in their employee

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contributions. It is assumed that upon termination, employees will choose to receive an actuarially equivalent lump-sum (based on the actuarial assumptions described below).

The City contributes an amount determined by an actuarial study performed at least every two years. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended September 30, 2015, the City's contribution rate was 2.98% of earnings.

**PARS Net Pension Liability**

The City's net pension liability for the Plan is measured as the total pension liability, less the Plan's fiduciary net position. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

*Actuarial Assumptions* – The total pension liabilities were determined using the following actuarial assumptions:

|                                        |                              |
|----------------------------------------|------------------------------|
| Valuation Date                         | September 30, 2014           |
| Measurement Date                       | September 30, 2014           |
| Actuarial Cost Method                  | Entry Age Normal             |
| Actuarial Assumptions:                 |                              |
| Discount Rate                          | 4.75%                        |
| Inflation                              | 3.00%                        |
| Payroll Growth                         | 5.00%                        |
| Projected Salary Increase              | 5.00%                        |
| Investment Rate of Return <sup>a</sup> | 4.75%                        |
|                                        | 1983 GAM (lump sum           |
| Mortality                              | mortality table)             |
| Retirement                             | Age 65                       |
| Form of Benefit                        | Lump Sum                     |
| Future Service Accrual                 | Same as current hours worked |

*Discount Rate* – The discount rate used to measure the total pension liability was 4.75 percent. An actuarially determined crossover analysis showed the Plan's fiduciary net position to be sufficient to make projected benefit payments.

The table below reflects the long-term expected real rates of return for each asset class, net of investment expenses.

| <i>Asset Class</i> | <i>PARS Moderate<br/>Allocation</i> | <i>50%<sup>a</sup></i> | <i>55%<sup>a</sup></i> |
|--------------------|-------------------------------------|------------------------|------------------------|
| Mutual Funds       | 97.0%                               | 4.98%                  | 4.76%                  |
| Cash               | 3.0                                 | 0.00%                  | 0.00%                  |

<sup>a</sup> chance that returns will equal or exceed percent shown, not reduced for anticipated expenses

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Changes in the PARS Net Pension Liability

The following tables show the changes in the net pension liability for the Plan:

|                                                    | <i>Increase (Decrease)</i>     |                                    |                              |
|----------------------------------------------------|--------------------------------|------------------------------------|------------------------------|
|                                                    | <i>Total Pension Liability</i> | <i>Plan Fiduciary Net Position</i> | <i>Net Pension Liability</i> |
| Balance at September 30, 2014                      | \$ 5,108                       | \$ 4,854                           | \$ 254                       |
| Changes in the year:                               |                                |                                    |                              |
| Service Cost                                       | 417                            | -                                  | 417                          |
| Interest on Total Pension Liability                | 254                            | -                                  | 254                          |
| Differences between Actual and Expected Experience | 140                            | -                                  | 140                          |
| Contribution - Employer                            | -                              | 331                                | (331)                        |
| Contribution - Employee                            | -                              | 334                                | (334)                        |
| Net Investment Income                              | -                              | 350                                | (350)                        |
| Benefit Payments, including Refunds                | (370)                          | (370)                              | -                            |
| Administrative Expenses                            | -                              | (81)                               | 81                           |
| Net changes                                        | 441                            | 564                                | (123)                        |
| Balance at September 30, 2015                      | \$ 5,549                       | \$ 5,418                           | \$ 131                       |

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate* – The following table presents the net pension liability of the City for the Plan as of the measurement date, calculated using the discount rate of 4.75 percent, compared to a discount rate that is 1 percentage point lower (3.75%) or 1 percentage point higher (5.75%). Amounts shown below (in thousands):

|                       | <i>Discount Rate -1%<br/>(3.75%)</i> | <i>Current Discount<br/>Rate (4.75%)</i> | <i>Discount Rate + 1%<br/>(5.75%)</i> |
|-----------------------|--------------------------------------|------------------------------------------|---------------------------------------|
| Net Pension Liability | \$525                                | \$131                                    | (\$167)                               |

*Pension Plan Fiduciary Net Position* – Detailed information about the Plan's fiduciary net position is available in the separately issued PARS financial report.

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

For the year ended September 30, 2015, the City recognized pension expense of \$247 thousand and reported deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

| <i>Deferred Outflows and Inflows of Resources</i>                         | <i>Deferred Outflows of Resources</i> | <i>Deferred Inflows of Resources</i> |
|---------------------------------------------------------------------------|---------------------------------------|--------------------------------------|
| Net Differences between Projected and Actual Earnings on Plan Investments | \$ -                                  | \$ (68)                              |
| Employer Contributions made Subsequent to the Measurement Date            | 326                                   | n/a                                  |
| Total                                                                     | \$ 326                                | \$ (68)                              |

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The \$326 thousand reported as deferred outflows of resources relates to contributions made by the City subsequent to the measurement date of September 30, 2015 which will be recognized as a reduction of the net pension liability in the year ended September 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

| <i><b>Measurement<br/>Period ending<br/>September 30:</b></i> | <i><b>Deferred<br/>Outflows /<br/>(Inflows)</b></i> |
|---------------------------------------------------------------|-----------------------------------------------------|
| 2016                                                          | (\$23)                                              |
| 2017                                                          | (23)                                                |
| 2018                                                          | (22)                                                |
| 2019                                                          | -                                                   |
| Thereafter                                                    | -                                                   |

**NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS**

**General Plan Description**

The City's Retired Employees Health Insurance Program is a single-employer defined-benefit healthcare plan.

Under the provisions of the City's Personnel Ordinance, upon retirement, the City allows retirees, their spouses, and eligible dependents to use the cash value at retirement of the retiring employee's accumulated unused sick leave to pay for health, dental, and long-term care insurance premiums. Full-time City employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated until termination or retirement. No sick leave benefits are vested.

The City has provided 2 one-time early retirement incentive programs. The first had a maximum value of \$25 thousand for employees, based on age, who retired during calendar year 1996, and the second incentive offered a 16-hour increase in sick leave per year of service to management employees who retired by June 30, 2004. In all cases, once the cash value of the retired employee's unused sick leave is exhausted, the retiree can terminate coverage or elect to continue paying the premiums at the retiree's expense.

At September 30, 2015, there were 585 participants in the City's Retired Employees Health Insurance Program and their non-interest-bearing cash value equivalent of the remaining unused sick leave totaled \$19.5 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for the fiscal year ended September 30, 2015 were \$8.6 million and are included as an expense of the Employee Benefits Internal Service Fund.

**Termination Benefits**

As of September 30, 2015, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$138.1 million based on an actuarial study of current and future retiree accumulated sick leave in accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16). The liability takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees. An additional amount relating to negotiated public safety health benefit supplements for employees who retired during calendar years 1996 and 2009 is described as follows:

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Fire Retirement Supplement Benefit

The Long Beach Fire Fighter's Association agreed to defer an October 1, 2009 general salary adjustment to October 1, 2010 and to extend all other adjustments by one year. The supplement eligibility is limited to Fire employees retiring on or before December 31, 2009. The benefit formula is equal to the difference between CalPERS retirement had the October 1, 2009 general salary adjustment been made for a full year and actual retirement benefits received by CalPERS. The supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA). Each account will be adjusted as long as retirees or beneficiaries are receiving CalPERS.

Police Retirement Supplement Benefit

The Long Beach Police Officers Association agreed to extend a September 30, 2009 midpoint adjustment of 3.2% for sergeants, 14.8% for lieutenants, and 9.3% for corporals and officers, to a 2.0% minimum increase per year. The midpoint adjustment is based on the Strategic Plan Cities Survey of salaries in similar cities. The supplement eligibility is limited to employees retiring on or after September 30, 2009 and before benefits level reaches what it would have been had the September 30, 2009 adjustment been made. The benefit formula is equal to the difference between CalPERS retirement had the September 30, 2009 midpoint adjustment been made and actual retirement benefits received by CalPERS. The supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA). Each account will be adjusted as long as retiree or beneficiaries are receiving CalPERS.

The actuarial study assumes an investment return of 4.3 percent and wage increases of 3.3 percent per year for safety employees. The estimated \$9.1 million current portion of the obligation has been fully funded. The \$129.0 million long-term portion of the liability is being funded over time through burden rates, applied as a percentage of current productive salaries, and charged to the various City funds.

Other Postemployment Benefits

As of September 30, 2015, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$72.2 million based on an actuarial study of the "implicit subsidy" as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). While the City does not directly contribute any funding toward the cost of premiums for retirees, the ability to obtain coverage at an active employees rate constitutes an economic benefit to the retirees. The inclusion of the retirees in the City's healthcare benefit plans increases the overall health plan rates. The economic benefit is defined as an "implicit subsidy" under GASB 45.

The ability to participate in the City's plan by self-paying the premiums extends for the lifetime of the retiree. However, upon attaining the age of Medicare eligibility, the retiree may enter a plan coordinated by Medicare. Standard actuarial practice assumes that Medicare supplemental plans do not generally give rise to an implicit subsidy, and while the City has included Medicare eligible retirees in this valuation, their liability under GASB 45 and their implicit subsidy are both \$0. This plan does not issue a separate financial report.

Funding Policy

The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually by the City Council. As of September 30, 2015, the City has not prefunded the plan.

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Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Postemployment Benefit (OPEB) cost (expense) is calculated based on the ARC, an amount that is actuarially determined in accordance with the requirements of GASB 45. The ARC represents the level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation (in thousands):

|                                            |                         |
|--------------------------------------------|-------------------------|
| Annual required contribution               | \$ 21,233               |
| Interest on net OPEB obligation            | 2,384                   |
| Adjustment to annual required contribution | <u>(4,398)</u>          |
| Annual OPEB cost                           | 19,219                  |
| Contribution made                          | <u>(6,218)</u>          |
| Increase in net OPEB obligation            | 13,001                  |
| Net OPEB obligation - beginning of year    | <u>59,207</u>           |
| Net OPEB obligation - end of year          | <u><u>\$ 72,208</u></u> |

The ARC was determined as part of the September 2014 actuarial valuation. For the year ended September 30, 2015, the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows (in thousands):

| <i><b>Fiscal<br/>Year<br/>Ended</b></i> | <i><b>Annual<br/>OPEB Cost</b></i> | <i><b>Percentage<br/>of Annual<br/>OPEB Cost<br/>Contributed</b></i> | <i><b>Net<br/>OPEB<br/>Obligation</b></i> |
|-----------------------------------------|------------------------------------|----------------------------------------------------------------------|-------------------------------------------|
| 9/30/2013                               | \$ 14,437                          | 32.6%                                                                | \$ 45,242                                 |
| 9/30/2014                               | 19,161                             | 27.1%                                                                | 59,207                                    |
| 9/30/2015                               | 19,219                             | 32.4%                                                                | 72,208                                    |

Funded Status and Funding Progress

The funded status of the plan as of September 30, 2015 as follows (in thousands):

|                                                     |                          |
|-----------------------------------------------------|--------------------------|
| Actuarial accrued liability (AAL)                   | \$ 153,386               |
| Actuarial value of Plan assets                      | <u>-</u>                 |
| Unfunded actuarial accrued liability (UAAL)         | <u><u>\$ 153,386</u></u> |
| Funded ratio (actuarial value of Plan assets / AAL) | 0.0%                     |
| Covered payroll                                     | \$ 357,543               |
| UAAL as a percentage of covered payroll             | 42.9%                    |
| ARC as a percentage of covered payroll              | 5.9%                     |

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the ARC of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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The schedule of funding progress, provided as required supplementary information following the notes to the basic financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumption**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The September 30, 2015 actuarial valuation used the Entry Age Normal Cost method (EAN). The actuarial assumptions included a 4.25 percent investment rate of return (net of administrative expenses), an annual healthcare trend rate that begins at 7.5 percent for non-Medicare plans and 7.8 percent for Medicare plans with both decreasing to 5.0 percent for all plans by September 30, 2021, and an inflation assumption of 3.0 percent. The EAN spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN, the plan's normal cost is developed as a level amount over the participants' working lifetime. The actuarial value of plan assets was \$0. The plan's unfunded actuarial accrued liability is being amortized using the level percentage of payroll method on an open basis over 30 years.

**NOTE 15 – SELF-INSURANCE PROGRAMS**

The City has adopted separate insurance programs for workers' compensation and general liability claims. The City is self-insured for workers' compensation and general liability for the first \$4 million and first \$3 million per occurrence, respectively. In addition, the City has excess insurance coverage up to \$100 million and \$50 million, respectively.

At September 30, 2015, the City accrued non-discounted estimates totaling \$130.6 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has recorded a current liability of \$25.6 million and a long-term liability of \$105.0 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2015 is dependent on future developments. Based upon actuary evaluation, City's management believes that the aggregate accrual adequately represents such losses. A summary of the City's claims activity for the fiscal years ended September 30, 2015 and 2014 is as follows (in thousands):

|                               | <i><b>Workers'<br/>Compensation<br/>Claims</b></i> | <i><b>General<br/>Liability<br/>Claims</b></i> | <i><b>Total</b></i> |
|-------------------------------|----------------------------------------------------|------------------------------------------------|---------------------|
| Balance at October 1, 2013    | \$ 111,430                                         | \$ 16,742                                      | \$ 128,172          |
| Additions                     | 14,237                                             | 5,588                                          | 19,825              |
| Payments                      | (13,832)                                           | (6,207)                                        | (20,039)            |
| Balance at September 30, 2014 | 111,835                                            | 16,123                                         | 127,958             |
| Additions                     | 11,677                                             | 4,811                                          | 16,488              |
| Payments                      | (12,253)                                           | (1,572)                                        | (13,825)            |
| Balance at September 30, 2015 | <u>\$ 111,259</u>                                  | <u>\$ 19,362</u>                               | <u>\$ 130,621</u>   |

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**NOTE 16 – GOVERNMENTAL ACTIVITIES FUND BALANCE**

As of September 30, 2015, total fund balances for the City's major and non-major governmental funds are as follows (in thousands):

|                                        | <i><u>General</u></i>    | <i><u>Other<br/>Governmental<br/>Funds</u></i> | <i><u>Total<br/>Governmental<br/>Funds</u></i> |
|----------------------------------------|--------------------------|------------------------------------------------|------------------------------------------------|
| <b><u>Fund Balances (Deficit):</u></b> |                          |                                                |                                                |
| <b>Nonspendable</b>                    |                          |                                                |                                                |
| Prepaid Expense and Deposits           | \$ 2                     | \$ 2,846                                       | \$ 2,848                                       |
| Subtotal                               | <u>2</u>                 | <u>2,846</u>                                   | <u>2,848</u>                                   |
| <b>Restricted for:</b>                 |                          |                                                |                                                |
| Debt Service                           | -                        | 20,707                                         | 20,707                                         |
| Public Safety                          | 2,822                    | 3,024                                          | 5,846                                          |
| Public Health                          | -                        | 7,718                                          | 7,718                                          |
| Community and Cultural                 | -                        | 94,823                                         | 94,823                                         |
| Other Purposes - Operating Reserve     | 1,486                    | -                                              | 1,486                                          |
| Public Works                           | -                        | 46,824                                         | 46,824                                         |
| Subtotal                               | <u>4,308</u>             | <u>173,096</u>                                 | <u>177,404</u>                                 |
| <b>Committed to:</b>                   |                          |                                                |                                                |
| Public Safety                          | 1,000                    | -                                              | 1,000                                          |
| Community and Cultural                 | -                        | 1,422                                          | 1,422                                          |
| Other Purposes - Emergency Reserve     | 43,486                   | -                                              | 43,486                                         |
| Other Purposes - Operating Reserve     | 12,383                   | -                                              | 12,383                                         |
| Oil Abandonment                        | 5,729                    | -                                              | 5,729                                          |
| Subtotal                               | <u>62,598</u>            | <u>1,422</u>                                   | <u>64,020</u>                                  |
| <b>Assigned to:</b>                    |                          |                                                |                                                |
| Subsequent Year's Appropriations       | 18,397                   | -                                              | 18,397                                         |
| Unfunded Liabilities and Commitments   | 24,531                   | -                                              | 24,531                                         |
| Infrastructure Reserve                 | 25                       | -                                              | 25                                             |
| Community and Cultural                 | -                        | 323                                            | 323                                            |
| Public Works                           | -                        | 38,874                                         | 38,874                                         |
| Subtotal                               | <u>42,953</u>            | <u>39,197</u>                                  | <u>82,150</u>                                  |
| <b>Unassigned</b>                      | <u>2,170</u>             | <u>(11,819)</u>                                | <u>(9,649)</u>                                 |
| Total Fund Balances                    | <u><u>\$ 112,031</u></u> | <u><u>\$ 204,742</u></u>                       | <u><u>\$ 316,773</u></u>                       |

**Fund Deficits**

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$13.5 million as of September 30, 2015. This deficit resulted from the implementation of GASB 68 under which the fund recorded a net pension liability of \$27.1 million. City management believes that the cash position of the fund is sufficient to support the utilities ongoing operations.

The Tidelands Oil Revenue Fund, a major proprietary fund, reported a deficit net position of \$30.3 million as of September 30, 2015. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability along with the recognition of \$6.0 million net pension liability under GASB 68. City's management intends to accumulate futures resources to pay for the oil field abandonment liability.

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The Towing Fund, a nonmajor enterprise fund, reported a deficit net position of \$1.7 million as of September 30, 2015. This deficit resulted from the implementation of GASB 68 under which the fund recorded a net pension liability of \$2.7 million. City management believes that the cash position of the fund is sufficient to support ongoing operations.

The Development Services Fund, a nonmajor enterprise fund, reported a deficit net position of \$2.3 million as of September 30, 2015. This deficit resulted from the implementation of GASB 68 under which the fund recorded a net pension liability of \$15.5 million. City management believes that the cash position of the fund is sufficient to support ongoing operations.

The Internal Service Funds include accumulated deficits in the Insurance and Employee Benefits Internal Service Funds, which aggregate \$87.9 million and \$177.3 million, respectively. The City's management believes the cash position is sufficient to cover the current costs related to retired health insurance, workers' compensation, general liability claims, and current operating costs in the Insurance and Employee Benefits Internal Service Funds. The City's management intends to make reasonable adjustments to amounts charged to City departments to ensure that adequate cash positions are maintained.



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**NOTE 17 – GAS UTILITY FUND**

The Gas Utility Fund is comprised of the Gas Operating and LBBFA Gas Prepay Functions and is used to account for the activities associated with the distribution of natural gas to the City's customers. The LBBFA Gas Prepay Function was formed to account for the 2007 A and B Natural Gas bonds that were issued in October 2007, for the purchase of gas at a predetermined price. The following schedules summarize the activity and account balances that comprise the Gas Utility Fund:

Gas Utility Fund  
Consolidated Schedule of Net Position  
September 30, 2015  
(In Thousands)

|                                                  | <i>Gas<br/>Operating<br/>Function</i> | <i>LBBFA Gas<br/>Prepay<br/>Function</i> | <i>Total<br/>Before<br/>Elimination</i> | <i>Elimination<br/>Debit<br/>(Credit)</i> | <i>Gas Utility<br/>Fund</i> |
|--------------------------------------------------|---------------------------------------|------------------------------------------|-----------------------------------------|-------------------------------------------|-----------------------------|
| <b>ASSETS</b>                                    |                                       |                                          |                                         |                                           |                             |
| Current Assets:                                  |                                       |                                          |                                         |                                           |                             |
| Pooled Cash and Cash Equivalents                 | \$ 15,328                             | \$ 160                                   | \$ 15,488                               | \$ -                                      | \$ 15,488                   |
| Non-Pooled Cash and Cash Equivalents             | 15,922                                | 123                                      | 16,045                                  | -                                         | 16,045                      |
| Receivables:                                     |                                       |                                          |                                         |                                           |                             |
| Interest Receivable                              | 12                                    | -                                        | 12                                      | -                                         | 12                          |
| Accounts Receivable                              | 3,670                                 | 2,498                                    | 6,168                                   | (1,156)                                   | 5,012                       |
| Due from Other Funds                             | 615                                   | -                                        | 615                                     | (615)                                     | -                           |
| Allowance for Receivables                        | (449)                                 | -                                        | (449)                                   | -                                         | (449)                       |
| Inventory                                        | 2,066                                 | -                                        | 2,066                                   | -                                         | 2,066                       |
| Prepaid Gas - Current                            | -                                     | 22,939                                   | 22,939                                  | -                                         | 22,939                      |
| Other Assets                                     | 119                                   | -                                        | 119                                     | -                                         | 119                         |
| Total Current Assets                             | 37,283                                | 25,720                                   | 63,003                                  | (1,771)                                   | 61,232                      |
| Noncurrent Assets:                               |                                       |                                          |                                         |                                           |                             |
| Restricted Noncurrent assets                     |                                       |                                          |                                         |                                           |                             |
| Non-Pooled Investments                           | -                                     | 20,148                                   | 20,148                                  | -                                         | 20,148                      |
| Fair Value - Commodity Swap                      | -                                     | 490,592                                  | 490,592                                 | -                                         | 490,592                     |
| Capital Assets:                                  |                                       |                                          |                                         |                                           |                             |
| Land and Other Assets Not Being Depreciated      | 5,926                                 | -                                        | 5,926                                   | -                                         | 5,926                       |
| Capital Assets Net of Accumulated Depreciation   | 132,679                               | -                                        | 132,679                                 | -                                         | 132,679                     |
| Prepaid Gas - Long-term                          | -                                     | 450,292                                  | 450,292                                 | -                                         | 450,292                     |
| Total Noncurrent Assets                          | 138,605                               | 961,032                                  | 1,099,637                               | -                                         | 1,099,637                   |
| Total Assets                                     | 175,888                               | 986,752                                  | 1,162,640                               | (1,771)                                   | 1,160,869                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                                       |                                          |                                         |                                           |                             |
| Deferred Outflows                                | 4,521                                 | 15,189                                   | 19,710                                  | -                                         | 19,710                      |
| <b>LIABILITIES</b>                               |                                       |                                          |                                         |                                           |                             |
| Current Liabilities Payable from Current Assets: |                                       |                                          |                                         |                                           |                             |
| Accounts Payable                                 | 1,872                                 | -                                        | 1,872                                   | (1,156)                                   | 716                         |
| Accrued Wages                                    | 358                                   | -                                        | 358                                     | -                                         | 358                         |
| Accrued Interest Payable                         | 71                                    | 10,982                                   | 11,053                                  | -                                         | 11,053                      |
| Due to Other Funds                               | 3,045                                 | 615                                      | 3,660                                   | (615)                                     | 3,045                       |
| Unearned Revenues                                | 1,057                                 | -                                        | 1,057                                   | -                                         | 1,057                       |
| Customers Deposits                               | 3,005                                 | -                                        | 3,005                                   | -                                         | 3,005                       |
| Obligations under Capital Leases - Current       | 1,554                                 | -                                        | 1,554                                   | -                                         | 1,554                       |
| Bonds Payable Due within One Year                | -                                     | 7,150                                    | 7,150                                   | -                                         | 7,150                       |
| Total Current Liabilities                        | 10,962                                | 18,747                                   | 29,709                                  | (1,771)                                   | 27,938                      |
| Noncurrent Liabilities:                          |                                       |                                          |                                         |                                           |                             |
| Fair Value - Interest Rate Swap                  | -                                     | 15,189                                   | 15,189                                  | -                                         | 15,189                      |
| Obligations under Capital Leases                 | 17,796                                | -                                        | 17,796                                  | -                                         | 17,796                      |
| Bonds Payable                                    | -                                     | 612,703                                  | 612,703                                 | -                                         | 612,703                     |
| Net Pension Liability                            | 27,071                                | -                                        | 27,071                                  | -                                         | 27,071                      |
| Total Noncurrent Liabilities                     | 44,867                                | 627,892                                  | 672,759                                 | -                                         | 672,759                     |
| Total Liabilities                                | 55,829                                | 646,639                                  | 702,468                                 | (1,771)                                   | 700,697                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                                       |                                          |                                         |                                           |                             |
| Deferred Inflows                                 | 2,810                                 | 490,592                                  | 493,402                                 | -                                         | 493,402                     |
| <b>NET POSITION (DEFICIT)</b>                    |                                       |                                          |                                         |                                           |                             |
| Net Investment in Capital Assets                 | 119,255                               | -                                        | 119,255                                 | -                                         | 119,255                     |
| Restricted for:                                  |                                       |                                          |                                         |                                           |                             |
| Capital Projects                                 | 873                                   | -                                        | 873                                     | -                                         | 873                         |
| Unrestricted                                     | 1,642                                 | (135,290)                                | (133,648)                               | -                                         | (133,648)                   |
| Total Net Position (Deficit)                     | \$ 121,770                            | \$ (135,290)                             | \$ (13,520)                             | \$ -                                      | \$ (13,520)                 |

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Gas Utility Fund  
Consolidated Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                              | <i><b>Gas<br/>Operating<br/>Function</b></i> | <i><b>LBBFA Gas<br/>Prepay<br/>Function</b></i> | <i><b>Total<br/>Before<br/>Elimination</b></i> | <i><b>Elimination<br/>Debit<br/>(credit)</b></i> | <i><b>Gas Utility<br/>Fund</b></i> |
|----------------------------------------------|----------------------------------------------|-------------------------------------------------|------------------------------------------------|--------------------------------------------------|------------------------------------|
| Operating Revenues:                          |                                              |                                                 |                                                |                                                  |                                    |
| Fees, Concessions and Rentals                | \$ 78                                        | \$ -                                            | \$ 78                                          | \$ -                                             | \$ 78                              |
| Charges for Services                         | 76,133                                       | 14,763                                          | 90,896                                         | 14,763                                           | 76,133                             |
| Other                                        | 887                                          | -                                               | 887                                            | -                                                | 887                                |
| Total Revenues                               | 77,098                                       | 14,763                                          | 91,861                                         | 14,763                                           | 77,098                             |
| Operating Expenses:                          |                                              |                                                 |                                                |                                                  |                                    |
| Personnel Services                           | 15,684                                       | -                                               | 15,684                                         | -                                                | 15,684                             |
| Purchases of Gas                             | 18,258                                       | (1,240)                                         | 17,018                                         | (14,763)                                         | 2,255                              |
| Maintenance and Other Operations             | 12,853                                       | 53                                              | 12,906                                         | -                                                | 12,906                             |
| Depreciation                                 | 5,651                                        | -                                               | 5,651                                          | -                                                | 5,651                              |
| Total Operating Expenses                     | 52,446                                       | (1,187)                                         | 51,259                                         | (14,763)                                         | 36,496                             |
| Operating Income                             | 24,652                                       | 15,950                                          | 40,602                                         | -                                                | 40,602                             |
| Non-Operating Income (Expense):              |                                              |                                                 |                                                |                                                  |                                    |
| Interest Income                              | 158                                          | 627                                             | 785                                            | -                                                | 785                                |
| Interest Expense                             | -                                            | (31,201)                                        | (31,201)                                       | -                                                | (31,201)                           |
| Loss on Disposition of Capital Assets        | (241)                                        | -                                               | (241)                                          | -                                                | (241)                              |
| Other Income                                 | 300                                          | -                                               | 300                                            | -                                                | 300                                |
| Other Expense                                | (88)                                         | (673)                                           | (761)                                          | -                                                | (761)                              |
| Total Non-Operating Income (Expense)         | 129                                          | (31,247)                                        | (31,118)                                       | -                                                | (31,118)                           |
| Income before Contributions<br>and Transfers | 24,781                                       | (15,297)                                        | 9,484                                          | -                                                | 9,484                              |
| Operating Transfers:                         |                                              |                                                 |                                                |                                                  |                                    |
| Operating Transfers Out                      | (12,000)                                     | -                                               | (12,000)                                       | -                                                | (12,000)                           |
| Change in Net Position                       | 12,781                                       | (15,297)                                        | (2,516)                                        | -                                                | (2,516)                            |
| Net Position (Deficit), October 1            | 134,078                                      | (119,993)                                       | 14,085                                         | -                                                | 14,085                             |
| Adjustments for GASB 68 Implementation       | (25,089)                                     | -                                               | (25,089)                                       | -                                                | (25,089)                           |
| Net Position (Deficit), September 30         | <u>\$ 121,770</u>                            | <u>\$ (135,290)</u>                             | <u>\$ (13,520)</u>                             | <u>\$ -</u>                                      | <u>\$ (13,520)</u>                 |

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

**Gas Utility Fund**  
**Consolidated Schedule of Cash Flows**  
**For the Fiscal Year Ended September 30, 2015**  
(In Thousands)

| <u>INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</u>                                               | <u>Gas<br/>Operating<br/>Function</u> | <u>LBBFA Gas<br/>Prepay<br/>Function</u> | <u>Eliminations<br/>Increase<br/>(decrease)</u> | <u>Gas Utility<br/>Fund</u> |
|-----------------------------------------------------------------------------------------------------------|---------------------------------------|------------------------------------------|-------------------------------------------------|-----------------------------|
| Cash Flows from Operating Activities:                                                                     |                                       |                                          |                                                 |                             |
| Receipts from Customers                                                                                   | \$ 76,400                             | \$ 14,759                                | \$ (14,759)                                     | \$ 76,400                   |
| Payments for Employee Salaries                                                                            | (15,375)                              | -                                        | -                                               | (15,375)                    |
| Payments for Goods and Services                                                                           | (30,333)                              | (53)                                     | 14,759                                          | (15,627)                    |
| Other Income                                                                                              | 1,194                                 | 22,784                                   | -                                               | 23,978                      |
| Other Expense                                                                                             | (88)                                  | (680)                                    | -                                               | (768)                       |
| Net Cash Provided by Operating Activities                                                                 | 31,798                                | 36,810                                   | -                                               | 68,608                      |
| Cash Flows from Non-Capital Financing Activities:                                                         |                                       |                                          |                                                 |                             |
| Receipts from Prepayment of Gas Supply                                                                    | -                                     | 1,240                                    | -                                               | 1,240                       |
| Payments of Principal on Bonds Payable                                                                    | -                                     | (6,840)                                  | -                                               | (6,840)                     |
| Payments of Interest                                                                                      | -                                     | (31,724)                                 | -                                               | (31,724)                    |
| Transfers Out                                                                                             | (11,943)                              | -                                        | -                                               | (11,943)                    |
| Net Cash Used for Non-Capital Financing Activities                                                        | (11,943)                              | (37,324)                                 | -                                               | (49,267)                    |
| Cash Flows from Capital and Related Financing Activities:                                                 |                                       |                                          |                                                 |                             |
| Proceeds from Issuance Of Long-Term Obligations                                                           | 18,500                                | -                                        | -                                               | 18,500                      |
| Payments for Capital Acquisitions                                                                         | (12,301)                              | -                                        | -                                               | (12,301)                    |
| Payments of Principal on Other Long-Term Obligations                                                      | (2,432)                               | -                                        | -                                               | (2,432)                     |
| Payments of Interest, Net of Amounts Capitalized                                                          | (35)                                  | -                                        | -                                               | (35)                        |
| Net Cash Used for Capital and Related Financing Activities                                                | 3,732                                 | -                                        | -                                               | 3,732                       |
| Cash Flows from Investing Activities:                                                                     |                                       |                                          |                                                 |                             |
| Proceeds from the Sale of Investments                                                                     | -                                     | (124)                                    | -                                               | (124)                       |
| Receipts of Interest                                                                                      | 170                                   | 628                                      | -                                               | 798                         |
| Net Cash Provided by Investing Activities                                                                 | 170                                   | 504                                      | -                                               | 674                         |
| Net Decrease in Cash and Cash Equivalents                                                                 | 23,757                                | (10)                                     | -                                               | 23,747                      |
| Cash and Cash Equivalents - October 1                                                                     | 7,493                                 | 293                                      | -                                               | 7,786                       |
| Cash and Cash Equivalents - September 30                                                                  | <u>\$ 31,250</u>                      | <u>\$ 283</u>                            | <u>\$ -</u>                                     | <u>\$ 31,533</u>            |
| <u>RECONCILIATION OF OPERATING<br/>INCOME TO NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</u> | <u>Gas<br/>Operating<br/>Function</u> | <u>LBBFA Gas<br/>Prepay<br/>Function</u> | <u>Eliminations<br/>Increase<br/>(decrease)</u> | <u>Gas Utility<br/>Fund</u> |
| Operating Income                                                                                          | \$ 24,652                             | \$ 15,950                                | \$ -                                            | \$ 40,602                   |
| Adjustments to Reconcile Operating Income to Net Cash<br>Provided by (Used for) Operating Activities:     |                                       |                                          |                                                 |                             |
| Depreciation and Amortization Expense                                                                     | 5,651                                 | -                                        | -                                               | 5,651                       |
| Other Income                                                                                              | 300                                   | 22,784                                   | -                                               | 23,084                      |
| Other Expense                                                                                             | (88)                                  | (673)                                    | -                                               | (761)                       |
| (Increase) Decrease in Accounts Receivable, Net                                                           | 1,373                                 | (4)                                      | -                                               | 1,369                       |
| (Increase) Decrease in Amounts Due from Other Funds                                                       | 17                                    | (7)                                      | -                                               | 10                          |
| Decrease in Inventory                                                                                     | 420                                   | -                                        | -                                               | 420                         |
| Increase in Other Operating Assets/Gas Prepay                                                             | (67)                                  | (1,240)                                  | -                                               | (1,307)                     |
| Decrease in Accounts Payable                                                                              | (2,295)                               | -                                        | -                                               | (2,295)                     |
| Increase in Accrued Wages Payable                                                                         | 309                                   | -                                        | -                                               | 309                         |
| Increase in Amounts Due to Other Funds                                                                    | 1,532                                 | -                                        | -                                               | 1,532                       |
| Decrease in Unearned Revenues                                                                             | (410)                                 | -                                        | -                                               | (410)                       |
| Increase in Collections Held in Trust                                                                     | 404                                   | -                                        | -                                               | 404                         |
| Total Adjustments                                                                                         | 7,146                                 | 20,860                                   | -                                               | 28,006                      |
| Net Cash Provided by Operating Activities                                                                 | <u>\$ 31,798</u>                      | <u>\$ 36,810</u>                         | <u>\$ -</u>                                     | <u>\$ 68,608</u>            |

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

Gas Rates

The City of Long Beach Gas Enterprise Fund (LBGO) passes along the actual cost of natural gas it provides to its customers.

Effective October 1, 2007, LBGO renegotiated terms with local suppliers, which included a purchase price equal to LBGO's lowest cost of gas purchased during the month of delivery with the understanding that their volumes will be supplemental to the prepay volumes purchased.

Effective November 1, 2007, LBGO entered into a long-term prepay contract with Merrill Lynch Commodities Inc. (MLCI). Under this new contract, MLCI became the primary provider of natural gas for LBGO. The contract price is equal to the applicable market index price for the month in which the gas delivery occurs, less \$0.83 per one million British thermal units (MMBtus) of gas delivered. LBGO reserves the gas prepay cost savings to facilitate funding of its gas utility's long-term infrastructure requirements.

**NOTE 18 – SOLID WASTE MANAGEMENT FUND**

The Solid Waste Management Fund is used to account for the City's refuse collection and resource recovery operations and includes the City's Solid Waste Management Function and the SERRF Function. SERRF was formed as a joint powers authority between the City and Los Angeles County Sanitation District Number 2 in December 1984. Subsequent to SERRF's formation, lease revenue bonds were issued to construct a waste-to-energy facility, and contracts for the design, construction, and demonstration of a plant were executed and completed. Subsequent complex contractor litigation ensued and was settled in 1994.

A final settlement to the contractor litigation provided that the City would receive \$6 million in cash and approximately \$10 million over a 20-year period in monthly installments which began in 1999. Additionally, a \$6 million payment from the present operator for future improvements has been accounted for as contributed capital. The long-term portion of future payments receivable from the former contractor of approximately \$10 million has been accounted for as a long-term receivable with a balance at September 30, 2015 of \$1.0 million.

In October 1995, the lease, between the joint powers authority and the City's SERRF operations, was revised when SERRF refunded the 1985, 1985-1, and 1986 bond issues. The lease payment was equal to debt service payments with a maximum annual payment of \$25.0 million.

The lease was revised again in conjunction with the 2003 refunding of the 1995 Bonds. Base rental payments are calculated to be sufficient to pay the principal and interest of the Series 2003 Bonds when due.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

Solid Waste Management Fund  
Consolidating Schedule of Net Position (Deficit)  
September 30, 2015  
(In Thousands)

|                                                        | <i>Solid Waste Management<br/>Refuse<br/>Function</i> | <i>SERRF<br/>Function</i> | <i>SERRF<br/>Authority</i> | <i>Total<br/>Before<br/>Elimination</i> | <i>Eliminations<br/>Debit<br/>(Credit)</i> | <i>Solid Waste<br/>Management<br/>Fund</i> |
|--------------------------------------------------------|-------------------------------------------------------|---------------------------|----------------------------|-----------------------------------------|--------------------------------------------|--------------------------------------------|
| <b>ASSETS</b>                                          |                                                       |                           |                            |                                         |                                            |                                            |
| Current Assets:                                        |                                                       |                           |                            |                                         |                                            |                                            |
| Pooled Cash and Cash Equivalents                       | \$ 13,823                                             | \$ 28,174                 | \$ -                       | \$ 41,997                               | \$ -                                       | \$ 41,997                                  |
| Non-Pooled Cash and Cash Equivalents                   | 3                                                     | -                         | 127                        | 130                                     | -                                          | 130                                        |
| Receivables:                                           |                                                       |                           |                            |                                         |                                            |                                            |
| Interest Receivable                                    | 7                                                     | -                         | 38                         | 45                                      | -                                          | 45                                         |
| Accounts Receivable                                    | 2,577                                                 | 7,491                     | 694                        | 10,762                                  | (694)                                      | 10,068                                     |
| Due from Other Governments                             | 17                                                    | 183                       | -                          | 200                                     | -                                          | 200                                        |
| Due from Other Funds                                   | 67                                                    | -                         | -                          | 67                                      | -                                          | 67                                         |
| Capital Leases Receivable - Current                    | -                                                     | -                         | 9,320                      | 9,320                                   | (9,320)                                    | -                                          |
| Allowance for Receivables                              | (242)                                                 | (74)                      | -                          | (316)                                   | -                                          | (316)                                      |
| Other Assets-Current                                   | -                                                     | 126                       | -                          | 126                                     | -                                          | 126                                        |
| Total Current Assets                                   | 16,252                                                | 35,900                    | 10,179                     | 62,331                                  | (10,014)                                   | 52,317                                     |
| Noncurrent Assets:                                     |                                                       |                           |                            |                                         |                                            |                                            |
| Restricted Noncurrent assets                           |                                                       |                           |                            |                                         |                                            |                                            |
| Non-Pooled Investments                                 | -                                                     | -                         | 11,629                     | 11,629                                  | -                                          | 11,629                                     |
| Noncurrent Receivables:                                |                                                       |                           |                            |                                         |                                            |                                            |
| Capital Lease Receivable                               | -                                                     | -                         | 31,020                     | 31,020                                  | (31,020)                                   | -                                          |
| Other Noncurrent Receivables                           | -                                                     | 992                       | -                          | 992                                     | -                                          | 992                                        |
| Capital Assets:                                        |                                                       |                           |                            |                                         |                                            |                                            |
| Land and Other Capital Assets<br>not being Depreciated | 483                                                   | 6,520                     | -                          | 7,003                                   | -                                          | 7,003                                      |
| Capital Assets Net of Accumulated Depreciation         | 54                                                    | 8,116                     | -                          | 8,170                                   | -                                          | 8,170                                      |
| Total Noncurrent Assets                                | 537                                                   | 15,628                    | 42,649                     | 58,814                                  | (31,020)                                   | 27,794                                     |
| Total Assets                                           | 16,789                                                | 51,528                    | 52,828                     | 121,145                                 | (41,034)                                   | 80,111                                     |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                  |                                                       |                           |                            |                                         |                                            |                                            |
| Deferred Outflows                                      | 2,276                                                 | 134                       | 253                        | 2,663                                   | (253)                                      | 2,410                                      |
| <b>LIABILITIES</b>                                     |                                                       |                           |                            |                                         |                                            |                                            |
| Current Liabilities Payable from Current Assets:       |                                                       |                           |                            |                                         |                                            |                                            |
| Accounts Payable                                       | 1,020                                                 | 6,164                     | -                          | 7,184                                   | 694                                        | 6,490                                      |
| Accrued Wages                                          | 221                                                   | 9                         | -                          | 230                                     | -                                          | 230                                        |
| Accrued Interest Payable                               | -                                                     | -                         | 694                        | 694                                     | -                                          | 694                                        |
| Due to Other Funds                                     | 135                                                   | 5                         | -                          | 140                                     | -                                          | 140                                        |
| Collections Held in Trust                              | 771                                                   | 64                        | -                          | 835                                     | -                                          | 835                                        |
| Obligations under Capital Leases - Current             | -                                                     | 9,320                     | -                          | 9,320                                   | 9,320                                      | -                                          |
| Bonds Payable Due within One Year                      | -                                                     | -                         | 9,320                      | 9,320                                   | -                                          | 9,320                                      |
| Total Current Liabilities                              | 2,147                                                 | 15,562                    | 10,014                     | 27,723                                  | 10,014                                     | 17,709                                     |
| Noncurrent Liabilities:                                |                                                       |                           |                            |                                         |                                            |                                            |
| Deferred Credits and Other Deferred Liabilities        | -                                                     | 253                       | -                          | 253                                     | 253                                        | -                                          |
| Obligations under Capital Leases                       | -                                                     | 31,020                    | -                          | 31,020                                  | 31,020                                     | -                                          |
| Bonds Payable                                          | -                                                     | -                         | 32,329                     | 32,329                                  | -                                          | 32,329                                     |
| Net Pension Liability                                  | 13,870                                                | 785                       | -                          | 14,655                                  | -                                          | 14,655                                     |
| Total Noncurrent Liabilities                           | 13,870                                                | 32,058                    | 32,329                     | 78,257                                  | 31,273                                     | 46,984                                     |
| Total Liabilities                                      | 16,017                                                | 47,620                    | 42,343                     | 105,980                                 | 41,287                                     | 64,693                                     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                   |                                                       |                           |                            |                                         |                                            |                                            |
| Deferred Inflows                                       | 1,414                                                 | 83                        | -                          | 1,497                                   | -                                          | 1,497                                      |
| <b>NET POSITION (DEFICIT)</b>                          |                                                       |                           |                            |                                         |                                            |                                            |
| Net Investment in Capital Assets                       | 537                                                   | (25,704)                  | 9,895                      | (15,272)                                | -                                          | (15,272)                                   |
| Restricted for:                                        |                                                       |                           |                            |                                         |                                            |                                            |
| Debt Service                                           | -                                                     | -                         | 843                        | 843                                     | -                                          | 843                                        |
| Unrestricted                                           | 1,097                                                 | 29,663                    | -                          | 30,760                                  | -                                          | 30,760                                     |
| Total Net Position (Deficit)                           | \$ 1,634                                              | \$ 3,959                  | \$ 10,738                  | \$ 16,331                               | \$ -                                       | \$ 16,331                                  |

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

Solid Waste Management Fund  
Consolidating Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                  | <i><b>Solid Waste Management</b></i> |                        |                         | <i><b>Total</b></i>       | <i><b>Eliminations</b></i> | <i><b>Solid Waste</b></i> |
|--------------------------------------------------|--------------------------------------|------------------------|-------------------------|---------------------------|----------------------------|---------------------------|
|                                                  | <i><b>Refuse</b></i>                 | <i><b>SERRF</b></i>    | <i><b>SERRF</b></i>     | <i><b>Before</b></i>      | <i><b>Debit</b></i>        | <i><b>Management</b></i>  |
|                                                  | <i><b>Function</b></i>               | <i><b>Function</b></i> | <i><b>Authority</b></i> | <i><b>Elimination</b></i> | <i><b>(Credit)</b></i>     | <i><b>Fund</b></i>        |
| Operating Revenues:                              |                                      |                        |                         |                           |                            |                           |
| Fees, Concessions, and Rentals                   | \$ -                                 | \$ -                   | \$ 2,157                | \$ 2,157                  | \$ 2,157                   | \$ -                      |
| Charges for Services                             | 41,700                               | 46,297                 | -                       | 87,997                    | 7,832                      | 80,165                    |
| Other                                            | 11                                   | -                      | -                       | 11                        | -                          | 11                        |
| Total Operating Revenues                         | 41,711                               | 46,297                 | 2,157                   | 90,165                    | 9,989                      | 80,176                    |
| Operating Expenses:                              |                                      |                        |                         |                           |                            |                           |
| Personnel Services                               | 14,046                               | 523                    | -                       | 14,569                    | -                          | 14,569                    |
| Purchases of Gas and Water                       | -                                    | -                      | -                       | -                         | -                          | -                         |
| Maintenance and Other Operations                 | 27,984                               | 33,905                 | -                       | 61,889                    | (7,832)                    | 54,057                    |
| Rental Expense                                   | -                                    | 2,157                  | -                       | 2,157                     | (2,157)                    | -                         |
| Amortization                                     | -                                    | (80)                   | 80                      | -                         | -                          | -                         |
| Depreciation                                     | 8                                    | 4,311                  | -                       | 4,319                     | -                          | 4,319                     |
| Total Operating Expenses                         | 42,038                               | 40,816                 | 80                      | 82,934                    | (9,989)                    | 72,945                    |
| Operating Income (Loss)                          | (327)                                | 5,481                  | 2,077                   | 7,231                     | -                          | 7,231                     |
| Non-Operating Income (Expenses):                 |                                      |                        |                         |                           |                            |                           |
| Interest Income                                  | 108                                  | 81                     | 122                     | 311                       | -                          | 311                       |
| Interest Expense                                 | -                                    | -                      | (1,745)                 | (1,745)                   | -                          | (1,745)                   |
| Operating Grants                                 | 152                                  | -                      | -                       | 152                       | -                          | 152                       |
| Other Income                                     | 11                                   | 135                    | -                       | 146                       | -                          | 146                       |
| Total Non-Operating Income (Expenses)            | 271                                  | 216                    | (1,623)                 | (1,136)                   | -                          | (1,136)                   |
| Income (Loss) before Contributions and Transfers | (56)                                 | 5,697                  | 454                     | 6,095                     | -                          | 6,095                     |
| Transfers:                                       |                                      |                        |                         |                           |                            |                           |
| Transfers Out                                    | (1,266)                              | -                      | -                       | (1,266)                   | -                          | (1,266)                   |
| Change in Net Position                           | (1,322)                              | 5,697                  | 454                     | 4,829                     | -                          | 4,829                     |
| Net Position (Deficit) - October 1               | 15,828                               | (1,012)                | 10,284                  | 25,100                    | -                          | 25,100                    |
| Adjustments for GASB 68 Implementation           | (12,872)                             | (726)                  | -                       | (13,598)                  | -                          | (13,598)                  |
| Net Position (Deficit) - September 30            | \$ 1,634                             | \$ 3,959               | \$ 10,738               | \$ 16,331                 | \$ -                       | \$ 16,331                 |

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
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Solid Waste Management Fund  
Consolidating Schedule of Cash Flows  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

| <u>INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</u>   | <u><i>Refuse<br/>Function</i></u> | <u><i>SERRF<br/>Function</i></u> | <u><i>SERRF<br/>Authority</i></u> | <u><i>Total<br/>Before<br/>Elimination</i></u> | <u><i>Eliminations<br/>Increase<br/>(Decrease)</i></u> | <u><i>Solid Waste<br/>Management<br/>Fund</i></u> |
|---------------------------------------------------------------|-----------------------------------|----------------------------------|-----------------------------------|------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|
| Cash Flows from Operating Activities:                         |                                   |                                  |                                   |                                                |                                                        |                                                   |
| Receipts from Customers                                       | \$ 41,329                         | \$ 38,584                        | \$ -                              | \$ 79,913                                      | \$ -                                                   | \$ 79,913                                         |
| Receipts from Capital Lease                                   | -                                 | -                                | 2,312                             | 2,312                                          | (2,312)                                                | -                                                 |
| Receipts from Other Funds                                     | 481                               | 7,854                            | -                                 | 8,335                                          | -                                                      | 8,335                                             |
| Payments for Employee Salaries                                | (13,875)                          | (514)                            | -                                 | (14,389)                                       | -                                                      | (14,389)                                          |
| Payments for Goods and Services                               | (27,432)                          | (34,755)                         | -                                 | (62,187)                                       | 2,312                                                  | (59,875)                                          |
| Other Income                                                  | 11                                | 135                              | -                                 | 146                                            | -                                                      | 146                                               |
| Net Cash Provided by (Used for) Operating Activities          | 514                               | 11,304                           | 2,312                             | 14,130                                         | -                                                      | 14,130                                            |
| Cash Flows from Non-Capital Financing Activities:             |                                   |                                  |                                   |                                                |                                                        |                                                   |
| Operating Grants Received from Other Governments              | 135                               | -                                | -                                 | 135                                            | -                                                      | 135                                               |
| Transfers Out                                                 | (1,224)                           | -                                | -                                 | (1,224)                                        | -                                                      | (1,224)                                           |
| Net Cash Used for<br>Non-Capital Financing Activities         | (1,089)                           | -                                | -                                 | (1,089)                                        | -                                                      | (1,089)                                           |
| Cash Flows from Capital and Related<br>Financing Activities:  |                                   |                                  |                                   |                                                |                                                        |                                                   |
| Payments for Capital Acquisitions                             | (381)                             | -                                | -                                 | (381)                                          | -                                                      | (381)                                             |
| Payments of Principal on Bonds Payable                        | -                                 | -                                | (8,860)                           | (8,860)                                        | -                                                      | (8,860)                                           |
| Payments of Principal on Other Long-Term Obligations          | -                                 | (8,860)                          | -                                 | (8,860)                                        | 8,860                                                  | -                                                 |
| Payments of Interest                                          | -                                 | -                                | (2,311)                           | (2,311)                                        | -                                                      | (2,311)                                           |
| Net Cash Used for Capital<br>and Related Financing Activities | (381)                             | (8,860)                          | (11,171)                          | (20,412)                                       | 8,860                                                  | (11,552)                                          |
| Cash Flows from Investing Activities:                         |                                   |                                  |                                   |                                                |                                                        |                                                   |
| Proceeds from the Sale of Investments                         | -                                 | -                                | (62)                              | (62)                                           | -                                                      | (62)                                              |
| Principal Received under Capital Lease                        | -                                 | -                                | 8,860                             | 8,860                                          | (8,860)                                                | -                                                 |
| Receipts of Interest                                          | 115                               | 81                               | 116                               | 312                                            | -                                                      | 312                                               |
| Net Cash Provided by Investing Activities                     | 115                               | 81                               | 8,914                             | 9,110                                          | (8,860)                                                | 250                                               |
| Net Increase (Decrease) in Cash<br>and Cash Equivalents       | (841)                             | 2,525                            | 55                                | 1,739                                          | -                                                      | 1,739                                             |
| Cash and Cash Equivalents - October 1                         | 14,667                            | 25,649                           | 72                                | 40,388                                         | -                                                      | 40,388                                            |
| Cash and Cash Equivalents - September 30                      | <u>\$ 13,826</u>                  | <u>\$ 28,174</u>                 | <u>\$ 127</u>                     | <u>\$ 42,127</u>                               | <u>\$ -</u>                                            | <u>\$ 42,127</u>                                  |

(Continued)

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Solid Waste Management Fund  
Consolidating Schedule of Cash Flows  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)  
(Continued)

| <u>RECONCILIATION OF OPERATING<br/>INCOME (LOSS) TO NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</u> | <u><i>Refuse<br/>Function</i></u> | <u><i>SERRF<br/>Function</i></u> | <u><i>SERRF<br/>Authority</i></u> | <u><i>Total<br/>before<br/>Elimination</i></u> | <u><i>Eliminations<br/>Increase<br/>(Decrease)</i></u> | <u><i>Solid Waste<br/>Management<br/>Fund</i></u> |
|------------------------------------------------------------------------------------------------------------------|-----------------------------------|----------------------------------|-----------------------------------|------------------------------------------------|--------------------------------------------------------|---------------------------------------------------|
| Operating Income (Loss)                                                                                          | \$ (327)                          | \$ 5,481                         | \$ 2,077                          | \$ 7,231                                       | \$ -                                                   | \$ 7,231                                          |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by (Used for) Operating Activities:     |                                   |                                  |                                   |                                                |                                                        |                                                   |
| Depreciation and Amortization Expense                                                                            | 8                                 | 4,231                            | 80                                | 4,319                                          | -                                                      | 4,319                                             |
| Other Income                                                                                                     | 11                                | 135                              | -                                 | 146                                            | -                                                      | 146                                               |
| (Increase) Decrease in Accounts Receivable, Net                                                                  | (77)                              | 105                              | 155                               | 183                                            | (155)                                                  | 28                                                |
| Decrease in Amounts Due from Other Governments                                                                   | -                                 | 36                               | -                                 | 36                                             | -                                                      | 36                                                |
| Decrease in Amounts Due from Other Funds                                                                         | 102                               | -                                | -                                 | 102                                            | -                                                      | 102                                               |
| (Increase) Decrease in Other Assets                                                                              | -                                 | (100)                            | -                                 | (100)                                          | -                                                      | (100)                                             |
| Increase in Accounts Payable                                                                                     | 552                               | 1,407                            | -                                 | 1,959                                          | 155                                                    | 2,114                                             |
| Increase in Accrued Wages Payable                                                                                | 171                               | 8                                | -                                 | 179                                            | -                                                      | 179                                               |
| Increase in Amounts Due to Other Funds                                                                           | -                                 | 1                                | -                                 | 1                                              | -                                                      | 1                                                 |
| Decrease in Unearned Revenues                                                                                    | (3)                               | -                                | -                                 | (3)                                            | -                                                      | (3)                                               |
| Increase in Collections Held in Trust                                                                            | 77                                | -                                | -                                 | 77                                             | -                                                      | 77                                                |
| Total Adjustments                                                                                                | 841                               | 5,823                            | 235                               | 6,899                                          | -                                                      | 6,899                                             |
| Net Cash Provided by (Used for) Operating Activities                                                             | <u>\$ 514</u>                     | <u>\$ 11,304</u>                 | <u>\$ 2,312</u>                   | <u>\$ 14,130</u>                               | <u>\$ -</u>                                            | <u>\$ 14,130</u>                                  |

**NOTE 19 – OIL ABANDONMENT LIABILITY**

As mentioned in Note 1, the City is required to administer certain tideland properties in trust for the State of California. Significant enterprise operations are conducted in the Tidelands Trust area of the City. Revenues received from the City's tidelands area business-type operations are restricted by State law to tidelands-related purposes. The trust agreement provides for the establishment of separate operating funds to account for the various activities conducted in the City's tideland areas, as described on the following pages.

**Tideland Oil Revenues**

The City utilizes contractors to oversee oil production on the tidelands portion of the Wilmington Oil Field. Oil revenues (net of administrative and operating expenses, a \$1,000,000 fixed annual retention by the City, and the City's participation in the Optimized Waterflood Program Agreement) are remitted to the state of California. Law restricts funds retained by the City for tidelands-related purposes. Eligible purposes include expenses of the City's marinas, beaches, waterways, and its convention center.

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Annually, the City estimates the State's share in the costs of future abandonment and site clearance of the oil properties. At September 30, 2015, the State's total estimated abandonment cost liability is \$634.0 million increasing by \$26.6 million from fiscal year 2014. This estimate is based on the number and life of productive wells, general changes in the life of the oil field, and changes in oil prices. As of September 30, 2015, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$634.0 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve.

At September 30, 2015, the Tidelands Fund recorded an estimated oil field abandonment cost liability of \$53.9 million increasing by \$2.5 million from fiscal year 2014. This estimate is based on the number and life of productive wells, general changes in the life of the oil field, and changes in oil prices.

The City's proprietary ownership interests in the Wilmington Oil Field bear a proportionate share of oil field abandonment costs. Such share is presently estimated at \$10.0 million of which \$5.7 million has been funded in the Upland Oil Properties Special Revenue Fund as of September 30, 2015.

Subsidence

In accordance with State legislation, the City established a Reserve for Subsidence Contingencies to indemnify the City, State, and contractors for claims or costs arising from subsidence alleged to have resulted from oil operations. A maximum of \$40.0 million, plus accrued interest, was originally set aside for this purpose. Under provisions of State law that allowed the State's contractors to substantially increase oil production, and for a period of eight years that ended December 31, 1999, the City's Tidelands Fund received 50 percent of the interest earnings on the Reserve for Subsidence Contingencies while the other 50 percent accrued to the Subsidence Fund. For a period of four years beginning January 1, 2000, 50 percent of the interest earnings were paid to the State of California while the other 50 percent accrued to the Subsidence Fund. After the expiration of the above provisions, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2015, the reserve balance within the Subsidence Fund is \$175.2 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund, with repayment commencing in fiscal year 2008, without interest, in equal annual installments of \$500 thousand for up to 20 years. This action was taken to assist the City in making \$5 million contributions to the State in fiscal years 2005 and 2006. At September 30, 2015, total loan to the City's General Fund and interest retained amounts to \$3.6 million.

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**NOTE 20 – POLLUTION REMEDIATION OBLIGATIONS**

**BKK Sites**

Victoria Golf Course: Between 1947 and 1949, the City disposed of municipal waste in a landfill owned by BKK Corp located in Carson, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control has identified the City as a potentially responsible party (PRP) under the Resources Conservation and Recovery Act and has threatened enforcement action. The County of Los Angeles has threatened a cross-claim against the City for contribution. As of September 30, 2015, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

West Covina: From the mid-1960s through 1987, the City disposed of municipal waste in a landfill owned by BKK Corp located in West Covina, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control has a cleanup order to PRPs under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The primary PRPs have entered into a consent decree. Those parties in turn have threatened to compel the City to contribute part of the clean-up costs. As of September 30, 2015, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

**West Covina Site**

Chevron (USA), Exxon Mobile Corporation, Conocophillips Company, Long Beach Oil Development Company (LBOD), and American Energy Operations, Inc. have been named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the California Department of Toxic Substance Control). The site is located in West Covina. In response, the parties have filed claims against the City seeking unspecified damages. In 2005 and 2006, the parties entered into tolling agreements with the City. To date, no costs have been incurred in this matter. As of September 30, 2015, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

**Long Beach Oil Development Company**

In 2003, LBOD, a contractor for the City responsible for managing oil operations, was named in a lawsuit. During the period from 1939 to February 1989, LBOD deposited oil operations materials at three approved disposal sites. LBOD was named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the California Department of Toxic Substance Control) for these sites and has sued the City seeking reimbursement for costs expended. As of September 30, 2015, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City acts as a trustee for the State for the impacted lands and the funds for defense and settlement shall come from State of California Oil Revenue.

**55<sup>th</sup> Way Landfill (formerly Paramount Landfill)**

The City operated the Paramount Landfill from 1945 to 1948. After closure, the landfill was partitioned and all but one parcel has been sold. The remaining parcel was developed into Davenport Park in 2006. The City purchased an adjacent parcel in 2006 and is currently developing plans to expand Phase II of Davenport Park to this parcel. In May 2009, the Regional Board notified the City

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that additional groundwater monitoring is required for this site. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$60 thousand. The City implements an ongoing Solid Waste Assessment Test (SWAT) groundwater monitoring program for the 55<sup>th</sup> Way Landfill pursuant to LARWQCB Water Discharge Requirements Order R4-2004-0157 issued October 12, 2004 and General Monitoring and Reporting Program Order No. CI-8372A. Groundwater monitoring is now required on a recurring semi-annual basis until such time that the LARWQCB rescinds R4-2004-0157, or otherwise approves a reduction or elimination of the groundwater monitoring program. As of September 30, 2015, the cost estimate for groundwater monitoring is approximately \$16 thousand per year. There is no reasonable expectation of any recovery associated with these remediation efforts.

El Cortez (formerly El Ranchito)

In 2009, the Agency purchased property at 5301 Long Beach Blvd. In fiscal year 2012, the Agency initiated a voluntary remediation project at the site. During a meeting on July 6, 2015, the Los Angeles Regional Water Quality Control Board requested specific remedial and groundwater monitoring action be implemented. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$485 thousand. As of September 30, 2015, the remaining liability for the monitoring was \$404 thousand. There is a possibility that the cost of monitoring may increase. There is no reasonable expectation of any recovery associated with these remediation efforts.

Cowelco

On November 8, 2012, the Los Angeles Regional Water Quality Control Board (Regional Board) notified the Agency that additional groundwater monitoring was necessary at 1669 W. Anaheim Street based on the Regional Board's review of the Site Assessment Report dated May 7, 2004. The Regional Board notified the Agency that additional assessment of soil and groundwater was necessary after the Regional Board's review of the soil data and groundwater monitoring performed in 2014. On August 14, 2015, the California State Water Resources Control Board (Control Board), upon review of a request from the City, issued a letter denying the City's request for closure and requiring further action. Compliance with the Control Board's current request is anticipated to cost approximately \$42 thousand. It is not known if additional monitoring or remediation will be required. There is no reasonable expectation of any recovery associated with these remediation efforts.

Metropolitan Transportation Authority (MTA) Bus Parking Lot

The Regional Board has notified the City that additional ground water monitoring for the former MTA bus parking lot may be required. MTA had requested site closure for the site prior to it being sold to the City. MTA pledged \$300 thousand to pay for any future monitoring costs when the City acquired the property. Management has not recorded a liability because it is believed that the costs associated with any future monitoring would be less than the pledge of the MTA. At September 30, 2015, the site is still being evaluated and the City is waiting for final determination from the Regional Board as to the extent of, if any, additional monitoring activities that may be required.

Leaking Underground Storage Tanks (LUST)

In the early 1990s, the City was named a responsible party for a number of City owned and/or operated LUST sites by the Regional Board. Since then, all of the tanks have been removed. The remaining sites are Fire Station 7, Fire Station 10, Fire Station 11, and Fire Station 17. The Regional Board has directed that these sites be evaluated for remediation and continued monitoring activities. As of September 30, 2015, the City remains under a Board order to continue monitoring

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the sites. The estimated related liability for the future remediation was \$2.8 million. For its monitoring and remediation efforts, the City submitted claims for reimbursable remediation cost to the State UST Cleanup Fund. In April 2015, The City settled all outstanding issues with the State Water Resources Board with the payment of the suspended penalty fee, per stipulation, amounting to \$2.5 million and is currently working with the State to terminate the existing Consent Judgment. In August 2015, the City obtained a partial reimbursement of costs related to the closed sites amounting to \$1.1 million.

Long Beach Old Court House

In 2009, the Long Beach Old Court House (Property) was acquired by the former Redevelopment Agency as part of a land exchange with the State of California. Following the statewide dissolution of redevelopment agencies, the Property became part of the assets owned by the city as Successor Agency (SA) to the former Redevelopment Agency, and was included in the SA's Long Range Property Management Plan (LRPMP). On March 10, 2015, the State of California Department of Finance approved the LRPMP and allowed for the Property to be conveyed to the City of Long Beach and incorporated into the new Civic Center. Improvements on the Property contain a substantial amount of asbestos-containing materials and lead-based paint. Regardless of the future use of the Property, abatement of these environmental conditions is required.

To help determine potential environmental abatement cost, the City requested and received base bids for hazardous abatement (including asbestos and lead) of improvements. Based on bids received, the City's liability for future environmental abatement as of September 30, 2015 is estimated at \$4.4 million. There is no reasonable expectation of any recovery associated with the abatement efforts as the State has unilaterally determined that abatement and demolition of the old court house is a local (City) obligation.

**NOTE 21 – INVESTMENT IN JOINT VENTURES**

Intermodal Container Transfer Facility Joint Powers Authority (ICTF)

The City's Harbor Department and the Port of Los Angeles (the Venturers) have entered into a joint venture agreement to form ICTF for the purposes of financing and constructing an intermodal container transfer facility (the facility) to transfer cargo containers between trucks and railroad cars. The facility has been leased to Southern Pacific, now merged with Union Pacific (the Tenant). The facility was developed by the Tenant who assumed operational responsibility for the facility. The Venturers' share net income and equity distributions from ICTF equally. The ICTF financial statements for the year ended June 30, 2015 can be obtained from the Harbor.

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**NOTE 22 – DEFERRED COMPENSATION**

The City offers all of its employees a deferred compensation plan (Plan) created in accordance with Internal Revenue Code, Section 457. The Plan permits employees to defer a portion of their salary until future years. All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts are held in such trust accounts for the exclusive benefit of the City employee participants and their beneficiaries.

While the City has full power and authority to administer and to adopt rules and regulations for the Plan, all investment decisions under the Plan are the responsibility of the Plan participants. The City has no liability for losses under the Plan, but does have the duty of due care that would be required of an ordinary prudent investor. The accumulated assets of the Plan are not required to be reported in the accompanying basic financial statements.

If Plan participants retire or terminate service with the City, they may be eligible to receive payments under the Plan in accordance with provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the Plan by the participants, along with their allocated contributions.

**NOTE 23 – COMMITMENTS AND CONTINGENCIES**

**Commitments**

At September 30, 2015, business-type fund and governmental-type fund commitments for construction projects and for purchases of goods and services are as follows (in thousands):

| <u>Governmental Activities</u> |                  |
|--------------------------------|------------------|
| General Fund                   | \$ 1,097         |
| Other Governmental funds:      |                  |
| Special Revenue Funds          | 13,136           |
| Capital Projects Funds         | 19,338           |
| Internal Service Funds         | <u>7,576</u>     |
| Total                          | <u>\$ 41,147</u> |

| <u>Business-Type Activities</u> |                   |
|---------------------------------|-------------------|
| Gas Utility                     | \$ 691            |
| Tidelands                       | 12,723            |
| Harbor                          | 96,621            |
| Non-major business-type funds   | <u>17,095</u>     |
| Total                           | <u>\$ 127,130</u> |

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Self-Insurance

The City is the subject of numerous claims seeking recovery of monetary amounts. Such claims generally occur in the normal course of business and arise from several causes of action including general liability, employment-related matters, alleged violations of civil rights, recovery of questioned grant costs, and other incidental issues.

As stated in Note 15, the City is self-insured for its workers' compensation and liability claims. As claims are made against the City, they are routinely evaluated and appropriate accrued liabilities are recorded. Certain of these claims may ultimately reach the trial level and could result in judgments against the City. While the ultimate adverse effect, if any, of claims and judgments against the City cannot be estimated with certainty, it is the opinion of management, based upon consultation with the City Attorney and outside legal counsel as applicable, that such judgments against the City will not have a material adverse effect on the City's financial position beyond that already accrued for within the basic financial statements.

Potential Obligations Related to the Alameda Corridor Transportation Authority

The Alameda Corridor Use and Operating Agreement was executed by the Harbor, the Harbor Department of the City of Los Angeles (Port of Los Angeles), the Alameda Corridor Transportation Authority (ACTA), and the Burlington Northern Santa Fe and Union Pacific Railroads. The agreement provides for a payment of funds, known as a "Shortfall Advance," to be made, under certain circumstances, to ACTA by the Harbor and the Port of Los Angeles. Revenues generated by use fees and container charges, paid by the railroads, will be used to pay debt service on ACTA financing, to establish and maintain a reserve account, and to pay ACTA's reasonable expenses relating to administration of the rail corridor.

To the extent that the revenues from use and container charges are not sufficient to meet ACTA's obligations, the Harbor and the Port of Los Angeles have agreed to advance the funds necessary to make up the difference. This obligation began after completion of the Corridor project and is limited to 40 percent of the total annual required amount, with the Harbor and the Port of Los Angeles each responsible for one-half, or 20 percent of the required amount.

ACTA's latest Notice of Estimated Shortfall Advances and Reserve Accounting Funding (Notice) was transmitted to the Department on March 20, 2014. Estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. Notice submitted by ACTA indicated no projected shortfall for the fiscal year ended June 30, 2015, the leaving the cumulative shortfall at \$5.9 million. Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. Reimbursement could begin as soon as 2018. In prior years the Harbor funded a cash reserve to satisfy claims related to the shortfall advance potential obligation.

New Gerald Desmond Bridge Matching Contribution

The Harbor continues to pursue the replacement of the Gerald Desmond Bridge. The total cost to replace the bridge is estimated at \$1.3 billion. The Harbor anticipates that funding of this project will come primarily from federal and state sources. Local matching funds will also be required.

Environmental Mitigation Credits

The Harbor disbursed \$39.4 million in fiscal year 1997 to secure environmental mitigation credits that would allow the Harbor to complete projects within its complex. The cost incurred in the acquisition of the environmental credits has been classified as a noncurrent asset. The balance of environmental mitigation credits will be adjusted in the future as landfill credits are used for Harbor development.

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An agreement between the Harbor, the Port of Los Angeles, and several federal and state regulatory agencies provided for the Harbor's purchase of land located within the wetlands restoration project at the Bolsa Chica Wetlands in Orange County, California. The land was transferred to the state in return for environmental mitigation credits to allow for the construction of up to 267 acres of landfill in the outer harbor area. During fiscal year 2006, the Department acquired \$11.4 million of environmental mitigation credits.

During fiscal year 2007, the Department completed landfills that required the utilization of \$9.6 million of the available credits. No further acquisition of environmental credits or utilization of credits has occurred during the two years ended September 30, 2015. The balance of the Environmental Mitigation Credits was \$40.2 million as of September 30, 2015.

Pike Public Improvements

In fiscal year 2002, the City issued special assessment debt under the authority of the Mello-Roos Community Facilities Act for public improvements, mainly a parking facility, in the Pike Development Project area. Although the debt does not constitute an indebtedness of the City, in order to facilitate such financing, the parking facility was subleased to the City for the purposes of issuing the Mello-Roos Bonds pursuant to a City sublease. According to the sublease, the City is subject to an annual calculated lease payment up to \$1.2 million through October 2032, plus net revenues from certain other Pike area parking operations, in the event the Pike garage does not generate sufficient net revenue to make bond payments.



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**NOTE 24 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

**Deferred Outflows of Resources**

At September 30, 2015, Deferred Outflows of Resources and Deferred Inflows of Resources are as follows:

Governmental Funds  
Schedule of Deferred Outflows and Deferred Inflows  
(In Thousands)

|                                                                      | <i>General</i>   | <i>Nonmajor<br/>Governmental<br/>Funds</i> | <i>Total<br/>Governmental<br/>Funds</i> | <i>GASB 34<br/>Conversion<br/>Adjustments</i> | <i>Total<br/>Government-<br/>wide<br/>Statements</i> |
|----------------------------------------------------------------------|------------------|--------------------------------------------|-----------------------------------------|-----------------------------------------------|------------------------------------------------------|
| Deferred Outflows of Resources:                                      |                  |                                            |                                         |                                               |                                                      |
| Economic loss from the refunding of debt                             | \$ -             | \$ -                                       | \$ -                                    | \$ 1,345                                      | \$ 1,345                                             |
| Pension contributions after measurement date                         | -                | -                                          | -                                       | 11,475                                        | 11,475                                               |
| Difference between actual and expected<br>CalPERS investment returns | -                | -                                          | -                                       | 111,989                                       | 111,989                                              |
| Total deferred outflows of resources                                 | <u>\$ -</u>      | <u>\$ -</u>                                | <u>\$ -</u>                             | <u>\$ 124,809</u>                             | <u>\$ 124,809</u>                                    |
| Deferred Inflows of Resources:                                       |                  |                                            |                                         |                                               |                                                      |
| Economic gain from the refunding of debt                             | \$ -             | \$ -                                       | \$ -                                    | \$ 2,461                                      | \$ 2,461                                             |
| Unavailable revenue and property taxes                               | 88,738           | 195,317                                    | 284,055                                 | (195,222)                                     | 88,833                                               |
| CalPERS difference between actual and<br>expected Experience         | -                | -                                          | -                                       | 40,296                                        | 40,296                                               |
| CalPERS change in assumptions                                        | -                | -                                          | -                                       | 39,725                                        | 39,725                                               |
| Total deferred inflows of resources                                  | <u>\$ 88,738</u> | <u>\$ 195,317</u>                          | <u>\$ 284,055</u>                       | <u>\$ (112,740)</u>                           | <u>\$ 171,315</u>                                    |

Internal Service Funds  
Schedule of Deferred Outflows and Deferred Inflows  
(In Thousands)

|                                                              | <i>Civic<br/>Center</i> | <i>General<br/>Services</i> | <i>Fleet<br/>Services</i> | <i>Insurance</i> | <i>Employee<br/>Benefits</i> | <i>Total<br/>Internal<br/>Service<br/>Funds</i> |
|--------------------------------------------------------------|-------------------------|-----------------------------|---------------------------|------------------|------------------------------|-------------------------------------------------|
| Deferred Outflows of Resources:                              |                         |                             |                           |                  |                              |                                                 |
| Economic loss from the refunding of debt                     | \$ 920                  | \$ -                        | \$ 1,277                  | \$ -             | \$ -                         | \$ 2,197                                        |
| Pension contributions after measurement date                 | 54                      | 416                         | 188                       | 221              | 436                          | 1,315                                           |
| Difference between actual and<br>expected investment returns | 458                     | 3,554                       | 1,609                     | 1,887            | 935                          | 8,443                                           |
| Total deferred outflows of resources                         | <u>\$ 1,432</u>         | <u>\$ 3,970</u>             | <u>\$ 3,074</u>           | <u>\$ 2,108</u>  | <u>\$ 1,371</u>              | <u>\$ 11,955</u>                                |
| Deferred Inflows of Resources                                |                         |                             |                           |                  |                              |                                                 |
| Difference between actual and<br>expected investment returns | \$ -                    | \$ -                        | \$ -                      | \$ -             | \$ 68                        | \$ 68                                           |
| CalPERS difference between actual<br>and expected Experience | 167                     | 1,294                       | 586                       | 688              | 340                          | 3,075                                           |
| CalPERS change in assumptions                                | 151                     | 1,173                       | 531                       | 623              | 309                          | 2,787                                           |
| Total deferred inflows of resources                          | <u>\$ 318</u>           | <u>\$ 2,467</u>             | <u>\$ 1,117</u>           | <u>\$ 1,311</u>  | <u>\$ 717</u>                | <u>\$ 5,930</u>                                 |

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Enterprise Funds  
Schedule of Deferred Outflows and Deferred Inflows  
(In Thousands)

|                                                                      | <i>Gas<br/>Utility</i> | <i>Tidelands</i> | <i>Tideland<br/>Oil<br/>Revenue</i> | <i>Harbor</i>    | <i>Nonmajor<br/>Enterprise<br/>Funds</i> | <i>Total<br/>Enterprise<br/>Funds</i> |
|----------------------------------------------------------------------|------------------------|------------------|-------------------------------------|------------------|------------------------------------------|---------------------------------------|
| Deferred Outflows of Resources:                                      |                        |                  |                                     |                  |                                          |                                       |
| Economic loss from the refunding of debt                             | \$ -                   | \$ 7,365         | \$ -                                | \$ 5,459         | \$ 1,752                                 | \$ 14,576                             |
| Pension contributions after measurement date                         | 474                    | 750              | 113                                 | 1,762            | 1,481                                    | 4,580                                 |
| Difference between actual and expected<br>CalPERS investment returns | 4,047                  | 7,153            | 965                                 | 15,047           | 12,646                                   | 39,858                                |
| Derivative instrument                                                |                        |                  |                                     |                  |                                          |                                       |
| Interest rate swap                                                   | 15,189                 | -                | -                                   | -                | -                                        | 15,189                                |
| Total deferred outflows of resources                                 | <u>\$ 19,710</u>       | <u>\$ 15,268</u> | <u>\$ 1,078</u>                     | <u>\$ 22,268</u> | <u>\$ 15,879</u>                         | <u>\$ 74,203</u>                      |
| Deferred Inflows of Resources:                                       |                        |                  |                                     |                  |                                          |                                       |
| Economic gain from the refunding of debt                             | \$ -                   | \$ -             | \$ -                                | \$ 4,369         | \$ -                                     | \$ 4,369                              |
| CalPERS difference between actual<br>and expected Experience         | 1,474                  | 2,579            | 353                                 | 5,480            | 4,604                                    | 14,490                                |
| CalPERS change in assumptions                                        | 1,336                  | 2,508            | 318                                 | 4,967            | 4,174                                    | 13,303                                |
| Derivative instrument                                                |                        |                  |                                     |                  |                                          |                                       |
| Commodity swap                                                       | 490,592                | -                | -                                   | -                | -                                        | 490,592                               |
| Total deferred inflows of resources                                  | <u>\$ 493,402</u>      | <u>\$ 5,087</u>  | <u>\$ 671</u>                       | <u>\$ 14,816</u> | <u>\$ 8,778</u>                          | <u>\$ 522,754</u>                     |

**NOTE 25 – SUBSEQUENT EVENTS**

City of Long Beach 2016 Series A Lease Revenue Bonds

On January 13, 2016, the City issued \$13.2 million of Lease Revenue Bonds. The Bond proceeds were issued to (a) pay for the hazardous materials abatement and demolition of the old County of Los Angeles Courthouse, (b) relocation of 3<sup>rd</sup> Street and Pacific Avenue storm drain, (c) one-time and construction costs related to the Civic Center Project, and (d) pay a portion of the costs of issuance of the Bonds. Payment for this debt begins in August of 2016 and continues through August 2026.

CalPERS Investment Return

As of January 31, 2016, the CalPERS investment fund total market value had declined 3.4 percent or \$9.9 billion. This decline places the fund 10.9 percent below CalPERS projected 7.5 percent investment rate of return. If this trend does not improve, the shortfall will result in a potentially material increase in the City's Net Pension Liability and reduced net position for the City's fiscal year 2016 annual financial report.

# REQUIRED SUP- PLEMENTARY INFORMATION

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**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Miscellaneous Plan**

(Calculated as of June 30 and reported as of September 30, dollars in thousands)

Last 10 Years<sup>1</sup>  
(unaudited)

|                                                                              | <u><b>2015</b></u>        |
|------------------------------------------------------------------------------|---------------------------|
| <b>Total Pension Liability</b>                                               |                           |
| <b>Total pension liability - beginning</b>                                   | <u><b>\$2,362,579</b></u> |
| Service cost                                                                 | \$ 37,502                 |
| Interest in the total pension liability                                      | 171,128                   |
| Differences between actual and expected experience                           | (45,118)                  |
| Changes in assumptions <sup>2</sup>                                          | (40,892)                  |
| Benefit payments <sup>3</sup>                                                | <u>(116,699)</u>          |
| <b>Net change in total pension liability</b>                                 | <u><b>5,921</b></u>       |
| <b>Total pension liability - ending (a)</b>                                  | <u><b>\$2,368,500</b></u> |
| <b>Plan Fiduciary Net Position</b>                                           |                           |
| <b>Plan fiduciary net position - beginning</b>                               | <u><b>\$1,881,680</b></u> |
| Contribution - employer                                                      | \$ 35,136                 |
| Contribution - employees                                                     | 17,652                    |
| Net investment income                                                        | 41,570                    |
| Administrative expenses                                                      | (2,090)                   |
| Benefit payments <sup>3</sup>                                                | <u>(116,699)</u>          |
| <b>Net change in fiduciary net position</b>                                  | <u><b>(24,431)</b></u>    |
| <b>Plan fiduciary net position - ending (b)</b>                              | <u><b>\$1,857,249</b></u> |
| <b>Net pension liability - ending (a)-(b)</b>                                | <u><b>\$ 511,251</b></u>  |
| <b>Fiduciary net position as a percentage of the total pension liability</b> | <b>78.41%</b>             |
| Covered employee payroll                                                     | \$ 239,867                |
| <b>Net pension liability as percentage of covered-employee payroll</b>       | <b>213.14%</b>            |

**Notes to Schedule:**

<sup>1</sup> Fiscal year 2015 was the first year of implementation.

<sup>2</sup> Changes in assumptions: the discount rate (net of administrative expense) was changed from 7.5 percent to 7.65 percent.

<sup>3</sup> Benefit payments include refunds of employee contributions

See accompanying independent auditors' report.

**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Safety Plan**

(Calculated as of June 30 and reported as of September 30, dollars in thousands)

Last 10 Years<sup>1</sup>  
(unaudited)

|                                                                              | <u>2015</u>                      |
|------------------------------------------------------------------------------|----------------------------------|
| <b>Total Pension Liability</b>                                               |                                  |
| <b>Total pension liability - beginning</b>                                   | <u><b>\$2,209,454</b></u>        |
| Service cost                                                                 | \$ 34,835                        |
| Interest in the total pension liability                                      | 160,374                          |
| Differences between actual and expected experience                           | (38,807)                         |
| Changes in assumptions <sup>2</sup>                                          | (39,710)                         |
| Benefit payments <sup>3</sup>                                                | <u>(103,922)</u>                 |
| <b>Net change in total pension liability</b>                                 | <u><b>12,770</b></u>             |
| <b>Total pension liability - ending (a)</b>                                  | <u><u><b>\$2,222,224</b></u></u> |
| <b>Plan Fiduciary Net Position</b>                                           |                                  |
| <b>Plan fiduciary net position - beginning</b>                               | <u><b>\$1,889,902</b></u>        |
| Contribution - employer                                                      | \$ 29,815                        |
| Contribution - employees                                                     | 11,737                           |
| Net investment income                                                        | 41,167                           |
| Administrative expenses                                                      | (2,101)                          |
| Benefit payments <sup>3</sup>                                                | <u>(103,922)</u>                 |
| <b>Net change in fiduciary net position</b>                                  | <u><b>(23,304)</b></u>           |
| <b>Plan fiduciary net position - ending (b)</b>                              | <u><u><b>\$1,866,598</b></u></u> |
| <b>Net pension liability - ending (a)-(b)</b>                                | <u><u><b>\$ 355,626</b></u></u>  |
| <b>Fiduciary net position as a percentage of the total pension liability</b> | <b>84.00%</b>                    |
| Covered employee payroll                                                     | \$ 155,208                       |
| <b>Net pension liability as percentage of covered-employee payroll</b>       | <b>229.13%</b>                   |

**Notes to Schedule:**

<sup>1</sup> Fiscal year 2015 was the first year of implementation.

<sup>2</sup> Changes in assumptions: the discount rate (net of administrative expense) was changed from 7.5 percent to 7.65 percent.

<sup>3</sup> Benefit payments include refunds of employee contributions

See accompanying independent auditors' report.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

**Schedule of Contributions**  
**Miscellaneous Plan**

As of and for the year ended September 30, 2015 (dollars in thousands)

Last 10 Years<sup>1</sup>  
(unaudited)

|                                                                                   | <b>2015</b> |
|-----------------------------------------------------------------------------------|-------------|
| Actuarially Determined Contribution <sup>2</sup>                                  | \$ 35,136   |
| Contributions in relation to the actuarially determined contribution <sup>3</sup> | (35,136)    |
| Contribution deficiency (excess) <sup>4</sup>                                     | <u>\$ -</u> |
| Covered-employee payroll                                                          | \$ 239,867  |
| Contributions as a percentage of covered-employee payroll                         | 14.65%      |

**Notes to schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2014-2015 were from June 30, 2012 public agency valuations.

|                           |                                                                                                                                                                                                                                                                    |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date:           | 6/30/2012                                                                                                                                                                                                                                                          |
| Actuarial Cost Method     | Entry age normal                                                                                                                                                                                                                                                   |
| Amortization Method       | For details, see June 30, 2012 Funding Valuation Report.                                                                                                                                                                                                           |
| Asset Valuation Method    | Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.                                                                                                                                                                                |
| Inflation                 | 2.75%                                                                                                                                                                                                                                                              |
| Salary Increases          | Varies by entry age and service                                                                                                                                                                                                                                    |
| Payroll Growth            | 3.00%                                                                                                                                                                                                                                                              |
| Investment Rate of Return | 7.5%, net of pension plan investment expense, including inflation                                                                                                                                                                                                  |
| Retirement Age            | Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007                                                                                                                                                             |
| Mortality                 | Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

**Notes**

<sup>1</sup> Historical information is required only for years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation.

<sup>2</sup> Actuarially Determined Calculation is based on a CalPERS projection of the Miscellaneous payroll

<sup>3</sup> Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

**Schedule of Contributions**  
**Safety Plan**

As of and for the year ended September 30, 2015 (dollars in thousands)

Last 10 Years<sup>1</sup>  
(unaudited)

|                                                                                   | <b>2015</b> |
|-----------------------------------------------------------------------------------|-------------|
| Actuarially Determined Contribution <sup>2</sup>                                  | \$ 29,815   |
| Contributions in relation to the actuarially determined contribution <sup>3</sup> | (29,815)    |
| Contribution deficiency (excess) <sup>4</sup>                                     | <u>\$ -</u> |
| Covered-employee payroll                                                          | \$ 155,208  |
| Contributions as a percentage of covered-employee payroll                         | 19.21%      |

**Notes to schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015 were from June 30, 2012 public agency valuations.

|                           |                                                                                                                                                                                                                                                                    |
|---------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Valuation Date:           | 6/30/2012                                                                                                                                                                                                                                                          |
| Actuarial Cost Method     | Entry age normal                                                                                                                                                                                                                                                   |
| Amortization Method       | For details, see June 30, 2012 Funding Valuation Report.                                                                                                                                                                                                           |
| Asset Valuation Method    | Actuarial Value of Assets. For details, see June 30, 2012 Funding Valuation Report.                                                                                                                                                                                |
| Inflation                 | 2.75%                                                                                                                                                                                                                                                              |
| Salary Increases          | Varies by entry age and service                                                                                                                                                                                                                                    |
| Payroll Growth            | 3.00%                                                                                                                                                                                                                                                              |
| Investment Rate of Return | 7.5%, net of pension plan investment expense, including inflation                                                                                                                                                                                                  |
| Retirement Age            | Probabilities of retirement are based on the 2010 CalPERS Experience Study for the period 1997 to 2007                                                                                                                                                             |
| Mortality                 | Probabilities of mortality are based on the 2010 CalPERS Experience Study for the period 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries. |

**Notes**

<sup>1</sup>Historical information is required only for years for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation.

<sup>2</sup>Actuarially Determined Calculation is based on a CalPERS projection of the Miscellaneous payroll

<sup>3</sup>Amount represents actual contributions as recorded by CalPERS

<sup>4</sup>Deficiency resulted from the actual payroll being less than the amount (\$29,815) used to calculate the Actuarially Determined Contribution.

See accompanying independent auditors' report.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

**PARS Retirement Enhancement Plan**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**

As of and for the year ended September 30, 2015 (dollars in thousands)

Last 10 years<sup>1</sup>  
(unaudited)

|                                                                                   |              | <b>2015</b>     |
|-----------------------------------------------------------------------------------|--------------|-----------------|
| <b>Total Pension Liability</b>                                                    |              |                 |
| <b>Total pension liability - beginning</b>                                        |              | <b>\$ 5,108</b> |
| Service cost                                                                      | \$ 417       |                 |
| Interest in the total pension liability                                           | 254          |                 |
| Differences between actual and expected experience                                | 140          |                 |
| Benefit payments, including refunds of employee contributions                     | <u>(370)</u> |                 |
| <b>Net changes in total pension liability</b>                                     |              | <b>441</b>      |
| <b>Total pension liability - ending (a)</b>                                       |              | <b>\$ 5,549</b> |
| <b>Plan fiduciary net position</b>                                                |              |                 |
| <b>Plan fiduciary net position - beginning</b>                                    |              | <b>\$ 4,854</b> |
| Contribution - employer                                                           | \$ 331       |                 |
| Contribution - employees                                                          | 334          |                 |
| Net investment income                                                             | 350          |                 |
| Administrative expenses                                                           | (370)        |                 |
| Benefit payments, including refunds of employee contributions                     | <u>(81)</u>  |                 |
| <b>Net change in fiduciary net position</b>                                       |              | <b>564</b>      |
| <b>Plan fiduciary net position - ending (b)</b>                                   |              | <b>\$ 5,418</b> |
| <b>Net pension liability - ending (a)-(b)</b>                                     |              | <b>\$ 131</b>   |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> |              | <b>97.64%</b>   |
| Covered employee payroll                                                          |              | \$ 11,340       |
| <b>Net pension liability as a percentage of covered-employee payroll</b>          |              | <b>1.16%</b>    |

**Notes to Schedule:**

<sup>1</sup> Fiscal year 2015 was the first year of implementation, therefore only one year of information is shown.

See accompanying independent auditors' report.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2015

**Schedule of Contributions - PARS Plan**

As of and for the year ended September 30, 2015 (dollars in thousands)

Last 10 Years\*

(unaudited)

|                                                                      | <b>2015</b> |
|----------------------------------------------------------------------|-------------|
| Actuarially Determined Contribution                                  | \$ 280      |
| Contributions in relation to the actuarially determined contribution | 332         |
| Contribution deficiency (excess)                                     | \$ (52)     |
| Covered-employee payroll                                             | \$ 11,340   |
| Contributions as a percentage of covered-employee payroll            | 2.93%       |

**Notes to schedule:**

Significant Actuarial Assumptions Used in Actuarially Determined Contribution for Fiscal Year 2015

|                           |                                                                                                                                  |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Valuation Date: | September 30, 2013                                                                                                               |
| Contribution Policy       | Normal Cost plus 3.5 year amortization of the 9/30/14 UAAL                                                                       |
| Actuarial Cost Method     | Projected Unit Credit                                                                                                            |
| Amortization Method       | Level dollar                                                                                                                     |
| Amortization Period       | 3.5 years                                                                                                                        |
| Asset Valuation Method    | Market value investment gains and losses spread over 5-year rolling period; not less than 80% nor more than 120% of market value |
| Future New Entrants       | Closed group, no new hires                                                                                                       |

Postemployment Healthcare Benefits  
Analysis of Funding Progress  
(unaudited)

| <i>Actuarial<br/>Valuation<br/>Date</i> | <i>Actuarial<br/>Accrued<br/>Liability<br/>(a)</i> | <i>Actuarial<br/>Value of<br/>Assets<br/>(b)</i> | <i>Unfunded<br/>Liability<br/>(a) - (b)</i> | <i>Funded<br/>Ratio<br/>(b) / (a)</i> | <i>Annual<br/>Covered<br/>Payroll<br/>(c)</i> | <i>UAAL as a<br/>% of Payroll<br/>[(a) - (b)] / (c)</i> |
|-----------------------------------------|----------------------------------------------------|--------------------------------------------------|---------------------------------------------|---------------------------------------|-----------------------------------------------|---------------------------------------------------------|
| 9/30/2010                               | \$120,714                                          | -                                                | \$120,714                                   | 0.0%                                  | \$321,931                                     | 37.5%                                                   |
| 9/30/2012                               | 219,785                                            | -                                                | 219,785                                     | 0.0%                                  | 321,013                                       | 68.5%                                                   |
| 9/30/2014                               | 142,598                                            | -                                                | 142,598                                     | 0.0%                                  | 335,691                                       | 42.5%                                                   |

See accompanying independent auditors' report.

# ADDITIONAL FINANCIAL SECTION

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**City of Long Beach**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2015  
(In Thousands)

|                                                       | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Debt<br>Service<br>Funds | Total             |
|-------------------------------------------------------|-----------------------------|------------------------------|--------------------------|-------------------|
| <b>ASSETS</b>                                         |                             |                              |                          |                   |
| Pooled Cash and Cash Equivalents                      | \$ 112,462                  | \$ 53,730                    | \$ 322                   | \$ 166,514        |
| Non-Pooled Cash and Cash Equivalents                  | 152                         | 15,948                       | 22,023                   | 38,123            |
| Receivables:                                          |                             |                              |                          |                   |
| Accounts Receivable                                   | 2,490                       | 43                           | -                        | 2,533             |
| Due from Other Governments                            | 20,844                      | 4,503                        | -                        | 25,347            |
| Due from Other Funds                                  | 881                         | 5,733                        | 156                      | 6,770             |
| Allowance for Receivables                             | (1,096)                     | -                            | -                        | (1,096)           |
| Other Assets                                          | 1,244                       | 1,602                        | -                        | 2,846             |
| Advances to Other Funds                               | 15,628                      | -                            | -                        | 15,628            |
| Land Held for Resale                                  | 4,215                       | -                            | -                        | 4,215             |
| Other Noncurrent Receivables                          | 189,429                     | 6,266                        | -                        | 195,695           |
| Total Assets                                          | <u>\$ 346,249</u>           | <u>\$ 87,825</u>             | <u>\$ 22,501</u>         | <u>\$ 456,575</u> |
| <b>LIABILITIES</b>                                    |                             |                              |                          |                   |
| Accounts Payable                                      | \$ 11,448                   | \$ 5,791                     | \$ 486                   | \$ 17,725         |
| Accrued Wages and Benefits Payable                    | 904                         | 98                           | -                        | 1,002             |
| Due to Other Governments                              | 30                          | -                            | -                        | 30                |
| Due to Other Funds                                    | 8,706                       | 4,764                        | -                        | 13,470            |
| Unearned Revenues                                     | 3,113                       | 1,653                        | -                        | 4,766             |
| Deposits and Collections Held in Trust                | 2,469                       | 118                          | 1,308                    | 3,895             |
| Advances from Other Funds                             | 3,809                       | 11,819                       | -                        | 15,628            |
| Total Liabilities                                     | <u>30,479</u>               | <u>24,243</u>                | <u>1,794</u>             | <u>56,516</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                             |                              |                          |                   |
| Deferred Inflows                                      | <u>189,051</u>              | <u>6,266</u>                 | <u>-</u>                 | <u>195,317</u>    |
| <b>FUND BALANCES</b>                                  |                             |                              |                          |                   |
| Nonspendable                                          | 1,245                       | 1,601                        | -                        | 2,846             |
| Restricted                                            | 123,729                     | 28,660                       | 20,707                   | 173,096           |
| Committed                                             | 1,422                       | -                            | -                        | 1,422             |
| Assigned                                              | 323                         | 38,874                       | -                        | 39,197            |
| Unassigned                                            | -                           | (11,819)                     | -                        | (11,819)          |
| Total Fund Balance                                    | <u>126,719</u>              | <u>57,316</u>                | <u>20,707</u>            | <u>204,742</u>    |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 346,249</u>           | <u>\$ 87,825</u>             | <u>\$ 22,501</u>         | <u>\$ 456,575</u> |

See accompanying independent auditors' report.

**City of Long Beach**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                 | Special<br>Revenue<br>Funds | Capital<br>Projects<br>Funds | Debt<br>Service<br>Funds | Total             |
|-------------------------------------------------|-----------------------------|------------------------------|--------------------------|-------------------|
| Revenues:                                       |                             |                              |                          |                   |
| Taxes:                                          |                             |                              |                          |                   |
| Property                                        | \$ 5,495                    | \$ 23,393                    | \$ -                     | \$ 28,888         |
| Sales                                           | 2,564                       | -                            | -                        | 2,564             |
| Other Taxes                                     | 10,620                      | -                            | -                        | 10,620            |
| Licenses and Permits                            | 6,162                       | 1,997                        | -                        | 8,159             |
| Use of Money and Property                       | 3,149                       | 887                          | 1,453                    | 5,489             |
| From Other Agencies                             | 158,694                     | 3,626                        | -                        | 162,320           |
| Charges for Services                            | 2,118                       | -                            | -                        | 2,118             |
| Other Contributions                             | -                           | 556                          | -                        | 556               |
| Other                                           | 11,147                      | 329                          | -                        | 11,476            |
| Total Revenues                                  | <u>199,949</u>              | <u>30,788</u>                | <u>1,453</u>             | <u>232,190</u>    |
| Expenditures:                                   |                             |                              |                          |                   |
| Current:                                        |                             |                              |                          |                   |
| General Government                              | 1,216                       | -                            | -                        | 1,216             |
| Public Safety                                   | 15,385                      | -                            | -                        | 15,385            |
| Public Health                                   | 36,232                      | -                            | -                        | 36,232            |
| Community and Cultural                          | 103,850                     | 91,734                       | -                        | 195,584           |
| Public Works                                    | 36,004                      | -                            | -                        | 36,004            |
| Total Current Expenditures                      | <u>192,687</u>              | <u>91,734</u>                | <u>-</u>                 | <u>284,421</u>    |
| Capital Improvements                            | -                           | 27,139                       | -                        | 27,139            |
| Debt Service:                                   |                             |                              |                          |                   |
| Principal                                       | -                           | -                            | 18,601                   | 18,601            |
| Interest                                        | -                           | -                            | 22,499                   | 22,499            |
| Debt Administration Fees                        | -                           | -                            | 178                      | 178               |
| Total Expenditures                              | <u>192,687</u>              | <u>118,873</u>               | <u>41,278</u>            | <u>352,838</u>    |
| Excess of Revenues over<br>(under) Expenditures | <u>7,262</u>                | <u>(88,085)</u>              | <u>(39,825)</u>          | <u>(120,648)</u>  |
| Other Financing Sources (Uses):                 |                             |                              |                          |                   |
| Debt Issuance                                   | -                           | -                            | 155,820                  | 155,820           |
| Premium (Discount) on Debt Issuance             | -                           | -                            | 6,700                    | 6,700             |
| Payment to Refunded Bond Escrow Agent           | -                           | -                            | (179,330)                | (179,330)         |
| Cost of Issuance                                | -                           | -                            | (1,505)                  | (1,505)           |
| Transfers In                                    | 2,343                       | 26,461                       | 45,615                   | 74,419            |
| Transfers Out                                   | (4,989)                     | (43,426)                     | -                        | (48,415)          |
| Total Other Financing Sources (Uses)            | <u>(2,646)</u>              | <u>(16,965)</u>              | <u>27,300</u>            | <u>7,689</u>      |
| Net Change in Fund Balances                     | <u>4,616</u>                | <u>(105,050)</u>             | <u>(12,525)</u>          | <u>(112,959)</u>  |
| Fund Balances - October 1                       | <u>122,103</u>              | <u>162,366</u>               | <u>33,232</u>            | <u>317,701</u>    |
| Fund Balances - September 30                    | <u>\$ 126,719</u>           | <u>\$ 57,316</u>             | <u>\$ 20,707</u>         | <u>\$ 204,742</u> |

See accompanying independent auditors' report.

## NONMAJOR SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service and capital projects.

The General Grants Fund was established to separately account for Federal, State, and other agency grants related to general City of Long Beach (City) operations.

The Police and Fire Public Safety Oil Production Act Fund accounts for the impact fee assessed to oil producers on a per barrel basis and the associated police and fire expenditures that the revenue supports.

The Community Development Grants Fund accounts for federal grants providing job training and employment opportunities for economically disadvantaged, unemployed, and under-employed persons, and federal grants from the U.S. Department of Housing and Urban Development (HUD). HUD grants support the development of viable urban communities by providing housing, suitable living environments, and by expanding economic opportunities for persons of low and moderate-income.

The Health Fund was established to separately account for Federal, State, and other revenues related to health care programs that the City operates in lieu of Los Angeles County (County).

The Belmont Shore Parking Meter Revenue Fund was established by City Ordinance C-6219 to account for parking revenues in the Belmont Shore area of the City.

The Housing Assistance Fund is used to account for programs administered by the City's Housing Authority under regulations of HUD.

The Housing Development Fund is used to account for amounts designated for the development of low-and-moderate-income housing. The operations of the Company and the Housing Successor Agency are accounted for in the Housing Development Fund.

The Gasoline Tax Fund was established to account for the apportionment of Highway User Tax collected by the State to finance street-related projects, including the maintenance thereof. The fund also accounts Non Harbor, U.S. Department of Transportation, and Federal Highway Administration Grants that finance certain transportation projects.

The Transportation Fund was established to account for the City's apportionments of a 1/2 cent sales tax increases collected by the County under Proposition A, Proposition C, and Measure R, to finance transportation projects; the City's share of the State of California's Proposition 1B Transportation Bond to finance repairs to the City's local streets; and for the City's share of the South Coast Air Quality Management District vehicle registration fee to finance programs that reduce the impact of air pollution from motor vehicles on the community.

The Other Special Revenue Fund consists of the *Certified Unified Program Agency Fund*, a fund established by the City to account for services relating to hazardous waste material, the *Special Advertising and Promotion Fund*, a fund required by the City's Municipal Code Section 3.64.100 to account for a portion of the transient occupancy tax revenue, and the *Business Assistance Fund* which is used to account for monies used to fund commercial rehabilitation loans and rebates, business outreach, and commercial and retail services, including business attraction, retention, and expansion.

**City of Long Beach**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2015**  
**(In Thousands)**

|                                                          | Special Revenue   |                                                           |                                    |                  |                                                 |                       |
|----------------------------------------------------------|-------------------|-----------------------------------------------------------|------------------------------------|------------------|-------------------------------------------------|-----------------------|
|                                                          | General<br>Grants | Police and Fire<br>Public Safety<br>Oil Production<br>Act | Community<br>Development<br>Grants | Health           | Belmont<br>Shore<br>Parking<br>Meter<br>Revenue | Housing<br>Assistance |
| <b>ASSETS</b>                                            |                   |                                                           |                                    |                  |                                                 |                       |
| Pooled Cash and Cash Equivalents                         | \$ 8,648          | \$ 1,265                                                  | \$ 351                             | \$ 3,131         | \$ 975                                          | \$ 11,280             |
| Non-Pooled Cash and Cash Equivalents                     | -                 | -                                                         | 13                                 | 1                | 72                                              | 35                    |
| Receivables:                                             |                   |                                                           |                                    |                  |                                                 |                       |
| Accounts Receivable                                      | 470               | 325                                                       | 13                                 | 680              | -                                               | 1                     |
| Due from Other Governments                               | 3,665             | -                                                         | 3,981                              | 7,558            | -                                               | 729                   |
| Due from Other Funds                                     | 282               | -                                                         | 67                                 | 405              | -                                               | -                     |
| Allowance for Receivables                                | -                 | -                                                         | (379)                              | (510)            | -                                               | -                     |
| Other Assets-Current                                     | -                 | -                                                         | 157                                | 11               | -                                               | -                     |
| Advances to Other Funds                                  | -                 | -                                                         | 3,809                              | -                | -                                               | -                     |
| Land Held for Resale                                     | -                 | -                                                         | 759                                | -                | -                                               | -                     |
| Other Noncurrent Receivables (net)                       | -                 | -                                                         | 58,294                             | -                | -                                               | -                     |
| Total Assets                                             | <u>\$ 13,065</u>  | <u>\$ 1,590</u>                                           | <u>\$ 67,065</u>                   | <u>\$ 11,276</u> | <u>\$ 1,047</u>                                 | <u>\$ 12,045</u>      |
| <b>LIABILITIES</b>                                       |                   |                                                           |                                    |                  |                                                 |                       |
| Accounts Payable                                         | \$ 355            | \$ -                                                      | \$ 1,411                           | \$ 1,880         | \$ 44                                           | \$ 90                 |
| Accrued Wages                                            | 81                | 19                                                        | 170                                | 443              | -                                               | 80                    |
| Due to Other Governments                                 | -                 | -                                                         | 2                                  | -                | -                                               | 28                    |
| Due to Other Funds                                       | 4,654             | 12                                                        | 1,572                              | 2,106            | 5                                               | 49                    |
| Unearned Revenues                                        | 2,597             | 322                                                       | -                                  | 190              | -                                               | -                     |
| Deposits and Collections Held in Trust                   | 732               | -                                                         | 233                                | 126              | 10                                              | 1,193                 |
| Advances from Other Funds                                | -                 | -                                                         | -                                  | -                | -                                               | -                     |
| Total Liabilities                                        | <u>8,419</u>      | <u>353</u>                                                | <u>3,388</u>                       | <u>4,745</u>     | <u>59</u>                                       | <u>1,440</u>          |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                   |                                                           |                                    |                  |                                                 |                       |
| Deferred Inflows                                         | -                 | -                                                         | 57,915                             | -                | -                                               | -                     |
| <b>FUND BALANCES (DEFICIT)</b>                           |                   |                                                           |                                    |                  |                                                 |                       |
| Nonspendable                                             | -                 | -                                                         | 158                                | 11               | -                                               | -                     |
| Restricted                                               | 4,323             | 1,237                                                     | 5,604                              | 6,520            | 988                                             | 10,605                |
| Committed                                                | -                 | -                                                         | -                                  | -                | -                                               | -                     |
| Assigned                                                 | 323               | -                                                         | -                                  | -                | -                                               | -                     |
| Total Fund Balances                                      | <u>4,646</u>      | <u>1,237</u>                                              | <u>5,762</u>                       | <u>6,531</u>     | <u>988</u>                                      | <u>10,605</u>         |
| Total Liabilities, Deferred Inflows<br>and Fund Balances | <u>\$ 13,065</u>  | <u>\$ 1,590</u>                                           | <u>\$ 67,065</u>                   | <u>\$ 11,276</u> | <u>\$ 1,047</u>                                 | <u>\$ 12,045</u>      |

See accompanying independent auditors' report.

| Housing<br>Development        | Gasoline<br>Tax  | Transportation   | Other<br>Special<br>Revenue<br>Funds | Total<br>Special<br>Revenue<br>Funds |                                                          |
|-------------------------------|------------------|------------------|--------------------------------------|--------------------------------------|----------------------------------------------------------|
| ASSETS                        |                  |                  |                                      |                                      |                                                          |
| \$ 28,864                     | \$ 18,422        | \$ 27,161        | \$ 12,365                            | \$ 112,462                           | Pooled Cash and Cash Equivalents                         |
| 31                            | -                | -                | -                                    | 152                                  | Non-Pooled Cash and Cash Equivalents                     |
| Receivables:                  |                  |                  |                                      |                                      |                                                          |
| 12                            | 2                | 9                | 978                                  | 2,490                                | Accounts Receivable                                      |
| 831                           | 3,440            | 640              | -                                    | 20,844                               | Due from Other Governments                               |
| -                             | 86               | 36               | 5                                    | 881                                  | Due from Other Funds                                     |
| -                             | -                | -                | (207)                                | (1,096)                              | Allowance for Receivables                                |
| -                             | 991              | 84               | 1                                    | 1,244                                | Other Assets-Current                                     |
| 11,819                        | -                | -                | -                                    | 15,628                               | Advances to Other Funds                                  |
| 3,456                         | -                | -                | -                                    | 4,215                                | Land Held for Resale                                     |
| 130,187                       | -                | -                | 948                                  | 189,429                              | Other Noncurrent Receivables                             |
| <u>\$ 175,200</u>             | <u>\$ 22,941</u> | <u>\$ 27,930</u> | <u>\$ 14,090</u>                     | <u>\$ 346,249</u>                    | Total Assets                                             |
| LIABILITIES AND FUND BALANCES |                  |                  |                                      |                                      |                                                          |
| Liabilities:                  |                  |                  |                                      |                                      |                                                          |
| \$ 78                         | \$ 4,465         | \$ 2,902         | \$ 223                               | \$ 11,448                            | Accounts Payable                                         |
| 14                            | 1                | -                | 96                                   | 904                                  | Accrued Wages                                            |
| -                             | -                | -                | -                                    | 30                                   | Due to Other Governments                                 |
| 8                             | 64               | 159              | 77                                   | 8,706                                | Due to Other Funds                                       |
| -                             | -                | -                | 4                                    | 3,113                                | Unearned Revenues                                        |
| 25                            | -                | -                | 150                                  | 2,469                                | Deposits and Collections Held in Trust                   |
| 3,809                         | -                | -                | -                                    | 3,809                                | Advances from Other Funds                                |
| <u>3,934</u>                  | <u>4,530</u>     | <u>3,061</u>     | <u>550</u>                           | <u>30,479</u>                        | Total Liabilities                                        |
| DEFERRED INFLOWS OF RESOURCE  |                  |                  |                                      |                                      |                                                          |
| <u>130,188</u>                | <u>-</u>         | <u>-</u>         | <u>948</u>                           | <u>189,051</u>                       | Deferred Inflows                                         |
| Fund Balances:                |                  |                  |                                      |                                      |                                                          |
| -                             | 991              | 84               | 1                                    | 1,245                                | Nonspendable                                             |
| 40,856                        | 17,420           | 24,785           | 11,391                               | 123,729                              | Restricted                                               |
| 222                           | -                | -                | 1,200                                | 1,422                                | Committed                                                |
| -                             | -                | -                | -                                    | 323                                  | Assigned                                                 |
| <u>41,078</u>                 | <u>18,411</u>    | <u>24,869</u>    | <u>12,592</u>                        | <u>126,719</u>                       | Total Fund Balances                                      |
| <u>\$ 175,200</u>             | <u>\$ 22,941</u> | <u>\$ 27,930</u> | <u>\$ 14,090</u>                     | <u>\$ 346,249</u>                    | Total Liabilities, Deferred Inflows<br>and Fund Balances |

**City of Long Beach**  
**Nonmajor Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

|                                                 | Special Revenue   |                                                           |                                    |                 |                                              |                       |
|-------------------------------------------------|-------------------|-----------------------------------------------------------|------------------------------------|-----------------|----------------------------------------------|-----------------------|
|                                                 | General<br>Grants | Police and Fire<br>Public Safety<br>Oil Production<br>Act | Community<br>Development<br>Grants | Health          | Belmont Shore<br>Parking<br>Meter<br>Revenue | Housing<br>Assistance |
| Revenues:                                       |                   |                                                           |                                    |                 |                                              |                       |
| Taxes:                                          |                   |                                                           |                                    |                 |                                              |                       |
| Property                                        | \$ -              | \$ -                                                      | \$ -                               | \$ 5,495        | \$ -                                         | \$ -                  |
| Sales                                           | -                 | -                                                         | -                                  | 2,564           | -                                            | -                     |
| Other Taxes                                     | -                 | 3,780                                                     | -                                  | -               | -                                            | -                     |
| Licenses and Permits                            | -                 | -                                                         | -                                  | 3,174           | -                                            | -                     |
| Use of Money and Property                       | 20                | 5                                                         | 1,040                              | 52              | 648                                          | 23                    |
| From Other Agencies                             | 15,191            | -                                                         | 18,347                             | 21,939          | -                                            | 64,613                |
| Charges for Services                            | 541               | -                                                         | -                                  | 1,567           | -                                            | -                     |
| Other                                           | 954               | -                                                         | 4,501                              | 142             | -                                            | 385                   |
| Total Revenues                                  | <u>16,706</u>     | <u>3,785</u>                                              | <u>23,888</u>                      | <u>34,933</u>   | <u>648</u>                                   | <u>65,021</u>         |
| Expenditures:                                   |                   |                                                           |                                    |                 |                                              |                       |
| Current:                                        |                   |                                                           |                                    |                 |                                              |                       |
| General Government                              | 461               | -                                                         | 137                                | -               | -                                            | 10                    |
| Public Safety                                   | 11,098            | 3,327                                                     | 960                                | -               | -                                            | -                     |
| Public Health                                   | 383               | -                                                         | -                                  | 34,417          | -                                            | -                     |
| Community and Cultural                          | 3,424             | -                                                         | 20,375                             | -               | 707                                          | 63,578                |
| Public Works                                    | 255               | -                                                         | -                                  | -               | -                                            | -                     |
| Total Current Expenditures                      | <u>15,621</u>     | <u>3,327</u>                                              | <u>21,472</u>                      | <u>34,417</u>   | <u>707</u>                                   | <u>63,588</u>         |
| Excess of Revenues over<br>(under) Expenditures | <u>1,085</u>      | <u>458</u>                                                | <u>2,416</u>                       | <u>516</u>      | <u>(59)</u>                                  | <u>1,433</u>          |
| Other Financing Sources (Uses)                  |                   |                                                           |                                    |                 |                                              |                       |
| Transfers In                                    | 1,745             | -                                                         | 55                                 | 388             | -                                            | -                     |
| Transfers Out                                   | <u>(590)</u>      | <u>(400)</u>                                              | <u>(2,010)</u>                     | <u>(48)</u>     | <u>-</u>                                     | <u>-</u>              |
| Total Other Financing Sources (Uses)            | <u>1,155</u>      | <u>(400)</u>                                              | <u>(1,955)</u>                     | <u>340</u>      | <u>-</u>                                     | <u>-</u>              |
| Net Change in Fund Balances                     | 2,240             | 58                                                        | 461                                | 856             | (59)                                         | 1,433                 |
| Fund Balances - October 1                       | <u>2,406</u>      | <u>1,179</u>                                              | <u>5,301</u>                       | <u>5,675</u>    | <u>1,047</u>                                 | <u>9,172</u>          |
| Fund Balances - September 30                    | <u>\$ 4,646</u>   | <u>\$ 1,237</u>                                           | <u>\$ 5,762</u>                    | <u>\$ 6,531</u> | <u>\$ 988</u>                                | <u>\$ 10,605</u>      |

See accompanying independent auditors' report.

| Special Revenue        |                 |                |                                      |                                      |                                                 |
|------------------------|-----------------|----------------|--------------------------------------|--------------------------------------|-------------------------------------------------|
| Housing<br>Development | Gasoline<br>Tax | Transportation | Other<br>Special<br>Revenue<br>Funds | Total<br>Special<br>Revenue<br>Funds |                                                 |
|                        |                 |                |                                      |                                      | Revenues:                                       |
|                        |                 |                |                                      |                                      | Taxes:                                          |
| \$ -                   | \$ -            | \$ -           | \$ -                                 | \$ 5,495                             | Property                                        |
| -                      | -               | -              | -                                    | 2,564                                | Sales                                           |
| -                      | -               | -              | 6,840                                | 10,620                               | Other Taxes                                     |
| 75                     | -               | -              | 2,913                                | 6,162                                | Licenses and Permits                            |
| 960                    | 106             | 191            | 104                                  | 3,149                                | Use of Money and Property                       |
| 772                    | 16,782          | 21,050         | -                                    | 158,694                              | From Other Agencies                             |
| -                      | -               | -              | 10                                   | 2,118                                | Charges for Services                            |
| 4,633                  | -               | -              | 532                                  | 11,147                               | Other                                           |
| 6,440                  | 16,888          | 21,241         | 10,399                               | 199,949                              | Total Revenues                                  |
|                        |                 |                |                                      |                                      | Expenditures:                                   |
|                        |                 |                |                                      |                                      | Current:                                        |
| 137                    | -               | 166            | 305                                  | 1,216                                | General Government                              |
| -                      | -               | -              | -                                    | 15,385                               | Public Safety                                   |
| -                      | -               | -              | 1,432                                | 36,232                               | Public Health                                   |
| 9,015                  | -               | 41             | 6,710                                | 103,850                              | Community and Cultural                          |
| -                      | 18,707          | 17,042         | -                                    | 36,004                               | Public Works                                    |
| 9,152                  | 18,707          | 17,249         | 8,447                                | 192,687                              | Total Current Expenditures                      |
|                        |                 |                |                                      |                                      | Excess of Revenues Over<br>(Under) Expenditures |
| (2,712)                | (1,819)         | 3,992          | 1,952                                | 7,262                                |                                                 |
|                        |                 |                |                                      |                                      | Other Financing Sources (Uses)                  |
| -                      | -               | -              | 155                                  | 2,343                                | Transfers In                                    |
| (1,750)                | -               | -              | (191)                                | (4,989)                              | Transfers Out                                   |
| (1,750)                | -               | -              | (36)                                 | (2,646)                              | Total Other Financing Sources (Uses)            |
| (4,462)                | (1,819)         | 3,992          | 1,916                                | 4,616                                | Net Change in Fund Balances                     |
| 45,540                 | 20,230          | 20,877         | 10,676                               | 122,103                              | Fund Balances - October 1                       |
| \$ 41,078              | \$ 18,411       | \$ 24,869      | \$ 12,592                            | \$ 126,719                           | Fund Balances - September 30                    |

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | General Grants   |            |           | Variance      |
|--------------------------------------|------------------|------------|-----------|---------------|
|                                      | Budgeted Amounts |            | Actual on | with Final    |
|                                      | Original         | Final      | Budgetary | Budget -      |
|                                      |                  |            | Basis     | Favorable     |
|                                      |                  |            |           | (unfavorable) |
| Sources:                             |                  |            |           |               |
| Use of Money and Property            | \$ 3             | \$ -       | \$ 20     | \$ 20         |
| From Other Agencies                  | 14,471           | 26,145     | 15,191    | (10,954)      |
| Charges for Services                 | -                | -          | 541       | 541           |
| Other Revenues                       | 88               | 1,009      | 954       | (55)          |
| Transfers In                         | 980              | 2,286      | 1,745     | (541)         |
| Total Sources                        | 15,542           | 29,440     | 18,451    | (10,989)      |
| Uses:                                |                  |            |           |               |
| General Government                   | 1,401            | 3,318      | 461       | 2,857         |
| Public Safety                        | 10,851           | 20,121     | 11,641    | 8,480         |
| Public Health                        | 181              | 527        | 454       | 73            |
| Community and Cultural               | 5,282            | 7,473      | 3,424     | 4,049         |
| Public Works                         | 299              | 560        | 255       | 305           |
| Transfers Out                        | -                | -          | 590       | (590)         |
| Total Uses                           | 18,014           | 31,999     | 16,825    | 15,174        |
| Net Change in Budgetary Fund Balance | \$ (2,472)       | \$ (2,559) | \$ 1,626  | \$ 4,185      |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                 |
|---------------------------------------------------------------|-----------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ 1,626</u> |
| <b>Add:</b> Encumbrances                                      | <u>614</u>      |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>2,240</u>    |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>2,406</u>    |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u>\$ 4,646</u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                   |                 |
|---------------------------------------------------|-----------------|
| <b>Fund Balance, September 30, GAAP Basis</b>     | <u>\$ 4,646</u> |
| <b>Less:</b> Commitments to Grant Funded Programs | <u>(14,231)</u> |
| <b>Add:</b> Future Grant Funding                  | <u>10,182</u>   |
| <b>Total Adjustments</b>                          | <u>(4,049)</u>  |
| <b>Budgetary Funds Available - September 30</b>   | <u>\$ 597</u>   |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

| <b>Police and Fire Public Safety Oil Production Tax</b>                                |                         |                   |                                 |                                                                  |
|----------------------------------------------------------------------------------------|-------------------------|-------------------|---------------------------------|------------------------------------------------------------------|
|                                                                                        | <u>Budgeted Amounts</u> |                   | Actual on<br>Budgetary<br>Basis | Variance<br>with Final<br>Budget -<br>Favorable<br>(unfavorable) |
|                                                                                        | <u>Original</u>         | <u>Final</u>      |                                 |                                                                  |
| <b>Sources:</b>                                                                        |                         |                   |                                 |                                                                  |
| Other Taxes                                                                            | \$ 2,200                | \$ 2,200          | \$ 3,780                        | \$ 1,580                                                         |
| Use of Money and Property                                                              | -                       | -                 | 8                               | 8                                                                |
| Total Sources                                                                          | <u>2,200</u>            | <u>2,200</u>      | <u>3,788</u>                    | <u>1,588</u>                                                     |
| <b>Uses:</b>                                                                           |                         |                   |                                 |                                                                  |
| Public Safety                                                                          | 5,703                   | 5,703             | 3,327                           | 2,376                                                            |
| Transfers Out                                                                          | -                       | -                 | 400                             | (400)                                                            |
| Total Uses                                                                             | <u>5,703</u>            | <u>5,703</u>      | <u>3,727</u>                    | <u>1,976</u>                                                     |
| Net Change in Budgetary Fund Balance                                                   | <u>\$ (3,503)</u>       | <u>\$ (3,503)</u> | <u>\$ 61</u>                    | <u>\$ 3,564</u>                                                  |
| <b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>                  |                         |                   |                                 |                                                                  |
| Change in Fund Balance - September 30, Budgetary Basis                                 |                         |                   | \$ 61                           |                                                                  |
| Less: Change in Mark-to-Market and Other Adjustments                                   |                         |                   | (3)                             |                                                                  |
| Change in Fund Balance - September 30, GAAP Basis                                      |                         |                   | 58                              |                                                                  |
| Fund Balance, October 1, GAAP Basis                                                    |                         |                   | 1,179                           |                                                                  |
| Fund Balance, September 30, GAAP Basis                                                 |                         |                   | <u>\$ 1,237</u>                 |                                                                  |
| <b>Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis</b> |                         |                   |                                 |                                                                  |
| Fund Balance, September 30, GAAP Basis                                                 |                         |                   | \$ 1,237                        |                                                                  |
| Total Adjustments                                                                      |                         |                   | -                               |                                                                  |
| Budgetary Funds Available - September 30                                               |                         |                   | <u>\$ 1,237</u>                 |                                                                  |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | <b>Community Development Grants</b> |                   |                                          |                                                                             |
|--------------------------------------|-------------------------------------|-------------------|------------------------------------------|-----------------------------------------------------------------------------|
|                                      | <u>Budgeted Amounts</u>             |                   | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance<br/>with Final<br/>Budget -<br/>Favorable<br/>(unfavorable)</u> |
|                                      | <u>Original</u>                     | <u>Final</u>      |                                          |                                                                             |
| <b>Sources:</b>                      |                                     |                   |                                          |                                                                             |
| Use of Money and Property            | \$ 231                              | \$ 1,031          | \$ 1,040                                 | \$ 9                                                                        |
| From Other Agencies                  | 34,969                              | 32,389            | 18,347                                   | (14,042)                                                                    |
| Other Revenues                       | 4,709                               | 11,019            | 4,501                                    | (6,518)                                                                     |
| Transfers In                         | -                                   | -                 | 55                                       | 55                                                                          |
| Total Sources                        | <u>39,909</u>                       | <u>44,439</u>     | <u>23,943</u>                            | <u>(20,496)</u>                                                             |
| <b>Uses:</b>                         |                                     |                   |                                          |                                                                             |
| General Government                   | 25,011                              | 25,762            | 137                                      | 25,625                                                                      |
| Public Safety                        | 1,086                               | 1,086             | 960                                      | 126                                                                         |
| Community and Cultural               | 19,418                              | 23,197            | 19,218                                   | 3,979                                                                       |
| Transfers Out                        | 3,342                               | 2,249             | 2,010                                    | 239                                                                         |
| Total Uses                           | <u>48,857</u>                       | <u>52,294</u>     | <u>22,325</u>                            | <u>29,969</u>                                                               |
| Net Change in Budgetary Fund Balance | <u>\$ (8,948)</u>                   | <u>\$ (7,855)</u> | <u>\$ 1,618</u>                          | <u>\$ 9,473</u>                                                             |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                 |
|---------------------------------------------------------------|-----------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ 1,618</u> |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>461</u>      |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>5,301</u>    |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u>\$ 5,762</u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 |                 |
|-------------------------------------------------|-----------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <u>\$ 5,762</u> |
| <b>Less:</b> Nonspendable Fund Balance          | (158)           |
| Amounts Restricted by Long-term Advances        | (3,809)         |
| Land Held for Resale                            | (759)           |
| Commitments to Grant Funded Programs            | (19,913)        |
| <b>Add:</b> Future Grant Funding                | <u>18,938</u>   |
| <b>Total Adjustments</b>                        | <u>(5,701)</u>  |
| <b>Budgetary Funds Available - September 30</b> | <u>\$ 61</u>    |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | Health           |            |                           |                                                      |
|--------------------------------------|------------------|------------|---------------------------|------------------------------------------------------|
|                                      | Budgeted Amounts |            | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
|                                      | Original         | Final      |                           |                                                      |
| Sources                              |                  |            |                           |                                                      |
| Property Taxes                       | \$ 8,344         | \$ 8,344   | \$ 5,495                  | \$ (2,849)                                           |
| Sales Taxes                          | 2,500            | 2,500      | 2,564                     | 64                                                   |
| Licenses and Permits                 | 3,056            | 3,056      | 3,174                     | 118                                                  |
| Use of Money and Property            | 30               | 30         | 52                        | 22                                                   |
| From Other Agencies                  | 50,577           | 51,365     | 21,939                    | (29,426)                                             |
| Charges for Services                 | 1,675            | 1,675      | 1,567                     | (108)                                                |
| Other Revenues                       | 590              | 590        | 142                       | (448)                                                |
| Transfers In                         | -                | -          | 388                       | 388                                                  |
| Total Sources                        | 66,772           | 67,560     | 35,321                    | (32,239)                                             |
| Uses                                 |                  |            |                           |                                                      |
| Public Health                        | 68,846           | 69,635     | 34,415                    | 35,220                                               |
| Transfers Out                        | -                | -          | 48                        | (48)                                                 |
| Total Uses                           | 68,846           | 69,635     | 34,463                    | 35,172                                               |
| Net Change in Budgetary Fund Balance | \$ (2,074)       | \$ (2,075) | \$ 858                    | \$ 2,933                                             |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                 |
|---------------------------------------------------------------|-----------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ 858</u>   |
| <b>Add:</b> Encumbrances                                      | (2)             |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>856</u>      |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>5,675</u>    |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u>\$ 6,531</u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 |                 |
|-------------------------------------------------|-----------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <u>\$ 6,531</u> |
| <b>Less:</b> Nonspendable Fund Balance          | (11)            |
| Commitments to Grant Funded Programs            | (18,323)        |
| Internal Designations                           | (300)           |
| <b>Add:</b> Future Grant Funding                | <u>17,959</u>   |
| <b>Total Adjustments</b>                        | <u>(675)</u>    |
| <b>Budgetary Funds Available - September 30</b> | <u>\$ 5,856</u> |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

| <b>Belmont Shore Parking Meter Revenues</b> |                         |                 |                                          |                                                                             |
|---------------------------------------------|-------------------------|-----------------|------------------------------------------|-----------------------------------------------------------------------------|
|                                             | <u>Budgeted Amounts</u> |                 | <u>Actual on<br/>Budgetary<br/>Basis</u> | <u>Variance<br/>with Final<br/>Budget -<br/>Favorable<br/>(unfavorable)</u> |
|                                             | <u>Original</u>         | <u>Final</u>    |                                          |                                                                             |
| Sources                                     |                         |                 |                                          |                                                                             |
| Use of Money and Property                   | \$ 527                  | \$ 808          | \$ 648                                   | \$ (160)                                                                    |
| Total Sources                               | <u>527</u>              | <u>808</u>      | <u>648</u>                               | <u>(160)</u>                                                                |
| Uses                                        |                         |                 |                                          |                                                                             |
| Community and Cultural                      | <u>653</u>              | <u>1,060</u>    | <u>707</u>                               | <u>353</u>                                                                  |
| Total Uses                                  | <u>653</u>              | <u>1,060</u>    | <u>707</u>                               | <u>353</u>                                                                  |
| Net Change in Budgetary Fund Balance        | <u>\$ (126)</u>         | <u>\$ (252)</u> | <u>\$ (59)</u>                           | <u>\$ 193</u>                                                               |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                        |                |
|--------------------------------------------------------|----------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ (59)</u> |
| Change in Fund Balance - September 30, GAAP Basis      | <u>(59)</u>    |
| Fund Balance, October 1, GAAP Basis                    | <u>1,047</u>   |
| Fund Balance, September 30, GAAP Basis                 | <u>\$ 988</u>  |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                          |               |
|------------------------------------------|---------------|
| Fund Balance, September 30, GAAP Basis   | <u>\$ 988</u> |
| Total Adjustments                        | <u>-</u>      |
| Budgetary Funds Available - September 30 | <u>\$ 988</u> |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | Housing Assistance |          |                           |                                                      |
|--------------------------------------|--------------------|----------|---------------------------|------------------------------------------------------|
|                                      | Budgeted Amounts   |          | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
|                                      | Original           | Final    |                           |                                                      |
| Sources                              |                    |          |                           |                                                      |
| Use of Money and Property            | \$ 11              | \$ 11    | \$ 23                     | \$ 12                                                |
| From Other Agencies                  | 75,741             | 75,741   | 64,613                    | (11,128)                                             |
| Other Revenues                       | 852                | 852      | 385                       | (467)                                                |
| Total Sources                        | 76,604             | 76,604   | 65,021                    | (11,583)                                             |
| Uses                                 |                    |          |                           |                                                      |
| General Government                   | 13                 | 13       | 10                        | 3                                                    |
| Community and Cultural               | 77,061             | 77,061   | 63,578                    | 13,483                                               |
| Total Uses                           | 77,074             | 77,074   | 63,588                    | 13,486                                               |
| Net Change in Budgetary Fund Balance | \$ (470)           | \$ (470) | \$ 1,433                  | \$ 1,903                                             |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ 1,433</u>  |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>1,433</u>     |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>9,172</u>     |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u>\$ 10,605</u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                   |                  |
|---------------------------------------------------|------------------|
| <b>Fund Balance, September 30, GAAP Basis</b>     | <u>\$ 10,605</u> |
| <b>Less:</b> Commitments to Grant Funded Programs | (93)             |
| <b>Add:</b> Future Grant Funding                  | <u>158</u>       |
| <b>Total Adjustments</b>                          | <u>65</u>        |
| <b>Budgetary Funds Available - September 30</b>   | <u>\$ 10,670</u> |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | Housing Development |             |            |                     |
|--------------------------------------|---------------------|-------------|------------|---------------------|
|                                      | Budgeted Amounts    |             | Actual on  | Variance with Final |
|                                      | Original            | Final       | Budgetary  | Budget -            |
|                                      |                     |             | Basis      | Favorable           |
|                                      |                     |             |            | (unfavorable)       |
| Sources                              |                     |             |            |                     |
| Licenses and Permits                 | \$ 218              | \$ 218      | \$ 75      | \$ (143)            |
| Use of Money and Property            | 99                  | 355         | 960        | 605                 |
| From Other Agencies                  | 4,244               | 4,244       | 772        | (3,472)             |
| Other Revenues                       | -                   | 475         | 4,633      | 4,158               |
| Transfers In                         | 11,363              | 10,632      | -          | (10,632)            |
| Total Sources                        | 15,924              | 15,924      | 6,440      | (9,484)             |
| Uses                                 |                     |             |            |                     |
| General Government                   | 129                 | 206         | 137        | 69                  |
| Community and Cultural               | 27,391              | 27,315      | 9,015      | 18,300              |
| Transfers Out                        | 45                  | 841         | 1,750      | (909)               |
| Total Uses                           | 27,565              | 28,362      | 10,902     | 17,460              |
| Net Change in Budgetary Fund Balance | \$ (11,641)         | \$ (12,438) | \$ (4,462) | \$ 7,976            |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                   |
|---------------------------------------------------------------|-------------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ (4,462)</u> |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>(4,462)</u>    |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>45,540</u>     |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u>\$ 41,078</u>  |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 |                  |
|-------------------------------------------------|------------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <u>\$ 41,078</u> |
| <b>Less:</b> Land Held for Resale               | (3,456)          |
| Amounts Restricted by Long-term Advances        | (11,819)         |
| Commitments to Grant Funded Programs            | (17,666)         |
| <b>Add:</b> Future Grant Funding                | <u>3,559</u>     |
| <b>Total Adjustments</b>                        | <u>(29,382)</u>  |
| <b>Budgetary Funds Available - September 30</b> | <u>\$ 11,696</u> |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | Gasoline Tax     |               |                           |                                                      |
|--------------------------------------|------------------|---------------|---------------------------|------------------------------------------------------|
|                                      | Budgeted Amounts |               | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
|                                      | Original         | Final         |                           |                                                      |
| Sources                              |                  |               |                           |                                                      |
| Use of Money and Property            | \$         50    | \$        106 | \$        106             | \$             -                                     |
| From Other Agencies                  | 30,172           | 31,122        | 16,782                    | (14,340)                                             |
| Total Sources                        | 30,222           | 31,228        | 16,888                    | (14,340)                                             |
| Uses                                 |                  |               |                           |                                                      |
| Public Works                         | 47,671           | 52,361        | 11,498                    | 40,863                                               |
| Total Uses                           | 47,671           | 52,361        | 11,498                    | 40,863                                               |
| Net Change in Budgetary Fund Balance | \$ (17,449)      | \$ (21,133)   | \$ 5,390                  | \$ 26,523                                            |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                         |
|---------------------------------------------------------------|-------------------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ 5,390</u>         |
| <b>Less:</b> Encumbrances                                     | <u>(7,209)</u>          |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>(1,819)</u>          |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>20,230</u>           |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u><u>\$ 18,411</u></u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 |                        |
|-------------------------------------------------|------------------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <u>\$ 18,411</u>       |
| <b>Less:</b> Nonspendable Fund Balance          | (151)                  |
| Commitments to Grant Funded Programs            | (30,601)               |
| <b>Add:</b> Future Grant Funding                | <u>14,721</u>          |
| <b>Total Adjustments</b>                        | <u>(15,880)</u>        |
| <b>Budgetary Funds Available - September 30</b> | <u><u>\$ 2,380</u></u> |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | Transportation   |             |                           |                                                      |
|--------------------------------------|------------------|-------------|---------------------------|------------------------------------------------------|
|                                      | Budgeted Amounts |             | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
|                                      | Original         | Final       |                           |                                                      |
| Sources                              |                  |             |                           |                                                      |
| Use of Money and Property            | \$ 98            | \$ 191      | \$ 191                    | \$ -                                                 |
| From Other Agencies                  | 19,770           | 19,677      | 21,050                    | 1,373                                                |
| Total Sources                        | 19,868           | 19,868      | 21,241                    | 1,373                                                |
| Uses                                 |                  |             |                           |                                                      |
| Community and Cultural               | 124              | 124         | 41                        | 83                                                   |
| Public Works                         | 34,099           | 34,099      | 17,323                    | 16,776                                               |
| Total Uses                           | 34,223           | 34,223      | 17,364                    | 16,859                                               |
| Net Change in Budgetary Fund Balance | \$ (14,355)      | \$ (14,355) | \$ 3,877                  | \$ 18,232                                            |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ 3,877</u>  |
| <b>Add:</b> Encumbrances                                      | 111              |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>3,988</u>     |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>20,877</u>    |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u>\$ 24,865</u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 |                  |
|-------------------------------------------------|------------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <u>\$ 24,865</u> |
| Commitments to Projects                         | <u>(17,021)</u>  |
| <b>Total Adjustments</b>                        | <u>(17,021)</u>  |
| <b>Budgetary Funds Available - September 30</b> | <u>\$ 7,844</u>  |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Special Revenue Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                      | Other Special Revenue Funds |          |                                 |                                                                  |
|--------------------------------------|-----------------------------|----------|---------------------------------|------------------------------------------------------------------|
|                                      | Budgeted Amounts            |          | Actual on<br>Budgetary<br>Basis | Variance<br>with Final<br>Budget -<br>Favorable<br>(unfavorable) |
|                                      | Original                    | Final    |                                 |                                                                  |
| Sources                              |                             |          |                                 |                                                                  |
| Other Taxes                          | \$ 5,400                    | \$ 5,400 | \$ 6,840                        | \$ 1,440                                                         |
| Licenses and Permits                 | 2,713                       | 2,713    | 2,913                           | 200                                                              |
| Use of Money and Property            | 118                         | 118      | 104                             | (14)                                                             |
| From Other Agencies                  | 400                         | 400      | -                               | (400)                                                            |
| Charges for Services                 | -                           | -        | 10                              | 10                                                               |
| Other Revenues                       | 1,103                       | 1,134    | 532                             | (602)                                                            |
| Transfers In                         | 675                         | 675      | 155                             | (520)                                                            |
| Total Sources                        | 10,409                      | 10,440   | 10,554                          | 114                                                              |
| Uses                                 |                             |          |                                 |                                                                  |
| General Government                   | 750                         | 168      | 305                             | (137)                                                            |
| Public Safety                        | 131                         | 139      | -                               | 139                                                              |
| Public Health                        | 1,487                       | 1,480    | 1,432                           | 48                                                               |
| Community and Cultural               | 7,391                       | 8,754    | 6,710                           | 2,044                                                            |
| Transfers Out                        | 185                         | 185      | 191                             | (6)                                                              |
| Total Uses                           | 9,944                       | 10,726   | 8,638                           | 2,088                                                            |
| Net Change in Budgetary Fund Balance | \$ 465                      | \$ (286) | \$ 1,916                        | \$ 2,202                                                         |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                  |
|---------------------------------------------------------------|------------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ 1,916</u>  |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>1,916</u>     |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>10,676</u>    |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u>\$ 12,592</u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 |                  |
|-------------------------------------------------|------------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <u>\$ 12,592</u> |
| <b>Less:</b> Nonspendable Fund Balance          | (1)              |
| Commitments to Projects                         | (1,220)          |
| Internal Designations                           | (5,000)          |
| <b>Add:</b> Future Grant Funding                | <u>1,368</u>     |
| <b>Total Adjustments</b>                        | <u>(4,853)</u>   |
| <b>Budgetary Funds Available - September 30</b> | <u>\$ 7,739</u>  |

See accompanying independent auditors' report.



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## **NONMAJOR DEBT SERVICE FUND**

Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The General Debt Service Fund was established to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest of City long-term debt.

The Successor Agency Debt Service Fund was established to account for financial resources that are restricted to expenditure for principal and interest of Successor Agency long-term debt.

**City of Long Beach**  
Nonmajor Debt Service Funds  
Combining Balance Sheet  
September 30, 2015  
(In Thousands)

|                                        | General<br>Debt<br>Service<br>Fund | Successor<br>Agency<br>Debt<br>Service<br>Fund | Total<br>Debt<br>Service<br>Funds |
|----------------------------------------|------------------------------------|------------------------------------------------|-----------------------------------|
| <b>ASSETS</b>                          |                                    |                                                |                                   |
| Pooled Cash and Cash Equivalents       | \$ 322                             | \$ -                                           | \$ 322                            |
| Non-Pooled Cash and Cash Equivalents   | 1,684                              | 20,339                                         | 22,023                            |
| Receivables:                           |                                    |                                                |                                   |
| Due from Other Funds                   | 156                                | -                                              | 156                               |
| Total Assets                           | <u>\$ 2,162</u>                    | <u>\$ 20,339</u>                               | <u>\$ 22,501</u>                  |
| <b>LIABILITIES</b>                     |                                    |                                                |                                   |
| Accounts Payable                       | \$ 478                             | \$ 8                                           | \$ 486                            |
| Deposits and Collections Held in Trust | 1,308                              | -                                              | 1,308                             |
| Total Liabilities                      | <u>1,786</u>                       | <u>8</u>                                       | <u>1,794</u>                      |
| <b>FUND BALANCES</b>                   |                                    |                                                |                                   |
| Restricted                             | <u>376</u>                         | <u>20,331</u>                                  | <u>20,707</u>                     |
| Total Fund Balance                     | <u>376</u>                         | <u>20,331</u>                                  | <u>20,707</u>                     |
| Total Liabilities and Fund Balances    | <u>\$ 2,162</u>                    | <u>\$ 20,339</u>                               | <u>\$ 22,501</u>                  |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Debt Service Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                 | General<br>Debt<br>Service<br>Fund | Successor<br>Agency<br>Debt<br>Service<br>Fund | Total<br>Debt<br>Service<br>Funds |
|-------------------------------------------------|------------------------------------|------------------------------------------------|-----------------------------------|
| Revenues:                                       |                                    |                                                |                                   |
| Use of Money and Property                       | \$ 341                             | \$ 1,112                                       | \$ 1,453                          |
| Total Revenues                                  | <u>341</u>                         | <u>1,112</u>                                   | <u>1,453</u>                      |
| Expenditures:                                   |                                    |                                                |                                   |
| Debt Service:                                   |                                    |                                                |                                   |
| Principal                                       | 6,126                              | 12,475                                         | 18,601                            |
| Interest                                        | 4,430                              | 18,069                                         | 22,499                            |
| Debt Administration Fees                        | 32                                 | 146                                            | 178                               |
| Total Expenditures                              | <u>10,588</u>                      | <u>30,690</u>                                  | <u>41,278</u>                     |
| Excess of Revenues over<br>(under) Expenditures | <u>(10,247)</u>                    | <u>(29,578)</u>                                | <u>(39,825)</u>                   |
| Other Financing Sources (Uses):                 |                                    |                                                |                                   |
| Debt Issuance                                   | -                                  | 155,820                                        | 155,820                           |
| Premium (Discount) on Debt Issuance             | -                                  | 6,700                                          | 6,700                             |
| Payment to Refunded Bond Escrow Agent           | -                                  | (179,330)                                      | (179,330)                         |
| Cost of Issuance                                | -                                  | (1,505)                                        | (1,505)                           |
| Transfers In                                    | 9,862                              | 35,753                                         | 45,615                            |
| Total Other Financing Sources                   | <u>9,862</u>                       | <u>17,438</u>                                  | <u>27,300</u>                     |
| Net Change in Fund Balances                     | (385)                              | (12,140)                                       | (12,525)                          |
| Fund Balances - October 1                       | <u>761</u>                         | <u>32,471</u>                                  | <u>33,232</u>                     |
| Fund Balances - September 30                    | <u><u>\$ 376</u></u>               | <u><u>\$ 20,331</u></u>                        | <u><u>\$ 20,707</u></u>           |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Debt Service Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

| <b>General Debt Service Fund</b>                                                       |                  |          |                                 |                                                                  |
|----------------------------------------------------------------------------------------|------------------|----------|---------------------------------|------------------------------------------------------------------|
|                                                                                        | Budgeted Amounts |          | Actual on<br>Budgetary<br>Basis | Variance<br>with Final<br>Budget -<br>Favorable<br>(unfavorable) |
|                                                                                        | Original         | Final    |                                 |                                                                  |
| <b>Sources:</b>                                                                        |                  |          |                                 |                                                                  |
| Use of Money and Property                                                              | \$ 885           | \$ 885   | \$ 341                          | \$ (544)                                                         |
| Transfers In                                                                           | 9,077            | 10,887   | 9,862                           | (1,025)                                                          |
| Total Sources                                                                          | 9,962            | 11,772   | 10,203                          | (1,569)                                                          |
| <b>Uses:</b>                                                                           |                  |          |                                 |                                                                  |
| Debt Service                                                                           | 9,963            | 10,589   | 10,588                          | 1                                                                |
| Total Uses                                                                             | 9,963            | 10,589   | 10,588                          | 1                                                                |
| Net Change in Budgetary Fund Balance                                                   | \$ (1)           | \$ 1,183 | \$ (385)                        | \$ (1,568)                                                       |
| <b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>                  |                  |          |                                 |                                                                  |
| Change in Fund Balance - September 30, Budgetary Basis                                 |                  |          | \$ (385)                        |                                                                  |
| Change in Fund Balance - September 30, GAAP Basis                                      |                  |          | (385)                           |                                                                  |
| Fund Balance, October 1, GAAP Basis                                                    |                  |          | 761                             |                                                                  |
| Fund Balance, September 30, GAAP Basis                                                 |                  |          | \$ 376                          |                                                                  |
| <b>Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis</b> |                  |          |                                 |                                                                  |
| Fund Balance, September 30, GAAP Basis                                                 |                  |          | \$ 376                          |                                                                  |
| Total Deductions                                                                       |                  |          | -                               |                                                                  |
| Budgetary Funds Available - September 30                                               |                  |          | \$ 376                          |                                                                  |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Debt Service Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                                                 | Successor Agency Debt Service Fund |         |             |               |
|---------------------------------------------------------------------------------|------------------------------------|---------|-------------|---------------|
|                                                                                 | Budgeted Amounts                   |         | Actual on   | Variance      |
|                                                                                 | Original                           | Final   | Budgetary   | with Final    |
|                                                                                 |                                    |         | Basis       | Budget -      |
|                                                                                 |                                    |         |             | Favorable     |
|                                                                                 |                                    |         |             | (unfavorable) |
| Sources:                                                                        |                                    |         |             |               |
| Use of Money and Property                                                       | \$ -                               | \$ -    | \$ 1,112    | \$ 1,112      |
| Debt Issuance                                                                   | -                                  | 179,961 | 155,820     | (24,141)      |
| Premium on Issuance of Debt                                                     | -                                  | 11,122  | 6,700       | (4,422)       |
| Transfers In                                                                    | 30,162                             | 30,162  | 35,753      | 5,591         |
| Total Sources                                                                   | 30,162                             | 221,245 | 199,385     | (21,860)      |
| Uses:                                                                           |                                    |         |             |               |
| Debt Service                                                                    | 30,162                             | 30,162  | 30,690      | (528)         |
| Payment to Refunded Bond Escrow Agent                                           | -                                  | 191,083 | 179,330     | 11,753        |
| Cost of Issuance                                                                | -                                  | -       | 1,505       | (1,505)       |
| Total Uses                                                                      | 30,162                             | 221,245 | 211,525     | 9,720         |
| Net Change in Budgetary Fund Balance                                            | \$ -                               | \$ -    | \$ (12,140) | \$ (12,140)   |
| Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis                  |                                    |         |             |               |
| Change in Fund Balance - September 30, Budgetary Basis                          |                                    |         | \$ (12,140) |               |
| Change in Fund Balance - September 30, GAAP Basis                               |                                    |         | (12,140)    |               |
| Fund Balance, October 1, GAAP Basis                                             |                                    |         | 32,471      |               |
| Fund Balance, September 30, GAAP Basis                                          |                                    |         | \$ 20,331   |               |
| Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis |                                    |         |             |               |
| Fund Balance, September 30, GAAP Basis                                          |                                    |         | \$ 20,331   |               |
| Total Adjustments                                                               |                                    |         | -           |               |
| Budgetary Funds Available - September 30                                        |                                    |         | \$ 20,331   |               |

See accompanying independent auditors' report.



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## **NONMAJOR CAPITAL PROJECTS FUND**

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The General Capital Projects Fund was established to account for the acquisition, construction, and improvement of facilities and infrastructure financed by grants, bond proceeds, and operating transfers from other City funds.

The Special Assessment Capital Projects Fund was established to account for the acquisition, construction, and improvement of capital facilities financed through special assessments.

The Successor Agency Capital Projects Fund was established to account for the wind-down of Redevelopment Agency operations. This includes the completion of authorized projects and the disposition of properties owned by the former Redevelopment Agency. The activities of this fund are primarily financed through remaining bond proceeds and Redevelopment Property Tax Trust Fund allocations provided through the County for this purpose.

**City of Long Beach**  
Nonmajor Capital Project Funds  
Combining Balance Sheet  
September 30, 2015  
(In Thousands)

|                                                          | General<br>Capital<br>Projects | Special<br>Assessment<br>Projects | Successor<br>Agency<br>Capital<br>Projects | Total<br>Capital<br>Projects<br>Funds |
|----------------------------------------------------------|--------------------------------|-----------------------------------|--------------------------------------------|---------------------------------------|
| <b>ASSETS</b>                                            |                                |                                   |                                            |                                       |
| Pooled Cash and Cash Equivalents                         | \$ 41,557                      | \$ 1,755                          | \$ 10,418                                  | \$ 53,730                             |
| Non-Pooled Cash and Cash Equivalents                     | 6,836                          | 687                               | 8,425                                      | 15,948                                |
| Receivables:                                             |                                |                                   |                                            |                                       |
| Accounts Receivable                                      | 6                              | -                                 | 37                                         | 43                                    |
| Due from Other Governments                               | 4,503                          | -                                 | -                                          | 4,503                                 |
| Due from Other Funds                                     | 5,733                          | -                                 | -                                          | 5,733                                 |
| Other Assets                                             | 139                            | -                                 | 1,463                                      | 1,602                                 |
| Other Noncurrent Receivables                             | -                              | -                                 | 6,266                                      | 6,266                                 |
| Total Assets                                             | <u>\$ 58,774</u>               | <u>\$ 2,442</u>                   | <u>\$ 26,609</u>                           | <u>\$ 87,825</u>                      |
| <b>LIABILITIES</b>                                       |                                |                                   |                                            |                                       |
| Accounts Payable                                         | \$ 5,642                       | \$ -                              | \$ 149                                     | \$ 5,791                              |
| Accrued Wages and Benefits Payable                       | 87                             | -                                 | 11                                         | 98                                    |
| Due to Other Funds                                       | 156                            | -                                 | 4,608                                      | 4,764                                 |
| Unearned Revenues                                        | 1,576                          | -                                 | 77                                         | 1,653                                 |
| Deposits and Collections Held in Trust                   | 2                              | -                                 | 116                                        | 118                                   |
| Advances from Other Funds                                | -                              | -                                 | 11,819                                     | 11,819                                |
| Total Liabilities                                        | <u>7,463</u>                   | <u>-</u>                          | <u>16,780</u>                              | <u>24,243</u>                         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                     |                                |                                   |                                            |                                       |
| Deferred Inflows                                         | <u>-</u>                       | <u>-</u>                          | <u>6,266</u>                               | <u>6,266</u>                          |
| <b>FUND BALANCES</b>                                     |                                |                                   |                                            |                                       |
| Nonspendable                                             | 139                            | -                                 | 1,462                                      | 1,601                                 |
| Restricted                                               | 12,298                         | 2,442                             | 13,920                                     | 28,660                                |
| Assigned                                                 | 38,874                         | -                                 | -                                          | 38,874                                |
| Unassigned                                               | <u>-</u>                       | <u>-</u>                          | <u>(11,819)</u>                            | <u>(11,819)</u>                       |
| Total Fund Balance                                       | <u>51,311</u>                  | <u>2,442</u>                      | <u>3,563</u>                               | <u>57,316</u>                         |
| Total Liabilities, Deferred Inflows<br>and Fund Balances | <u>\$ 58,774</u>               | <u>\$ 2,442</u>                   | <u>\$ 26,609</u>                           | <u>\$ 87,825</u>                      |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Capital Project Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                 | General<br>Capital<br>Projects | Special<br>Assessment<br>Projects | Successor<br>Agency<br>Capital<br>Projects | Total<br>Capital<br>Projects<br>Funds |
|-------------------------------------------------|--------------------------------|-----------------------------------|--------------------------------------------|---------------------------------------|
| Revenues:                                       |                                |                                   |                                            |                                       |
| Taxes:                                          |                                |                                   |                                            |                                       |
| Property                                        | \$ -                           | \$ -                              | \$ 23,393                                  | \$ 23,393                             |
| Licenses and Permits                            | 1,997                          | -                                 | -                                          | 1,997                                 |
| Use of Money and Property                       | 43                             | 6                                 | 838                                        | 887                                   |
| From Other Agencies                             | 2,668                          | -                                 | 958                                        | 3,626                                 |
| Other Contributions                             | 556                            | -                                 | -                                          | 556                                   |
| Other                                           | 131                            | -                                 | 198                                        | 329                                   |
| Total Revenues                                  | <u>5,395</u>                   | <u>6</u>                          | <u>25,387</u>                              | <u>30,788</u>                         |
| Expenditures:                                   |                                |                                   |                                            |                                       |
| Current:                                        |                                |                                   |                                            |                                       |
| Community and Cultural                          | 299                            | -                                 | 91,435                                     | 91,734                                |
| Total Current Expenditures                      | <u>299</u>                     | <u>-</u>                          | <u>91,435</u>                              | <u>91,734</u>                         |
| Capital Improvements                            | 27,139                         | -                                 | -                                          | 27,139                                |
| Total Expenditures                              | <u>27,438</u>                  | <u>-</u>                          | <u>91,435</u>                              | <u>118,873</u>                        |
| Excess of Revenues Over<br>(under) Expenditures | <u>(22,043)</u>                | <u>6</u>                          | <u>(66,048)</u>                            | <u>(88,085)</u>                       |
| Other Financing Sources (Uses):                 |                                |                                   |                                            |                                       |
| Transfers In                                    | 26,295                         | -                                 | 166                                        | 26,461                                |
| Transfers Out                                   | (412)                          | -                                 | (43,014)                                   | (43,426)                              |
| Total Other Financing Sources (Uses)            | <u>25,883</u>                  | <u>-</u>                          | <u>(42,848)</u>                            | <u>(16,965)</u>                       |
| Net Change in Fund Balances                     | 3,840                          | 6                                 | (108,896)                                  | (105,050)                             |
| Fund Balances - October 1                       | <u>47,471</u>                  | <u>2,436</u>                      | <u>112,459</u>                             | <u>162,366</u>                        |
| Fund Balances - September 30                    | <u>\$ 51,311</u>               | <u>\$ 2,442</u>                   | <u>\$ 3,563</u>                            | <u>\$ 57,316</u>                      |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Capital Projects Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

| <b>General Capital Projects Fund</b> |                  |             |                                 |                                                                  |
|--------------------------------------|------------------|-------------|---------------------------------|------------------------------------------------------------------|
|                                      | Budgeted Amounts |             | Actual on<br>Budgetary<br>Basis | Variance<br>with Final<br>Budget -<br>Favorable<br>(unfavorable) |
|                                      | Original         | Final       |                                 |                                                                  |
| <b>Sources:</b>                      |                  |             |                                 |                                                                  |
| Licenses and Permits                 | \$ 349           | \$ 1,998    | \$ 1,997                        | \$ (1)                                                           |
| Use of Money and Property            | 677              | 120         | 43                              | (77)                                                             |
| From Other Agencies                  | 28,819           | 29,371      | 2,668                           | (26,703)                                                         |
| Charges for Services                 | (49)             | (49)        | -                               | 49                                                               |
| Other Contributions                  | -                | -           | 556                             | 556                                                              |
| Other Revenues                       | (1,128)          | (845)       | 131                             | 976                                                              |
| Transfers In                         | 18,822           | 31,166      | 26,295                          | (4,871)                                                          |
| Total Sources                        | 47,490           | 61,761      | 31,690                          | (30,071)                                                         |
| <b>Uses:</b>                         |                  |             |                                 |                                                                  |
| Community and Cultural               | 2,866            | 2,866       | 300                             | 2,566                                                            |
| Capital Improvements                 | 82,761           | 95,063      | 46,477                          | 48,586                                                           |
| Transfers Out                        | (107)            | 1,370       | 412                             | 958                                                              |
| Total Uses                           | 85,520           | 99,299      | 47,189                          | 52,110                                                           |
| Net Change in Budgetary Fund Balance | \$ (38,030)      | \$ (37,538) | \$ (15,499)                     | \$ 22,039                                                        |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               |                         |
|---------------------------------------------------------------|-------------------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <u>\$ (15,499)</u>      |
| <b>Add:</b> Encumbrances                                      | <u>19,339</u>           |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <u>3,840</u>            |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <u>47,471</u>           |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <u><u>\$ 51,311</u></u> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 |                        |
|-------------------------------------------------|------------------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <u>\$ 51,311</u>       |
| <b>Less:</b> Nonspendable Fund Balance          | (139)                  |
| Commitments to Ongoing Projects                 | (71,514)               |
| Internal Designation                            | (6,835)                |
| <b>Add:</b> Future Grant Funding                | <u>30,531</u>          |
| <b>Total Adjustments</b>                        | <u>(47,957)</u>        |
| <b>Budgetary Funds Available - September 30</b> | <u><u>\$ 3,354</u></u> |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Capital Projects Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

| <b>Special Assessment Capital Projects Fund</b>                                        |                         |              |                                                                  |
|----------------------------------------------------------------------------------------|-------------------------|--------------|------------------------------------------------------------------|
|                                                                                        | <u>Budgeted Amounts</u> |              | Variance<br>with Final<br>Budget -<br>Favorable<br>(unfavorable) |
|                                                                                        | <u>Original</u>         | <u>Final</u> | <u>Actual on<br/>Budgetary<br/>Basis</u>                         |
| <b>Sources:</b>                                                                        |                         |              |                                                                  |
| Use of Money and Property                                                              | \$ 15                   | \$ 6         | \$ 6                                                             |
| Other Revenues                                                                         | -                       | 9            | -                                                                |
| Total Sources                                                                          | 15                      | 15           | 6                                                                |
| <b>Uses:</b>                                                                           |                         |              |                                                                  |
| Capital Improvements                                                                   | 2,224                   | 2,224        | -                                                                |
| Total Uses                                                                             | 2,224                   | 2,224        | -                                                                |
| Net Change in Budgetary Fund Balance                                                   | \$ (2,209)              | \$ (2,209)   | \$ 6                                                             |
| <b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>                  |                         |              |                                                                  |
| Change in Fund Balance - September 30, Budgetary Basis                                 |                         |              | \$ 6                                                             |
| Change in Fund Balance - September 30, GAAP Basis                                      |                         |              | 6                                                                |
| Fund Balance, October 1, GAAP Basis                                                    |                         |              | 2,436                                                            |
| Fund Balance, September 30, GAAP Basis                                                 |                         |              | \$ 2,442                                                         |
| <b>Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis</b> |                         |              |                                                                  |
| Fund Balance, September 30, GAAP Basis                                                 |                         |              | \$ 2,442                                                         |
| Less: Commitments to Ongoing Projects                                                  |                         |              | (2,224)                                                          |
| Budgetary Funds Available - September 30                                               |                         |              | \$ 218                                                           |

See accompanying independent auditors' report.

**City of Long Beach**  
Nonmajor Capital Projects Funds  
Schedule of Sources, Uses, and Changes in Funds Available  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                                                        | <b>Succesor Agency Capital Projects Fund</b> |             |                                 |                                                                  |
|----------------------------------------------------------------------------------------|----------------------------------------------|-------------|---------------------------------|------------------------------------------------------------------|
|                                                                                        | Budgeted Amounts                             |             | Actual on<br>Budgetary<br>Basis | Variance<br>with Final<br>Budget -<br>Favorable<br>(unfavorable) |
|                                                                                        | Original                                     | Final       |                                 |                                                                  |
| <b>Sources:</b>                                                                        |                                              |             |                                 |                                                                  |
| Property Taxes                                                                         | \$ 44,229                                    | \$ 44,229   | \$ 23,393                       | \$ (20,836)                                                      |
| Licenses and Permits                                                                   | 15                                           | 15          | -                               | (15)                                                             |
| Use of Money and Property                                                              | 799                                          | 799         | 838                             | 39                                                               |
| From Other Agencies                                                                    | -                                            | -           | 958                             | 958                                                              |
| Other Revenues                                                                         | 326                                          | 326         | 198                             | (128)                                                            |
| Transfers In                                                                           | 21,472                                       | 21,472      | 166                             | (21,306)                                                         |
| Total Sources                                                                          | 66,841                                       | 66,841      | 25,553                          | (41,288)                                                         |
| <b>Uses:</b>                                                                           |                                              |             |                                 |                                                                  |
| General Government                                                                     | 65                                           | -           | -                               | -                                                                |
| Community and Cultural                                                                 | 45,384                                       | 45,448      | 17,007                          | 28,441                                                           |
| Transfers Out                                                                          | 41,164                                       | 39,973      | 43,014                          | (3,041)                                                          |
| Total Uses                                                                             | 86,613                                       | 85,421      | 60,021                          | 25,400                                                           |
| Net Change in Budgetary Fund Balance                                                   | \$ (19,772)                                  | \$ (18,580) | \$ (34,468)                     | \$ (15,888)                                                      |
| <b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>                  |                                              |             |                                 |                                                                  |
| Change in Fund Balance - September 30, Budgetary Basis                                 |                                              |             | \$ (34,468)                     |                                                                  |
| Less: Conversion of Land Held for Resale to Land                                       |                                              |             | (74,428)                        |                                                                  |
| Change in Fund Balance - September 30, GAAP Basis                                      |                                              |             | (108,896)                       |                                                                  |
| Fund Balance, October 1, GAAP Basis                                                    |                                              |             | 112,459                         |                                                                  |
| Fund Balance, September 30, GAAP Basis                                                 |                                              |             | \$ 3,563                        |                                                                  |
| <b>Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis</b> |                                              |             |                                 |                                                                  |
| Fund Balance, September 30, GAAP Basis                                                 |                                              |             | \$ 3,563                        |                                                                  |
| Less: Nonspendable Fund Balance                                                        |                                              |             | (1,462)                         |                                                                  |
| Commitments to Ongoing Projects                                                        |                                              |             | (30,342)                        |                                                                  |
| Add: Future Funding                                                                    |                                              |             | 24,671                          |                                                                  |
| Total Adjustments                                                                      |                                              |             | (7,133)                         |                                                                  |
| Budgetary Funds Available - September 30                                               |                                              |             | \$ (3,570)                      |                                                                  |

See accompanying independent auditors' report.

## NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent of the City in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

The Water Fund is used to account for the activities associated with the pumping, purchasing, treatment, transmission, and distribution of potable and reclaimed water by the City to its customers.

The Sewer Fund is used to account for the maintenance and replacement of the City's sewer pipelines and sewage facilities.

The Solid Waste Management Fund is used to account for the City's refuse collection and resource recovery operations. The SERRF Authority Function is combined with the City's Solid Waste Management Function for the purpose of financial statement presentation.

The Towing Fund is used to account for the City's towing services, which are used primarily by the Police and Public Works Departments to remove vehicles that have been abandoned or parked illegally on the City's streets.

The Subsidence Fund is used to account for the accumulation of resources to minimize and remedy future land sinkage due to oil operations in the tidelands area.

The Development Services Fund was established to segregate long-range planning and property use and development services and give visibility of the City's planning, building, and inspection fees and the associated cost the City incurs to provide these services.

**City of Long Beach**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Net Position**  
**September 30, 2015**  
**(In Thousands)**

|                                                     | Water<br>Utility | Sewer     | Airport    | Solid Waste<br>Management | Towing     | Subsidence | Development<br>Services | Total<br>Nonmajor<br>Proprietary<br>Funds |
|-----------------------------------------------------|------------------|-----------|------------|---------------------------|------------|------------|-------------------------|-------------------------------------------|
| <b>ASSETS</b>                                       |                  |           |            |                           |            |            |                         |                                           |
| Current Assets:                                     |                  |           |            |                           |            |            |                         |                                           |
| Pooled Cash and Cash Equivalents                    | \$ 31,645        | \$ 9,905  | \$ 59,919  | \$ 41,997                 | \$ 821     | \$ 172,978 | \$ 20,150               | \$ 337,415                                |
| Non-Pooled Cash and Cash Equivalents                | 46               | -         | 5,017      | 130                       | 1          | -          | -                       | 5,194                                     |
| Non-Pooled Investments                              | 2,624            | -         | -          | -                         | -          | -          | -                       | 2,624                                     |
| Receivables:                                        |                  |           |            |                           |            |            |                         |                                           |
| Interest Receivable                                 | 9                | -         | 37         | 45                        | -          | 45         | 1                       | 137                                       |
| Accounts Receivable                                 | 6,225            | 894       | 2,444      | 10,068                    | 338        | -          | 415                     | 20,384                                    |
| Due from Other Governments                          | -                | -         | 2,236      | 200                       | -          | -          | -                       | 2,436                                     |
| Due from Other Funds                                | 38               | -         | -          | 67                        | -          | 2,679      | 46                      | 2,830                                     |
| Allowance for Receivables                           | (330)            | (56)      | (29)       | (316)                     | (225)      | -          | (120)                   | (1,076)                                   |
| Inventory                                           | 3,248            | 67        | -          | -                         | -          | -          | -                       | 3,315                                     |
| Other Assets - Current                              | 2,552            | -         | 68         | 126                       | -          | -          | -                       | 2,746                                     |
| Total Current Assets                                | 46,057           | 10,810    | 69,692     | 52,317                    | 935        | 175,702    | 20,492                  | 376,005                                   |
| Noncurrent Assets:                                  |                  |           |            |                           |            |            |                         |                                           |
| Restricted Noncurrent Assets                        |                  |           |            |                           |            |            |                         |                                           |
| Non-Pooled Investments                              | -                | -         | 9,434      | 11,629                    | -          | -          | -                       | 21,063                                    |
| Noncurrent Receivables                              |                  |           |            |                           |            |            |                         |                                           |
| Other Noncurrent Receivables                        | -                | -         | -          | 992                       | -          | -          | -                       | 992                                       |
| Advances to Other Funds                             | -                | -         | -          | -                         | -          | 3,114      | -                       | 3,114                                     |
| Capital Assets:                                     |                  |           |            |                           |            |            |                         |                                           |
| Land and Other Capital Assets Not Being Depreciated | 30,786           | 3,325     | 18,947     | 7,003                     | -          | -          | -                       | 60,061                                    |
| Capital Assets Net of Accumulated Depreciation      | 266,412          | 61,821    | 216,042    | 8,170                     | -          | -          | 72                      | 552,517                                   |
| Other Assets - Long-Term                            | 144              | -         | -          | -                         | -          | -          | -                       | 144                                       |
| Total Noncurrent Assets                             | 297,342          | 65,146    | 244,423    | 27,794                    | -          | 3,114      | 72                      | 637,891                                   |
| Total Assets                                        | 343,399          | 75,956    | 314,115    | 80,111                    | 935        | 178,816    | 20,564                  | 1,013,896                                 |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                  |           |            |                           |            |            |                         |                                           |
| Deferred Outflows                                   | 7,040            | 1,081     | 2,187      | 2,410                     | 506        | -          | 2,655                   | 15,879                                    |
| <b>LIABILITIES</b>                                  |                  |           |            |                           |            |            |                         |                                           |
| Current Liabilities Payable from Current Assets:    |                  |           |            |                           |            |            |                         |                                           |
| Accounts Payable                                    | 9,269            | 474       | 2,385      | 6,490                     | 72         | -          | 848                     | 19,538                                    |
| Accrued Wages                                       | 413              | 111       | 186        | 230                       | 41         | -          | 340                     | 1,321                                     |
| Accrued Interest Payable                            | 527              | -         | 2,250      | 694                       | -          | -          | -                       | 3,471                                     |
| Due to Other Funds                                  | 547              | 68        | 112        | 140                       | 25         | -          | -                       | 892                                       |
| Unearned Revenues                                   | 39               | -         | 391        | -                         | -          | 3,614      | 1,607                   | 5,651                                     |
| Collections Held in Trust                           | -                | -         | 122        | 835                       | -          | -          | 5,553                   | 6,510                                     |
| Customers Deposits                                  | 1,032            | -         | -          | -                         | -          | -          | 6                       | 1,038                                     |
| Advances from Developers                            | 233              | 31        | -          | -                         | -          | -          | -                       | 264                                       |
| Bonds Payable Due within One Year                   | 2,630            | -         | 2,515      | 9,320                     | -          | -          | -                       | 14,465                                    |
| Total Current Liabilities                           | 14,690           | 684       | 7,961      | 17,709                    | 138        | 3,614      | 8,354                   | 53,150                                    |
| Noncurrent Liabilities:                             |                  |           |            |                           |            |            |                         |                                           |
| Unearned Revenues                                   | -                | -         | 4,962      | -                         | -          | -          | -                       | 4,962                                     |
| Site Restoration                                    | 1,000            | -         | -          | -                         | -          | -          | -                       | 1,000                                     |
| Other Long-Term Obligations                         | -                | 11,250    | -          | -                         | -          | -          | -                       | 11,250                                    |
| Bonds Payable                                       | 30,343           | -         | 110,171    | 32,329                    | -          | -          | -                       | 172,843                                   |
| Net Pension Liability                               | 31,033           | 6,341     | 11,940     | 14,655                    | 2,654      | -          | 15,486                  | 82,109                                    |
| Total Noncurrent Liabilities                        | 62,376           | 17,591    | 127,073    | 46,984                    | 2,654      | -          | 15,486                  | 272,164                                   |
| Total Liabilities                                   | 77,066           | 18,275    | 135,034    | 64,693                    | 2,792      | 3,614      | 23,840                  | 325,314                                   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                  |           |            |                           |            |            |                         |                                           |
| Deferred Inflows                                    | 3,319            | 672       | 1,326      | 1,497                     | 314        | -          | 1,650                   | 8,778                                     |
| <b>NET POSITION</b>                                 |                  |           |            |                           |            |            |                         |                                           |
| Net Investment in Capital Assets                    | 268,500          | 53,895    | 133,225    | (15,272)                  | -          | -          | 72                      | 440,420                                   |
| Restricted for:                                     |                  |           |            |                           |            |            |                         |                                           |
| Debt Service                                        | 1,697            | -         | 297        | 843                       | -          | -          | -                       | 2,837                                     |
| Capital Projects                                    | -                | -         | 22,119     | -                         | -          | -          | -                       | 22,119                                    |
| Airport                                             | -                | -         | 7,665      | -                         | -          | -          | -                       | 7,665                                     |
| Subsidence                                          | -                | -         | -          | -                         | -          | 175,202    | -                       | 175,202                                   |
| Unrestricted                                        | (143)            | 4,195     | 16,636     | 30,760                    | (1,665)    | -          | (2,343)                 | 47,440                                    |
| Total Net Position                                  | \$ 270,054       | \$ 58,090 | \$ 179,942 | \$ 16,331                 | \$ (1,665) | \$ 175,202 | \$ (2,271)              | \$ 695,683                                |

See accompanying independent auditors' report.

**City of Long Beach**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

|                                              | Water<br>Utility | Sewer     | Airport    | Solid Waste<br>Management | Towing     | Subsidence | Development<br>Services | Total<br>Nonmajor<br>Proprietary<br>Funds |
|----------------------------------------------|------------------|-----------|------------|---------------------------|------------|------------|-------------------------|-------------------------------------------|
| Operating Revenues:                          |                  |           |            |                           |            |            |                         |                                           |
| Licenses and Permits                         | \$ -             | \$ -      | \$ -       | \$ -                      | \$ 4       | \$ -       | \$ 19,386               | \$ 19,390                                 |
| Fees, Concessions and Rentals                | -                | -         | 33,741     | -                         | -          | -          | -                       | 33,741                                    |
| From Other Agencies                          | -                | -         | 50         | -                         | -          | -          | -                       | 50                                        |
| Charges for Services                         | 99,475           | 17,904    | -          | 80,165                    | 5,243      | -          | 1,392                   | 204,179                                   |
| Other                                        | -                | -         | 20         | 11                        | 6          | -          | 5                       | 42                                        |
| Total Operating Revenues                     | 99,475           | 17,904    | 33,811     | 80,176                    | 5,253      | -          | 20,783                  | 257,402                                   |
| Operating Expenses:                          |                  |           |            |                           |            |            |                         |                                           |
| Personnel Services                           | 18,923           | 4,021     | 10,053     | 14,569                    | 2,282      | -          | 10,594                  | 60,442                                    |
| Purchases of Gas and Water                   | 42,178           | -         | -          | -                         | -          | -          | -                       | 42,178                                    |
| Maintenance and Other Operations             | 30,294           | 9,992     | 17,789     | 54,057                    | 2,897      | -          | 6,706                   | 121,735                                   |
| Amortization                                 | -                | -         | 79         | -                         | -          | -          | -                       | 79                                        |
| Depreciation                                 | 10,739           | 2,010     | 10,037     | 4,319                     | -          | -          | 18                      | 27,123                                    |
| Total Operating Expenses                     | 102,134          | 16,023    | 37,958     | 72,945                    | 5,179      | -          | 17,318                  | 251,557                                   |
| Operating Income (Loss)                      | (2,659)          | 1,881     | (4,147)    | 7,231                     | 74         | -          | 3,465                   | 5,845                                     |
| Non-Operating Income (Expenses):             |                  |           |            |                           |            |            |                         |                                           |
| Interest Income                              | 223              | 52        | 417        | 311                       | 6          | 1,593      | 107                     | 2,709                                     |
| Interest Expense                             | (292)            | (52)      | (6,729)    | (1,745)                   | -          | -          | -                       | (8,818)                                   |
| Gain (Loss) on Disposition of Capital Asset: | (199)            | 2         | (126)      | -                         | -          | -          | -                       | (323)                                     |
| Operating Grants                             | -                | -         | 117        | 152                       | -          | -          | -                       | 269                                       |
| Other Income                                 | 1,683            | -         | 2,726      | 146                       | -          | -          | -                       | 4,555                                     |
| Other Expense                                | (146)            | (220)     | -          | -                         | -          | -          | -                       | (366)                                     |
| Total Non-Operating Income (Expenses)        | 1,269            | (218)     | (3,595)    | (1,136)                   | 6          | 1,593      | 107                     | (1,974)                                   |
| Income Before Contributions                  | (1,390)          | 1,663     | (7,742)    | 6,095                     | 80         | 1,593      | 3,572                   | 3,871                                     |
| Capital Grants and Contributions             | 1,726            | -         | 18,461     | -                         | -          | -          | -                       | 20,187                                    |
| Operating Transfers:                         |                  |           |            |                           |            |            |                         |                                           |
| Operating Transfers In                       | -                | -         | -          | -                         | -          | -          | 75                      | 75                                        |
| Operating Transfers Out                      | (218)            | (40)      | (485)      | (1,266)                   | (414)      | -          | (881)                   | (3,304)                                   |
| Change in Net Position                       | 118              | 1,623     | 10,234     | 4,829                     | (334)      | 1,593      | 2,766                   | 20,829                                    |
| Net Position - October 1                     | 298,628          | 62,334    | 180,712    | 25,100                    | 1,102      | 173,609    | 9,287                   | 750,772                                   |
| Adjustments for GASB 68 Implementation       | (28,692)         | (5,867)   | (11,004)   | (13,598)                  | (2,433)    | -          | (14,324)                | (75,918)                                  |
| Net Position - September 30                  | \$ 270,054       | \$ 58,090 | \$ 179,942 | \$ 16,331                 | \$ (1,665) | \$ 175,202 | \$ (2,271)              | \$ 695,683                                |

See accompanying independent auditors' report.

**City of Long Beach**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>         | Water<br>Utility | Sewer     | Airport   | Solid Waste<br>Management | Towing   | Subsidence | Development<br>Services | Total<br>Nonmajor<br>Proprietary<br>Funds |
|------------------------------------------------------------------|------------------|-----------|-----------|---------------------------|----------|------------|-------------------------|-------------------------------------------|
| Cash Flows from Operating Activities:                            |                  |           |           |                           |          |            |                         |                                           |
| Receipts from Customers                                          | \$ 100,542       | \$ 17,885 | \$ 33,786 | \$ 79,913                 | \$ 5,303 | \$ -       | \$ 20,558               | \$ 257,987                                |
| Receipts from Other Governments                                  | -                | -         | 46        | -                         | -        | -          | -                       | 46                                        |
| Receipts from Other Funds                                        | -                | -         | -         | 8,335                     | -        | -          | -                       | 8,335                                     |
| Payments for Employee Salaries                                   | (18,467)         | (3,920)   | (9,893)   | (14,389)                  | (2,236)  | -          | (178)                   | (49,083)                                  |
| Payments for Goods and Services                                  | (67,998)         | (6,022)   | (17,496)  | (59,875)                  | (1,825)  | -          | (10,275)                | (163,491)                                 |
| Payments in Lieu of Taxes                                        | (5,794)          | (4,449)   | -         | -                         | (1,025)  | -          | -                       | (11,268)                                  |
| Other Income                                                     | 979              | (273)     | 1,628     | 146                       | -        | -          | (6,259)                 | (3,779)                                   |
| Other Expense                                                    | -                | -         | -         | -                         | -        | -          | 5                       | 5                                         |
| Net Cash Provided by (Used for) Operating Activities             | 9,262            | 3,221     | 8,071     | 14,130                    | 217      | -          | 3,851                   | 38,752                                    |
| Cash Flows from Non-Capital Financing Activities:                |                  |           |           |                           |          |            |                         |                                           |
| Operating Grants Received from Other Governments                 | -                | -         | 185       | 135                       | -        | -          | -                       | 320                                       |
| Transfers In                                                     | -                | -         | -         | -                         | -        | -          | 75                      | 75                                        |
| Transfers Out                                                    | -                | -         | (450)     | (1,224)                   | (414)    | -          | (881)                   | (2,969)                                   |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | -                | -         | (265)     | (1,089)                   | (414)    | -          | (806)                   | (2,574)                                   |
| Cash Flows from Capital and Related Financing Activities:        |                  |           |           |                           |          |            |                         |                                           |
| Receipt of Capital Grants                                        | -                | -         | 15,963    | -                         | -        | -          | -                       | 15,963                                    |
| Proceeds from the Sale of Capital Assets                         | 141              | 15        | -         | -                         | -        | -          | -                       | 156                                       |
| Proceeds from Issuance of Long-Term Obligations                  | -                | 1,500     | -         | -                         | -        | -          | -                       | 1,500                                     |
| Receipts of Contributed Capital                                  | 1,757            | -         | -         | -                         | -        | -          | -                       | 1,757                                     |
| Payments for Capital Acquisitions                                | (15,227)         | (2,370)   | (15,675)  | (381)                     | -        | -          | (24)                    | (33,677)                                  |
| Payments of Principal on Bonds Payable                           | (2,510)          | -         | (2,420)   | (8,860)                   | -        | -          | -                       | (13,790)                                  |
| Receipts from Passenger Facility Charges                         | -                | -         | 5,685     | -                         | -        | -          | -                       | 5,685                                     |
| Payments of Interest, Net of Amounts Capitalized                 | (1,390)          | (79)      | (6,844)   | (2,311)                   | -        | -          | -                       | (10,624)                                  |
| Receipt of Federal Subsidy                                       | -                | -         | 1,116     | -                         | -        | -          | -                       | 1,116                                     |
| Net Cash Used for Capital and Related Financing Activities       | (17,229)         | (934)     | (2,175)   | (11,552)                  | -        | -          | (24)                    | (31,914)                                  |
| Cash Flows from Investing Activities:                            |                  |           |           |                           |          |            |                         |                                           |
| Proceeds from the Sale of Investments                            | -                | -         | (48)      | (62)                      | -        | -          | -                       | (110)                                     |
| Receipts of Interest                                             | 222              | 52        | 417       | 312                       | 6        | 1,550      | 108                     | 2,667                                     |
| Net Cash Provided by (Used for) Investing Activities             | 222              | 52        | 369       | 250                       | 6        | 1,550      | 108                     | 2,557                                     |
| Net Increase (Decrease) in Cash and Cash Equivalents             | (7,745)          | 2,339     | 6,000     | 1,739                     | (191)    | 1,550      | 3,129                   | 6,821                                     |
| Cash and Cash Equivalents - October 1                            | 42,060           | 7,566     | 58,936    | 40,388                    | 1,013    | 171,428    | 17,021                  | 338,412                                   |
| Cash and Cash Equivalents - September 30                         | \$ 34,315        | \$ 9,905  | \$ 64,936 | \$ 42,127                 | \$ 822   | \$ 172,978 | \$ 20,150               | \$ 345,233                                |

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET**

**CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:**

|                                                                                                           |            |          |          |           |        |      |          |           |
|-----------------------------------------------------------------------------------------------------------|------------|----------|----------|-----------|--------|------|----------|-----------|
| Operating Income (Loss)                                                                                   | \$ (2,659) | \$ 1,881 | (4,147)  | \$ 7,231  | \$ 74  | \$ - | \$ 3,465 | \$ 5,845  |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: |            |          |          |           |        |      |          |           |
| Operating Activities:                                                                                     |            |          |          |           |        |      |          |           |
| Depreciation and Amortization Expense                                                                     | 10,739     | 2,010    | 10,116   | 4,319     | -      | -    | 18       | 27,202    |
| Other Income                                                                                              | 979        | (274)    | 1,163    | 146       | -      | -    | -        | 2,014     |
| Other Expense                                                                                             | 319        | 64       | -        | -         | -      | -    | -        | 383       |
| (Increase) Decrease in Accounts Receivable, Net                                                           | 942        | (18)     | 664      | 28        | 50     | -    | (216)    | 1,450     |
| (Increase) Decrease in Amounts Due from Other Governments                                                 | -          | -        | (7)      | 36        | -      | -    | -        | 29        |
| (Increase) Decrease in Amounts Due from Other Funds                                                       | (35)       | -        | -        | 102       | -      | -    | 8        | 75        |
| Decrease in Inventory                                                                                     | 45         | 3        | -        | -         | -      | -    | -        | 48        |
| (Increase) Decrease in Other Operating Assets                                                             | 114        | -        | -        | (100)     | -      | -    | -        | 14        |
| Increase (Decrease) in Accounts Payable                                                                   | (1,532)    | (466)    | 293      | 2,114     | 47     | -    | 447      | 903       |
| Increase in Accrued Wages Payable                                                                         | 137        | 37       | 160      | 179       | 37     | -    | 319      | 869       |
| Increase (Decrease) in Amounts Due to Other Funds                                                         | 54         | (16)     | -        | 1         | 9      | -    | (178)    | (130)     |
| Increase (Decrease) in Unearned Revenues                                                                  | 8          | -        | (171)    | (3)       | -      | -    | (587)    | (753)     |
| Increase in Collections Held in Trust                                                                     | 151        | -        | -        | 77        | -      | -    | 575      | 803       |
| Total Adjustments                                                                                         | 11,921     | 1,340    | 12,218   | 6,899     | 143    | -    | 386      | 32,907    |
| Net Cash Provided by Operating Activities                                                                 | \$ 9,262   | \$ 3,221 | \$ 8,071 | \$ 14,130 | \$ 217 | \$ - | \$ 3,851 | \$ 38,752 |

**NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:**

|                             |          |      |      |      |      |      |      |          |
|-----------------------------|----------|------|------|------|------|------|------|----------|
| Contributed Capital Assets  | \$ 1,090 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,090 |
| Accrued Capital Asset Costs | 1,196    | 85   | -    | -    | -    | -    | -    | 1,281    |

See accompanying independent auditors' report.

## INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis, including depreciation.

The Civic Center Fund is used to account for the operation and maintenance of the City Hall and Main Library Complex.

The General Services Fund is used to account for the operation, maintenance, and replacement of the City's electronic data processing equipment and software, radio systems, telephone, mailing and reprographics services.

The Fleet Services Fund is used to account for the operation, maintenance, and replacement of the City's fleet of vehicles and equipment.

The Insurance Fund is used to finance and account for the City's risk management and self-insurance programs.

The Employee Benefits Fund is used to finance and account for compensated absences, employer payroll taxes, and health and retirement benefits.

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Net Position (Deficit)**  
**September 30, 2015**  
**(In Thousands)**

|                                                     | Civic<br>Center | General<br>Services | Fleet<br>Services | Insurance   | Employee<br>Benefits | Total<br>Internal<br>Service<br>Funds |
|-----------------------------------------------------|-----------------|---------------------|-------------------|-------------|----------------------|---------------------------------------|
| <b>ASSETS</b>                                       |                 |                     |                   |             |                      |                                       |
| Current Assets:                                     |                 |                     |                   |             |                      |                                       |
| Pooled Cash and Cash Equivalents                    | \$ 9,196        | \$ 33,306           | \$ 52,412         | \$ 53,614   | \$ 109,888           | \$ 258,416                            |
| Receivables:                                        |                 |                     |                   |             |                      |                                       |
| Interest Receivable                                 | 2               | 1                   | 3                 | 5           | 18                   | 29                                    |
| Accounts Receivable                                 | -               | 1,545               | 138               | -           | -                    | 1,683                                 |
| Due from Other Funds                                | 1,044           | 148                 | 2                 | 1,271       | 7,709                | 10,174                                |
| Allowance for Receivables                           | -               | -                   | (119)             | -           | -                    | (119)                                 |
| Deposits                                            | -               | -                   | -                 | -           | 6,213                | 6,213                                 |
| Inventory                                           | -               | 202                 | 1,997             | -           | -                    | 2,199                                 |
| Total Current Assets                                | 10,242          | 35,202              | 54,433            | 54,890      | 123,828              | 278,595                               |
| Noncurrent Assets:                                  |                 |                     |                   |             |                      |                                       |
| Noncurrent Receivables:                             |                 |                     |                   |             |                      |                                       |
| Other Noncurrent Receivables                        | -               | 224                 | -                 | -           | -                    | 224                                   |
| Capital Assets:                                     |                 |                     |                   |             |                      |                                       |
| Land and Other Capital Assets Not Being Depreciated | 3,020           | 1,199               | 43                | -           | -                    | 4,262                                 |
| Capital Assets Net of Accumulated Depreciation      | 36,800          | 13,108              | 30,681            | 26          | -                    | 80,615                                |
| Total Noncurrent Assets                             | 39,820          | 14,531              | 30,724            | 26          | -                    | 85,101                                |
| Total Assets                                        | 50,062          | 49,733              | 85,157            | 54,916      | 123,828              | 363,696                               |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                 |                     |                   |             |                      |                                       |
| Deferred Outflows                                   | 1,432           | 3,970               | 3,074             | 2,108       | 1,371                | 11,955                                |
| <b>LIABILITIES</b>                                  |                 |                     |                   |             |                      |                                       |
| Current Liabilities Payable from Current Assets:    |                 |                     |                   |             |                      |                                       |
| Accounts Payable                                    | 1,547           | 1,487               | 1,609             | 579         | 539                  | 5,761                                 |
| Accrued Wages and Benefits                          | 40              | 299                 | 161               | 198         | 41,261               | 41,959                                |
| Accrued Interest Payable                            | -               | 1                   | 152               | -           | 1,705                | 1,858                                 |
| Due to Other Funds                                  | 25              | 1,118               | 1,336             | 120         | 2                    | 2,601                                 |
| Collections Held in Trust                           | -               | -                   | -                 | -           | 6,321                | 6,321                                 |
| Employee Benefits-Current                           | -               | -                   | -                 | -           | 9,057                | 9,057                                 |
| Accrued Claims - Current                            | -               | -                   | -                 | 25,671      | -                    | 25,671                                |
| Environmental Remediation - Current                 | 4,428           | -                   | 109               | -           | -                    | 4,537                                 |
| Obligations under Capital Leases - Current          | 1,570           | 747                 | -                 | -           | -                    | 2,317                                 |
| Bonds Payable Due within One Year                   | -               | -                   | -                 | -           | 5,255                | 5,255                                 |
| Total Current Liabilities                           | 7,610           | 3,652               | 3,367             | 26,568      | 64,140               | 105,337                               |
| Noncurrent Liabilities:                             |                 |                     |                   |             |                      |                                       |
| Accrued Self-Insurance Claims                       | -               | -                   | -                 | 104,950     | -                    | 104,950                               |
| Environmental Remediation                           | -               | -                   | 2,728             | -           | -                    | 2,728                                 |
| Obligations under Capital Lease                     | 21,855          | 837                 | -                 | -           | -                    | 22,692                                |
| Bonds Payable                                       | -               | -                   | 24,901            | -           | 30,582               | 55,483                                |
| Compensated Absences - REHIP                        | -               | -                   | -                 | -           | 129,026              | 129,026                               |
| OPEB Liability                                      | -               | -                   | -                 | -           | 72,208               | 72,208                                |
| Net Pension Liability                               | 3,312           | 23,946              | 10,602            | 12,121      | 5,822                | 55,803                                |
| Total Noncurrent Liabilities                        | 25,167          | 24,783              | 38,231            | 117,071     | 237,638              | 442,890                               |
| Total Liabilities                                   | 32,777          | 28,435              | 41,598            | 143,639     | 301,778              | 548,227                               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                 |                     |                   |             |                      |                                       |
| Deferred Inflows                                    | 318             | 2,467               | 1,117             | 1,311       | 717                  | 5,930                                 |
| <b>NET POSITION (DEFICIT)</b>                       |                 |                     |                   |             |                      |                                       |
| Net Investment in Capital Assets                    | 17,314          | 12,723              | 7,099             | 26          | -                    | 37,162                                |
| Restricted for:                                     |                 |                     |                   |             |                      |                                       |
| Healthcare Insurance                                | -               | -                   | -                 | -           | 18,486               | 18,486                                |
| Unrestricted                                        | 1,085           | 10,078              | 38,417            | (87,952)    | (195,782)            | (234,154)                             |
| Total Net Position (Deficit)                        | \$ 18,399       | \$ 22,801           | \$ 45,516         | \$ (87,926) | \$ (177,296)         | \$ (178,506)                          |

See accompanying independent auditors' report.

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

|                                                     | Civic<br>Center | General<br>Services | Fleet<br>Services | Insurance   | Employee<br>Benefits | Total<br>Internal<br>Service<br>Funds |
|-----------------------------------------------------|-----------------|---------------------|-------------------|-------------|----------------------|---------------------------------------|
| Operating Revenues:                                 |                 |                     |                   |             |                      |                                       |
| Billing to Other Departments                        | \$ 11,728       | \$ 34,772           | \$ 31,702         | \$ 46,223   | \$ 208,810           | \$ 333,235                            |
| Other                                               | 283             | 4,991               | 958               | -           | -                    | 6,232                                 |
| Total Operating Revenues                            | 12,011          | 39,763              | 32,660            | 46,223      | 208,810              | 339,467                               |
| Operating Expenses:                                 |                 |                     |                   |             |                      |                                       |
| Personnel Services                                  | 2,335           | 15,941              | 7,895             | 8,065       | 4,388                | 38,624                                |
| Maintenance and Other Operations                    | 13,624          | 18,672              | 15,824            | 5,968       | 2,290                | 56,378                                |
| Insurance Premiums                                  | -               | -                   | -                 | 2,745       | -                    | 2,745                                 |
| Self-Insured Losses                                 | -               | -                   | -                 | 17,121      | -                    | 17,121                                |
| Compensated Absences                                | -               | -                   | -                 | 3,659       | 46,394               | 50,053                                |
| Employee Benefits                                   | -               | -                   | -                 | -           | 162,480              | 162,480                               |
| Amortization                                        | 80              | -                   | 81                | -           | -                    | 161                                   |
| Depreciation                                        | 2,616           | 3,179               | 6,144             | 5           | -                    | 11,944                                |
| Total Operating Expenses                            | 18,655          | 37,792              | 29,944            | 37,563      | 215,552              | 339,506                               |
| Operating Income (Loss)                             | (6,644)         | 1,971               | 2,716             | 8,660       | (6,742)              | (39)                                  |
| Non-Operating Income (Expenses):                    |                 |                     |                   |             |                      |                                       |
| Interest Income                                     | 22              | 68                  | 199               | 240         | 325                  | 854                                   |
| Interest Expense                                    | (1,056)         | (43)                | (644)             | -           | (1,897)              | (3,640)                               |
| Gain on Disposition of Capital Assets               | -               | 1                   | 267               | -           | -                    | 268                                   |
| Other Income                                        | -               | 15                  | 1,126             | 2,613       | 1,464                | 5,218                                 |
| Other Expense                                       | -               | (100)               | -                 | (5)         | (5)                  | (110)                                 |
| Total Non-Operating Income (Expenses)               | (1,034)         | (59)                | 948               | 2,848       | (113)                | 2,590                                 |
| Income (Loss) before Contributions<br>and Transfers | (7,678)         | 1,912               | 3,664             | 11,508      | (6,855)              | 2,551                                 |
| Capital Grants and Contributions                    | 179             | 1,203               | -                 | -           | -                    | 1,382                                 |
| Transfers:                                          |                 |                     |                   |             |                      |                                       |
| Transfers In                                        | 3,171           | 9,165               | 3,824             | 390         | 14,354               | 30,904                                |
| Transfers Out                                       | -               | (3,745)             | (1,417)           | (1,012)     | (1,442)              | (7,616)                               |
| Change in Net Position                              | (4,328)         | 8,535               | 6,071             | 10,886      | 6,057                | 27,221                                |
| Net Position (Deficit) - October 1                  | 25,815          | 36,472              | 49,260            | (87,616)    | (178,198)            | (154,267)                             |
| Adjustments for GASB 68 Implementation              | (3,088)         | (22,206)            | (9,815)           | (11,196)    | (5,155)              | (51,460)                              |
| Net Position (Deficit) - September 30               | \$ 18,399       | \$ 22,801           | \$ 45,516         | \$ (87,926) | \$ (177,296)         | \$ (178,506)                          |

See accompanying independent auditors' report.

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

| <u>INCREASE (DECREASE) IN CASH AND<br/>CASH EQUIVALENTS</u>                                                          | Civic<br>Center | General<br>Services | Fleet<br>Services | Insurance | Employee<br>Benefits | Total<br>Internal<br>Service<br>Funds |
|----------------------------------------------------------------------------------------------------------------------|-----------------|---------------------|-------------------|-----------|----------------------|---------------------------------------|
| Cash Flows from Operating Activities:                                                                                |                 |                     |                   |           |                      |                                       |
| Receipts from Customers                                                                                              | \$ 287          | \$ 4,991            | \$ 960            | \$ -      | \$ -                 | \$ 6,238                              |
| Receipts from Other Funds                                                                                            | 10,688          | 34,632              | 32,974            | 46,224    | 206,116              | 330,634                               |
| Payments for Employee Salaries                                                                                       | (2,306)         | (15,671)            | (7,749)           | (7,894)   | (8,241)              | (41,861)                              |
| Payments for Goods and Services                                                                                      | (7,914)         | (18,264)            | (15,419)          | (10,207)  | (2,056)              | (53,860)                              |
| Payments for Compensated Absences                                                                                    | -               | -                   | -                 | (15,912)  | (45,326)             | (61,238)                              |
| Payments for Employee Benefits                                                                                       | -               | -                   | -                 | -         | (144,007)            | (144,007)                             |
| Payments for Liability Claims                                                                                        | -               | -                   | -                 | (2,205)   | -                    | (2,205)                               |
| Payments to Other Entities                                                                                           | -               | 984                 | -                 | -         | -                    | 984                                   |
| Other Income                                                                                                         | -               | 15                  | 1,126             | 2,613     | 1,464                | 5,218                                 |
| Other Expense                                                                                                        | -               | (100)               | -                 | (5)       | (5)                  | (110)                                 |
| Net Cash Provided by (Used for) Operating Activities                                                                 | 755             | 6,587               | 11,892            | 12,614    | 7,945                | 39,793                                |
| Cash Flows from Non-Capital Financing Activities:                                                                    |                 |                     |                   |           |                      |                                       |
| Operating Subsidies Paid to Other Funds                                                                              | 3,171           | 9,165               | 3,824             | 390       | 14,354               | 30,904                                |
| Operating Subsidies Received from Other Funds                                                                        | -               | (3,745)             | (1,417)           | (1,012)   | (1,442)              | (7,616)                               |
| Net Cash Provided by Non-Capital Financing Activities                                                                | 3,171           | 5,420               | 2,407             | (622)     | 12,912               | 23,288                                |
| Cash Flows from Capital and Related<br>Financing Activities:                                                         |                 |                     |                   |           |                      |                                       |
| Proceeds from the Sale of Capital Assets                                                                             | -               | 1                   | 267               | -         | -                    | 268                                   |
| Receipts of Contributed Capital                                                                                      | 179             | 1,203               | -                 | -         | -                    | 1,382                                 |
| Proceeds from (Payments for) Capital Acquisitions                                                                    | (1)             | (452)               | (3,785)           | -         | -                    | (4,238)                               |
| Payments of Principal on Other Long-Term Obligations                                                                 | (1,505)         | (1,049)             | (693)             | -         | (5,000)              | (8,247)                               |
| Payments of Interest                                                                                                 | (1,056)         | (42)                | (924)             | -         | (2,117)              | (4,139)                               |
| Net Cash Provided by (Used for)<br>Capital and Related Financing Activities                                          | (2,383)         | (339)               | (5,135)           | -         | (7,117)              | (14,974)                              |
| Cash Flows from Investing Activities:                                                                                |                 |                     |                   |           |                      |                                       |
| Receipts (payment) of Interest                                                                                       | 20              | 70                  | 203               | 243       | 343                  | 879                                   |
| Net Cash Provided by (Used for) Investing Activities                                                                 | 20              | 70                  | 203               | 243       | 343                  | 879                                   |
| Net Increase (Decrease) in Cash and Cash Equivalents                                                                 | 1,563           | 11,738              | 9,367             | 12,235    | 14,083               | 48,986                                |
| Cash and Cash Equivalents - October 1                                                                                | 7,633           | 21,568              | 43,045            | 41,379    | 95,805               | 209,430                               |
| Cash and Cash Equivalents - September 30                                                                             | \$ 9,196        | \$ 33,306           | \$ 52,412         | \$ 53,614 | \$ 109,888           | \$ 258,416                            |
| <br><u>RECONCILIATION OF OPERATING<br/>INCOME (LOSS) TO NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</u> |                 |                     |                   |           |                      |                                       |
| Operating Income (Loss)                                                                                              | \$ (6,644)      | \$ 1,971            | \$ 2,716          | \$ 8,660  | \$ (6,742)           | \$ (39)                               |
| Adjustments to Reconcile Operating Income (Loss)<br>to Net Cash Provided by (Used for) Operating Activities:         |                 |                     |                   |           |                      |                                       |
| Depreciation and Amortization Expense                                                                                | 2,696           | 3,179               | 6,225             | 5         | -                    | 12,105                                |
| Other Income                                                                                                         | -               | 15                  | 1,126             | 2,613     | 1,464                | 5,218                                 |
| Other Expense                                                                                                        | -               | (100)               | -                 | (5)       | (5)                  | (110)                                 |
| (Increase) Decrease in Accounts Receivable, Net                                                                      | 4               | (65)                | (2)               | 1         | -                    | (62)                                  |
| (Increase) Decrease in Amounts Due from Other Funds                                                                  | (1,044)         | (74)                | 2                 | (1,271)   | (2,694)              | (5,081)                               |
| Increase in Inventory                                                                                                | -               | -                   | 50                | -         | -                    | 50                                    |
| Increase (Decrease) in Accounts Payable                                                                              | 5,710           | 407                 | 355               | (223)     | 234                  | 6,483                                 |
| Increase in Accrued Wages Payable                                                                                    | 29              | 270                 | 146               | 143       | 15,172               | 15,760                                |
| Increase in Amounts Due to Other Funds                                                                               | 4               | 984                 | 1,274             | 28        | 2                    | 2,292                                 |
| Increase in Accrued Claims Payable                                                                                   | -               | -                   | -                 | 2,663     | -                    | 2,663                                 |
| Decrease in Collections Held in Trust                                                                                | -               | -                   | -                 | -         | 514                  | 514                                   |
| Total Adjustments                                                                                                    | 7,399           | 4,616               | 9,176             | 3,954     | 14,687               | 39,832                                |
| Net Cash Provided by (Used for) Operating Activities                                                                 | \$ 755          | \$ 6,587            | \$ 11,892         | \$ 12,614 | \$ 7,945             | \$ 39,793                             |
| NON-CASH INVESTING, CAPITAL<br>AND FINANCING ACTIVITIES:                                                             |                 |                     |                   |           |                      |                                       |
| Purchase of Equipment on Account                                                                                     | \$ -            | \$ 900              | \$ -              | \$ -      | \$ -                 | \$ 900                                |

See accompanying independent auditors' report.

## **FIDUCIARY FUNDS**

Fiduciary Funds, comprised of Private Purpose Trust and Agency Funds, are used to account for assets held by the City in a trustee capacity or as an agent for other governmental units, private organizations, or individuals.

Private Purpose Trust Funds are used to account for trust monies, wherein the principal and interest of the trust can be expended by the City in accordance with the terms of the trust agreement.

The Miller Library and Miller Museum Funds are used to account for bequests from Lorraine Miller Collins. The principal and interest on the trusts are to be used to maintain and purchase materials for the Miller Special Collections room in the City's Main Library.

The Mayor's Fund for the Homeless is used to account for donations from the public for use in assisting the City's homeless population.

Agency Funds are used to account for funds held by the City as an agent for other governmental units, private organizations, or individuals.

**City of Long Beach**  
Fiduciary Funds  
Private Purpose Trust Funds  
Combining Statement of Net position  
September 30, 2015  
(In Thousands)

|                                                  | Miller<br>Library | Mayor's<br>Fund<br>for the<br>Homeless | Total<br>September 30,<br>2015 |
|--------------------------------------------------|-------------------|----------------------------------------|--------------------------------|
| ASSETS                                           |                   |                                        |                                |
| Pooled Cash and Cash Equivalents                 | \$ 763            | \$ 100                                 | \$ 863                         |
| NET POSITION                                     |                   |                                        |                                |
| Held in Trust for Private Purpose<br>Trust Funds | \$ 763            | \$ 100                                 | \$ 863                         |

**City of Long Beach**  
Fiduciary Funds  
Private Purpose Trust Funds  
Combining Statement of Changes in Net Position  
Fiscal Year Ended September 30, 2015  
(In Thousands)

|                            | Miller<br>Library | Mayor's<br>Fund<br>for the<br>Homeless | Total<br>September 30,<br>2015 |
|----------------------------|-------------------|----------------------------------------|--------------------------------|
| Additions:                 |                   |                                        |                                |
| Use of Money and Property  | \$ 4              | \$ 25                                  | \$ 29                          |
| Deductions:                |                   |                                        |                                |
| Community and Cultural     | 23                | 22                                     | 45                             |
| Change in Net Position     | (19)              | 3                                      | (16)                           |
| Net Position, October 1    | 782               | 97                                     | 879                            |
| Net Position, September 30 | \$ 763            | \$ 100                                 | \$ 863                         |

See accompanying independent auditors' report.

**City of Long Beach**  
**Fiduciary Funds - Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended September 30, 2015**  
(In Thousands)

|                                                      | Balance<br>October 1,<br>2014 | Additions | Deletions | Balance<br>September 30,<br>2015 |
|------------------------------------------------------|-------------------------------|-----------|-----------|----------------------------------|
| <b><u>BELMONT SHORE PARKING DISTRICT FUND</u></b>    |                               |           |           |                                  |
| <b>ASSETS</b>                                        |                               |           |           |                                  |
| Pooled Cash and Cash Equivalents                     | \$ 89                         | \$ -      | \$ -      | \$ 89                            |
| <b>LIABILITIES</b>                                   |                               |           |           |                                  |
| Accounts Payable                                     | \$ 89                         | \$ -      | \$ -      | \$ 89                            |
| <b><u>TAXES - OIL RIGHTS FUND</u></b>                |                               |           |           |                                  |
| <b>ASSETS</b>                                        |                               |           |           |                                  |
| Pooled Cash and Cash Equivalents                     | \$ 1,654                      | \$ 11     | \$ -      | \$ 1,665                         |
| Accounts Receivable                                  | 1                             | -         | 1         | -                                |
| Total Assets                                         | \$ 1,655                      | \$ 11     | \$ 1      | \$ 1,665                         |
| <b>LIABILITIES</b>                                   |                               |           |           |                                  |
| Collections Held in Trust                            | \$ 1,655                      | \$ 17     | \$ 7      | \$ 1,665                         |
| <b><u>SPECIAL ASSESSMENT DISTRICT FUND</u></b>       |                               |           |           |                                  |
| <b>ASSETS</b>                                        |                               |           |           |                                  |
| Pooled Cash and Cash Equivalents                     | \$ 824                        | \$ 5,767  | \$ 5,580  | \$ 1,011                         |
| Non-Pooled Cash and Cash Equivalents                 | 7,028                         | 9,191     | 9,177     | 7,042                            |
| Investments at Par - Nonpooled                       | 2,084                         | 3,186     | 3,219     | 2,051                            |
| Interest Receivable                                  | 7                             | 1,005     | 1,002     | 10                               |
| Property Taxes Receivable                            | -                             | 2         | -         | 2                                |
| Accounts Receivable                                  | 1                             | 1         | 1         | 1                                |
| Total Assets                                         | \$ 9,944                      | \$ 19,152 | \$ 18,979 | \$ 10,117                        |
| <b>LIABILITIES</b>                                   |                               |           |           |                                  |
| Due to Special Assessment Bondholders                | \$ 2,726                      | \$ 4,607  | \$ 5,178  | \$ 2,155                         |
| Collections Held in Trust                            | 7,218                         | 4,215     | 3,471     | 7,962                            |
| Total Liabilities                                    | \$ 9,944                      | \$ 8,822  | \$ 8,649  | \$ 10,117                        |
| <b><u>INTERMODAL CONTAINER TRANSFER FACILITY</u></b> |                               |           |           |                                  |
| <b><u>JOINT POWER AUTHORITY FUND</u></b>             |                               |           |           |                                  |
| <b>ASSETS</b>                                        |                               |           |           |                                  |
| Pooled Cash and Cash Equivalents                     | \$ 4,588                      | \$ 9,561  | \$ 4,003  | \$ 10,146                        |
| Accounts Receivable                                  | 2                             | 1         | 2         | 1                                |
| Total Assets                                         | \$ 4,590                      | \$ 9,562  | \$ 4,005  | \$ 10,147                        |
| <b>LIABILITIES</b>                                   |                               |           |           |                                  |
| Collections Held in Trust                            | \$ 4,590                      | \$ 9,591  | \$ 4,034  | \$ 10,147                        |
| <b><u>EARTHQUAKE ASSESSMENT DISTRICT FUND</u></b>    |                               |           |           |                                  |
| <b>ASSETS</b>                                        |                               |           |           |                                  |
| Pooled Cash and Cash Equivalents                     | \$ 888                        | \$ 207    | \$ 352    | \$ 743                           |
| Property Taxes Receivable                            | 30                            | -         | 16        | 14                               |
| Accounts Receivable                                  | 1                             | -         | 1         | -                                |
| Total Assets                                         | \$ 919                        | \$ 207    | \$ 369    | \$ 757                           |
| <b>LIABILITIES</b>                                   |                               |           |           |                                  |
| Due to Special Assessment Bondholders                | \$ 614                        | \$ 189    | \$ 352    | \$ 451                           |
| Collections Held in Trust                            | 305                           | 6         | 5         | 306                              |
| Total Liabilities                                    | \$ 919                        | \$ 195    | \$ 357    | \$ 757                           |

See accompanying independent auditors' report.

**City of Long Beach**  
**Fiduciary Funds - Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

|                                               | Balance<br>October 1,<br>2014 | Additions        | Deletions        | Balance<br>September 30,<br>2015 |
|-----------------------------------------------|-------------------------------|------------------|------------------|----------------------------------|
| <b><u>LOS CERRITOS WETLANDS AUTHORITY</u></b> |                               |                  |                  |                                  |
| <b>ASSETS</b>                                 |                               |                  |                  |                                  |
| Non-Pooled Cash and Cash Equivalents          | \$ 118                        | \$ 156           | \$ 260           | \$ 14                            |
| Accounts Receivable                           | 45                            | 96               | 45               | 96                               |
| Prepaid Expense                               | 9                             | 9                | 9                | 9                                |
| Land                                          | 11,000                        | -                | -                | 11,000                           |
| Total Assets                                  | <u>\$ 11,172</u>              | <u>\$ 261</u>    | <u>\$ 314</u>    | <u>\$ 11,119</u>                 |
| <b>LIABILITIES</b>                            |                               |                  |                  |                                  |
| Obligations Under Reverse Repurchase          |                               |                  |                  |                                  |
| Accounts Payable                              | \$41                          | \$ 78            | \$84             | \$ 35                            |
| Collections Held in Trust                     | 11,131                        | 204              | 251              | 11,084                           |
| Total Liabilities                             | <u>\$ 11,172</u>              | <u>\$ 282</u>    | <u>\$ 335</u>    | <u>\$ 11,119</u>                 |
| <b><u>OTHER AGENCY FUNDS</u></b>              |                               |                  |                  |                                  |
| <b>ASSETS</b>                                 |                               |                  |                  |                                  |
| Pooled Cash and Cash Equivalents              | \$1,948                       | \$ 8,864         | \$8,497          | \$ 2,315                         |
| Non-Pooled Cash and Cash Equivalents          | 2                             | 3                | 3                | 2                                |
| Property Taxes Receivable                     | \$21                          | 11               | \$14             | 18                               |
| Accounts Receivable                           | 778                           | 2,335            | 2,118            | 995                              |
| Total Assets                                  | <u>\$2,749</u>                | <u>\$11,213</u>  | <u>\$10,632</u>  | <u>\$ 3,330</u>                  |
| <b>LIABILITIES</b>                            |                               |                  |                  |                                  |
| Accounts Payable                              | \$1,137                       | \$ 17,048        | \$16,858         | \$ 1,327                         |
| Collections Held in Trust                     | 1,612                         | 989              | 598              | 2,003                            |
| Total Liabilities                             | <u>\$ 2,749</u>               | <u>\$ 18,037</u> | <u>\$ 17,456</u> | <u>\$ 3,330</u>                  |
| <b><u>TOTAL AGENCY FUND</u></b>               |                               |                  |                  |                                  |
| <b>ASSETS</b>                                 |                               |                  |                  |                                  |
| Pooled Cash and Cash Equivalents              | \$ 9,991                      | \$ 24,410        | \$ 18,432        | \$ 15,969                        |
| Investments at Par - Nonpooled                | 2,084                         | 3,186            | 3,219            | 2,051                            |
| Non-Pooled Cash and Cash Equivalents          | 7,148                         | 9,350            | 9,440            | 7,058                            |
| Property Taxes Receivable                     | 51                            | 13               | 30               | 34                               |
| Accounts Receivable                           | 828                           | 2,433            | 2,168            | 1,093                            |
| Interest receivable                           | 7                             | 1,005            | 1,002            | 10                               |
| Prepaid Expense                               | 9                             | 9                | 9                | 9                                |
| Land                                          | 11,000                        | -                | -                | 11,000                           |
| Total Assets                                  | <u>\$ 31,118</u>              | <u>\$ 40,406</u> | <u>\$ 34,300</u> | <u>\$ 37,224</u>                 |
| <b>LIABILITIES</b>                            |                               |                  |                  |                                  |
| Accounts Payable                              | \$ 1,267                      | \$ 17,126        | \$ 16,942        | \$ 1,451                         |
| Due to Special Assessment Bondholders         | 3,340                         | 4,796            | 5,530            | 2,606                            |
| Collections Held in Trust                     | 26,511                        | 15,022           | 8,366            | 33,167                           |
| Total Liabilities                             | <u>\$ 31,118</u>              | <u>\$ 36,944</u> | <u>\$ 30,838</u> | <u>\$ 37,224</u>                 |

See accompanying independent auditors' report.

OTHER  
SUPPLEMENTARY  
INFORMATION

BLANK

**City of Long Beach**  
**General Fund**  
**Combining Balance Sheet**  
**September 30, 2015**  
**(In Thousands)**

|                                                       | General<br>Fund   | Uplands<br>Oil<br>Fund | Eliminations      | Total<br>Combined<br>General<br>Fund |
|-------------------------------------------------------|-------------------|------------------------|-------------------|--------------------------------------|
| <b>ASSETS</b>                                         |                   |                        |                   |                                      |
| Pooled Cash and Cash Equivalents                      | \$ 92,112         | \$ 12,598              | \$ -              | \$ 104,710                           |
| Non-Pooled Cash and Cash Equivalents                  | 329               | -                      | -                 | 329                                  |
| Property Taxes                                        | 88,349            | -                      | -                 | 88,349                               |
| Accounts Receivable                                   | 42,615            | 1,261                  | -                 | 43,876                               |
| Notes and Loans Receivable                            | 1,712             | -                      | -                 | 1,712                                |
| Due from Other Governments                            | 18,080            | -                      | -                 | 18,080                               |
| Due from Other Funds                                  | 17,549            | -                      | (3,443)           | 14,106                               |
| Allowance for Receivables                             | (33,627)          | -                      | -                 | (33,627)                             |
| Other Assets                                          | 2                 | -                      | -                 | 2                                    |
| Total Assets                                          | <u>\$ 227,121</u> | <u>\$ 13,859</u>       | <u>(3,443)</u>    | <u>\$ 237,537</u>                    |
| <b>LIABILITIES</b>                                    |                   |                        |                   |                                      |
| Accounts Payable                                      | \$ 8,985          | \$ 213                 | \$ -              | \$ 9,198                             |
| Accrued Wages and Benefits Payable                    | 6,562             | -                      | -                 | 6,562                                |
| Due to Other Governments                              | 340               | -                      | -                 | 340                                  |
| Due to Other Funds                                    | 10,259            | 3,443                  | (3,443)           | 10,259                               |
| Unearned Revenues                                     | 4,543             | -                      | -                 | 4,543                                |
| Deposits and Collections Held in Trust                | 2,752             | -                      | -                 | 2,752                                |
| Advances from Other Funds                             | 3,114             | -                      | -                 | 3,114                                |
| Total Liabilities                                     | <u>36,555</u>     | <u>3,656</u>           | <u>(3,443)</u>    | <u>36,768</u>                        |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                   |                        |                   |                                      |
| Deferred Inflows (Note 24)                            | <u>88,738</u>     | <u>-</u>               | <u>-</u>          | <u>88,738</u>                        |
| <b>FUND BALANCES</b>                                  |                   |                        |                   |                                      |
| Nonspendable                                          | 2                 | -                      | -                 | 2                                    |
| Restricted                                            | 4,308             | -                      | -                 | 4,308                                |
| Committed                                             | 53,486            | 9,112                  | -                 | 62,598                               |
| Assigned                                              | 42,753            | 200                    | -                 | 42,953                               |
| Unassigned                                            | 1,279             | 891                    | -                 | 2,170                                |
| Total Fund Balances                                   | <u>101,828</u>    | <u>10,203</u>          | <u>-</u>          | <u>112,031</u>                       |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 227,121</u> | <u>\$ 13,859</u>       | <u>\$ (3,443)</u> | <u>\$ 237,537</u>                    |

**City of Long Beach**

**General Fund**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances**

**For the Fiscal Year Ended September 30, 2015**

**(In Thousands)**

|                                         | <u>General<br/>Fund</u>  | <u>Uplands<br/>Oil<br/>Fund</u> | <u>Eliminations</u> | <u>Total<br/>Combined<br/>General<br/>Fund</u> |
|-----------------------------------------|--------------------------|---------------------------------|---------------------|------------------------------------------------|
| Revenues:                               |                          |                                 |                     |                                                |
| Taxes:                                  |                          |                                 |                     |                                                |
| Property                                | \$ 151,111               | \$ -                            | \$ -                | \$ 151,111                                     |
| Sales                                   | 61,613                   | -                               | -                   | 61,613                                         |
| Utility Users                           | 38,419                   | -                               | -                   | 38,419                                         |
| Other Taxes                             | 34,897                   | -                               | -                   | 34,897                                         |
| Franchise Fees                          | 25,915                   | -                               | -                   | 25,915                                         |
| Licenses and Permits                    | 15,170                   | -                               | -                   | 15,170                                         |
| Fines and Forfeitures                   | 15,988                   | -                               | -                   | 15,988                                         |
| Use of Money and Property               | 16,915                   | 19,412                          | -                   | 36,327                                         |
| From Other Agencies                     | 4,668                    | -                               | -                   | 4,668                                          |
| Charges for Services                    | 26,310                   | -                               | -                   | 26,310                                         |
| Other                                   | 6,139                    | -                               | -                   | 6,139                                          |
| Total Revenues                          | <u>397,145</u>           | <u>19,412</u>                   | <u>-</u>            | <u>416,557</u>                                 |
| Expenditures:                           |                          |                                 |                     |                                                |
| Legislative and Legal                   | 9,604                    | -                               | -                   | 9,604                                          |
| General Government                      | 16,900                   | -                               | -                   | 16,900                                         |
| Public Safety                           | 282,516                  | -                               | -                   | 282,516                                        |
| Public Health                           | 5,876                    | -                               | -                   | 5,876                                          |
| Community and Cultural                  | 41,849                   | -                               | -                   | 41,849                                         |
| Public Works                            | 34,917                   | -                               | -                   | 34,917                                         |
| Oil Operations                          | -                        | 3,512                           | -                   | 3,512                                          |
| Total Current Expenditures              | <u>391,662</u>           | <u>3,512</u>                    | <u>-</u>            | <u>395,174</u>                                 |
| Excess of Revenues over<br>Expenditures | <u>5,483</u>             | <u>15,900</u>                   | <u>-</u>            | <u>21,383</u>                                  |
| Other Financing Sources (Uses):         |                          |                                 |                     |                                                |
| Transfers In                            | 44,948                   | -                               | (28,004)            | 16,944                                         |
| Transfers Out                           | (44,162)                 | (28,417)                        | 28,004              | (44,575)                                       |
| Total Other Financing Sources (Uses)    | <u>786</u>               | <u>(28,417)</u>                 | <u>-</u>            | <u>(27,631)</u>                                |
| Net Change in Fund Balances             | 6,269                    | (12,517)                        | -                   | (6,248)                                        |
| Fund Balances - October 1               | <u>95,559</u>            | <u>22,720</u>                   | <u>-</u>            | <u>118,279</u>                                 |
| Fund Balances - September 30            | <u><u>\$ 101,828</u></u> | <u><u>\$ 10,203</u></u>         | <u><u>\$ -</u></u>  | <u><u>\$ 112,031</u></u>                       |

**City of Long Beach**  
**General Fund**  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                        | General     | Final Amended Budget<br>Uplands | Eliminations | Combined    | Actual on Budgetary Basis<br>General | Uplands   | Combined<br>Actual on<br>Budgetary<br>Basis | Variance with<br>Final Budget -<br>Favorable<br>(Unfavorable) |
|----------------------------------------|-------------|---------------------------------|--------------|-------------|--------------------------------------|-----------|---------------------------------------------|---------------------------------------------------------------|
| <b>Sources:</b>                        |             |                                 |              |             |                                      |           |                                             |                                                               |
| Property Taxes                         | \$ 139,091  | \$ -                            | \$ -         | \$ 139,091  | \$ 151,111                           | \$ -      | \$ 151,111                                  | \$ 12,020                                                     |
| Sales Taxes                            | 58,387      | -                               | -            | 58,387      | 61,613                               | -         | 61,613                                      | 3,226                                                         |
| Utility Users Taxes                    | 37,406      | -                               | -            | 37,406      | 38,419                               | -         | 38,419                                      | 1,013                                                         |
| Other Taxes                            | 31,057      | -                               | -            | 31,057      | 34,897                               | -         | 34,897                                      | 3,840                                                         |
| Franchise Fees                         | 25,265      | -                               | -            | 25,265      | 25,915                               | -         | 25,915                                      | 650                                                           |
| Licenses and Permits                   | 14,783      | -                               | -            | 14,783      | 15,170                               | -         | 15,170                                      | 387                                                           |
| Fines and Forfeitures                  | 15,702      | -                               | -            | 15,702      | 15,988                               | -         | 15,988                                      | 286                                                           |
| Use of Money and Property              | 13,983      | 24,073                          | -            | 38,056      | 17,074                               | 19,412    | 36,486                                      | (1,570)                                                       |
| From Other Agencies                    | 4,136       | -                               | -            | 4,136       | 4,668                                | -         | 4,668                                       | 532                                                           |
| Charges for Services                   | 25,488      | -                               | -            | 25,488      | 26,310                               | -         | 26,310                                      | 822                                                           |
| Other                                  | 5,554       | -                               | -            | 5,554       | 8,318                                | -         | 8,318                                       | 2,764                                                         |
| Transfers In                           | 47,393      | -                               | (31,618)     | 15,775      | 16,944                               | -         | 16,944                                      | 1,169                                                         |
| Total Sources                          | 418,245     | 24,073                          | (31,618)     | 410,700     | 416,427                              | 19,412    | 435,839                                     | 25,139                                                        |
| <b>Uses:</b>                           |             |                                 |              |             |                                      |           |                                             |                                                               |
| <b>Current:</b>                        |             |                                 |              |             |                                      |           |                                             |                                                               |
| <b>Legislative and Legal</b>           |             |                                 |              |             |                                      |           |                                             |                                                               |
| Mayor and City Council                 | 5,052       | -                               | -            | 5,052       | 4,822                                | -         | 4,822                                       | 230                                                           |
| City Attorney                          | 2,288       | -                               | -            | 2,288       | 1,876                                | -         | 1,876                                       | 412                                                           |
| City Clerk                             | 3,266       | -                               | -            | 3,266       | 2,915                                | -         | 2,915                                       | 351                                                           |
| <b>General Government</b>              |             |                                 |              |             |                                      |           |                                             |                                                               |
| City Auditor                           | 2,573       | -                               | -            | 2,573       | 2,527                                | -         | 2,527                                       | 46                                                            |
| City Manager                           | 3,494       | -                               | -            | 3,494       | 3,090                                | -         | 3,090                                       | 404                                                           |
| Civil Service                          | 2,625       | -                               | -            | 2,625       | 2,417                                | -         | 2,417                                       | 208                                                           |
| Financial Management                   | 11,918      | -                               | -            | 11,918      | 8,323                                | -         | 8,323                                       | 3,595                                                         |
| Planning and Building                  | 1,016       | -                               | -            | 1,016       | 832                                  | -         | 832                                         | 184                                                           |
| <b>Public Safety</b>                   |             |                                 |              |             |                                      |           |                                             |                                                               |
| Police                                 | 198,715     | -                               | -            | 198,715     | 195,259                              | -         | 195,259                                     | 3,456                                                         |
| Fire                                   | 76,373      | -                               | -            | 76,373      | 75,527                               | -         | 75,527                                      | 846                                                           |
| Disaster Preparedness                  | 1,498       | -                               | -            | 1,498       | 1,503                                | -         | 1,503                                       | (5)                                                           |
| City Prosecutor                        | 5,189       | -                               | -            | 5,189       | 4,953                                | -         | 4,953                                       | 236                                                           |
| Planning and Building-Code Enforcement | 3,283       | -                               | -            | 3,283       | 3,198                                | -         | 3,198                                       | 85                                                            |
| Police and Fire Annuity                | -           | -                               | -            | -           | 2,400                                | -         | 2,400                                       | (2,400)                                                       |
| Public Health                          | 5,813       | -                               | -            | 5,813       | 5,876                                | -         | 5,876                                       | (63)                                                          |
| <b>Community and Cultural</b>          |             |                                 |              |             |                                      |           |                                             |                                                               |
| Development Services                   | 1,188       | -                               | -            | 1,188       | 986                                  | -         | 986                                         | 202                                                           |
| Library                                | 15,047      | -                               | -            | 15,047      | 14,833                               | -         | 14,833                                      | 214                                                           |
| Parks and Recreation                   | 26,128      | -                               | -            | 26,128      | 26,030                               | -         | 26,030                                      | 98                                                            |
| Public Works                           | 35,396      | -                               | -            | 35,396      | 35,351                               | -         | 35,351                                      | 45                                                            |
| Oil Operations                         | -           | 6,746                           | -            | 6,746       | -                                    | 3,512     | 3,512                                       | 3,234                                                         |
| Transfers Out                          | 39,925      | 32,036                          | (31,618)     | 40,343      | 44,162                               | 413       | 44,575                                      | (4,232)                                                       |
| Total Uses                             | 440,787     | 38,782                          | (31,618)     | 447,951     | 436,880                              | 3,925     | 440,805                                     | 7,146                                                         |
| Net Change in Budgetary Fund Balance:  | \$ (22,542) | \$ (14,709)                     | \$ -         | \$ (37,251) | \$ (20,453)                          | \$ 15,487 | \$ (4,966)                                  | \$ 32,285                                                     |

**Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis**

|                                                               | General            | Uplands          | Combined          |
|---------------------------------------------------------------|--------------------|------------------|-------------------|
| <b>Change in Fund Balance - September 30, Budgetary Basis</b> | <b>\$ (20,453)</b> | <b>\$ 15,487</b> | <b>\$ (4,966)</b> |
| <b>Add:</b> Encumbrances                                      | 1,056              | -                | 1,056             |
| <b>Less:</b> Change in Mark-to-Market and Other Adjustments   | (159)              | -                | (159)             |
| <b>Adjust for:</b> Eliminations                               | 28,004             | (28,004)         | -                 |
| <b>Change in Fund Balance - September 30, GAAP Basis</b>      | <b>8,448</b>       | <b>(12,517)</b>  | <b>(4,069)</b>    |
| <b>Fund Balance, October 1, GAAP Basis</b>                    | <b>95,559</b>      | <b>22,720</b>    | <b>118,279</b>    |
| <b>Fund Balance, September 30, GAAP Basis</b>                 | <b>\$ 104,007</b>  | <b>\$ 10,203</b> | <b>\$ 114,210</b> |

**Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis**

|                                                 | General           | Uplands          | Combined          |
|-------------------------------------------------|-------------------|------------------|-------------------|
| <b>Fund Balance, September 30, GAAP Basis</b>   | <b>\$ 104,007</b> | <b>\$ 10,203</b> | <b>\$ 114,210</b> |
| <b>Less:</b> Nonspendable Fund Balance          | (2)               | -                | (2)               |
| Restricted for Public Safety                    | (2,822)           | -                | (2,822)           |
| Restricted for Operations                       | (1,486)           | -                | (1,486)           |
| Committed for Public Safety                     | (1,000)           | -                | (1,000)           |
| Committed for Emergencies                       | (43,486)          | -                | (43,486)          |
| Committed for Operations                        | (9,000)           | (3,383)          | (12,383)          |
| Committed for Oil Field Abandonment             | -                 | (5,729)          | (5,729)           |
| Assigned for Future Infrastructure              | (25)              | -                | (25)              |
| Assigned for Subsequent Year's Appropriations   | (18,197)          | (200)            | (18,397)          |
| Assigned for Unfunded Liabilities               | (24,531)          | -                | (24,531)          |
| <b>Total Adjustments</b>                        | <b>(100,549)</b>  | <b>(9,312)</b>   | <b>(109,861)</b>  |
| <b>Budgetary Funds Available - September 30</b> | <b>\$ 3,458</b>   | <b>\$ 891</b>    | <b>\$ 4,349</b>   |

**City of Long Beach**  
Insurance Fund  
Combining Schedule of Net Position  
September 30, 2015  
(In Thousands)

|                                                  | Workers'<br>Compensation<br>Fund | General<br>Liability<br>Fund | Total<br>Insurance<br>Fund |
|--------------------------------------------------|----------------------------------|------------------------------|----------------------------|
| <b>ASSETS</b>                                    |                                  |                              |                            |
| Current Assets:                                  |                                  |                              |                            |
| Pooled Cash and Cash Equivalents                 | \$ 25,116                        | \$ 28,498                    | \$ 53,614                  |
| Receivables:                                     |                                  |                              |                            |
| Interest Receivable                              | 5                                | -                            | 5                          |
| Due from Other Funds                             | 1,267                            | 4                            | 1,271                      |
| Total Current Assets                             | <u>26,388</u>                    | <u>28,502</u>                | <u>54,890</u>              |
| Noncurrent Assets:                               |                                  |                              |                            |
| Capital Assets:                                  |                                  |                              |                            |
| Capital Assets Net of Accumulated Depreciation   | 26                               | -                            | 26                         |
| Total Noncurrent Assets                          | <u>26</u>                        | <u>-</u>                     | <u>26</u>                  |
| Total Assets                                     | <u>26,414</u>                    | <u>28,502</u>                | <u>54,916</u>              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>            |                                  |                              |                            |
| Deferred Outflows                                | <u>1,317</u>                     | <u>791</u>                   | <u>2,108</u>               |
| <b>LIABILITIES</b>                               |                                  |                              |                            |
| Current Liabilities Payable from Current Assets: |                                  |                              |                            |
| Accounts Payable                                 | 135                              | 444                          | 579                        |
| Accrued Wages and Benefits                       | 144                              | 54                           | 198                        |
| Due to Other Funds                               | 88                               | 32                           | 120                        |
| Accrued Claims - Current                         | 19,699                           | 5,972                        | 25,671                     |
| Total Current Liabilities                        | <u>20,066</u>                    | <u>6,502</u>                 | <u>26,568</u>              |
| Noncurrent Liabilities:                          |                                  |                              |                            |
| Accrued Self-Insurance Claims                    | 91,560                           | 13,390                       | 104,950                    |
| Net Pension Liability                            | 7,336                            | 4,785                        | 12,121                     |
| Total Noncurrent Liabilities                     | <u>98,896</u>                    | <u>18,175</u>                | <u>117,071</u>             |
| Total Liabilities                                | <u>118,962</u>                   | <u>24,677</u>                | <u>143,639</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                                  |                              |                            |
| Deferred Inflows                                 | <u>819</u>                       | <u>492</u>                   | <u>1,311</u>               |
| <b>NET POSITION (DEFICIT)</b>                    |                                  |                              |                            |
| Net Investment in Capital Assets                 | 26                               | -                            | 26                         |
| Unrestricted                                     | (92,076)                         | 4,124                        | (87,952)                   |
| Total Net Position (Deficit)                     | <u>\$ (92,050)</u>               | <u>\$ 4,124</u>              | <u>\$ (87,926)</u>         |

# City of Long Beach

## Insurance Fund

### Combining Schedule of Revenues, Expenses and Changes in Fund Net Position

For the Fiscal Year Ended September 30, 2015

(In Thousands)

|                                                     | Workers'<br>Compensation<br>Fund | General<br>Liability<br>Fund | Total<br>Insurance<br>Fund |
|-----------------------------------------------------|----------------------------------|------------------------------|----------------------------|
| Operating Revenues:                                 |                                  |                              |                            |
| Billing to Other Departments                        | \$ 31,438                        | \$ 14,785                    | \$ 46,223                  |
| Total Operating Revenues                            | 31,438                           | 14,785                       | 46,223                     |
| Operating Expenses:                                 |                                  |                              |                            |
| Personnel Services                                  | 5,052                            | 3,013                        | 8,065                      |
| Maintenance and Other Operations                    | 3,246                            | 2,722                        | 5,968                      |
| Insurance Premiums                                  | 425                              | 2,320                        | 2,745                      |
| Self-Insured Losses                                 | 11,678                           | 5,443                        | 17,121                     |
| Compensated Absences                                | 3,659                            | -                            | 3,659                      |
| Depreciation                                        | 5                                | -                            | 5                          |
| Total Operating Expenses                            | 24,065                           | 13,498                       | 37,563                     |
| Operating Income (Loss)                             | 7,373                            | 1,287                        | 8,660                      |
| Non-Operating Income (Expenses):                    |                                  |                              |                            |
| Interest Income                                     | 120                              | 120                          | 240                        |
| Other Income                                        | 1,765                            | 848                          | 2,613                      |
| Other Expense                                       | -                                | (5)                          | (5)                        |
| Total Non-Operating Income                          | 1,885                            | 963                          | 2,848                      |
| Income (Loss) Before Contributions<br>and Transfers | 9,258                            | 2,250                        | 11,508                     |
| Transfers:                                          |                                  |                              |                            |
| Transfers In                                        | 390                              | -                            | 390                        |
| Transfers Out                                       | -                                | (1,012)                      | (1,012)                    |
| Change in Net Position                              | 9,648                            | 1,238                        | 10,886                     |
| Net Position (Deficit) - October 1                  | (94,940)                         | 7,324                        | (87,616)                   |
| Adjustments for GASB 68 Implementation              | (6,758)                          | (4,438)                      | (11,196)                   |
| Net Position (Deficit) - September 30               | \$ (92,050)                      | \$ 4,124                     | \$ (87,926)                |

**City of Long Beach**  
**Fleet Services Fund**  
Combining Schedule of Net Position (Deficit)  
September 30, 2015  
(In Thousands)

|                                                     | Fleet<br>Operations | Fleet<br>Vehicle<br>Acquisitions | Fleet<br>Debt<br>Service | Fleet<br>Other | Adjustments<br>and<br>Eliminations | Total<br>Fleet Service<br>Fund |
|-----------------------------------------------------|---------------------|----------------------------------|--------------------------|----------------|------------------------------------|--------------------------------|
| <b>ASSETS</b>                                       |                     |                                  |                          |                |                                    |                                |
| Current Assets:                                     |                     |                                  |                          |                |                                    |                                |
| Pooled Cash and Cash Equivalents                    | \$ 3,946            | \$ 46,299                        | \$ 153                   | \$ 2,014       | \$ -                               | \$ 52,412                      |
| Receivables:                                        |                     |                                  |                          |                |                                    |                                |
| Interest Receivable                                 | 3                   | -                                | -                        | -              | -                                  | 3                              |
| Accounts Receivable                                 | 138                 | -                                | -                        | -              | -                                  | 138                            |
| Due from Other Funds                                | 2                   | -                                | -                        | -              | -                                  | 2                              |
| Allowance for Receivables                           | (119)               | -                                | -                        | -              | -                                  | (119)                          |
| Inventory                                           | 1,997               | -                                | -                        | -              | -                                  | 1,997                          |
| Total Current Assets                                | 5,967               | 46,299                           | 153                      | 2,014          | -                                  | 54,433                         |
| Noncurrent Assets:                                  |                     |                                  |                          |                |                                    |                                |
| Capital Assets:                                     |                     |                                  |                          |                |                                    |                                |
| Land and Other Capital Assets Not Being Depreciated | -                   | -                                | -                        | 43             | -                                  | 43                             |
| Capital Assets Net of Accumulated Depreciation      | 30,681              | -                                | -                        | -              | -                                  | 30,681                         |
| Total Noncurrent Assets                             | 30,681              | -                                | -                        | 43             | -                                  | 30,724                         |
| Total Assets                                        | 36,648              | 46,299                           | 153                      | 2,057          | -                                  | 85,157                         |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                     |                                  |                          |                |                                    |                                |
| Deferred Outflows                                   | 1,797               | -                                | 1,277                    | -              | -                                  | 3,074                          |
| <b>LIABILITIES</b>                                  |                     |                                  |                          |                |                                    |                                |
| Current Liabilities Payable from Current Assets:    |                     |                                  |                          |                |                                    |                                |
| Accounts Payable                                    | 1,004               | 363                              | -                        | 242            | -                                  | 1,609                          |
| Accrued Wages and Benefits                          | 142                 | 19                               | -                        | -              | (97)                               | 64                             |
| Accrued Interest Payable                            | -                   | -                                | 152                      | -              | -                                  | 152                            |
| Due to Other Funds                                  | 3,486               | (2,152)                          | -                        | 2              | 97                                 | 1,433                          |
| Environmental Remediation - Current                 | 127                 | -                                | -                        | (18)           | -                                  | 109                            |
| Total Current Liabilities                           | 4,759               | (1,770)                          | 152                      | 226            | -                                  | 3,367                          |
| Noncurrent Liabilities:                             |                     |                                  |                          |                |                                    |                                |
| Environmental Remediation                           | 2,788               | -                                | -                        | (60)           | -                                  | 2,728                          |
| Bonds Payable                                       | -                   | -                                | 24,901                   | -              | -                                  | 24,901                         |
| Net Pension Liability                               | 10,602              | -                                | -                        | -              | -                                  | 10,602                         |
| Total Noncurrent Liabilities                        | 13,390              | -                                | 24,901                   | (60)           | -                                  | 38,231                         |
| Total Liabilities                                   | 18,149              | (1,770)                          | 25,053                   | 166            | -                                  | 41,598                         |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                     |                                  |                          |                |                                    |                                |
| Deferred Inflows                                    | 1,117               | -                                | -                        | -              | -                                  | 1,117                          |
| <b>NET POSITION (DEFICIT)</b>                       |                     |                                  |                          |                |                                    |                                |
| Net Investment in Capital Assets                    | 30,681              | -                                | (23,625)                 | 43             | -                                  | 7,099                          |
| Unrestricted                                        | (11,502)            | 48,069                           | 2                        | 1,848          | -                                  | 38,417                         |
| Total Net Position (Deficit)                        | \$ 19,179           | \$ 48,069                        | \$ (23,623)              | \$ 1,891       | \$ -                               | \$ 45,516                      |

**City of Long Beach**  
**Fleet Service Funds**  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)  
For the Fiscal Year Ended September 30, 2015  
(In Thousands)

|                                                     | Fleet<br>Operations | Fleet<br>Vehicle<br>Acquisitions | Fleet<br>Debt<br>Service | Fleet<br>Other | Adjustments<br>and<br>Eliminations | Total<br>Fleet Service<br>Fund |
|-----------------------------------------------------|---------------------|----------------------------------|--------------------------|----------------|------------------------------------|--------------------------------|
| Operating Revenues:                                 |                     |                                  |                          |                |                                    |                                |
| Billing to Other Departments                        | \$ 19,735           | \$ 11,916                        | \$ -                     | \$ 51          | \$ -                               | \$ 31,702                      |
| Other                                               | 958                 | -                                | -                        | -              | -                                  | 958                            |
| Total Operating Revenues                            | 20,693              | 11,916                           | -                        | 51             | -                                  | 32,660                         |
| Operating Expenses:                                 |                     |                                  |                          |                |                                    |                                |
| Personnel Services                                  | 7,202               | 693                              | -                        | -              | -                                  | 7,895                          |
| Maintenance and Other Operations                    | 11,040              | 7,551                            | -                        | (2,767)        | -                                  | 15,824                         |
| Amortization                                        | -                   | -                                | 81                       | -              | -                                  | 81                             |
| Depreciation                                        | 6,144               | -                                | -                        | -              | -                                  | 6,144                          |
| Total Operating Expenses                            | 24,386              | 8,244                            | 81                       | (2,767)        | -                                  | 29,944                         |
| Operating Income (Loss)                             | (3,693)             | 3,672                            | (81)                     | 2,818          | -                                  | 2,716                          |
| Non-Operating Income (Expenses):                    |                     |                                  |                          |                |                                    |                                |
| Interest Income                                     | 102                 | 96                               | 1                        | -              | -                                  | 199                            |
| Interest Expense                                    | (912)               | (12)                             | 280                      | -              | -                                  | (644)                          |
| Gain (Loss) on Disposition of Capital Assets        | -                   | 267                              | -                        | -              | -                                  | 267                            |
| Other Income                                        | 38                  | 1,088                            | -                        | -              | -                                  | 1,126                          |
| Total Non-Operating Income (Expenses)               | (772)               | 1,439                            | 281                      | -              | -                                  | 948                            |
| Income (Loss) Before Contributions<br>and Transfers | (4,465)             | 5,111                            | 200                      | 2,818          | -                                  | 3,664                          |
| Transfers:                                          |                     |                                  |                          |                |                                    |                                |
| Transfers In                                        | 121                 | 3,266                            | -                        | 437            | -                                  | 3,824                          |
| Transfers Out                                       | (1,417)             | -                                | -                        | -              | -                                  | (1,417)                        |
| Change in Net Position                              | (5,761)             | 8,377                            | 200                      | 3,255          | -                                  | 6,071                          |
| Net Position (Deficit) - October 1                  | 34,755              | 39,692                           | (23,823)                 | (1,364)        | -                                  | 49,260                         |
| Adjustments for GASB 68 Implementation              | (9,815)             | -                                | -                        | -              | -                                  | (9,815)                        |
| Net Position (Deficit) - September 30               | \$ 19,179           | \$ 48,069                        | \$(23,623)               | \$ 1,891       | \$ -                               | \$ 45,516                      |

## **TIDELANDS FUND**

The Tideland Operating segment is used to account for the business-type operations of the Long Beach Convention and Entertainment Center, as well as beach maintenance and beach/water safety programs directly related to the tidelands area, including lifeguards and patrol boats. Beginning with the 1997 fiscal year, leases for areas adjacent to the Queen Mary were also included in the Tideland Operating segment. The Rainbow Harbor Area segment is used to account for the Rainbow Harbor Area administration, the Rainbow Harbor financing, and the Aquarium of the Pacific Parking Structure operations. The Marina segment is used to account for the operations and development of the City's marinas in the Tidelands area. The Queen Mary segment is used to account for the operations related to the Queen Mary.

The City has issued revenue bonds to finance the purchase of the Aquarium of the Pacific and the Rainbow Harbor Area infrastructure improvements. Each of the revenue bonds is accounted for in the City's Tidelands Fund. Investors in the revenue bonds rely solely on the revenue generated by the individual activities for repayment.

Summary financial information for the consolidated Tidelands Business-type Enterprise Fund is presented on following pages (in thousands) as of September 30, 2015:



**City of Long Beach**  
**Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project**  
**Consolidated Schedule of Net Position**  
**September 30, 2015**  
**(In Thousands)**

|                                                     | Tideland<br>Operating | Marina    | Queen<br>Mary | Rainbow<br>Harbor<br>Area | Total<br>Before<br>Elimination | Eliminations<br>Debit<br>(Credit) | Consolidated<br>Tidelands<br>Total |
|-----------------------------------------------------|-----------------------|-----------|---------------|---------------------------|--------------------------------|-----------------------------------|------------------------------------|
| <b>ASSETS</b>                                       |                       |           |               |                           |                                |                                   |                                    |
| Current Assets:                                     |                       |           |               |                           |                                |                                   |                                    |
| Pooled Cash and Cash Equivalents                    | \$ 153,602            | \$ 14,968 | \$ 1,080      | \$ 4,437                  | \$ 174,087                     | \$ -                              | \$ 174,087                         |
| Non-Pooled Cash and Cash Equivalents                | 9,003                 | 46,315    | -             | 28                        | 55,346                         | -                                 | 55,346                             |
| Receivables:                                        |                       |           |               |                           |                                |                                   |                                    |
| Interest Receivable                                 | 59                    | 28        | -             | 15                        | 102                            | -                                 | 102                                |
| Accounts Receivable                                 | 5,694                 | 532       | 22            | 206                       | 6,454                          | -                                 | 6,454                              |
| Due from Other Governments                          | 8                     | -         | -             | -                         | 8                              | -                                 | 8                                  |
| Due from Other Funds                                | 21,109                | 142       | -             | -                         | 21,251                         | (271)                             | 20,980                             |
| Allowance for Receivables                           | (6)                   | (492)     | -             | (2)                       | (500)                          | -                                 | (500)                              |
| Other Assets                                        | 160                   | -         | -             | -                         | 160                            | -                                 | 160                                |
| Total Current Assets                                | 189,629               | 61,493    | 1,102         | 4,684                     | 256,908                        | (271)                             | 256,637                            |
| Noncurrent Assets:                                  |                       |           |               |                           |                                |                                   |                                    |
| Non-Pooled Investments                              | 8,254                 | 7,971     | -             | 4,260                     | 20,485                         | -                                 | 20,485                             |
| Capital Assets:                                     |                       |           |               |                           |                                |                                   |                                    |
| Land and Other Capital Assets Not Being Depreciated | 37,846                | 21,255    | -             | 11,110                    | 70,211                         | -                                 | 70,211                             |
| Capital Assets Net of Accumulated Depreciation      | 153,895               | 78,426    | 9,176         | 47,028                    | 288,525                        | -                                 | 288,525                            |
| Total Noncurrent Assets                             | 199,995               | 107,652   | 9,176         | 62,398                    | 379,221                        | -                                 | 379,221                            |
| Total Assets                                        | 389,624               | 169,145   | 10,278        | 67,082                    | 636,129                        | (271)                             | 635,858                            |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>               |                       |           |               |                           |                                |                                   |                                    |
| Deferred Outflows                                   | 12,786                | 2,167     | -             | 315                       | 15,268                         | -                                 | 15,268                             |
| <b>LIABILITIES</b>                                  |                       |           |               |                           |                                |                                   |                                    |
| Current Liabilities payable from Current Assets:    |                       |           |               |                           |                                |                                   |                                    |
| Accounts Payable                                    | 5,987                 | 2,056     | 277           | 584                       | 8,904                          | -                                 | 8,904                              |
| Accrued Wages                                       | 347                   | 171       | -             | 21                        | 539                            | -                                 | 539                                |
| Accrued Interest Payable                            | 1,795                 | 1,831     | -             | 520                       | 4,146                          | -                                 | 4,146                              |
| Due to Other Funds                                  | 304                   | 110       | -             | 256                       | 670                            | 271                               | 399                                |
| Unearned Revenues                                   | 115                   | 1,433     | -             | 38                        | 1,586                          | -                                 | 1,586                              |
| Collections Held in Trust                           | 84                    | 50        | 26            | -                         | 160                            | -                                 | 160                                |
| Obligations under Capital Leases - Current          | 32                    | -         | -             | -                         | 32                             | -                                 | 32                                 |
| Bonds Payable Due Within One Year                   | 3,915                 | -         | -             | 3,015                     | 6,930                          | -                                 | 6,930                              |
| Other Long Term Obligation - Current                | 16                    | -         | -             | 22                        | 38                             | -                                 | 38                                 |
| Total Current Liabilities                           | 12,595                | 5,651     | 303           | 4,456                     | 23,005                         | 271                               | 22,734                             |
| Noncurrent Liabilities:                             |                       |           |               |                           |                                |                                   |                                    |
| Advances from Other Funds                           | 1,300                 | -         | -             | -                         | 1,300                          | -                                 | 1,300                              |
| Unearned Revenues                                   | 4,836                 | -         | -             | -                         | 4,836                          | -                                 | 4,836                              |
| Obligations under Capital Leases                    | 370                   | -         | -             | -                         | 370                            | -                                 | 370                                |
| Other Long Term Obligations                         | 6                     | -         | -             | 435                       | 441                            | -                                 | 441                                |
| Bonds Payable                                       | 94,698                | 121,278   | -             | 25,322                    | 241,298                        | -                                 | 241,298                            |
| Net Pension Liability                               | 25,299                | 11,526    | -             | 1,821                     | 38,646                         | -                                 | 38,646                             |
| Total Noncurrent Liabilities                        | 126,509               | 132,804   | -             | 27,578                    | 286,891                        | -                                 | 286,891                            |
| Total Liabilities                                   | 139,104               | 138,455   | 303           | 32,034                    | 309,896                        | 271                               | 309,625                            |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                       |           |               |                           |                                |                                   |                                    |
| Deferred Inflows                                    | 3,552                 | 1,368     | -             | 167                       | 5,087                          | -                                 | 5,087                              |
| <b>NET POSITION</b>                                 |                       |           |               |                           |                                |                                   |                                    |
| Net Investment in Capital Assets                    | 108,247               | 29,255    | 9,175         | 33,672                    | 180,349                        | -                                 | 180,349                            |
| Restricted for:                                     |                       |           |               |                           |                                |                                   |                                    |
| Debt Service                                        | 8,371                 | 16        | -             | 19                        | 8,406                          | -                                 | 8,406                              |
| Capital Projects                                    | 999                   | -         | 800           | 160                       | 1,959                          | -                                 | 1,959                              |
| Tidelands                                           | 7,912                 | 2,079     | -             | -                         | 9,991                          | -                                 | 9,991                              |
| Unrestricted                                        | 134,225               | 139       | -             | 1,345                     | 135,709                        | -                                 | 135,709                            |
| Total Net Position                                  | \$ 259,754            | \$ 31,489 | \$ 9,975      | \$ 35,196                 | \$ 336,414                     | \$ -                              | \$ 336,414                         |

**City of Long Beach**  
**Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project**  
**Consolidated Schedule of Revenues, Expenses and Changes in Fund Net Position**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

|                                                     | Tideland<br>Operating | Marina           | Queen<br>Mary   | Rainbow<br>Harbor<br>Area | Total Before<br>Elimination | Eliminations<br>Debit<br>(Credit) | Consolidated<br>Tidelands<br>Total |
|-----------------------------------------------------|-----------------------|------------------|-----------------|---------------------------|-----------------------------|-----------------------------------|------------------------------------|
| Operating Revenues:                                 |                       |                  |                 |                           |                             |                                   |                                    |
| Licenses and Permits                                | \$ 127                | \$ 3             | \$ -            | \$ 60                     | \$ 190                      | \$ -                              | \$ 190                             |
| Fines and Forfeitures                               | 204                   | -                | -               | -                         | 204                         | -                                 | 204                                |
| Fees, Concessions, and Rentals                      | 12,335                | 19,779           | 189             | 10,935                    | 43,238                      | 2,215                             | 41,023                             |
| From Other Agencies                                 | -                     | 135              | -               | -                         | 135                         | -                                 | 135                                |
| Charges for Services                                | 26,135                | 78               | -               | -                         | 26,213                      | -                                 | 26,213                             |
| Other                                               | 57                    | 70               | -               | 2                         | 129                         | -                                 | 129                                |
| Total Revenues                                      | 38,858                | 20,065           | 189             | 10,997                    | 70,109                      | 2,215                             | 67,894                             |
| Operating Expenses:                                 |                       |                  |                 |                           |                             |                                   |                                    |
| Personnel Services                                  | 20,073                | 8,881            | -               | 1,338                     | 30,292                      | -                                 | 30,292                             |
| Maintenance and Other Operations                    | 48,934                | 5,201            | 647             | 10,251                    | 65,033                      | (2,215)                           | 62,818                             |
| Amortization                                        | 485                   | -                | -               | 29                        | 514                         | -                                 | 514                                |
| Depreciation                                        | 10,589                | 5,151            | 419             | 3,710                     | 19,869                      | -                                 | 19,869                             |
| Total Operating Expenses                            | 80,081                | 19,233           | 1,066           | 15,328                    | 115,708                     | (2,215)                           | 113,493                            |
| Operating Income                                    | (41,223)              | 832              | (877)           | (4,331)                   | (45,599)                    | -                                 | (45,599)                           |
| Non-Operating Income (Expense):                     |                       |                  |                 |                           |                             |                                   |                                    |
| Interest Income                                     | 1,146                 | 114              | 7               | 90                        | 1,357                       | -                                 | 1,357                              |
| Interest Expense                                    | (3,294)               | (3,132)          | -               | (1,321)                   | (7,747)                     | -                                 | (7,747)                            |
| Operating Grants                                    | 484                   | -                | -               | -                         | 484                         | -                                 | 484                                |
| Other Expense                                       | -                     | (1,067)          | -               | (5)                       | (1,072)                     | -                                 | (1,072)                            |
| Total Non-Operating Income (Expense)                | (1,664)               | (4,085)          | 7               | (1,236)                   | (6,978)                     | -                                 | (6,978)                            |
| Income (Loss) before Contributions<br>and Transfers | (42,887)              | (3,253)          | (870)           | (5,567)                   | (52,577)                    | -                                 | (52,577)                           |
| Capital Grants and Contributions                    | (577)                 | -                | -               | -                         | (577)                       | -                                 | (577)                              |
| Operating Transfers:                                |                       |                  |                 |                           |                             |                                   |                                    |
| Operating Transfers In                              | 36,419                | -                | -               | 3,317                     | 39,736                      | (3,971)                           | 35,765                             |
| Operating Transfers Out                             | (4,790)               | (654)            | -               | (1,168)                   | (6,612)                     | 3,971                             | (2,641)                            |
| Change in Net Position                              | (11,835)              | (3,907)          | (870)           | (3,418)                   | (20,030)                    | -                                 | (20,030)                           |
| Net Position, October 1                             | 294,282               | 45,944           | 10,845          | 40,317                    | 391,388                     | -                                 | 391,388                            |
| Adjustments for GASB 68 Implementation              | (22,693)              | (10,548)         | -               | (1,703)                   | (34,944)                    | -                                 | (34,944)                           |
| Net Position, September 30                          | <u>\$259,754</u>      | <u>\$ 31,489</u> | <u>\$ 9,975</u> | <u>\$ 35,196</u>          | <u>\$336,414</u>            | <u>\$ -</u>                       | <u>\$ 336,414</u>                  |

**City of Long Beach**  
**Tideland Operating, Marina, Queen Mary and Rainbow Harbor Area**  
**Schedule of Cash Flows**  
**For the Fiscal Year Ended September 30, 2015**  
**(In Thousands)**

| <u>INCREASE (DECREASE) IN CASH<br/>AND CASH EQUIVALENTS</u>                                                  | <u>Tideland<br/>Operating</u> | <u>Marina</u> | <u>Queen<br/>Mary</u> | <u>Rainbow<br/>Harbor<br/>Area</u> | <u>Eliminations<br/>Increase<br/>(Decrease)</u> | <u>Consolidated<br/>Tidelands<br/>Total</u> |
|--------------------------------------------------------------------------------------------------------------|-------------------------------|---------------|-----------------------|------------------------------------|-------------------------------------------------|---------------------------------------------|
| Cash Flows from Operating Activities:                                                                        |                               |               |                       |                                    |                                                 |                                             |
| Receipts from Customers                                                                                      | \$ 13,500                     | \$ 19,678     | \$ 211                | \$ 11,114                          | \$ -                                            | \$ 44,503                                   |
| Receipts from Other Funds                                                                                    | 21,911                        | 186           | -                     | -                                  | -                                               | 22,097                                      |
| Receipts from Other Governments                                                                              | 538                           | -             | -                     | -                                  | -                                               | 538                                         |
| Payments for Employee Salaries                                                                               | (19,346)                      | (8,698)       | -                     | (1,321)                            | -                                               | (29,365)                                    |
| Payments for Goods and Services                                                                              | (50,651)                      | (3,513)       | (585)                 | (10,628)                           | -                                               | (65,377)                                    |
| Other Income                                                                                                 | 57                            | 70            | -                     | 2                                  | -                                               | 129                                         |
| Other Expense                                                                                                | -                             | -             | -                     | (5)                                | -                                               | (5)                                         |
| Net Cash Provided by (Used for) Operating Activities                                                         | (33,991)                      | 7,723         | (374)                 | (838)                              | -                                               | (27,480)                                    |
| Cash Flows from Non-Capital Financing Activities:                                                            |                               |               |                       |                                    |                                                 |                                             |
| Transfers In                                                                                                 | 37,722                        | (142)         | -                     | 3,317                              | (3,971)                                         | 36,926                                      |
| Transfers Out                                                                                                | (4,643)                       | (628)         | -                     | (922)                              | 3,971                                           | (2,222)                                     |
| Net Cash Provided by Non-Capital Financing Activities                                                        | 33,079                        | (770)         | -                     | 2,395                              | -                                               | 34,704                                      |
| Cash Flows from Capital and Related Financing Activities:                                                    |                               |               |                       |                                    |                                                 |                                             |
| Proceeds from Issuance of Bonds                                                                              | -                             | 121,356       | -                     | -                                  | -                                               | 121,356                                     |
| Payment of Cost of Issuance                                                                                  | -                             | (1,067)       | -                     | -                                  | -                                               | (1,067)                                     |
| Changes Related to Capital Acquisitions                                                                      | (15,843)                      | (18,723)      | -                     | (1)                                | -                                               | (34,567)                                    |
| Payments of Principal on Bonds Payable                                                                       | (3,780)                       | -             | -                     | (2,900)                            | -                                               | (6,680)                                     |
| Payments of Principal on Other Long-Term Obligations                                                         | (709)                         | (58,567)      | -                     | (22)                               | -                                               | (59,298)                                    |
| Payments of Interest, Net of Amounts Capitalized                                                             | (4,419)                       | (2,250)       | -                     | (1,374)                            | -                                               | (8,043)                                     |
| Net Cash Used for Capital and Related Financing Activities                                                   | (24,751)                      | 40,749        | -                     | (4,297)                            | -                                               | 11,701                                      |
| Cash Flows from Investing Activities:                                                                        |                               |               |                       |                                    |                                                 |                                             |
| Payments for Investments                                                                                     | (42)                          | (7,971)       | -                     | (16)                               | -                                               | (8,029)                                     |
| Payments of Interest, Net of Amounts Capitalized                                                             | 1,172                         | 90            | 7                     | 89                                 | -                                               | 1,358                                       |
| Net Cash Provided by Investing Activities                                                                    | 1,130                         | (7,881)       | 7                     | 73                                 | -                                               | (6,671)                                     |
| Net Increase (Decrease) in Cash and Cash Equivalents                                                         | (24,533)                      | 39,821        | (367)                 | (2,667)                            | -                                               | 12,254                                      |
| Cash and Cash Equivalents - October 1                                                                        | 187,138                       | 21,462        | 1,447                 | 7,132                              | -                                               | 217,179                                     |
| Cash and Cash Equivalents - September 30                                                                     | \$ 162,605                    | \$ 61,283     | \$ 1,080              | \$ 4,465                           | \$ -                                            | \$ 229,433                                  |
| <u>RECONCILIATION OF OPERATING<br/>INCOME TO NET CASH PROVIDED BY<br/>(USED FOR) OPERATING ACTIVITIES</u>    | <u>Tideland<br/>Operating</u> | <u>Marina</u> | <u>Queen<br/>Mary</u> | <u>Rainbow<br/>Harbor<br/>Area</u> | <u>Eliminations<br/>Increase<br/>(Decrease)</u> | <u>Total</u>                                |
| Operating Income (Loss)                                                                                      | \$ (41,223)                   | \$ 832        | \$ (877)              | \$ (4,331)                         | \$ -                                            | \$ (45,599)                                 |
| Adjustments to Reconcile Operating Income (Loss) to Net<br>Cash Provided by (Used for) Operating Activities: |                               |               |                       |                                    |                                                 |                                             |
| Depreciation and Amortization Expense                                                                        | 11,074                        | 5,151         | 419                   | 3,739                              | -                                               | 20,383                                      |
| Other Income                                                                                                 | (93)                          | -             | -                     | 2                                  | -                                               | (91)                                        |
| Other Expense                                                                                                | -                             | -             | -                     | (5)                                | -                                               | (5)                                         |
| (Increase) Decrease in Accounts Receivable, Net                                                              | (3,323)                       | 162           | 22                    | 79                                 | -                                               | (3,060)                                     |
| Decrease in Amounts Due from Other Funds                                                                     | 631                           | -             | -                     | -                                  | -                                               | 631                                         |
| Decrease in Amounts Due from Other Governments                                                               | -                             | 51            | -                     | -                                  | -                                               | 51                                          |
| Increase (Decrease) in Accounts Payable                                                                      | (1,717)                       | 1,688         | 62                    | (377)                              | -                                               | (344)                                       |
| Increase in Accrued Wages Payable                                                                            | 727                           | 183           | -                     | 17                                 | -                                               | 927                                         |
| Decrease in Unearned Revenues                                                                                | (83)                          | (344)         | -                     | -                                  | -                                               | (427)                                       |
| Increase in Collections Held in Trust                                                                        | 16                            | -             | -                     | 38                                 | -                                               | 54                                          |
| Total Adjustments                                                                                            | 7,232                         | 6,891         | 503                   | 3,493                              | -                                               | 18,119                                      |
| Net Cash Provided by (Used for) Operating Activities                                                         | \$ (33,991)                   | \$ 7,723      | \$ (374)              | \$ (838)                           | \$ -                                            | \$ (27,480)                                 |



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# STATISTICAL SECTION

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## STATISTICAL SECTION

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The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained with the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

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#### **Financial trends**

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

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#### **Demographics and economic information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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

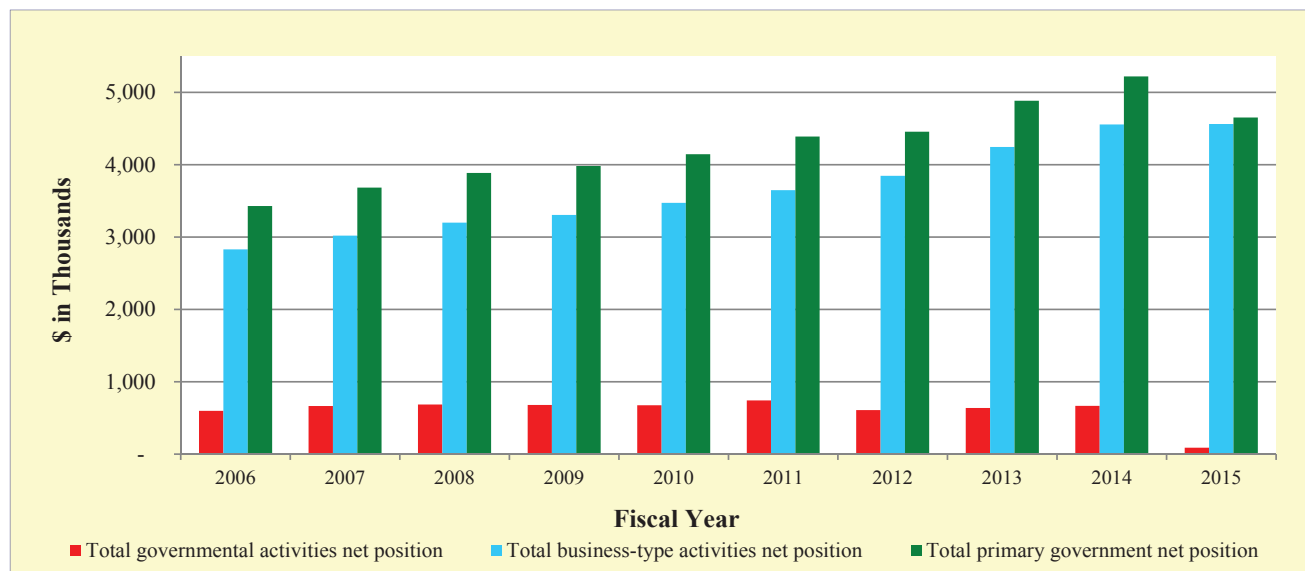


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**City of Long Beach**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(In Thousands)**

|                                             | 2006        | 2007        | 2008        | 2009        | 2010        | 2011        | 2012        | 2013        | 2014        | 2015        |
|---------------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>Governmental activities:</b>             |             |             |             |             |             |             |             |             |             |             |
| Net Investment in capital assets            | \$ 209,230  | \$ 215,097  | \$ 217,866  | \$ 203,709  | \$ 170,432  | \$ 215,317  | \$ 237,998  | \$ 242,105  | \$ 245,780  | \$ 344,839  |
| Restricted                                  | 496,094     | 291,468     | 285,937     | 289,658     | 346,412     | 631,729     | 470,723     | 458,167     | 473,181     | 351,055     |
| Unrestricted                                | (106,380)   | 157,870     | 182,007     | 185,296     | 157,316     | (104,327)   | (100,337)   | (61,528)    | (53,167)    | (595,857)   |
| Total governmental activities net position  | 598,944     | 664,435     | 685,810     | 678,663     | 674,160     | 742,719     | 608,384     | 638,744     | 665,794     | 100,037     |
| <b>Business-type activities:</b>            |             |             |             |             |             |             |             |             |             |             |
| Net Investment in capital assets            | 1,572,117   | 1,684,580   | 1,875,911   | 1,954,565   | 2,184,850   | 2,547,605   | 2,769,461   | 3,547,110   | 3,698,447   | 3,829,779   |
| Restricted                                  | 523,769     | 366,018     | 359,364     | 367,477     | 603,007     | 289,999     | 289,864     | 297,694     | 439,163     | 494,526     |
| Unrestricted                                | 733,495     | 969,574     | 964,333     | 982,105     | 683,114     | 809,277     | 787,926     | 399,890     | 418,151     | 237,808     |
| Total business-type activities net position | 2,829,381   | 3,020,172   | 3,199,608   | 3,304,147   | 3,470,971   | 3,646,881   | 3,847,251   | 4,244,694   | 4,555,761   | 4,562,113   |
| <b>Primary government</b>                   |             |             |             |             |             |             |             |             |             |             |
| Net Investment in capital assets            | 1,781,347   | 1,899,677   | 2,093,777   | 2,158,274   | 2,355,282   | 2,762,922   | 3,007,459   | 3,789,215   | 3,944,227   | 4,174,618   |
| Restricted                                  | 1,019,863   | 657,486     | 645,301     | 657,135     | 949,419     | 921,728     | 760,587     | 755,861     | 912,344     | 845,581     |
| Unrestricted                                | 627,115     | 1,127,444   | 1,146,340   | 1,167,401   | 840,430     | 704,950     | 687,589     | 338,362     | 364,984     | (358,049)   |
| Total primary government net position       | \$3,428,325 | \$3,684,607 | \$3,885,418 | \$3,982,810 | \$4,145,131 | \$4,389,600 | \$4,455,635 | \$4,883,438 | \$5,221,555 | \$4,662,150 |

**Note:** Effective fiscal year 2010 and beyond, unrestricted net position amounts have been changed to reflect the effects of the implementation of GASB 54 - Fund Balance Reporting and Governmental Fund Type Definitions.



See accompanying independent auditors' report.

**City of Long Beach**  
**Change in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(In Thousands)**

|                                    | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012       | 2013       | 2014       | 2015       |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Expenses:                          |            |            |            |            |            |            |            |            |            |            |
| Governmental Activities:           |            |            |            |            |            |            |            |            |            |            |
| Legislative and Legal              | \$ 12,003  | \$ 12,911  | \$ 13,210  | \$ 12,866  | \$ 11,527  | \$ 10,106  | \$ 10,998  | \$ 10,957  | \$ 12,001  | \$ 10,632  |
| General Government                 | 13,988     | 13,376     | 16,871     | 16,292     | 19,792     | 22,653     | 22,128     | 23,342     | 21,378     | 22,400     |
| Public Safety                      | 255,188    | 276,391    | 294,916    | 302,025    | 291,399    | 284,986    | 290,542    | 303,872    | 296,817    | 307,116    |
| Public Health                      | 44,024     | 47,189     | 48,330     | 47,134     | 44,731     | 44,428     | 42,712     | 41,966     | 41,877     | 43,710     |
| Community and Cultural             | 186,528    | 207,566    | 227,274    | 227,772    | 258,512    | 193,886    | 331,170    | 173,239    | 153,206    | 165,501    |
| Public Works                       | 55,009     | 67,794     | 83,232     | 95,354     | 91,375     | 89,942     | 92,058     | 102,979    | 114,303    | 104,744    |
| Oil Operations                     | 7,192      | 8,175      | 8,630      | 8,004      | 6,923      | 7,318      | 9,256      | 7,101      | 4,869      | 3,961      |
| Interest on Long-Term Debt         | 34,554     | 36,187     | 38,418     | 35,831     | 32,744     | 35,273     | 28,492     | 26,941     | 24,945     | 22,738     |
| Total Governmental Activities      |            |            |            |            |            |            |            |            |            |            |
| Expenses                           | 608,486    | 669,589    | 730,881    | 745,278    | 757,003    | 688,592    | 827,356    | 690,397    | 669,396    | 680,802    |
| Business-type Activities:          |            |            |            |            |            |            |            |            |            |            |
| Gas                                | 99,656     | 89,021     | 137,263    | 90,364     | 77,531     | 84,003     | 77,157     | 82,693     | 80,651     | 68,414     |
| Water                              | 62,480     | 68,704     | 70,571     | 76,895     | 71,442     | 82,050     | 81,377     | 89,767     | 93,297     | 102,501    |
| Sewer                              | 7,612      | 11,486     | 11,989     | 13,224     | 14,607     | 15,357     | 15,042     | 15,542     | 15,681     | 16,244     |
| Airport                            | 24,816     | 27,994     | 31,698     | 32,113     | 37,762     | 39,530     | 41,764     | 41,616     | 44,067     | 44,844     |
| Development Services               | -          | -          | -          | -          | -          | 11,126     | 11,617     | 15,404     | 15,753     | 17,621     |
| Solid Waste Management             | 73,679     | 78,305     | 82,590     | 83,245     | 71,632     | 71,330     | 69,506     | 71,708     | 76,027     | 73,525     |
| Towing                             | 8,520      | 8,838      | 9,863      | 7,883      | 8,916      | 6,670      | 6,743      | 5,915      | 4,938      | 5,134      |
| Tidelands                          | 105,671    | 111,156    | 123,258    | 124,711    | 117,071    | 124,830    | 100,602    | 96,881     | 111,074    | 121,547    |
| Tideland Oil Revenue               | 264,355    | 199,542    | 486,759    | 178,636    | 276,850    | 393,317    | 390,602    | 362,144    | 327,087    | 81,565     |
| Subsidence                         | 4,061      | -          | -          | -          | -          | 5          | 5          | 3          | -          | -          |
| Harbor                             | 214,349    | 247,860    | 242,822    | 225,991    | 218,262    | 217,335    | 193,773    | 195,335    | 233,410    | 236,186    |
| Total Business-Type Activities     |            |            |            |            |            |            |            |            |            |            |
| Expenses                           | 865,199    | 842,906    | 1,196,813  | 833,062    | 894,073    | 1,045,553  | 988,188    | 977,008    | 1,001,985  | 767,581    |
| Total Primary Government           |            |            |            |            |            |            |            |            |            |            |
| Expenses                           | 1,473,685  | 1,512,495  | 1,927,694  | 1,578,340  | 1,651,076  | 1,734,145  | 1,815,544  | 1,667,405  | 1,671,381  | 1,448,383  |
| Program Revenues:                  |            |            |            |            |            |            |            |            |            |            |
| Governmental Activities:           |            |            |            |            |            |            |            |            |            |            |
| Charges for services:              |            |            |            |            |            |            |            |            |            |            |
| Legislative and Legal              | 1,256      | 119        | 801        | 264        | 862        | 104        | 714        | 61         | 163        | 224        |
| General Government                 | 20,174     | 13,406     | 14,049     | 14,679     | 14,968     | 16,501     | 17,521     | 16,093     | 16,459     | 16,545     |
| Public Safety                      | 36,694     | 40,326     | 42,516     | 37,078     | 40,072     | 35,110     | 34,617     | 32,371     | 34,659     | 38,961     |
| Public Health                      | 6,565      | 7,099      | 7,599      | 9,644      | 8,422      | 8,725      | 9,538      | 11,856     | 8,498      | 8,178      |
| Community and Cultural             | 23,291     | 26,131     | 28,905     | 26,322     | 26,186     | 20,825     | 13,978     | 14,656     | 12,168     | 15,084     |
| Public Works                       | 17,840     | 17,722     | 19,382     | 25,803     | 25,985     | 21,072     | 26,876     | 25,011     | 25,963     | 25,246     |
| Oil Operations                     | 21,481     | 22,612     | 32,956     | 19,011     | 25,556     | 31,552     | 39,156     | 39,869     | 36,942     | 19,414     |
| Operating Grants and Contributions | 166,426    | 169,190    | 172,478    | 172,281    | 185,899    | 198,198    | 175,647    | 171,937    | 183,789    | 164,621    |
| Capital Grants and Contributions   | 13,726     | 16,908     | 7,424      | 3,595      | 10,395     | 7,588      | 6,147      | 10,778     | 8,530      | 3,780      |
| Total Governmental Activities      |            |            |            |            |            |            |            |            |            |            |
| Program Revenues                   | \$ 307,453 | \$ 313,513 | \$ 326,110 | \$ 308,677 | \$ 338,345 | \$ 339,675 | \$ 324,194 | \$ 322,632 | \$ 327,171 | \$ 292,053 |

(continued)

See accompanying independent auditors' report.

**City of Long Beach**  
**Change in Net Position**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(In Thousands)**

(continued)

|                                                     | 2006       | 2007       | 2008       | 2009       | 2010       | 2011       | 2012      | 2013       | 2014       | 2015       |
|-----------------------------------------------------|------------|------------|------------|------------|------------|------------|-----------|------------|------------|------------|
| Business-Type activities:                           |            |            |            |            |            |            |           |            |            |            |
| Charges for Services:                               |            |            |            |            |            |            |           |            |            |            |
| Gas                                                 | \$ 113,053 | \$ 100,421 | \$ 123,580 | \$ 113,910 | \$ 80,605  | \$ 88,240  | \$ 83,633 | \$ 87,141  | \$ 82,293  | \$ 77,398  |
| Water                                               | 67,198     | 70,258     | 72,527     | 81,380     | 87,151     | 88,576     | 87,073    | 93,036     | 101,345    | 101,158    |
| Sewer                                               | 9,245      | 10,812     | 11,785     | 12,707     | 15,186     | 16,447     | 17,325    | 17,311     | 17,954     | 17,904     |
| Airport                                             | 29,086     | 30,985     | 35,080     | 35,004     | 38,820     | 40,395     | 43,893    | 43,817     | 44,811     | 36,537     |
| Development Services                                | -          | -          | -          | -          | -          | 12,160     | 13,812    | 17,546     | 17,573     | 20,783     |
| Solid Waste Management                              | 80,015     | 83,865     | 85,958     | 87,032     | 78,772     | 74,019     | 78,613    | 79,542     | 81,051     | 80,322     |
| Towing                                              | 7,846      | 8,126      | 8,816      | 8,516      | 8,529      | 7,297      | 6,583     | 6,445      | 5,440      | 5,253      |
| Tidelands                                           | 73,013     | 83,085     | 81,511     | 83,245     | 82,948     | 83,018     | 56,726    | 59,929     | 64,318     | 67,894     |
| Tideland Oil Revenue                                | 266,992    | 214,157    | 522,956    | 143,336    | 295,680    | 449,819    | 452,863   | 397,301    | 362,783    | 99,401     |
| Subsidence                                          | -          | 500        | 500        | 492        | 496        | -          | -         | -          | -          | -          |
| Harbor                                              | 354,125    | 370,832    | 382,119    | 336,930    | 341,744    | 345,389    | 333,887   | 346,244    | 362,752    | 363,309    |
| Operating Grants and Contributions                  | 1,184      | 2,116      | 1,241      | 1,213      | 597        | 2,723      | 1,413     | 1,105      | 921        | 753        |
| Capital Grants and Contributions                    | 8,947      | 24,580     | 14,984     | 25,210     | 32,001     | 26,406     | 26,552    | 259,188    | 182,021    | 140,618    |
| Total Business-Type Activities                      |            |            |            |            |            |            |           |            |            |            |
| Program Revenues                                    | 1,010,704  | 999,737    | 1,341,057  | 928,975    | 1,062,529  | 1,234,489  | 1,202,373 | 1,408,605  | 1,323,262  | 1,011,330  |
| Total Primary Government                            |            |            |            |            |            |            |           |            |            |            |
| Program Revenues                                    | 1,318,157  | 1,313,250  | 1,667,167  | 1,237,652  | 1,400,874  | 1,574,164  | 1,526,567 | 1,731,237  | 1,650,433  | 1,303,383  |
| Net Revenues (expenses):                            |            |            |            |            |            |            |           |            |            |            |
| Governmental Activities                             | (301,033)  | (356,076)  | (404,771)  | (436,601)  | (418,658)  | (348,917)  | (503,162) | (367,765)  | (342,225)  | (388,749)  |
| Business-Type Activities                            | 145,505    | 156,831    | 144,244    | 95,913     | 168,456    | 188,936    | 214,185   | 431,597    | 321,277    | 243,749    |
| Total Net Expenses                                  | (155,528)  | (199,245)  | (260,527)  | (340,688)  | (250,202)  | (159,981)  | (288,977) | 63,832     | (20,948)   | (145,000)  |
| General Revenues and Other Changes in Net Position: |            |            |            |            |            |            |           |            |            |            |
| Governmental Activities:                            |            |            |            |            |            |            |           |            |            |            |
| Taxes:                                              |            |            |            |            |            |            |           |            |            |            |
| Property                                            | 141,335    | 162,342    | 173,184    | 196,402    | 180,262    | 218,570    | 179,746   | 203,770    | 183,719    | 180,989    |
| Sales                                               | 51,557     | 55,848     | 55,261     | 51,585     | 53,144     | 60,159     | 60,414    | 63,443     | 59,097     | 64,177     |
| Utility Users                                       | 40,637     | 41,694     | 41,028     | 39,901     | 39,240     | 38,739     | 37,097    | 38,026     | 38,691     | 38,419     |
| Other                                               | 58,291     | 65,206     | 73,715     | 61,250     | 62,889     | 43,254     | 43,360    | 46,446     | 41,504     | 45,517     |
| Franchise Fees                                      | -          | -          | -          | -          | -          | 24,184     | 23,143    | 25,243     | 26,175     | 25,915     |
| Grants and Contributions not                        |            |            |            |            |            |            |           |            |            |            |
| Restricted to Specific Programs                     | 115,668    | 44,086     | 46,330     | 48,364     | 46,058     | -          | -         | 150        | -          | -          |
| Unrestricted Investment Earnings                    | 23,520     | 23,374     | 24,357     | 14,712     | 7,837      | 10,291     | 4,349     | 3,417      | 3,688      | 6,061      |
| Gain (Loss) on Sales of Capital Assets              | 806        | 649        | (49)       | (1,024)    | 8,539      | -          | -         | -          | -          | -          |
| Capital Asset Transfers                             | -          | (257)      | (1,142)    | (1,337)    | (101)      | 1,266      | 5,090     | 4,786      | 2,365      | -          |
| Transfers                                           | 13,056     | 28,625     | 13,462     | 19,601     | 16,287     | 21,601     | 15,628    | 21,490     | 14,210     | 21,661     |
| Total Governmental Activities                       | 444,870    | 421,567    | 426,146    | 429,454    | 414,155    | 418,064    | 368,827   | 406,771    | 369,449    | 382,739    |
| Business-type Activities:                           |            |            |            |            |            |            |           |            |            |            |
| Unrestricted Investment Earnings                    | 42,021     | 62,329     | 47,512     | 26,890     | 14,554     | 9,253      | 6,903     | 5,557      | 6,365      | 8,887      |
| Loss on Sales of Capital Assets                     | (2,041)    | -          | -          | -          | -          | -          | -         | -          | -          | -          |
| Capital Asset Transfers                             | -          | 257        | 1,142      | 1,337      | 101        | (1,266)    | (5,090)   | (4,786)    | (2,365)    | -          |
| Transfers                                           | (13,056)   | (28,625)   | (13,462)   | (19,601)   | (16,287)   | (21,601)   | (15,628)  | (21,490)   | (14,210)   | (21,661)   |
| Total Business-type Activities                      | 26,924     | 33,961     | 35,192     | 8,626      | (1,632)    | (13,614)   | (13,815)  | (20,719)   | (10,210)   | (12,774)   |
| Total Primary Government                            | 471,794    | 455,528    | 461,338    | 438,080    | 412,523    | 404,450    | 355,012   | 386,052    | 359,239    | 369,965    |
| Change in Net Position                              |            |            |            |            |            |            |           |            |            |            |
| Government activities                               | 143,837    | 65,491     | 21,375     | (7,147)    | (4,503)    | 69,147     | (134,335) | 39,006     | 27,224     | (6,010)    |
| Business-type Activities                            | 172,429    | 190,792    | 179,436    | 104,539    | 166,824    | 175,322    | 200,370   | 410,878    | 311,067    | 230,975    |
| Total Primary Government                            | \$ 316,266 | \$ 256,283 | \$ 200,811 | \$ 97,392  | \$ 162,321 | \$ 244,469 | \$ 66,035 | \$ 449,884 | \$ 338,291 | \$ 224,965 |

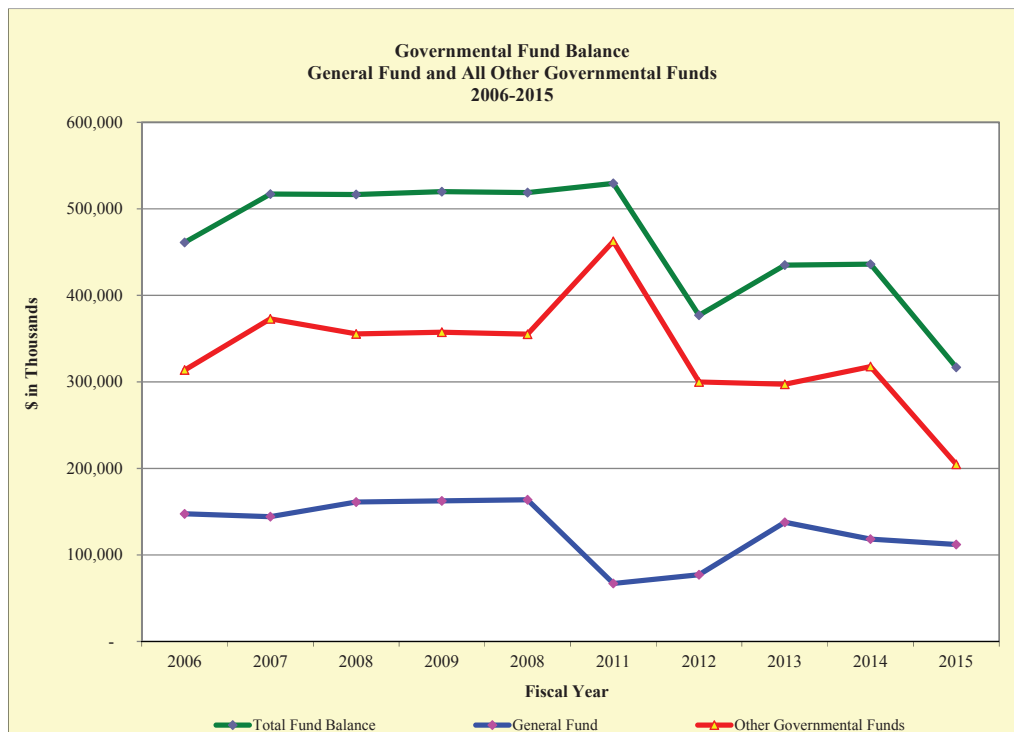
**Note:** With the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definitions, effective fiscal year 2010, the presentation of some financial data have changed in compliance with the aforementioned GASB standard.

See accompanying independent auditors' report.

**City of Long Beach**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(In Thousands)**

|                                | 2006       | 2007       | 2008       | 2009       | 2010      | 2011      | 2012      | 2013      | 2014      | 2015      |
|--------------------------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Fund:                  |            |            |            |            |           |           |           |           |           |           |
| Reserved                       | \$ 111,959 | \$ 114,254 | \$ 115,088 | \$ 116,569 | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      | \$ -      |
| Unreserved                     | 35,478     | 29,960     | 46,042     | 45,899     | -         | -         | -         | -         | -         | -         |
| * Nonspendable                 | -          | -          | -          | -          | 104,591   | 2,083     | 2,008     | 2,043     | 6         | 2         |
| * Restricted                   | -          | -          | -          | -          | 8,673     | 675       | 2,929     | 2,311     | 4,266     | 4,308     |
| * Committed                    | -          | -          | -          | -          | 1,486     | 4,108     | 5,394     | 5,711     | 61,079    | 62,598    |
| * Assigned                     | -          | -          | -          | -          | 3,798     | 59,445    | 61,935    | 119,542   | 49,531    | 42,953    |
| * Unassigned                   | -          | -          | -          | -          | 45,155    | 682       | 4,857     | 8,130     | 3,397     | 2,170     |
| Total General Fund             | 147,437    | 144,214    | 161,130    | 162,468    | 163,703   | 66,993    | 77,123    | 137,737   | 118,279   | 112,031   |
| Other Governmental Funds:      |            |            |            |            |           |           |           |           |           |           |
| Reserved                       | 358,094    | 389,518    | 390,061    | 424,108    | -         | -         | -         | -         | -         | -         |
| Unreserved, Reported in:       |            |            |            |            |           |           |           |           |           |           |
| Special Revenue Funds          | 40,843     | 57,974     | 56,166     | 56,848     | -         | -         | -         | -         | -         | -         |
| Capital Project Funds          | (85,187)   | (74,598)   | (90,741)   | (123,512)  | -         | -         | -         | -         | -         | -         |
| * Nonspendable                 | -          | -          | -          | -          | 24,902    | 1,654     | 45        | 8,009     | 8,012     | 2,846     |
| * Restricted                   | -          | -          | -          | -          | 514,588   | 489,841   | 320,310   | 293,567   | 289,497   | 173,096   |
| * Committed                    | -          | -          | -          | -          | 2,594     | 161       | 1,362     | 1,362     | 1,362     | 1,422     |
| * Assigned                     | -          | -          | -          | -          | 41,581    | 10,664    | 10,791    | 24,433    | 36,476    | 39,197    |
| * Unassigned                   | -          | -          | -          | -          | (228,576) | (39,867)  | (32,643)  | (30,112)  | (17,646)  | (11,819)  |
| Total Other Governmental Funds | 313,750    | 372,894    | 355,486    | 357,444    | 355,089   | 462,453   | 299,865   | 297,259   | 317,701   | 204,742   |
| Total All Governmental Funds   | \$461,187  | \$517,108  | \$516,616  | \$519,912  | \$518,792 | \$529,446 | \$376,988 | \$434,996 | \$435,980 | \$316,773 |

\* Note: In accordance with GASB No. 54, Fund Balance types from fiscal year 2010 and onward were reclassified to reflect the requirements of this statement. The Development Services Fund was reclassified from a Special Revenue Fund to a Proprietary Fund. The Upland Oil Fund was reclassified from a Special Revenue



See accompanying independent auditors' report.

**City of Long Beach**  
**Change in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**  
**(In Thousands)**

|                                                            | 2006      | 2007      | 2008      | 2009      | 2010       | 2011      | 2012         | 2013       | 2014      | 2015         |
|------------------------------------------------------------|-----------|-----------|-----------|-----------|------------|-----------|--------------|------------|-----------|--------------|
| Revenues:                                                  |           |           |           |           |            |           |              |            |           |              |
| Taxes:                                                     |           |           |           |           |            |           |              |            |           |              |
| Property                                                   | \$141,081 | \$162,449 | \$172,741 | \$195,128 | \$216,922  | \$218,593 | \$ 181,041   | \$ 214,816 | \$183,885 | \$ 179,999   |
| Sales                                                      | 51,557    | 55,848    | 55,261    | 51,585    | 53,144     | 60,159    | 60,414       | 63,443     | 59,097    | 64,177       |
| Utility Users                                              | 40,637    | 41,694    | 41,028    | 39,901    | 39,240     | 38,739    | 37,097       | 38,026     | 38,691    | 38,419       |
| Other Taxes                                                | 58,292    | 65,205    | 73,715    | 61,250    | 42,465     | 43,254    | 43,360       | 46,446     | 41,504    | 45,517       |
| Franchise Fees                                             | -         | -         | -         | -         | 24,040     | 24,184    | 23,143       | 25,243     | 26,175    | 25,915       |
| Licenses and Permits                                       | 30,008    | 32,240    | 33,899    | 32,239    | 24,864     | 24,812    | 24,278       | 19,941     | 22,341    | 23,329       |
| Fines and Forfeitures                                      | 16,387    | 17,644    | 18,509    | 19,501    | 17,042     | 16,193    | 17,762       | 16,394     | 16,166    | 15,988       |
| Use of Money and Property                                  | 57,964    | 59,516    | 71,586    | 47,841    | 47,526     | 56,415    | 58,398       | 58,441     | 56,687    | 41,816       |
| From Other Agencies                                        | 219,946   | 230,838   | 228,427   | 227,060   | 195,940    | 208,167   | 184,470      | 181,039    | 191,423   | 166,988      |
| Charges for Services                                       | 29,071    | 26,168    | 27,609    | 30,742    | 26,264     | 28,549    | 28,586       | 28,292     | 29,042    | 28,428       |
| Other Land Proceeds                                        | 716       | -         | -         | -         | -          | -         | -            | -          | -         | -            |
| Other Contributions                                        | -         | -         | -         | -         | 2,898      | -         | -            | 1,385      | 341       | 556          |
| Other                                                      | 13,892    | 13,711    | 17,587    | 11,667    | 13,599     | 25,256    | 19,544       | 18,577     | 10,693    | 17,615       |
| Total Revenues                                             | 659,551   | 705,313   | 740,362   | 716,914   | 703,944    | 744,321   | 678,093      | 712,043    | 676,045   | 648,747      |
| Expenditures:                                              |           |           |           |           |            |           |              |            |           |              |
| Legislative and Legal                                      | 12,464    | 13,602    | 12,481    | 11,649    | 10,806     | 9,683     | 10,316       | 9,673      | 11,373    | 9,604        |
| General Government                                         | 15,123    | 15,765    | 16,081    | 11,993    | 15,480     | 20,035    | 17,441       | 17,785     | 17,951    | 18,116       |
| Public Safety                                              | 266,057   | 279,382   | 285,366   | 290,615   | 291,618    | 289,538   | 285,807      | 288,979    | 300,519   | 297,901      |
| Public Health                                              | 44,734    | 47,409    | 47,383    | 45,181    | 37,644     | 43,665    | 41,449       | 39,297     | 41,273    | 42,108       |
| Community and Cultural                                     | 199,777   | 209,946   | 253,432   | 238,090   | 264,171    | 263,625   | 289,597      | 185,378    | 158,122   | 237,433      |
| Public Works                                               | 42,647    | 42,586    | 50,221    | 53,358    | 46,002     | 44,178    | 60,368       | 65,484     | 66,498    | 70,921       |
| Oil Operations                                             | 7,089     | 8,171     | 8,625     | 6,888     | 6,718      | 7,173     | 9,146        | 4,722      | 4,309     | 3,512        |
| Total Current Expenditures                                 | 587,891   | 616,861   | 673,589   | 657,774   | 672,439    | 677,897   | 714,124      | 611,318    | 600,045   | 679,595      |
| Capital Improvements                                       | 39,062    | 40,790    | 25,328    | 27,721    | 38,956     | 29,630    | 17,183       | 26,199     | 36,427    | 27,139       |
| Loss on Disposition of Land<br>Held for Resale             | -         | 9,184     | 4,459     | 1,526     | 9,524      | 519       | 79,111       | -          | -         | -            |
| Debt Service:                                              |           |           |           |           |            |           |              |            |           |              |
| Principal                                                  | 14,822    | 15,451    | 15,819    | 17,456    | 13,804     | 13,475    | 14,379       | 16,358     | 18,836    | 18,601       |
| Interest                                                   | 25,289    | 27,349    | 30,477    | 28,300    | 24,847     | 28,984    | 23,298       | 23,776     | 21,044    | 22,499       |
| Debt Administration Fees                                   | 147       | 81        | 397       | 259       | 195        | 391       | 494          | 542        | 57        | 178          |
| Total Expenditures                                         | 667,211   | 709,716   | 750,069   | 733,036   | 759,765    | 750,896   | 848,589      | 678,193    | 676,409   | 748,012      |
| (Deficiency) of Revenues<br>over (under) Expenditures      | (7,660)   | (4,403)   | (9,707)   | (16,122)  | (55,821)   | (6,575)   | (170,496)    | 33,850     | (364)     | (99,265)     |
| Other Financing Sources (Uses):                            |           |           |           |           |            |           |              |            |           |              |
| Other Deferred Payments                                    | 220       | 291       | -         | -         | -          | -         | -            | -          | -         | -            |
| Debt Issuance                                              | 40,402    | 25,748    | 280       | 311       | 34,417     | 297       | 753          | 54,186     | 1,012     | 155,820      |
| Premium (Discount) on Debt Issua                           | -         | (122)     | -         | -         | -          | -         | -            | -          | -         | 6,700        |
| Payment to Refunded Bond<br>Escrow Agent                   | (36,135)  | -         | -         | -         | -          | -         | -            | (57,611)   | -         | (179,330)    |
| Reconveyance of Land                                       | -         | -         | (13,296)  | (3,677)   | (41)       | -         | -            | -          | -         | -            |
| Cost of Issuance                                           | -         | -         | -         | -         | -          | -         | -            | -          | -         | (1,505)      |
| Land Transfers                                             | -         | -         | -         | -         | -          | (6,233)   | -            | -          | -         | -            |
| Transfers In                                               | 55,900    | 91,967    | 84,353    | 60,163    | 56,406     | 271,094   | 409,802      | 114,615    | 106,128   | 91,363       |
| Transfers Out                                              | (40,349)  | (57,560)  | (62,122)  | (37,379)  | (36,306)   | (247,930) | (392,317)    | (87,032)   | (105,577) | (92,990)     |
| Total Other Financing Sources                              | 20,038    | 60,324    | 9,215     | 19,418    | 54,476     | 17,228    | 18,238       | 24,158     | 1,563     | (19,942)     |
| Net Change in Fund Balances                                | \$ 12,378 | \$ 55,921 | \$ (492)  | \$ 3,296  | \$ (1,345) | \$ 10,653 | \$ (152,258) | \$ 58,008  | \$ 1,199  | \$ (119,207) |
| Debt Service as a Percentage of<br>Noncapital Expenditures | 6.4%      | 6.4%      | 6.4%      | 6.5%      | 5.4%       | 5.9%      | 4.6%         | 6.2%       | 6.2%      | 5.7%         |

Effective 2011, the City implemented GASB 54 - Fund Balance Reporting and Governmental Fund Type Definitions, the City reviewed all governmental fund revenue streams. As a result, fiscal year 2010 financial data was reclassified.

Debt Service as a Percentage of Noncapital Expenditures calculated as follows: 
$$\frac{(\text{Principle} + \text{Interest} + \text{Debt Administration Fees})}{(\text{Total Expenditures} - \text{Capital Improvements})}$$

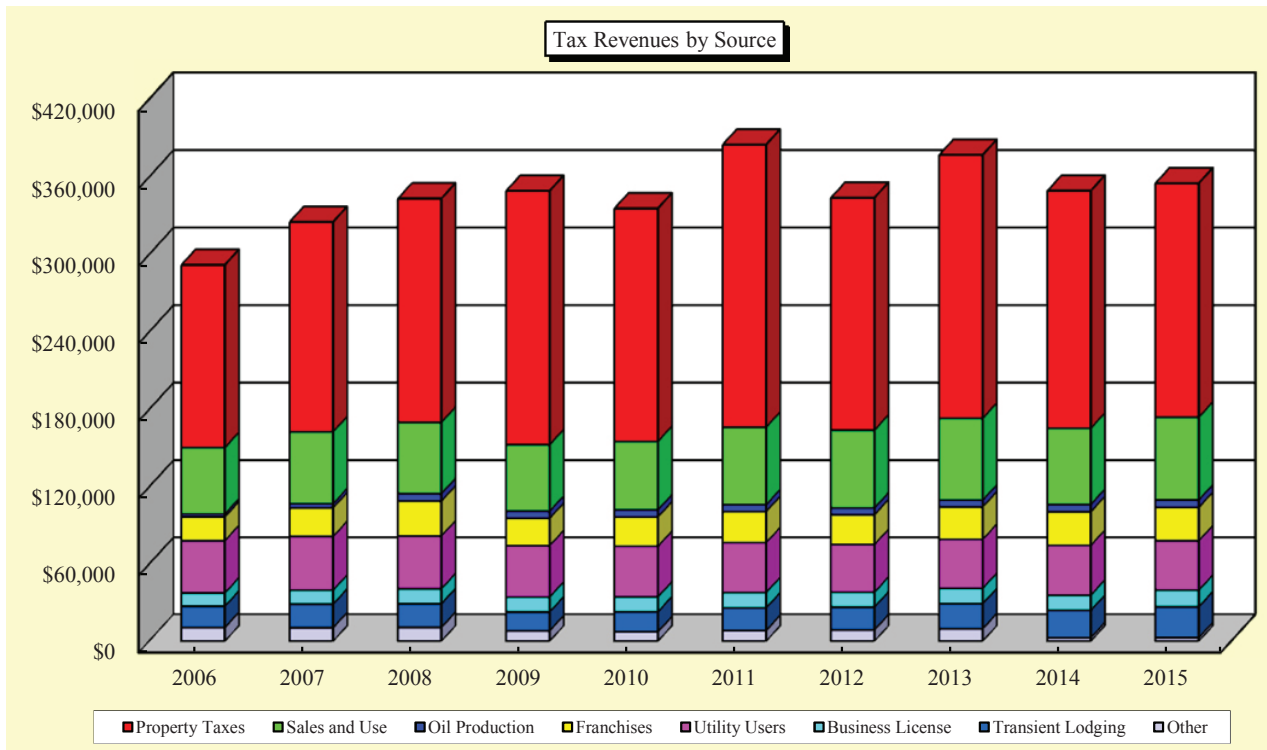
See accompanying independent auditors' report.

**City of Long Beach**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years**  
 (Modified accrual basis of accounting)  
 (In Thousands)

| Fiscal<br>Year-end<br>(1) | Property<br>Taxes | Sales<br>and Use<br>Taxes | Oil<br>Production<br>Taxes | Franchises<br>Taxes | Utility<br>Users<br>Taxes | Business<br>License<br>Taxes | Transient<br>Lodging<br>Taxes | Other (1)<br>Taxes | Totals    |
|---------------------------|-------------------|---------------------------|----------------------------|---------------------|---------------------------|------------------------------|-------------------------------|--------------------|-----------|
| 2006                      | \$141,335         | \$ 51,557                 | \$ 2,245                   | \$ 18,501           | \$ 40,637                 | \$ 10,345                    | \$ 16,548                     | \$ 10,653          | \$291,821 |
| 2007                      | 162,342           | 55,848                    | 3,123                      | 22,340              | 41,694                    | 10,909                       | 18,309                        | 10,524             | 325,089   |
| 2008                      | 173,184           | 55,261                    | 5,767                      | 27,147              | 41,028                    | 11,681                       | 18,324                        | 10,796             | 343,188   |
| 2009                      | 196,402           | 51,585                    | 5,557                      | 21,274              | 39,901                    | 11,647                       | 14,635                        | 8,137              | 349,138   |
| 2010                      | 180,262           | 53,144                    | 5,517                      | 22,844              | 39,240                    | 11,686                       | 15,461                        | 7,381              | 335,535   |
| 2011                      | 218,570           | 60,159                    | 5,331                      | 24,184              | 38,739                    | 11,956                       | 17,603                        | 8,364              | 384,906   |
| 2012                      | 179,746           | 60,414                    | 5,259                      | 23,143              | 37,097                    | 11,537                       | 17,759                        | 8,805              | 343,760   |
| 2013                      | 203,770           | 63,443                    | 5,301                      | 25,243              | 38,026                    | 11,981                       | 19,451                        | 9,713              | 376,928   |
| 2014                      | 183,719           | 59,097                    | 5,653                      | 26,175              | 38,691                    | 11,862                       | 21,265                        | 2,724              | 349,186   |
| 2015                      | 180,989           | 64,177                    | 5,787                      | 25,915              | 38,419                    | 12,934                       | 23,999                        | 2,798              | 355,018   |

Notes:

- (1) Includes Real Property Transfer, Special Parking, Miscellaneous Taxes, and transfers from funds in lieu of taxes. Tax revenues by source include all Governmental Fund Types (General, Special Revenue, Debt Service Funds, Capital Projects Funds, and Successor Agency Funds), including property tax for the former Long Beach Redevelopment Agency in accordance with generally accepted accounting principles.



Source: City of Long Beach, Department of Financial Management.

See accompanying independent auditors' report.

**City of Long Beach**  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years  
(In Thousands)

| <u>Fiscal<br/>Year-end</u> | <u>Secured</u> | <u>Unsecured</u> | <u>Less:<br/>Exemptions</u> | <u>Taxable<br/>Assessed<br/>Value</u> | <u>Total<br/>Direct Tax<br/>Rate</u> |
|----------------------------|----------------|------------------|-----------------------------|---------------------------------------|--------------------------------------|
| 2006                       | \$ 32,881,116  | \$ 2,638,789     | \$ (916,457)                | \$ 34,603,448                         | 1.00%                                |
| 2007                       | 37,042,813     | 2,834,656        | (961,500)                   | 38,915,969                            | 1.00%                                |
| 2008                       | 40,310,054     | 3,035,367        | (1,072,806)                 | 42,272,615                            | 1.00%                                |
| 2009                       | 43,819,413     | 2,802,330        | (1,047,919)                 | 45,573,824                            | 1.00%                                |
| 2010                       | 42,549,483     | 2,916,792        | (1,239,013)                 | 44,227,262                            | 1.00%                                |
| 2011                       | 42,014,055     | 2,575,570        | (1,593,660)                 | 42,995,965                            | 1.00%                                |
| 2012                       | 42,641,685     | 2,780,087        | (1,318,100)                 | 44,103,672                            | 1.00%                                |
| 2013                       | 45,184,614     | 2,767,496        | (1,025,398)                 | 46,926,712                            | 1.00%                                |
| 2014                       | 47,768,304     | 2,730,192        | (1,630,080)                 | 48,868,416                            | 1.00%                                |
| 2015                       | 48,648,554     | 3,029,600        | (1,572,403)                 | 50,105,751                            | 1.00%                                |

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and are subject to the limitations described above.

Source: Los Angeles County Office of Assessor

See accompanying independent auditors' report.

**City of Long Beach**  
Property Tax Rates -  
All Overlapping Governments  
Per \$100 of Assessed Value -  
Last Ten Fiscal Years

| Fiscal<br>Year-end | City Direct<br>Rate | Overlapping Rates     |                    |                      |                      | Total    |
|--------------------|---------------------|-----------------------|--------------------|----------------------|----------------------|----------|
|                    |                     | Los Angeles<br>County | Unified<br>Schools | Community<br>College | Special<br>Districts |          |
| 2006               | 1.000000            | 0.000795              | 0.040750           | 0.018569             | 0.005249             | 1.065363 |
| 2007               | 1.000000            | 0.000663              | 0.106814           | 0.021462             | 0.004752             | 1.133691 |
| 2008               | 1.000000            | -                     | 0.123342           | 0.008794             | 0.004500             | 1.136636 |
| 2009               | 1.000000            | -                     | 0.124782           | 0.022115             | 0.004300             | 1.151197 |
| 2010               | 1.000000            | -                     | 0.151809           | 0.023112             | 0.004300             | 1.179221 |
| 2011               | 1.000000            | -                     | 0.186954           | 0.040310             | 0.003700             | 1.230964 |
| 2012               | 1.000000            | -                     | 0.168187           | 0.035296             | 0.003700             | 1.207183 |
| 2013               | 1.000000            | -                     | 0.175606           | 0.048750             | 0.003500             | 1.227856 |
| 2014               | 1.000000            | -                     | 0.146439           | 0.044541             | 0.003500             | 1.194480 |
| 2015               | 1.000000            | -                     | 0.146881           | 0.040174             | 0.003500             | 1.190555 |

Note:

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt.

Source: County of Los Angeles

See accompanying independent auditors' report.

**City of Long Beach**  
Principal Property Taxpayers  
Current Year and Nine Fiscal Years Ago  
(In Thousands)

| Taxpayer                               | Fiscal Year 2015      |                                                     | Fiscal Year 2006      |                                                     |
|----------------------------------------|-----------------------|-----------------------------------------------------|-----------------------|-----------------------------------------------------|
|                                        | Assessed<br>Valuation | Percentage<br>of Total Net<br>Assessed<br>Valuation | Assessed<br>Valuation | Percentage<br>of Total Net<br>Assessed<br>Valuation |
| The Boeing Company                     | \$ 261,078            | 0.55 %                                              | \$ 342,580            | 1.07 %                                              |
| AES Alamitos LLC                       | 187,100               | 0.40                                                | 288,300               | 0.90                                                |
| Legacy Partners II LB World Trade LLC  | 162,738               | 0.34                                                | -                     | -                                                   |
| 2009 CUSA Community Owner LLC          | 143,998               | 0.30                                                | -                     | -                                                   |
| AGNL Clinic LP                         | 135,237               | 0.29                                                | -                     | -                                                   |
| Tesoro Logistics Operations LLC        | 134,941               | 0.29                                                | -                     | -                                                   |
| John Hancock Life Insurance            | 120,114               | 0.25                                                | -                     | -                                                   |
| GRE Shoreline Square LP                | 99,382                | 0.21                                                | -                     | -                                                   |
| Noble Utah Long Beach LLC              | 97,393                | 0.21                                                | -                     | -                                                   |
| Lyon West Gateway LLC                  | 81,023                | 0.17                                                | -                     | -                                                   |
| City Place Long Beach LLC              | 77,670                | 0.17                                                | -                     | -                                                   |
| Alamitos Bay Partnership               | 73,357                | 0.16                                                | -                     | -                                                   |
| Omninet Freway LLC                     | 70,700                | 0.15                                                | -                     | -                                                   |
| Shapell Social Rental Properties LLC   | 64,291                | 0.14                                                | -                     | -                                                   |
| Long Beach Generation LLC              | 61,900                | 0.13                                                | -                     | -                                                   |
| HEI Long Beach LLC                     | 57,855                | 0.12                                                | -                     | -                                                   |
| Sunstone Ocean LLC                     | 56,832                | 0.12                                                | -                     | -                                                   |
| Pacific Pipeline System LLC            | 53,390                | 0.11                                                | -                     | -                                                   |
| WRPC XI City Place Long Beach LLC      | 51,237                | 0.11                                                | -                     | -                                                   |
| Los Altos Gateway LLC                  | 50,439                | 0.11                                                | -                     | -                                                   |
| Greit One World Trade Center LP        | -                     | -                                                   | 115,921               | 0.36                                                |
| Camden Realty Inc.                     | -                     | -                                                   | 98,399                | 0.31                                                |
| Trizechahn Centers, Inc.               | -                     | -                                                   | 85,300                | 0.27                                                |
| 350 Ocean Garage LLC                   | -                     | -                                                   | 72,169                | 0.23                                                |
| Coventry Long Beach Plaza LLC          | -                     | -                                                   | 71,482                | 0.22                                                |
| 1900 Ocean Partners Holding LLC et.al. | -                     | -                                                   | 70,487                | 0.22                                                |
| Arco Terminal Services Corp.           | -                     | -                                                   | 68,836                | 0.21                                                |
| Hughes Aircraft Company                | -                     | -                                                   | 64,431                | 0.20                                                |
|                                        | <u>\$2,040,675</u>    | <u>4.33 %</u>                                       | <u>\$1,277,905</u>    | <u>3.99 %</u>                                       |

Source: California Municipal Statistics, Inc.

See accompanying independent auditors' report.

**City of Long Beach**  
**Property Tax Levies and Collections -**  
**Last Ten Fiscal Years**  
**(In Thousands)**

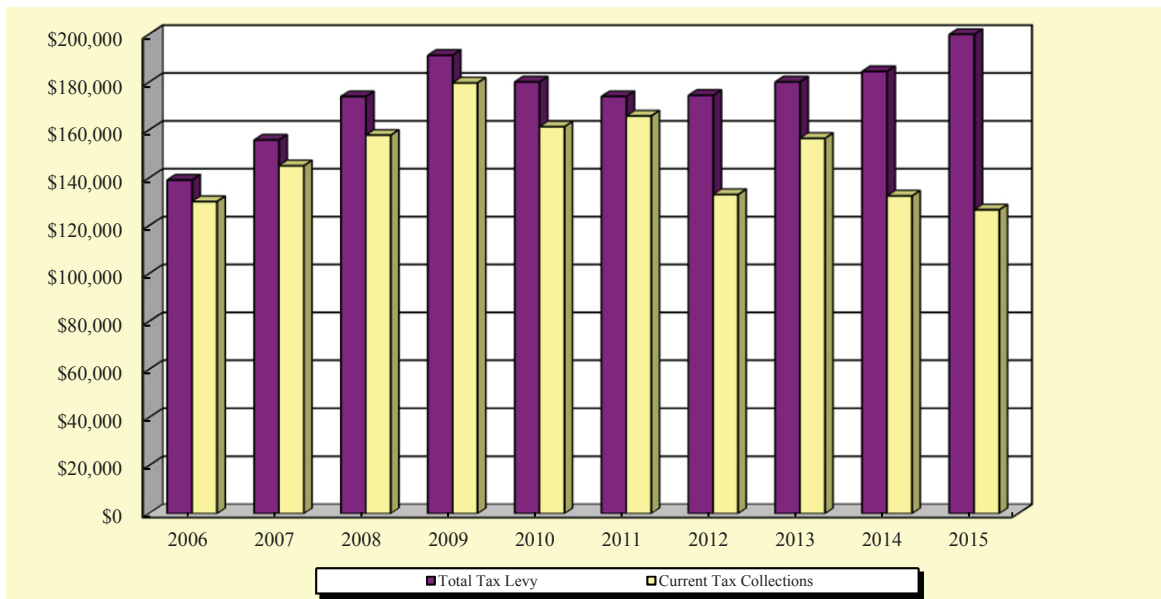
| Fiscal<br>Year-end<br>(1) | Total<br>Tax Levy | Current<br>Tax<br>Collections | Percentage<br>of Levy<br>Collected | Delinquent<br>Tax<br>Collections | Total Tax<br>Collections<br>(2) | Collections<br>as Percentage<br>of Levy | Outstanding<br>Delinquent<br>Taxes | Delinquent Tax<br>as Percentage of<br>Current Levy |
|---------------------------|-------------------|-------------------------------|------------------------------------|----------------------------------|---------------------------------|-----------------------------------------|------------------------------------|----------------------------------------------------|
| 2006                      | \$ 139,172        | \$ 130,147                    | 93.5%                              | \$ 12,093                        | \$ 142,240                      | 102.2%                                  | \$ 10,164                          | 7.3%                                               |
| 2007                      | 155,850           | 145,113                       | 93.1%                              | 17,819                           | 162,932                         | 104.5%                                  | 11,447                             | 7.3%                                               |
| 2008                      | 174,002           | 157,865                       | 90.7%                              | 14,877                           | 172,742                         | 99.3%                                   | 11,369                             | 6.5%                                               |
| 2009                      | 191,251           | 179,716                       | 94.0%                              | 15,412                           | 192,128                         | 102.0%                                  | 13,760                             | 7.2%                                               |
| 2010                      | 180,159           | 161,354                       | 89.6%                              | 9,542                            | 170,896                         | 94.9%                                   | 11,857                             | 6.6%                                               |
| 2011                      | 174,025           | 165,851                       | 95.3%                              | 7,468                            | 173,319                         | 99.6%                                   | 10,874                             | 6.2%                                               |
| 2012                      | 174,505           | 133,062                       | 76.3%                              | 4,169                            | 137,231                         | 78.6%                                   | 10,698                             | 6.1%                                               |
| 2013                      | 180,137           | 156,530                       | 86.9%                              | 3,049                            | 159,579                         | 88.6%                                   | 8,915                              | 4.9%                                               |
| 2014                      | 184,500           | 132,481                       | 71.8%                              | 3,975                            | 136,456                         | 74.0%                                   | 4,458                              | 2.4%                                               |
| 2015                      | 207,203           | 126,701                       | 61.1%                              | 4,061                            | 130,762                         | 63.1%                                   | 5,449                              | 2.6%                                               |

Notes:

(1) Total tax collections for fiscal years 2006 through 2015 include redevelopment/successor agency tax increment collections in accordance with generally accepted accounting principles as follows:

| Fiscal<br>Year-end | Collections<br>(in thousands) |
|--------------------|-------------------------------|
| 2006               | \$ 63,406                     |
| 2007               | 73,011                        |
| 2008               | 77,460                        |
| 2009               | 92,762                        |
| 2010               | 83,609                        |
| 2011               | 77,470                        |
| 2012               | 36,337                        |
| 2013               | 40,294                        |
| 2014               | 36,368                        |
| 2015               | 23,393                        |

(2) Excludes motor vehicle and vehicle license fees in-lieu taxes, interests, penalties, and Los Angeles County administrative cost.



Source: City of Long Beach, Department of Financial Management and County of Los Angeles Auditor-Controller

See accompanying independent auditors' report.

**City of Long Beach**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
(In Thousands, Except Per Capita Amount)

| Fiscal<br>Year-end | Governmental Activities |                            |                  |                   |    | Total<br>Governmental<br>Activities |
|--------------------|-------------------------|----------------------------|------------------|-------------------|----|-------------------------------------|
|                    | Revenue<br>Bonds        | Tax<br>Allocation<br>Bonds | Notes<br>Payable | Capital<br>Leases |    |                                     |
| 2006               | \$ 231,470              | \$ 348,626                 | \$ 11,146        | \$ 35,131         | \$ | 626,373                             |
| 2007               | 246,500                 | 340,813                    | 10,734           | 39,481            |    | 637,528                             |
| 2008               | 236,535                 | 332,562                    | 8,888            | 32,992            |    | 610,977                             |
| 2009               | 222,770                 | 323,890                    | 9,057            | 27,227            |    | 582,944                             |
| 2010               | 178,895                 | 347,740                    | 8,415            | 54,159            |    | 589,209                             |
| 2011               | 167,940                 | 337,557                    | 8,560            | 49,712            |    | 563,769                             |
| 2012               | 161,620                 | 326,852                    | 8,118            | 46,064            |    | 542,654                             |
| 2013               | 139,085                 | 315,399                    | 7,102            | 41,869            |    | 503,455                             |
| 2014               | 139,906                 | 309,160                    | 6,137            | 38,150            |    | 493,353                             |
| 2015               | 131,026                 | 276,934                    | 5,117            | 33,978            |    | 447,055                             |

|      | Business-type Activities |                                  |                  |                   |    | Total<br>Business-type<br>Activities |
|------|--------------------------|----------------------------------|------------------|-------------------|----|--------------------------------------|
|      | Revenue<br>Bonds         | Certificates of<br>Participation | Notes<br>Payable | Capital<br>Leases |    |                                      |
| 2006 | \$ 1,367,640             | \$ 9,960                         | \$ 104,958       | \$ 6,119          | \$ | 1,488,677                            |
| 2007 | 1,312,585                | 9,175                            | 119,641          | 3,767             |    | 1,445,168                            |
| 2008 | 2,012,545                | 8,350                            | 132,395          | 1,237             |    | 2,154,527                            |
| 2009 | 1,728,770                | 7,480                            | 117,597          | 565               |    | 1,854,412                            |
| 2010 | 1,714,810                | -                                | 73,797           | 541               |    | 1,789,148                            |
| 2011 | 1,709,685                | -                                | 56,687           | 3,541             |    | 1,769,913                            |
| 2012 | 1,640,665                | -                                | 54,488           | 3,109             |    | 1,698,262                            |
| 2013 | 1,564,045                | -                                | 147,020          | 2,667             |    | 1,713,732                            |
| 2014 | 1,534,901                | -                                | 515,995          | 2,215             |    | 2,053,111                            |
| 2015 | 1,696,772                | -                                | 499,248          | 19,752            |    | 2,215,772                            |

|      | Total<br>Primary<br>Government | Percentage<br>of Personal<br>Income (1) | Per<br>Capita (1) |
|------|--------------------------------|-----------------------------------------|-------------------|
| 2006 | \$ 2,115,050                   | 2.749%                                  | \$ 4,523          |
| 2007 | 2,082,696                      | 2.843%                                  | 4,479             |
| 2008 | 2,765,504                      | 2.890%                                  | 5,970             |
| 2009 | 2,437,356                      | 2.759%                                  | 5,273             |
| 2010 | 2,378,357                      | 2.796%                                  | 5,140             |
| 2011 | 2,333,682                      | 2.917%                                  | 5,048             |
| 2012 | 2,240,916                      | 3.019%                                  | 4,813             |
| 2013 | 2,217,187                      | 3.156%                                  | 4,741             |
| 2014 | 2,546,464                      | 3.307%                                  | 5,425             |
| 2015 | 2,662,827                      | 3.430%                                  | 5,623             |

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

See accompanying independent auditors' report.

(1) See Schedule of Demographic and Economic Statistics for personal income and population data.

**City of Long Beach**  
Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(In Thousands, except Per Capita)

| Fiscal<br>Year-end | Outstanding General Bonded Debt |                            |                                                     |                           | Ratio of Net<br>Bonded Debt<br>to Assessed<br>Value (2) | Per<br>Capita (3) |
|--------------------|---------------------------------|----------------------------|-----------------------------------------------------|---------------------------|---------------------------------------------------------|-------------------|
|                    | Pension<br>Obligation<br>Bonds  | Tax<br>Allocation<br>Bonds | Less: Amounts<br>Restricted for<br>Debt Service (1) | Net<br>Bonded<br>Debt (1) |                                                         |                   |
| 2006               | \$ 89,465                       | \$ 348,626                 | \$ 36,936                                           | \$ 401,155                | 113%                                                    | \$ 857.93         |
| 2007               | 83,635                          | 340,813                    | 42,945                                              | 381,503                   | 96%                                                     | 820.41            |
| 2008               | 77,275                          | 332,562                    | 45,796                                              | 364,041                   | 84%                                                     | 785.84            |
| 2009               | 70,340                          | 323,890                    | 53,895                                              | 340,335                   | 73%                                                     | 736.32            |
| 2010               | 62,775                          | 347,740                    | 57,937                                              | 352,578                   | 78%                                                     | 762.03            |
| 2011               | 54,520                          | 337,557                    | 48,360                                              | 343,717                   | 77%                                                     | 743.56            |
| 2012               | 50,205                          | 326,852                    | 32,615                                              | 344,442                   | 76%                                                     | 739.82            |
| 2013               | 45,675                          | 315,399                    | 33,375                                              | 327,699                   | 68%                                                     | 700.74            |
| 2014               | 40,822                          | 309,160                    | 32,471                                              | 317,511                   | 63%                                                     | 676.38            |
| 2015               | 35,837                          | 276,934                    | 20,331                                              | 292,440                   | 57%                                                     | 617.51            |

Notes:

- (1) Includes Redevelopment bonds issued during fiscal years 2002, 2003, 2005, and 2006.
- (2) Assessed value can be found in the Schedule of Assessed Value and Actual Value of Taxable Property. Percentage calculated using the following formula: Net bonded Debt / (Assessed Value - Exemptions)
- (3) Population data can be found in the Schedule of Demographic and Economic Statistics.

See accompanying independent auditors' report.

**City of Long Beach**  
**Schedule of Direct and Overlapping Debt**  
**September 30, 2015 (In Thousands)**

2014-15 Assessed Valuation: \$49,710,099

| <b>DIRECT DEBT:</b>                                                                                                     |                  | <b>Outstanding</b>          | <b>Exclusions</b>           | <b>Outstanding</b>         |
|-------------------------------------------------------------------------------------------------------------------------|------------------|-----------------------------|-----------------------------|----------------------------|
| City of Long Beach                                                                                                      |                  |                             |                             |                            |
| Lease Revenue Bonds                                                                                                     |                  | \$ 95,189                   | \$ -                        | \$ 95,189                  |
| Tax Allocation Bonds                                                                                                    |                  | 276,934                     | -                           | 276,934                    |
| Notes Payable                                                                                                           |                  | 5,117                       | -                           | 5,117                      |
| Capital Leases                                                                                                          |                  | 33,978                      | -                           | 33,978                     |
| Pension Obligations                                                                                                     |                  | 35,837                      | -                           | 35,837                     |
| Total Direct Debt                                                                                                       |                  | <u>\$ 447,055</u>           | <u>\$ -</u>                 | <u>\$ 447,055</u>          |
| <b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>                                                                             |                  | <b>% Applicable</b>         |                             |                            |
| Cerritos Community College District                                                                                     | 0.340 %          | \$ 574,447                  | \$ 573,514                  | \$ 933                     |
| Compton Community College District                                                                                      | 2.544            | 74,165                      | 72,315                      | 1,850                      |
| Long Beach Community College District                                                                                   | 86.118           | 402,543                     | 56,315                      | 346,228                    |
| Los Angeles Community College District                                                                                  | 0.055            | 3,671,000                   | 3,668,981                   | 2,019                      |
| ABC Unified School District                                                                                             | 1.029            | 36,255                      | 35,881                      | 374                        |
| Compton Unified School District                                                                                         | 0.025            | 48,586                      | 48,574                      | 12                         |
| Long Beach Unified School District                                                                                      | 86.120           | 751,996                     | 105,197                     | 646,799                    |
| Los Angeles Unified School District                                                                                     | 0.069            | 9,913,670                   | 9,906,929                   | 6,741                      |
| Paramount Unified School District                                                                                       | 8.871            | 113,268                     | 103,373                     | 9,895                      |
| Los Angeles County Flood Control District                                                                               | 4.158            | 15,105                      | 14,468                      | 637                        |
| Metropolitan Water District                                                                                             | 2.171            | 110,420                     | 108,048                     | 2,372                      |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT(1)                                                                            |                  | <u>\$ 15,711,455</u>        | <u>\$ 14,693,595</u>        | <u>\$ 1,017,860</u>        |
| <b>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</b>                                                                        |                  |                             |                             |                            |
| Los Angeles County General Fund Obligations                                                                             | 4.162 %          | \$ 1,906,949                | \$ 1,828,039                | \$ 78,910                  |
| Los Angeles County Superintendent of Schools Certificates of Participation                                              | 4.162            | 7,944                       | 7,615                       | 329                        |
| Compton Unified School District Certificates of Participation                                                           | 0.025            | 20,850                      | 20,845                      | 5                          |
| Los Angeles Unified School District Certificates of Participation                                                       | 0.069            | 305,830                     | 305,622                     | 208                        |
| Paramount Unified School District Certificates of Participation                                                         | 8.871            | 28,900                      | 26,375                      | 2,525                      |
| County Sanitation District No. 1 Certificates of Participation                                                          | 1.229            | 12,536                      | 12,377                      | 159                        |
| County Sanitation District No. 2 Certificates of Participation                                                          | 0.195            | 19,356                      | 19,318                      | 38                         |
| County Sanitation District No. 3 Certificates of Participation                                                          | 86.327           | 6,476                       | 879                         | 5,597                      |
| County Sanitation District No. 8 Certificates of Participation                                                          | 2.372            | 7,639                       | 7,442                       | 197                        |
| County Sanitation District No. 19 Certificates of Participation                                                         | 28.730           | 3,486                       | 2,481                       | 1,005                      |
| TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT                                                                    |                  | <u>\$ 2,319,966</u>         | <u>\$ 2,230,993</u>         | <u>\$ 88,973</u>           |
| <b>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</b>                                                               | <b>100.000 %</b> | <b>\$ 278,990</b>           | <b>\$ -</b>                 | <b>\$ 278,990</b>          |
| <b>TOTAL GROSS OVERLAPPING COMBINED DEBT</b>                                                                            |                  | <b>\$ 18,310,411</b>        | <b>\$ 16,924,588</b>        | <b>\$ 1,385,823</b>        |
| Less: Los Angeles County General Fund Obligations supported by landfill revenues                                        |                  | -                           | -                           | -                          |
| Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts) |                  | 21,237                      | 21,225                      | 12                         |
| <b>TOTAL NET OVERLAPPING COMBINED DEBT</b>                                                                              |                  | <u><b>\$ 18,289,174</b></u> | <u><b>\$ 16,903,363</b></u> | <u><b>\$ 1,385,811</b></u> |
| <b>TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT</b>                                                                   |                  | <u><b>\$ 18,736,229</b></u> | <u><b>\$ 16,903,363</b></u> | <u><b>\$ 1,832,866</b></u> |

**Notes:**

(1) Excludes 1915 Act and Mello-Roos Act Bonds

Source: California Municipal Statistics, Inc.

See accompanying independent auditors' report.

**City of Long Beach**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
**(In Thousands)**

|                                                                     | Fiscal Year         |                     |                     |                     |                     |
|---------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                     | 2006                | 2007                | 2008                | 2009                | 2010                |
| Assessed valuation                                                  | \$35,519,905        | \$39,877,469        | \$43,345,421        | \$46,621,743        | \$45,466,275        |
| Conversion percentage                                               | 25%                 | 25%                 | 25%                 | 25%                 | 25%                 |
| Adjusted assessed valuation                                         | 8,879,976           | 9,969,367           | 10,836,355          | 11,655,436          | 11,366,569          |
| Debt limit percentage                                               | 15%                 | 15%                 | 15%                 | 15%                 | 15%                 |
| Debt limit                                                          | 1,331,996           | 1,495,405           | 1,625,453           | 1,748,315           | 1,704,985           |
| Total net debt applicable to limit:                                 |                     |                     |                     |                     |                     |
| General obligation bonds                                            | -                   | -                   | -                   | -                   | -                   |
| Legal debt margin                                                   | <u>\$ 1,331,996</u> | <u>\$ 1,495,405</u> | <u>\$ 1,625,453</u> | <u>\$ 1,748,315</u> | <u>\$ 1,704,985</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  |

|                                                                     | Fiscal Year         |                     |                     |                     |                     |
|---------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                                     | 2011                | 2012                | 2013                | 2014                | 2015                |
| Assessed valuation                                                  | \$44,589,625        | \$45,421,772        | \$47,952,110        | \$50,498,496        | \$51,678,154        |
| Conversion percentage                                               | 25%                 | 25%                 | 25%                 | 25%                 | 25%                 |
| Adjusted assessed valuation                                         | 11,147,406          | 11,355,443          | 11,988,028          | 12,624,624          | 12,919,539          |
| Debt limit percentage                                               | 15%                 | 15%                 | 15%                 | 15%                 | 15%                 |
| Debt limit                                                          | 1,672,111           | 1,703,316           | 1,798,204           | 1,893,694           | 1,937,931           |
| Total net debt applicable to limit:                                 |                     |                     |                     |                     |                     |
| General obligation bonds                                            | -                   | -                   | -                   | -                   | -                   |
| Legal debt margin                                                   | <u>\$ 1,672,111</u> | <u>\$ 1,703,316</u> | <u>\$ 1,798,204</u> | <u>\$ 1,893,694</u> | <u>\$ 1,937,931</u> |
| Total debt applicable to the limit<br>as a percentage of debt limit | 0%                  | 0%                  | 0%                  | 0%                  | 0%                  |

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. This provision was enacted when assessed valuation was based on 25 percent of market value. Effective with fiscal year 1982, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Long Beach, Department of Financial Management  
County of Los Angeles, Department of Auditor-Controller

See accompanying independent auditors' report.

**City of Long Beach**  
**Pledged Revenue Coverage**  
**Gas Fund Revenue Bond Coverage**  
**Last Ten Fiscal Years (5)**  
**(In Thousands)**

| Fiscal Year-end | Operating Revenue | Operating Expenses (1) | Net Operating Income | Non-Operating Income (Loss) (1) | Net Revenue Available for Debt Service | Debt Service Requirements (4) |          |          | Times Coverage |
|-----------------|-------------------|------------------------|----------------------|---------------------------------|----------------------------------------|-------------------------------|----------|----------|----------------|
|                 |                   |                        |                      |                                 |                                        | Principal                     | Interest | Total    |                |
| 2006            | \$107,481         | \$ 96,786              | \$ 10,695            | \$ 5,807                        | \$ 16,502                              | \$ 885                        | \$ 195   | \$ 1,080 | 15.3           |
| 2007            | 99,648            | 85,151                 | 14,497               | 1,389                           | 15,886                                 | 905                           | 173      | 1,078    | 14.7           |
| 2008            | 123,085           | 89,115                 | 33,970               | 993                             | 34,963                                 | 925                           | 29,697   | 30,622   | 1.1            |
| 2009            | 87,736            | 41,232                 | 46,504               | 26,983                          | 73,487                                 | 1,050                         | 46,548   | 47,598   | 1.5            |
| 2010            | 79,732            | 39,803                 | 39,929               | 1,566                           | 41,495                                 | 9,480                         | 33,918   | 43,398   | 1.0            |
| 2011            | 87,730            | 45,922                 | 41,808               | 227                             | 42,035                                 | 10,400                        | 33,444   | 43,844   | 1.0            |
| 2012            | 82,671            | 38,902                 | 43,769               | (348)                           | 43,421                                 | 10,035                        | 32,955   | 42,990   | 1.0            |
| 2013            | 80,215            | 37,274                 | 42,941               | (1,067)                         | 41,874                                 | 9,040                         | 32,492   | 41,532   | 1.0            |
| 2014            | 81,992            | 42,503                 | 39,489               | (946)                           | 38,543                                 | 7,305                         | 32,079   | 39,384   | 1.0            |
| 2015            | 77,098            | 30,845                 | 46,253               | 83                              | 46,336                                 | 6,840                         | 31,725   | 38,565   | 1.2            |

**Water Fund Revenue Bond Coverage**  
**Last Ten Fiscal Years (2)**  
**(In Thousands)**

|      |           |           |           |          |           |          |          |          |      |
|------|-----------|-----------|-----------|----------|-----------|----------|----------|----------|------|
| 2006 | \$ 66,074 | \$ 53,059 | \$ 13,015 | \$ 1,564 | \$ 14,579 | \$ 1,155 | \$ 1,836 | \$ 2,991 | 4.9  |
| 2007 | 70,259    | 55,965    | 14,294    | 823      | 15,117    | 1,210    | 1,785    | 2,995    | 5.0  |
| 2008 | 71,604    | 57,239    | 14,365    | 1,417    | 15,782    | 1,265    | 1,731    | 2,996    | 5.3  |
| 2009 | 80,933    | 61,637    | 19,296    | 861      | 20,157    | 1,330    | 1,661    | 2,991    | 6.7  |
| 2010 | 87,151    | 67,091    | 20,060    | 10,075   | 30,135    | 1,405    | 1,588    | 2,993    | 10.1 |
| 2011 | 88,576    | 70,565    | 18,011    | (207)    | 17,804    | -        | 861      | 861      | 20.7 |
| 2012 | 86,515    | 69,982    | 16,533    | (702)    | 15,831    | 490      | 1,249    | 1,739    | 9.1  |
| 2013 | 91,949    | 76,217    | 15,732    | (1,789)  | 13,943    | 2,110    | 1,484    | 3,594    | 3.9  |
| 2014 | 100,187   | 81,767    | 18,420    | 371      | 18,791    | 2,385    | 1,502    | 3,887    | 4.8  |
| 2015 | 99,475    | 91,395    | 8,080     | 1,561    | 9,641     | 2,510    | 1,390    | 3,900    | 2.5  |

**Solid Waste Management Fund**  
**SERRF Authority Revenue Bond Coverage**  
**Last Ten Fiscal Years (3)**  
**(In Thousands)**

|      |           |           |           |          |           |          |          |           |     |
|------|-----------|-----------|-----------|----------|-----------|----------|----------|-----------|-----|
| 2006 | \$ 78,173 | \$ 65,218 | \$ 12,955 | \$ 5,385 | \$ 18,340 | \$ 6,355 | \$ 4,813 | \$ 11,168 | 1.6 |
| 2007 | 81,412    | 68,982    | 12,430    | 6,747    | 19,177    | 6,540    | 4,635    | 11,175    | 1.7 |
| 2008 | 83,628    | 72,102    | 11,526    | 6,342    | 17,868    | 6,690    | 4,478    | 11,168    | 1.6 |
| 2009 | 84,151    | 73,976    | 10,175    | 4,163    | 14,338    | 6,860    | 4,312    | 11,172    | 1.3 |
| 2010 | 77,419    | 64,608    | 12,811    | 4,228    | 17,039    | 7,050    | 4,121    | 11,171    | 1.5 |
| 2011 | 73,797    | 64,198    | 9,599     | 1,867    | 11,466    | 7,305    | 3,860    | 11,165    | 1.0 |
| 2012 | 77,111    | 62,718    | 14,393    | 662      | 15,055    | 7,635    | 3,535    | 11,170    | 1.3 |
| 2013 | 79,327    | 65,010    | 14,317    | (716)    | 13,601    | 8,005    | 3,165    | 11,170    | 1.2 |
| 2014 | 80,701    | 70,639    | 10,062    | 224      | 10,286    | 8,410    | 2,758    | 11,168    | 0.9 |
| 2015 | 80,176    | 68,626    | 11,550    | 609      | 12,159    | 8,860    | 2,311    | 11,171    | 1.1 |

**Notes:**

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.
- (2) The Water Revenue Refunding Bonds Series 1997A were refunded by the Water Revenue Refunding Bonds Series 2010A. Current debt service payments for the 1997 Bonds were covered by the 2010 Bonds refunding issue proceeds.
- (3) The SERRF Authority issued revenue bonds on December 1, 1985, and August 1 and December 1, 1986. According to the December 1, 1986, bond resolution interest was funded from bond proceeds through August 1989. These bonds were refunded by the SERRF Authority Lease Revenue refunding Bond Series 1995. Current debt service payments for the previous issues were covered by the 1995 refunding issue proceeds. The 1995 refunding bonds were refunded by the SERRF Authority Lease Revenue Bonds Series 2003 in October 2003.
- (4) The 2009 increase of Non-Operating Income for Gas was due to the \$25.6 million savings attributable to the tender of 2007 Gas Prepay Bonds of \$231 million.
- (5) Gas Fund Revenue Bond Coverage for Debt Service Requirement for FY 2007-FY 2010 were restated to include the 2007 Gas Prepay Series A and B payments.

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

**City of Long Beach**  
**Pledged Revenue Coverage**  
**Airport Revenue Bond Coverage**  
**Last Ten Fiscal Years**  
**(In Thousands)**

| Fiscal<br>Year-end | Operating<br>Revenue | Operating<br>Expenses (1) | Net<br>Operating<br>Income | Non-<br>Operating<br>Income<br>(Loss) (1) | Net Revenue<br>or Funds<br>Available for<br>Debt Service | Debt Service Requirements |          |       | Times<br>Coverage |
|--------------------|----------------------|---------------------------|----------------------------|-------------------------------------------|----------------------------------------------------------|---------------------------|----------|-------|-------------------|
|                    |                      |                           |                            |                                           |                                                          | Principal                 | Interest | Total |                   |
| 2006               | \$ -                 | \$ -                      | \$ -                       | \$ -                                      | \$ -                                                     | \$ -                      | \$ -     | \$ -  | -                 |
| 2007               | -                    | -                         | -                          | -                                         | -                                                        | -                         | -        | -     | -                 |
| 2008               | -                    | -                         | -                          | -                                         | -                                                        | -                         | -        | -     | -                 |
| 2009               | -                    | -                         | -                          | -                                         | -                                                        | -                         | -        | -     | -                 |
| 2010               | 31,033               | 26,157                    | 4,876                      | 7,301                                     | 12,177                                                   | 855                       | 1,998    | 2,853 | 4.3               |
| 2011               | 32,416               | 28,150                    | 4,266                      | 7,224                                     | 11,490                                                   | 905                       | 5,668    | 6,573 | 1.7               |
| 2012               | 34,405               | 27,142                    | 7,263                      | 8,772                                     | 16,035                                                   | 1,330                     | 7,046    | 8,376 | 1.9               |
| 2013               | 34,760               | 26,513                    | 8,247                      | 8,060                                     | 16,307                                                   | 2,260                     | 7,004    | 9,264 | 1.8               |
| 2014               | 35,802               | 27,302                    | 8,500                      | 8,661                                     | 17,161                                                   | 2,340                     | 6,927    | 9,267 | 1.9               |
| 2015               | 33,811               | 27,842                    | 5,969                      | 3,134                                     | 9,103                                                    | 2,420                     | 6,844    | 9,264 | 1.0               |

**Fleet Services Fund**  
**Temple Willow Revenue Bond Coverage**  
**Last Ten Fiscal Years**  
**(In Thousands)**

|      |           |           |          |        |          |        |          |          |      |
|------|-----------|-----------|----------|--------|----------|--------|----------|----------|------|
| 2006 | \$ 26,926 | \$ 18,598 | \$ 8,328 | \$ 789 | \$ 9,117 | \$ 940 | \$ 1,526 | \$ 2,466 | 3.7  |
| 2007 | 28,306    | 21,229    | 7,077    | 402    | 7,479    | 865    | 1,571    | 2,436    | 3.1  |
| 2008 | 28,408    | 21,088    | 7,320    | 908    | 8,228    | 900    | 1,534    | 2,434    | 3.4  |
| 2009 | 30,941    | 20,491    | 10,450   | 1,900  | 12,350   | 945    | 1,494    | 2,439    | 5.1  |
| 2010 | 33,028    | 20,396    | 12,632   | 36     | 12,668   | 980    | 1,449    | 2,429    | 5.2  |
| 2011 | 33,460    | 22,348    | 11,112   | 1,011  | 12,123   | 1,025  | 1,493    | 2,518    | 4.8  |
| 2012 | 32,620    | 19,547    | 13,073   | 319    | 13,392   | 1,035  | 1,410    | 2,445    | 5.5  |
| 2013 | 30,015    | 19,843    | 10,172   | 409    | 10,581   | 820    | 1,512    | 2,332    | 4.5  |
| 2014 | 31,923    | 19,201    | 12,722   | 351    | 13,073   | -      | 912      | 912      | 14.3 |
| 2015 | 32,660    | 23,719    | 8,941    | 1,592  | 10,533   | -      | 912      | 912      | 11.5 |

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.  
Prior year adjustments to operating expenses were made to exclude amortization.

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

**City of Long Beach**  
**Pledged Revenue Coverage**  
**Rainbow Harbor Area Segment**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years (2)**  
**(In Thousands)**

| Fiscal<br>Year-end | Operating<br>Revenue | Operating<br>Expenses (1) | Net<br>Operating<br>Income<br>(Loss) | Non-<br>Operating<br>Income<br>(Loss) (1) | Net Revenue<br>or Funds<br>Available for<br>Debt Service | Debt Service Requirements |          |          | Times<br>Coverage |
|--------------------|----------------------|---------------------------|--------------------------------------|-------------------------------------------|----------------------------------------------------------|---------------------------|----------|----------|-------------------|
|                    |                      |                           |                                      |                                           |                                                          | Principal                 | Interest | Total    |                   |
| 2006               | \$ 6,404             | \$ 8,728                  | \$ (2,324)                           | \$ 338                                    | \$ (1,986)                                               | \$ 1,515                  | \$ 2,369 | \$ 3,884 | -                 |
| 2007               | 7,230                | 10,305                    | (3,075)                              | 465                                       | (2,610)                                                  | 2,070                     | 2,184    | 4,254    | -                 |
| 2008               | 7,212                | 9,739                     | (2,527)                              | 210                                       | (2,317)                                                  | 2,235                     | 2,025    | 4,260    | -                 |
| 2009               | 6,880                | 9,498                     | (2,618)                              | 2,275                                     | (343)                                                    | 2,325                     | 1,936    | 4,261    | -                 |
| 2010               | 7,421                | 9,255                     | (1,834)                              | (20)                                      | (1,854)                                                  | 2,410                     | 1,846    | 4,256    | -                 |
| 2011               | 8,780                | 9,869                     | (1,089)                              | 69                                        | (1,020)                                                  | 2,500                     | 1,761    | 4,261    | -                 |
| 2012               | 9,206                | 9,747                     | (541)                                | 49                                        | (492)                                                    | 2,590                     | 1,666    | 4,256    | -                 |
| 2013               | 9,578                | 10,070                    | (492)                                | 64                                        | (428)                                                    | 2,680                     | 1,570    | 4,250    | -                 |
| 2014               | 10,677               | 11,049                    | (372)                                | (12)                                      | (384)                                                    | 2,795                     | 1,457    | 4,252    | -                 |
| 2015               | 10,997               | 11,589                    | (592)                                | 85                                        | (507)                                                    | 2,900                     | 1,353    | 4,253    | -                 |

**Tideland Operating Segment**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years (3)**  
**(In Thousands)**

|      |           |           |            |          |            |          |          |          |   |
|------|-----------|-----------|------------|----------|------------|----------|----------|----------|---|
| 2006 | \$ 48,859 | \$ 57,923 | \$ (9,064) | \$ 4,732 | \$ (4,332) | \$ 2,369 | \$ 6,558 | \$ 8,927 | - |
| 2007 | 56,663    | 61,199    | (4,536)    | 3,516    | (1,020)    | 2,765    | 6,504    | 9,269    | - |
| 2008 | 52,739    | 69,138    | (16,399)   | 6,563    | (9,836)    | 2,870    | 6,393    | 9,263    | - |
| 2009 | 55,684    | 72,880    | (17,196)   | 6,335    | (10,861)   | 2,985    | 6,274    | 9,259    | - |
| 2010 | 55,288    | 65,736    | (10,448)   | 1,055    | (9,393)    | 3,105    | 6,147    | 9,252    | - |
| 2011 | 55,287    | 73,809    | (18,522)   | 1,524    | (16,998)   | 3,240    | 6,010    | 9,250    | - |
| 2012 | 28,075    | 51,697    | (23,622)   | 1,555    | (22,067)   | 3,380    | 5,622    | 9,002    | - |
| 2013 | 31,481    | 46,924    | (15,443)   | 753      | (14,690)   | 5,560    | 4,578    | 10,138   | - |
| 2014 | 32,306    | 59,557    | (27,251)   | 1,157    | (26,094)   | 3,670    | 4,495    | 8,165    | - |
| 2015 | 38,858    | 69,007    | (30,149)   | 1,630    | (28,519)   | 3,780    | 4,374    | 8,154    | - |

**Harbor Fund**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years (4)**  
**(In Thousands)**

|      |            |           |            |           |            |           |           |           |     |
|------|------------|-----------|------------|-----------|------------|-----------|-----------|-----------|-----|
| 2006 | \$ 353,294 | \$ 75,541 | \$ 277,753 | \$ 27,741 | \$ 305,494 | \$ 34,935 | \$ 54,556 | \$ 89,491 | 3.4 |
| 2007 | 370,832    | 96,964    | 273,868    | 28,246    | 302,114    | 38,335    | 51,216    | 89,551    | 3.4 |
| 2008 | 359,345    | 116,166   | 243,179    | 55,866    | 299,045    | 40,090    | 49,432    | 89,522    | 3.3 |
| 2009 | 311,351    | 97,880    | 213,471    | 27,160    | 240,631    | 42,150    | 47,488    | 89,638    | 2.7 |
| 2010 | 321,639    | 98,026    | 223,613    | 44,166    | 267,779    | 40,120    | 42,427    | 82,547    | 3.2 |
| 2011 | 345,389    | 81,423    | 263,966    | (12,490)  | 251,476    | 42,175    | 37,247    | 79,422    | 3.2 |
| 2012 | 333,887    | 87,637    | 246,250    | (2,522)   | 243,728    | 44,815    | 35,193    | 80,008    | 3.0 |
| 2013 | 346,244    | 97,696    | 248,548    | (818)     | 247,730    | 46,965    | 33,026    | 79,991    | 3.1 |
| 2014 | 356,880    | 108,455   | 248,425    | 4,020     | 252,445    | 125,460   | 30,623    | 156,083   | 1.6 |
| 2015 | 355,450    | 130,013   | 225,437    | 44,386    | 269,823    | 145,215   | 26,558    | 171,773   | 1.6 |

**Notes:**

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.
- (2) The Rainbow Harbor Area Segment of the Tidelands Fund fund balance is considered adequate to cover the debt service. Operating transfers are made to provide funding to the Rainbow Harbor Area from other Tidelands funds on an as-needed basis.
- (3) The Long Beach Aquarium of the Pacific Lease Revenue Refunding Bonds Series 2012 were issued to (1) refund the Long Beach Aquarium of the Pacific Revenue Bonds 2001 Series bonds, (2) to fund a reserve fund for the Series 2012 Bonds, and (3) pay the costs of issuance of the Series 2012 Bonds.
- (4) Harbor 2000 Revenue Bonds Series A was paid off in fiscal year 2010 and a new Harbor 2010 Revenue Bonds Series A was issued. Prior year adjustments are being made to reflect these bond changes.

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

**City of Long Beach**  
Demographic Statistics  
Last Ten Fiscal Years

| Fiscal<br>Year-end | Estimated<br>Population<br>(1) | Personal<br>Income<br>(in millions)<br>(2) (5) | Per Capita<br>Personal<br>Income<br>(2) (5) | Public School<br>Enrollment<br>(3) | Unemployment<br>Rate<br>(4) |
|--------------------|--------------------------------|------------------------------------------------|---------------------------------------------|------------------------------------|-----------------------------|
| 2006               | 467,586                        | \$ 12,854                                      | \$ 27,490                                   | 93,589                             | 5.3                         |
| 2007               | 465,017                        | 13,222                                         | 28,434                                      | 90,663                             | 5.6                         |
| 2008               | 463,250                        | 13,387                                         | 28,898                                      | 88,186                             | 8.2                         |
| 2009               | 462,211                        | 12,752                                         | 27,589                                      | 87,509                             | 12.8                        |
| 2010               | 462,685                        | 12,938                                         | 27,964                                      | 86,283                             | 13.9                        |
| 2011               | 462,257                        | 13,486                                         | 29,173                                      | 84,812                             | 13.4                        |
| 2012               | 465,576                        | 14,058                                         | 30,196                                      | 83,691                             | 12.2                        |
| 2013               | 467,646                        | 14,757                                         | 31,556                                      | 82,256                             | 10.3                        |
| 2014               | 469,428                        | 15,525                                         | 33,072                                      | 81,155                             | 8.6                         |
| 2015               | 473,577                        | 16,242                                         | 34,296                                      | 79,709                             | 6.8                         |

Sources:

(1) California Department of Finance

(2) Bureau of Economic Analysis (BEA)

Personal income and per capita personal income are based on percentage change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area). The BEA's report does not have personal income and per capita personal income available for 2015, so an average of the last five years was used.

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

(4) Average annual rate reported by California Employment Development Department (EDD).

(5) Data from 2008 - 2014 restated due to annual revisions.

See accompanying independent auditors' report.

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

| Ranking | Employer                                       | Fiscal Year 2015    |                                     | Ranking | Fiscal Year 2006    |                                     |
|---------|------------------------------------------------|---------------------|-------------------------------------|---------|---------------------|-------------------------------------|
|         |                                                | Number of Employees | Percentage of Total City Employment |         | Number of Employees | Percentage of Total City Employment |
|         |                                                | (1)                 | (2)                                 |         | (1)                 | (2)                                 |
| 1       | Long Beach Unified School District             | 12,508              | 5.24%                               | 1       | 9,064               | 3.90%                               |
| 2       | City of Long Beach                             | 5,286               | 2.21%                               | 4       | 5,854               | 2.52%                               |
| 3       | Long Beach Memorial Medical Center             | 5,212               | 2.18%                               | 5       | 3,500               | 1.51%                               |
| 4       | The Boeing Company                             | 3,707               | 1.55%                               | 2       | 6,525               | 2.81%                               |
| 5       | California State University Long Beach (CSULB) | 2,961               | 1.24%                               | 3       | 6,007               | 2.59%                               |
| 6       | Veteran Affairs Medical Center                 | 2,665               | 1.12%                               | 9       | 1,700               | 0.73%                               |
| 7       | Long Beach City College                        | 2,637               | 1.10%                               | 7       | 2,000               | 0.86%                               |
| 8       | CSULB Research Foundation                      | 1,523               | 0.64%                               |         | N/A                 | N/A                                 |
| 9       | Molina Healthcare Inc                          | 1,488               | 0.62%                               |         | N/A                 | N/A                                 |
| 10      | St. Mary Medical Center                        | 1,458               | 0.61%                               | 10      | 1,634               | 0.70%                               |
|         | Verizon                                        |                     |                                     | 6       | 2,000               | 0.86%                               |
|         | United States Postal Service                   |                     |                                     | 8       | 1,900               | 0.82%                               |

Sources:

(1) Department of Financial Management Accounting and Business License

(2) State of California Employment Development Department Labor Market Info for 2006 and 2015

This data was compiled from various sources by the City of Long Beach Departments of Development Services and Financial Management. Employment data is intended for use as a general guide only. The City of Long Beach does not warrant the accuracy of this data. Inquiries should be directed to the respective employer.

See accompanying independent auditors' report.

**City of Long Beach**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years**

| Function                              | Fiscal Year |       |       |       |       |       |       |       |       |       |
|---------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
|                                       | 2006        | 2007  | 2008  | 2009  | 2010  | 2011  | 2012  | 2013  | 2014  | 2015  |
| Legislative and Legal                 | 143         | 148   | 144   | 138   | 138   | 133   | 130   | 129   | 130   | 130   |
| General Government <sup>(1)</sup>     | 447         | 451   | 522   | 506   | 483   | 438   | 424   | 382   | 398   | 415   |
| Public Safety                         | 2,143       | 2,127 | 2,120 | 2,022 | 1,927 | 1,826 | 1,796 | 1,765 | 1,757 | 1,843 |
| Public Health                         | 399         | 405   | 390   | 337   | 322   | 311   | 262   | 263   | 249   | 257   |
| Community and Cultural <sup>(1)</sup> | 1,100       | 1,194 | 1,219 | 1,107 | 1,131 | 1,094 | 1,038 | 1,020 | 1,046 | 1,121 |
| Public Works                          | 373         | 373   | 298   | 326   | 321   | 336   | 287   | 273   | 275   | 258   |
| Gas                                   | 178         | 181   | 185   | 181   | 178   | 195   | 194   | 202   | 201   | 198   |
| Water                                 | 217         | 229   | 212   | 208   | 219   | 216   | 225   | 223   | 217   | 220   |
| Airport                               | 90          | 98    | 88    | 61    | 60    | 57    | 96    | 88    | 88    | 91    |
| Solid Waste Management                | 143         | 135   | 184   | 209   | 200   | 205   | 189   | 177   | 181   | 183   |
| Towing                                | 38          | 42    | 38    | 35    | 32    | 34    | 29    | 22    | 26    | 26    |
| Tideland Oil Revenue                  | 34          | 35    | 34    | 31    | 22    | 22    | 19    | 15    | 15    | 15    |
| Harbor                                | 337         | 345   | 378   | 409   | 433   | 445   | 466   | 469   | 491   | 529   |
| Total                                 | 5,642       | 5,763 | 5,812 | 5,570 | 5,466 | 5,312 | 5,155 | 5,028 | 5,074 | 5,286 |

(1) Restated 2013 and 2014 as Library Services was included as part of General Government and should have been classified as Community and Cultural.

Source: City of Long Beach, Department of Financial Management as of September 30, 2015

See accompanying independent auditors' report.



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**City of Long Beach**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

| Function                                                      | Fiscal Year<br>2006 | Fiscal Year<br>2007 | Fiscal Year<br>2008 | Fiscal Year<br>2009 | Fiscal Year<br>2010 |
|---------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Public Safety:                                                |                     |                     |                     |                     |                     |
| Police priority one calls response time in minutes            | 4.5                 | 4.3                 | 4.4                 | 4.1                 | 4.00                |
| Violent crime rate - per 1,000 residents                      | 6.99                | 6.82                | 6.53                | 6.51                | 6.42                |
| Fire on-scene arrival for emergency calls within six minutes  | 73.6%               | 73.9%               | 71.6%               | 70.5%               | 67.7%               |
| Public Health:                                                |                     |                     |                     |                     |                     |
| Percentage of beach days that are safe for swimming in summer | 94%                 | 93%                 | 87%                 | 80%                 | 83%                 |
| Homeless population ratio vs. total population (1)            | 0.91%               | 0.93%               | 0.80%               | 0.80%               | 0.79%               |
| Community and Cultural:                                       |                     |                     |                     |                     |                     |
| Public library computer session log-ons                       | 305,130             | 348,982             | 437,211             | 420,100             | 385,514             |
| Parks, recreation programs - youth and teen attendance        | 647,705             | 646,035             | 726,812             | 652,953             | 699,391             |
| Public Works:                                                 |                     |                     |                     |                     |                     |
| Number of trees trimmed                                       | 28,401              | 34,342              | 25,682              | 19,300              | 21,618              |
| Curbs and alleys swept in miles                               | 165,706             | 176,542             | 163,298             | 154,152             | 142,000             |
| Sidewalk repaired in square feet                              | 436,505             | 363,089             | 260,742             | 203,805             | 348,394             |
| Storm drain catch basins cleaned                              | 5,110               | 4,744               | 5,800               | 3,122               | 163,618             |
| Gas:                                                          |                     |                     |                     |                     |                     |
| Gas consumption in sales dollars-total                        | \$ 100,336,000      | \$ 92,323,000       | \$ 101,834,000      | \$ 71,294,000       | \$ 67,674,000       |
| Gas consumption in cubic feet ( In 000's)                     | 10,659,740          | 10,924,000          | 10,122,000          | 9,137,000           | 8,902,000           |
| Average daily gas consumption (MCF)                           | 30,186              | 29,928              | 27,655              | 25,034              | 24,389              |
| Gas mains installed/replaced/relocated in feet (2)            | 83,086              | 80,096              | 69,026              | 91,217              | 61,855              |
| Gas meters installed/removed/replaced                         | 6,880               | 7,352               | 7,416               | 7,290               | 8,713               |
| Water:                                                        |                     |                     |                     |                     |                     |
| Water daily demand in thousand gallons                        | 59,317              | 60,969              | 55,302              | 50,688              | 50,653              |
| Water annual demand in thousand gallons                       | 21,650,844          | 22,253,636          | 20,185,133          | 18,501,135          | 18,488,492          |
| Available supply total in thousand gallons                    | 23,607,579          | 24,253,546          | 22,346,927          | 20,523,106          | 20,687,237          |
| Sewer:                                                        |                     |                     |                     |                     |                     |
| Sewer mains cleaned in miles                                  | 474                 | 361                 | 365                 | 424                 | 547                 |
| Sewer mains and laterals repaired in number of jobs           | 296                 | 270                 | 278                 | 215                 | 182                 |
| Airport:                                                      |                     |                     |                     |                     |                     |
| Number of commercial passengers enplaned                      | 1,412,636           | 1,446,120           | 1,439,598           | 1,466,499           | 1,460,041           |
| Number of commercial passengers deplaned                      | 1,402,379           | 1,434,463           | 1,438,407           | 1,464,412           | 1,461,890           |
| Number of aircraft landings and take offs                     | 360,811             | 399,622             | 354,727             | 302,672             | 317,328             |
| Solid Waste Management:                                       |                     |                     |                     |                     |                     |
| Number of refuse tons collected                               | 216,725             | 199,995             | 201,816             | 217,349             | 209,289             |
| Number of recycling tons collected                            | 31,413              | 178,773             | 195,291             | 197,104             | 193,820             |
| SERRF tons of refuse received                                 | 495,794             | 502,558             | 485,207             | 488,999             | 485,207             |
| SERRF energy sold to So Cal Edison megawatt-hours             | 236,384             | 241,839             | 229,664             | 226,866             | 229,664             |
| Harbor:                                                       |                     |                     |                     |                     |                     |
| Number of container movements in twenty-foot equivalent units | 7,166,771           | 7,361,881           | 6,736,756           | 5,282,385           | 5,936,066           |
| Cargo in thousands of metric revenue tons                     | 168,416             | 173,037             | 162,910             | 135,255             | 147,357             |
| Number of ship calls                                          | 5,588               | 5,653               | 5,140               | 4,933               | 4,826               |

Source: City Departments

(1) The homeless population count is biannual.

See accompanying independent auditors' report.

| Fiscal Year<br>2011 | Fiscal Year<br>2012 | Fiscal Year<br>2013 | Fiscal Year<br>2014 | Fiscal Year<br>2015 | Function                                                      |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------------------------------------|
|                     |                     |                     |                     |                     | Public Safety:                                                |
| 4.20                | 4.35                | 4.35                | 4.69                | 4.90                | Police priority one calls response time in minutes            |
| 5.90                | 6.18                | 5.85                | 4.37                | 4.28                | Violent crime rate - per 1,000 residents                      |
| 62.9%               | 60.8%               | 55.1%               | 50.0%               | 46.3%               | Fire on-scene arrival for emergency calls within six minutes  |
|                     |                     |                     |                     |                     | Public Health:                                                |
| 85%                 | 91%                 | 94%                 | 97%                 | 95%                 | Percentage of beach days that are safe for swimming in summer |
| 0.93%               | 0.93%               | 0.93%               | 0.75%               | 0.51%               | Homeless population ratio vs. total population (1)            |
|                     |                     |                     |                     |                     | Community and Cultural:                                       |
| 330,375             | 331,028             | N/A                 | N/A                 | 222,360             | Public library computer session log-ons                       |
| 744,103             | 745,052             | 636,796             | 760,641             | 779,641             | Parks, recreation programs - youth and teen attendance        |
|                     |                     |                     |                     |                     | Public Works:                                                 |
| 19,986              | 28,021              | 24,668              | 23,500              | 23,839              | Number of trees trimmed                                       |
| 151,743             | 156,537             | 150,804             | 156,302             | 153,527             | Curbs and alleys swept in miles                               |
| 179,641             | 481,497             | 382,536             | 551,597             | 363,476             | Sidewalk repaired in square feet                              |
| 3,550               | 3,800               | 3,004               | 5,771               | 5,800               | Storm drain catch basins cleaned                              |
|                     |                     |                     |                     |                     | Gas:                                                          |
| \$ 78,663,000       | \$ 70,193,000       | \$ 68,229,000       | \$ 72,544,000       | \$ 62,281,000       | Gas consumption in sales dollars-total                        |
| 9,388,000           | 9,135,000           | 9,092,000           | 8,183,000           | 7,689,000           | Gas consumption in cubic feet ( In 000's)                     |
| 25,721              | 24,959              | 24,910              | 22,421              | 21,065              | Average daily gas consumption (MCF)                           |
| 66,567              | 84,594              | 108,646             | 110,900             | 40,589              | Gas mains installed/replaced/relocated in feet                |
| 7,150               | 8,664               | 6,093               | 3,529               | 4,440               | Gas meters installed/removed/replaced                         |
|                     |                     |                     |                     |                     | Water:                                                        |
| 50,910              | 52,260              | 53,079              | 52,389              | 47,441              | Water daily demand in thousand gallons                        |
| 18,581,979          | 19,074,861          | 19,373,993          | 19,122,012          | 17,315,820          | Water annual demand in thousand gallons                       |
| 20,604,243          | 21,330,532          | 21,538,947          | 21,019,736          | 19,000,372          | Available supply total in thousand gallons                    |
|                     |                     |                     |                     |                     | Sewer:                                                        |
| 470                 | 414                 | 535                 | 498                 | 492                 | Sewer mains cleaned in miles                                  |
| 259                 | 261                 | 241                 | 213                 | 224                 | Sewer mains and laterals repaired in number of jobs           |
|                     |                     |                     |                     |                     | Airport:                                                      |
| 1,532,442           | 1,643,383           | 1,497,503           | 1,433,273           | 1,276,679           | Number of commercial passengers enplaned                      |
| 1,549,164           | 1,634,345           | 1,492,430           | 1,426,830           | 1,273,232           | Number of commercial passengers deplaned                      |
| 302,763             | 287,699             | 284,193             | 325,527             | 300,184             | Number of aircraft landings and take offs                     |
|                     |                     |                     |                     |                     | Solid Waste Management:                                       |
| 194,462             | 187,505             | 187,146             | 182,452             | 173,895             | Number of refuse tons collected                               |
| 180,160             | 172,143             | 169,264             | 169,420             | 161,997             | Number of recycling tons collected                            |
| 460,906             | 474,689             | 470,510             | 459,160             | 447,535             | SERRF tons of refuse received                                 |
| 208,663             | 220,867             | 226,592             | 223,658             | 200,994             | SERRF energy sold to So Cal Edison megawatt-hours             |
|                     |                     |                     |                     |                     | Harbor:                                                       |
| 6,298,840           | 5,857,218           | 6,647,975           | 6,817,590           | 7,087,699           | Number of container movements in twenty-foot equivalent units |
| 154,417             | 145,144             | 162,257             | 165,526             | 164,274             | Cargo in thousands of metric revenue tons                     |
| 4,758               | 3,993               | 3,425               | 2,752               | 2,676               | Number of ship calls                                          |

See accompanying independent auditors' report.

**City of Long Beach**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

| Function                                          | Fiscal Year<br>2006 | Fiscal Year<br>2007 | Fiscal Year<br>2008 | Fiscal Year<br>2009 | Fiscal Year<br>2010 |
|---------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Public Safety:                                    |                     |                     |                     |                     |                     |
| Number of police stations                         | 1                   | 1                   | 1                   | 1                   | 1                   |
| Number of police substations (full facility)      | 2                   | 3                   | 3                   | 3                   | 3                   |
| Number of police storefront stations              | 4                   | 4                   | 4                   | 3                   | 3                   |
| Number of fire stations                           | 23                  | 23                  | 23                  | 23                  | 23                  |
| Community and Cultural:                           |                     |                     |                     |                     |                     |
| Number of parks                                   | 115                 | 116                 | 150                 | 155                 | 159                 |
| Parks and golf courses in acres                   | 2,855               | 2,873               | 3,061               | 3,063               | 3,120               |
| Number of libraries                               | 12                  | 12                  | 12                  | 12                  | 12                  |
| Number of library holdings (books, videos, tapes) | 984,727             | 972,499             | 977,197             | 916,504             | 889,669             |
| Number of library circulations                    | 1,396,443           | 1,458,862           | 1,695,540           | 1,562,913           | 1,644,125           |
| Public Works:                                     |                     |                     |                     |                     |                     |
| Street in miles                                   | 815                 | 815                 | 815                 | 815                 | 815                 |
| Storm drain lines in miles                        | 180                 | 180                 | 181                 | 181                 | 180                 |
| Number of street lights (1)                       | 31,582              | 31,582              | 31,000              | 31,000              | 31,000              |
| Gas:                                              |                     |                     |                     |                     |                     |
| Gas mains in miles (2)                            | 922                 | 921                 | 920                 | 931                 | 930                 |
| Water:                                            |                     |                     |                     |                     |                     |
| Water mains in miles                              | 907                 | 905                 | 904                 | 908                 | 909                 |
| Number of fire hydrants                           | 6,505               | 6,489               | 6,507               | 6,525               | 6,529               |
| Number of water services                          | N/A                 | N/A                 | 95,432              | 95,424              | 95,398              |
| Sewer:                                            |                     |                     |                     |                     |                     |
| Sanitary sewers in miles                          | 712                 | 711                 | 711                 | 712                 | 712                 |
| Number of manholes                                | 16,044              | 16,055              | 16,078              | 16,129              | 16,135              |
| Sanitary sewer pump stations                      | 28                  | 28                  | 28                  | 28                  | 28                  |
| Storm drain pump stations                         | 23                  | 23                  | 23                  | 23                  | 23                  |
| Harbor:                                           |                     |                     |                     |                     |                     |
| Sanitary sewer pump stations                      | N/A                 | N/A                 | N/A                 | 32                  | 34                  |
| Storm drain pump stations                         | N/A                 | N/A                 | N/A                 | 20                  | 20                  |
| Solid Waste Management:                           |                     |                     |                     |                     |                     |
| Number of waste-to-energy facilities              | 1                   | 1                   | 1                   | 1                   | 1                   |

(1) In 2008, the number of streetlights changed from 34,000 to 31,000 due to updated reports.

(2) Restated prior years (2009-2013), due to updated reports from Gas Department.

Source: City Departments

See accompanying independent auditors' report.

| Fiscal Year<br>2011 | Fiscal Year<br>2012 | Fiscal Year<br>2013 | Fiscal Year<br>2014 | Fiscal Year<br>2015 | Function                                          |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------------------------|
|                     |                     |                     |                     |                     | Public Safety:                                    |
| 1                   | 1                   | 1                   | 1                   | 1                   | Number of police stations                         |
| 3                   | 3                   | 3                   | 3                   | 3                   | Number of police substations (full facility)      |
| 3                   | -                   | -                   | -                   | -                   | Number of police storefront stations              |
| 23                  | 23                  | 23                  | 23                  | 23                  | Number of fire stations                           |
|                     |                     |                     |                     |                     | Community and Cultural:                           |
| 160                 | 162                 | 161                 | 162                 | 164                 | Number of parks                                   |
| 3,120               | 3,124               | 3,121               | 3,123               | 3,122               | Parks and golf courses in acres                   |
| 12                  | 12                  | 12                  | 12                  | 12                  | Number of libraries                               |
| 888,975             | 818,390             | 782,571             | 798,809             | 808,957             | Number of library holdings (books, videos, tapes) |
| 1,561,713           | 1,551,997           | 1,391,825           | 1,391,617           | 1,205,523           | Number of library circulations                    |
|                     |                     |                     |                     |                     | Public Works:                                     |
| 823                 | 823                 | 823                 | 823                 | 823                 | Street in miles                                   |
| 180                 | 180                 | 180                 | 180                 | 180                 | Storm drain lines in miles                        |
| 31,000              | 31,000              | 31,550              | 31,550              | 31,337              | Number of street lights (1)                       |
|                     |                     |                     |                     |                     | Gas:                                              |
| 929                 | 929                 | 930                 | 928                 | 929                 | Gas mains in miles (2)                            |
|                     |                     |                     |                     |                     | Water:                                            |
| 911                 | 911                 | 912                 | 912                 | 912                 | Water mains in miles                              |
| 6,603               | 6,594               | 6,589               | 6,604               | 6,631               | Number of fire hydrants                           |
| 95,629              | 95,643              | 95,607              | 95,999              | 95,775              | Number of water services                          |
|                     |                     |                     |                     |                     | Sewer:                                            |
| 712                 | 712                 | 714                 | 714                 | 714                 | Sanitary sewers in miles                          |
| 16,147              | 16,148              | 16,158              | 16,170              | 15,129              | Number of manholes                                |
| 28                  | 28                  | 28                  | 28                  | 28                  | Sanitary sewer pump stations                      |
| 23                  | 23                  | 23                  | 23                  | 23                  | Storm drain pump stations                         |
|                     |                     |                     |                     |                     | Harbor:                                           |
| 36                  | 34                  | 37                  | 37                  | 37                  | Sanitary sewer pump stations                      |
| 20                  | 23                  | 21                  | 23                  | 23                  | Storm drain pump stations                         |
|                     |                     |                     |                     |                     | Solid Waste Management:                           |
| 1                   | 1                   | 1                   | 1                   | 1                   | Number of waste-to-energy facilities              |

See accompanying independent auditors' report.



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