

# City of Long Beach

California



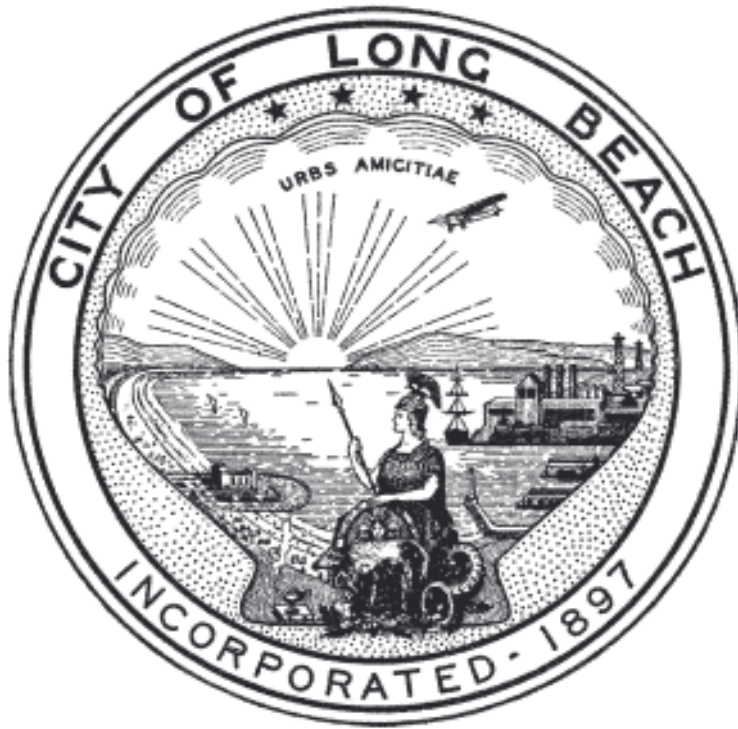
## Comprehensive Annual

## Financial Report

Fiscal Year Ended September 30, 2011



# City of Long Beach, California



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

Prepared by the Department of Financial Management  
John Gross, Director



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COMPREHENSIVE ANNUAL FINANCIAL REPORT  
PREPARED BY THE DEPARTMENT OF FINANCIAL MANAGEMENT  
CITY OF LONG BEACH, CALIFORNIA

For the Fiscal Year Ended  
September 30, 2011

John Gross  
Director of Financial Management

Stephen W. Hannah  
City Controller

Mary Williams  
Accounting Operations Officer

Francine Wiegelman  
Accounting Operations Officer

Michael Carrigg  
Senior Accountant

Cathy Pingol  
Senior Accountant

Mary Hebert  
Senior Accountant

Angie Tran  
Accountant

Kim-Hang Nguyen  
Accountant

Jim Sugita  
Accountant

Lucy Hong  
Senior Accountant

Maggie Hong  
Accountant

Amanda Johnson  
Accountant

Alex Powers  
Accountant

Georgia Will  
Accountant

Daniel Thurber  
Investment Manager

Joanne Medina  
Accounting Clerk



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City of Long Beach  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2011

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# **INTRODUCTORY SECTION**



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# CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

333 WEST OCEAN BOULEVARD • LONG BEACH, CALIFORNIA 90802 • (562) 570-6711 • FAX (562) 570-6583

PATRICK H. WEST  
CITY MANAGER

May 17, 2012

Honorable Mayor and City Council  
City of Long Beach

In accordance with Section 302(e) of the City Charter, submitted herewith is the Comprehensive Annual Financial Report (CAFR) for the City of Long Beach (City) for the fiscal year ended September 30, 2011. This report has been prepared by the Department of Financial Management 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 finances of the City, 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, management of the City 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 outweigh their 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 ended September 30, 2011 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors concluded that there was a reasonable basis for rendering an unqualified opinion that the City's basic financial statements for the fiscal year ended September 30, 2011 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 internal controls and legal requirements 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.

The Management's Discussion and Analysis (MD&A) immediately follows the report of the independent auditors and provides a narrative overview, and analysis of the basic financial statements. The MD&A was designed to complement this letter of transmittal and should be read in conjunction with it.

The financial reporting entity for the City includes all the funds of the primary government, as legally defined, as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

The City has seven independent fiscal entities that are considered blended component units and one discretely presented component unit. These entities vary widely in function and provide essential services. For a more detailed overview of the City's component units, see the MD&A and the Notes to the Basic Financial Statements.

### **Profile of the Government**

The City of Long Beach, incorporated in 1897, is the seventh largest city in the state of California and is located in Southern California within Los Angeles County. The City occupies a land area of approximately 50 square miles, serves a population of 463,894, and is one of the 40 largest cities in the United States. One of the nation's most demographically diverse cities, Long Beach has significant populations of African-American, Latino, Asian, and Caucasian residents. City Council members are elected from nine geographically disparate districts. The strengths inherent in the City's diversity are reflected in its motto, "Many unique neighborhoods, one great city."

The City operates under a City Charter first adopted in 1921. The City Charter establishes the current Mayor-Council-City Manager form of government. The City is divided into nine council districts, with Council members elected to represent their respective districts for up to two four-year terms. The citizens, as a whole, elect a Mayor to serve up to two four-year terms. The citizens, as a whole, also elect a City Auditor, a City Prosecutor, and a City Attorney to serve four-year terms; however, there are no term limits for these positions. The City Council and Mayor appoint a City Manager who serves at their discretion. The City Council is a policy-setting body that is responsible for, among other things, enacting ordinances, adopting the budget, and appointing committees. The City Council appoints, among others, the members of the following commissions and boards:

- Citizen Police Complaint Commission
- Civil Service Commission
- Harbor Commission
- Parks and Recreation Commission
- Planning Commission
- Water Commission

The City Council also either serves as or appoints the voting majority of the governing board for the Southeast Resource Recovery Facility (SERRF) Joint Powers Authority, Housing Authority of the City of Long Beach, Long Beach Housing Development Company, the former Long Beach Redevelopment Agency and its Successor Agency, Long Beach Financing Authority, a portion of Long Beach Bond Finance Authority, and the Long Beach Public Transportation Company.

The City Manager is responsible for directing and supervising the administration of all City Manager-directed departments of the City, to ensure that laws, ordinances, orders, resolutions, contracts, leases, and franchises are enforced and executed, and for appointing all City employees except for classified civil service employees, the City Clerk, elected officers, and their appointees.



The City provides a full range of municipal services, including police, fire, disaster preparedness, public health and environmental services, library, parks and recreation, social services, public works, waste management, planning and community development, gas, water, airport, and towing services. The City operates and maintains a world-class international deep-water harbor, a nationally recognized convention center, beaches, and marinas. The City also administers oil extraction operations under a trust agreement with the State.

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 1<sup>st</sup> and the Mayor must present that proposed budget along with recommendations to the City Council on or before August 1<sup>st</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 2011 budget prior to September 15, 2010 for all funds except for expendable trust funds. From the effective date of the budget, the amounts stated therein as proposed expenditures become appropriations to the various 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 appropriations between funds or departments require City Council approval. Total expenditures of each fund may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

### **Focusing on the Future**

Over the last year, the economy has slowly improved and the City continues to grapple with the long-term effects of reduced revenues and increasing costs of providing services. The City continues to reduce expenses, and, if necessary, services, to bring expenditures in line with revenues. Some employee bargaining units have assisted the City in controlling compensation and benefit costs. Some employee groups have gone without a pay raise for more than four years. Sworn employees of our Police and Fire Departments, as well as some of the smaller employee groups, negotiated and approved pension reforms that will reduce retiree costs in the future.

On an ongoing basis, the City reviews operations and makes improvements to enhance efficiency, such as consolidating operations and leveraging technology. But efficiency improvements can only go so far. City services are generally provided by employees and, over the long-term, increasing employee costs will need to be offset by either increased revenues or through commensurate expenditure reductions that may impact service delivery.

The loss of the future economic and social benefits provided by the City's former Redevelopment Agency is an additional challenge that is being addressed. The Redevelopment Agency, and all other redevelopment agencies within the State, were eliminated by action of the State Legislature. The City is committed to continuing the work of improving the City and the lives of our citizens without the Redevelopment Agency. We will look to create new and innovative methods to stimulate growth and facilitate private sector investment.

With optimism, the City looks to the future. We have a dedicated workforce, a diverse, creative and committed population, a key coastal location, a world-renowned port facility to drive commerce, and well-respected institutions of education. Working together, the City will address our challenges; take advantage of our many resources, and secure a stronger, more vibrant, Long Beach for the future.

### **A Commitment to Community**

In the words of Mayor Foster, “the City has a social fabric and sense of community so unique in big city America,” that we “demonstrate our understanding that we are all One City; that we live in a larger society, whatever our individual success; we are part of a larger whole.” With this in mind, the City maintained its commitment to programs that foster stronger economic and social well being for our citizens.

- Placed 3,100 area residents in permanent jobs through the City’s Pacific Gateway Network;
- Assisted 76 homeowners to avoid foreclosure by use of federal grant funds;
- Provided \$7.2 million for rehabilitation assistance for 132 income-restricted units;
- 120 first-time homebuyers received assistance through silent second mortgage assistance loans;
- Rehabilitated 95 apartment units, completed construction on an additional 96 units, and started construction on the Long Beach Senior Arts Colony that will eventually provide housing for 200 seniors;
- Over 31 percent of City purchases went to Long Beach businesses totaling over \$86 million;
- Chosen as one of the first cities in the nation to launch the Goldman Sachs 10,000 Small Business program; and
- Completed ten new parks and other facility improvements to include Rosa Parks Park; Seaside Park; Pacific Electric Right of Way; Admiral Kidd Park; Wrigley Heights Dog Park; Manazar Gamboa Community Theater; the 14th Street Basketball Courts; KaBoom Playground at 21<sup>st</sup>, the Hill Mini Park, and the Rancho Los Cerritos Visitors Center.

### **A Commitment to Sustainability**

The City Council adopted the Long Beach Sustainable City Action Plan on February 2, 2010. This plan is intended to guide operational, policy and financial decisions to create a more sustainable Long Beach. Sustainability is an overall philosophy that will enable the City to meet present needs without compromising the ability to meet the needs of future generations. Here are some of the programs and projects that the City either implemented or completed during the fiscal year:

- Implemented an Ordinance banning single use bags;
- Completed construction of the new Bike Station on the Transit Mall;
- Diverted 27,000 tons of recyclable material through curbside recycling;
- Implemented the “Laundry to Landscape” gray water pilot program;
- Planted more than 200 trees throughout the City with the assistance of school groups and community organizations;
- The City's waste-to-energy facility (Southeast Resource Recovery Facility) processed over 461,000 tons of refuse that would have gone to landfills; and,
- Completed construction of protected bike lanes on Broadway and 3rd Street Downtown.

In addition, Long Beach was again recognized for having one of the top green fleets in the nation; the Center for Digital Government recognized the City as one of the top 10 large digital cities in the United States; and *Bicycling Magazine* again ranked Long Beach in the top 25 Bike-Friendly Cities in the country.



## **Citywide Achievements**

Other achievements for the City and its employees over the last fiscal year include:

- The Long Beach Police Department (LBPd) responded to 132,000 calls for service and the Long Beach Fire Department responded to 61,000 calls for service;
- The response time for LBPd Priority 1 calls was 4.2 minutes. This is among the fastest for large cities in California;
- Long Beach continues to be a safer city. The murder rate is the lowest on record. In the past two years, murders have dropped 39 percent;
- Resurfaced 19 miles of streets, replaced 17 miles of sidewalks, and installed nine new traffic signals;
- Completed Phase One of the Bluff Restoration Project, the Westside Storm Drain projects, and the Alamitos Bay Marina and Shoreline Marina fuel site rebuild projects;
- Our beaches received an “A” grade for water quality 93 percent of the time during summer months;
- The Long Beach Airport was named one of the most affordable Airports in the United States;
- Completed the Long Beach Airport parking structure and commenced construction on the new Airport terminal; and,
- Started construction of Fire Station 12.

## **The Port of Long Beach**

The Port of Long Beach (Port) opened in June 1911. One hundred years later, Long Beach celebrated the Port’s centennial. The Port and its adjacent neighbor, the Port of Los Angeles, combined to form one of the largest and busiest seaports in the world, ranking with such international hubs as Singapore, Hong Kong and Shanghai. The Port is responsible for 30,000 jobs in the City itself and 316,000 jobs in the five-county Southern California region. Nationally, 1.4 million jobs throughout the United States are related to Long Beach-generated trade.

During the fiscal year, the Port moved 6.3 million 20-foot equivalent containers (TEUs), a 6.1percent increase as compared to the prior fiscal year. To ensure its future, during the summer of 2011, construction began on a new shipping terminal at the Port that is expected to generate nearly 14,000 regional jobs while cutting pollution levels in half. The \$1.1 billion, nine-year Middle Harbor Redevelopment Project will remake two older shipping terminals into a modern, more efficient facility capable of handling more cargo, with a reduced environmental footprint. The Middle Harbor project is a key part of the Port’s efforts to modernize, ensuring trade continues to flow through the Port.

In addition to its leadership role as an economic engine, the Port has also resolved to become the most environmentally committed port facility in the world. Through its Green Port Policy, the Port has achieved a 72 percent reduction in diesel pollution and a significant reduction in other key pollutants.

## **Long Beach Airport - LGB**

The Long Beach Airport continues to be a popular venue for airline passengers traveling to and from Southern California. During the year, the airport resumed its pattern of growth with total enplanements reaching nearly 3.1 million.

Six airlines offered direct flights from the Long Beach Airport to destinations throughout the United States, facilitating convenient domestic and international connections. Airlines departing the Long Beach Airport fly nonstop to major hubs across the country, including Chicago, Boston, San Francisco, New York, Denver, Seattle, and Washington, D.C. The airport currently hosts Alaska/Horizon Airlines,

Delta Air Lines, Jet Blue Airways, U.S. Airways, Allegiant Airlines, and Frontier Airlines. In 2011, construction was completed on the new parking structure ahead of schedule and under budget and construction was initiated for a new boarding lounge and concession area.

### **Cash Management Policies and Practices**

To maintain flexibility in cash management, the City employs a pooled cash system (see Note 4 to the Basic Financial Statements in the Financial Section). Under the City's pool, all available cash is invested daily in various securities, while maintaining reasonable liquidity to meet maturing obligations and maximizing returns through the use of competitive rate comparisons from various investment sources. The City is also pleased to announce that the City's investment pool continues to be rated as AAA by the Standard and Poor's rating agency, signaling the safety and low risk of the portfolio.

### **Risk Management**

The City is self-insured for workers' compensation and tort liability. While the City has accumulated funds in the City's Insurance Internal Service Fund to meet losses as they arise, additional contributions may be necessary to meet potential future liabilities. Various risk control techniques are also in place, including safety training for employees and the inclusion of appropriate legal provisions in third party contracts and leases that are incorporated to minimize risk of loss. Additional information about the City's self-insurance programs is reported in Note 16 to the Basic Financial Statements in the accompanying Financial Section of this report.

### **Debt Administration**

During fiscal year 2011, the City and its agencies issued approximately \$141.7 million in debt as follows:

<b>Fund / Agency</b>	<b>Amount (millions)</b>	<b>Purpose</b>
General Fund	\$ 73.0	Tax Revenue Anticipation Notes
Tidelands - Marina	1.3	DBAW <sup>1</sup> loans for Basins 1, 2 and 3
Water	6.0	Sewer Line of Credit
Airport	61.4	Airport Revenue Bonds
	<u>\$ 141.7</u>	

<sup>1</sup> State Department of Boating and Waterways

The Tax Revenue Anticipation Notes were issued in October 2010 to meet the cash flow needs of the City's General Fund and were repaid before the fiscal year ended. General Fund revenues, mostly from tax receipts, were accumulated to pay off the notes.

More detailed information about the debt position of the City is reported in Notes 8 through 12 of the Notes to the Basic Financial Statements in the accompanying Financial Section of this report as well as in the Schedules of Debt Capacity of the accompanying Statistical Section.

### **Pension and Other Post-Employment Benefits**

The City provides full-time employees retirement and disability benefits, including annual cost-of-living adjustments and death benefits through the California Public Employees' Retirement System (CalPERS), agent multiple-employer public employee defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by State statute and City ordinance. The contribution requirements to the pension plan are established and amended annually by CalPERS. The City's funding policy is to make contributions as determined by CalPERS.

The City provides seasonal and temporary employees retirement and death and disability benefits through a Public Agency Retirement System (PARS) defined benefit single-employer retirement plan. The PARS plan is administered through a third-party administrator. The City's funding policy is to make the contribution as determined by the PARS plan's actuary.

The City currently provides post-retirement health care benefits under the provisions of the City's Personnel Ordinance where upon retirement from the City, retirees, their spouses, and eligible dependents are allowed to use the cash value of the employee's accumulated unused sick leave to pay for health, dental, vision, short- and long-term disability, and long-term care insurance under the City's Retired Employees' Health Insurance Program. As of September 30, 2011, there were 557 participants in this program.

Additional information on the pension arrangements and post-employment health care benefits can be found in Notes 14 and 15 of the Notes to the Basic Financial Statements in the accompanying Financial Section of this report.

### **Independent Audit**

Section 803 of the City Charter requires the City Auditor, at least once in each fiscal year, to audit the financial statements of the City. Immediately upon completion of such audit, the City Auditor shall make and file with the City Clerk a written report thereof. The City Auditor contracted with an independent certified public accounting firm for the audit of the City's Basic Financial Statements for the fiscal year ended September 30, 2011. The Independent Auditors' report has been included in this report.

### **Certificate of Achievement**

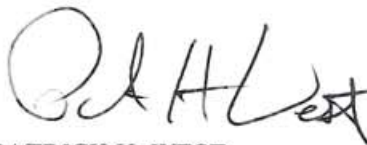
For the fourth year in a row, the Government Finance Officers Association (GFOA) of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2010. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgments**

We wish to acknowledge the excellent participation and professional contribution of the Department of Financial Management and other City departments' staff in the preparation of this document. 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, 2011

Bob Foster  
Mayor

Suja Lowenthal  
Vice-Mayor  
2nd District

Dr. Robert Garcia  
Councilmember  
1st District

Gary DeLong  
Councilmember  
3rd District

Patrick O'Donnell  
Councilmember  
4th District

Gerrie Schipske  
Councilmember  
5th District

Dee Andrews  
Councilmember  
6th District

James Johnson  
Councilmember  
7th District

Rae Gabelich  
Councilmember  
8th District

Steven Neal  
Councilmember  
9th District

Elected Department Heads

City Attorney  
City Auditor  
City Prosecutor

Robert E. Shannon  
Laura Doud  
Douglas P. Haubert

Appointed by Council or Commission

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

Larry Herrera  
Mario R. Beas  
Richard D. Steinke  
Kevin L. Wattier

City Manager  
Patrick H. West

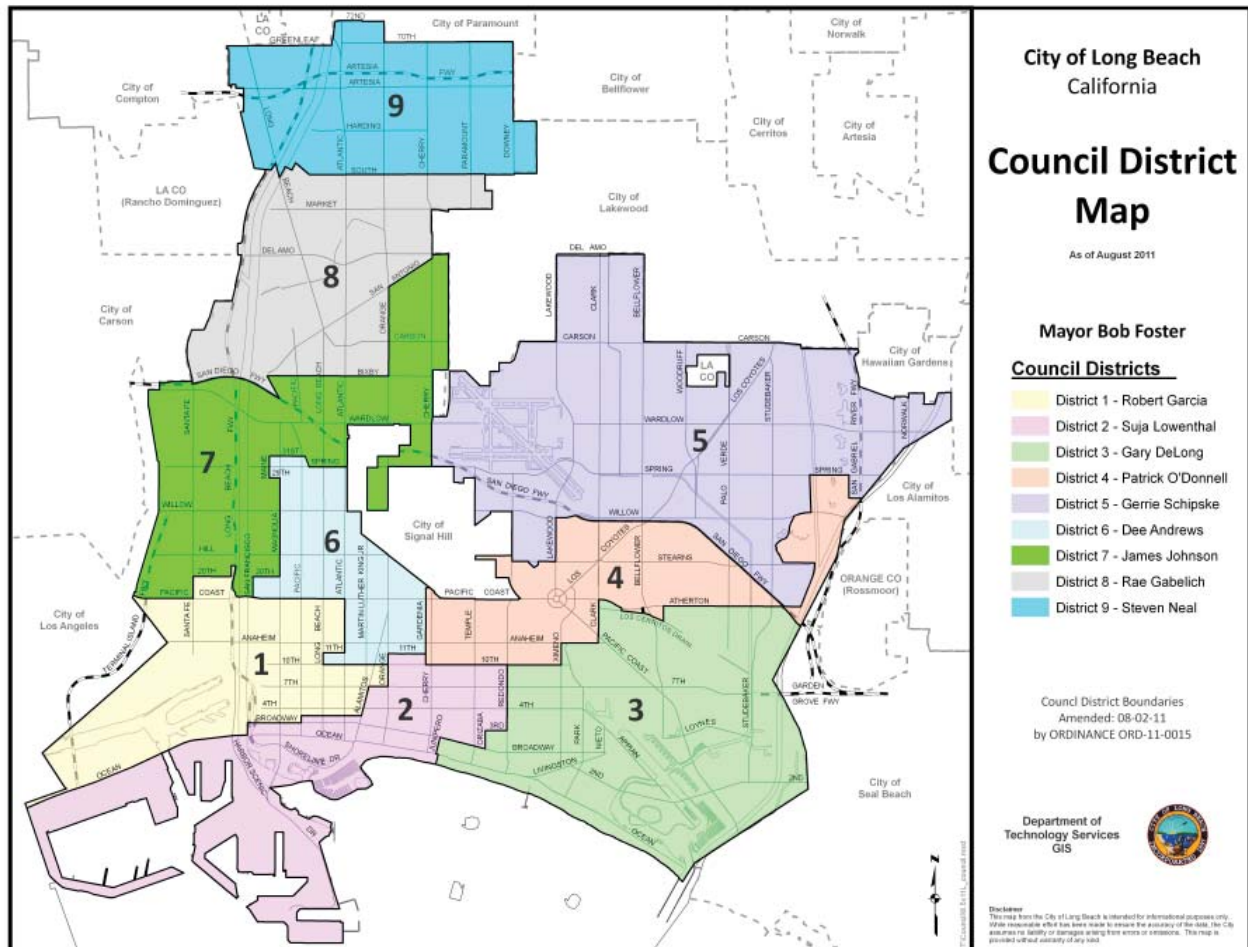
Assistant City Manager  
Suzanne Frick

Deputy City Manager  
Reginald I. Harrison

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  
Director of Long Beach Gas and Oil  
Director of Parks, Recreation, and Marine  
Director of Public Works  
Director of Technology Services  
Fire Chief  
Chief of Police

John Gross  
Ronald Arias  
Amy J. Bodek  
Mario Rodriguez  
Deborah Mills  
Glenda Williams  
Christopher J. Garner  
George Chapjian  
Michael P. Conway  
Curtis Tani  
Alan Patalano  
Jim McDonnell



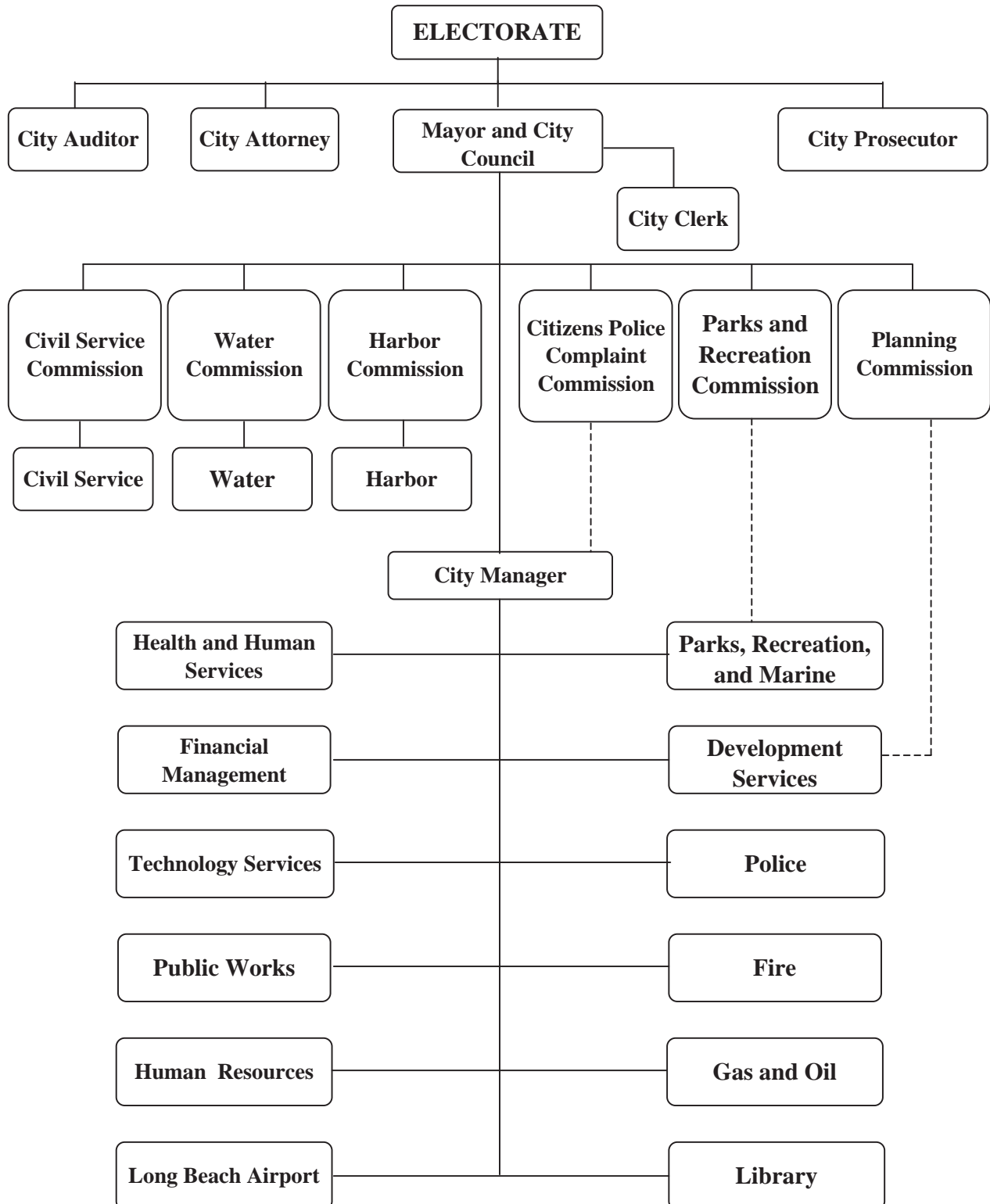




# LONG BEACH CITY GOVERNMENT

## ORGANIZATIONAL CHART

As of September 30, 2011



# 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, 2010

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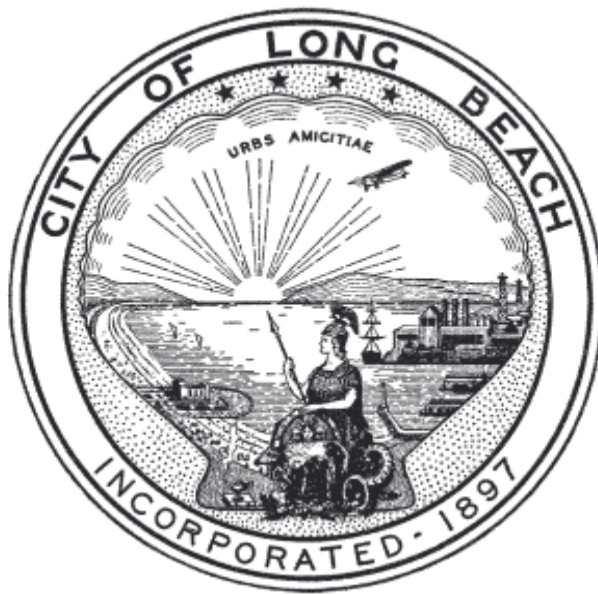
*Linda C. Sandson*

President

*Jeffrey R. Emer*

Executive Director

# **FINANCIAL SECTION**



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KPMG LLP  
Suite 700  
20 Pacifica  
Irvine, CA 92618-3391

## Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, 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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us and, our opinion, insofar as it related to the amounts included for the discretely presented component unit, is based solely on the report of the other audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the 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, 2011, and the respective changes in financial positions and, where applicable, cash flows thereof and the respective budgetary comparisons for General Fund, and the Housing Development Fund for the year then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the basic financial statements, the City adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Application of this statement was effective as of October 1, 2010.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2012, on our consideration of the City's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in assessing the results of our audit.

The information in the management's discussion and analysis on pages 3 to 29 and the schedules of the funding progress on pages 135 and 136 is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit this information, and accordingly, we express no opinion on it.

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, the additional financial section, other supplementary information section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The additional financial section and other supplementary information section have been subjected to the audit procedures applied by us and the other auditor in the audit of the basic financial statements and, in our opinion, based on our opinion and the report of the other auditor, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and the statistical section have not been subjected to auditing procedures applied by us and the other auditor in the audit of the basic financial statements, and accordingly, we express no opinion on them.

KPMG LLP

May 17, 2012



# **MANAGEMENTS DISCUSSION AND ANALYSIS**



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**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011

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, 2011. We encourage readers to consider this information in conjunction with the information found in the letter of transmittal.

**Financial Highlights**

Government-wide Basis:

- The assets of the City exceeded its liabilities as of September 30, 2011 by \$4.4 billion (*net assets*). Of this amount, \$705.0 million may be used to meet the government's ongoing governmental (General Fund, grant, capital project, etc) and business-type activity obligations to citizens and creditors. However, expenditure restrictions apply to the redevelopment and grant funds and much of the business-type and capital project funds.
- The City's total net assets increased by \$244.5 million, reflecting a \$175.3 million increase in net assets for business-type activities and a \$69.1 million increase in net assets for governmental activities.
- Governmental activities' assets increased \$54.7 million with an increase in current assets of \$38.6 million. The increase primarily resulted from an increase in equity in the City's cash pool and non-current receivables offset by decreases in nonpooled cash and cash equivalents and amounts due from other governments.
- Governmental activities' liabilities decreased \$14.5 million. Governmental activities' current liabilities decreased \$11.1 million, or 3.1 percent. Non-current liabilities, including such items as bonds, notes, leases payable, accrued self-insured claims, and retiree benefits, decreased \$3.4 million.
- Business-type activities' assets increased \$163.7 million with an increase of \$157.3 million in capital assets. Business-type activities' liabilities decreased \$11.7 million and include a reduction in long-term liabilities of \$6.3 million.

Fund Basis:

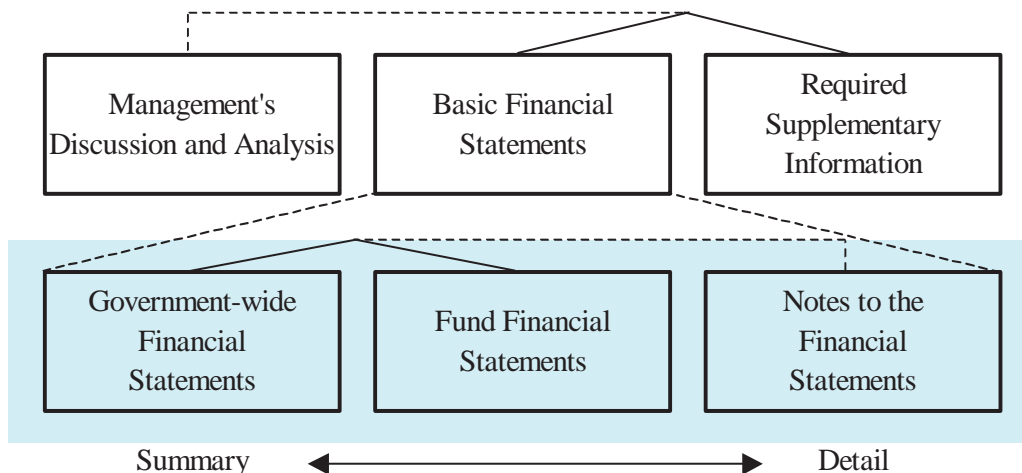
- As of September 30, 2011, non-spendable fund balance in the City's governmental funds was \$3.7 million of which \$2.1 million, primarily attributed to advances to other funds, is found within the General Fund.
- As of September 30, 2011, the City's governmental funds reported \$490.5 million as restricted fund balance. These amounts were restricted for debt service, public safety, public health, community and cultural, and public works in the amounts of \$54.3 million, \$1.7 million, \$3.4 million, \$373.6 million, and \$57.5 million, respectively.
- As of September 30, 2011, the City's governmental funds reported committed and assigned fund balances of \$4.3 million and \$70.1 million, respectively. The General Fund reports committed and assigned fund balances of \$4.1 million, for future oil field abandonment costs, and \$59.4 million, respectively, for emergencies, operational requirements, infrastructure projects, and subsequent year's appropriation, of \$31.1 million, \$12.0 million, \$8.9 million, and \$7.5 million.
- As of September 30, 2011, the City's governmental funds reported a deficit in unassigned fund balance of \$39.2 million, \$34.1 million of which is in the Redevelopment Capital Projects Fund. Deficit unassigned fund balances in the Housing Development Fund and Other Governmental Funds is related to money advanced from other funds.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

**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 are comprised of three components: government-wide financial statements, 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.

**REQUIRED COMPONENTS OF  
THE ANNUAL FINANCIAL REPORT**



**Government-wide financial statements:** The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents consolidated information on all of the City's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information on how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to uncollected taxes or expenses pertaining to earned but unused employee vacation and sick leave.

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 a legally separate transportation company for which the City is the sole stakeholder and, therefore, has authority to affect the company. Financial information for this

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

*component unit* is reported separately from the financial information presented for the primary government itself. Also included in the governmental activities of the government-wide financial statements are the Housing Authority of the City of Long Beach, the Long Beach Housing Development Company (the Company), the Long Beach Redevelopment Agency (the Agency), the Long Beach Financing Authority, and a portion of the Long Beach Bond Finance Authority.

The business-type activities portion of the government-wide financial statements also includes the Southeast Resource Recovery Facility, a portion of the Long Beach Bond Finance Authority, and the Long Beach Capital Improvement Corporation. Although legally separate from the City, these component units are blended with the primary government because of their close governance by, or financial relationships with, the City.

**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 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) Statement No. 34 - *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. 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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**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.

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 in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Housing Development Fund, and the Agency's Capital Projects Fund. Each is considered to be a major fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. 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 compliance with their budgets. The budgetary comparison statements for the General Fund and major special revenue funds are located in the basic financial statements.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

**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. Proprietary funds provide the same type of information contained in the business-type activities portion of the government-wide financial statements, only in more detail. The City maintains two different types of proprietary funds: enterprise and internal service.

- **Enterprise funds** are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for the gas and water utilities, solid waste management operations, tidelands operations, tideland oil revenue operations, and the Harbor, all of which are classified as major funds. The City also reports enterprise operations for the sewer utility, airport, towing operation, and land subsidence fund as non-major enterprise funds shown in the Additional Financial Information section of this report.
- **Internal Service funds** are used to accumulate and allocate certain support costs internally among the City's various functions. The City uses internal service funds to account for: the operation and financing of the Civic Center complex; information technology assets and services, lease-purchase of equipment, and reprographics equipment and services; the operation, maintenance, and replacement of the City's vehicle fleet and related facilities; and the City's risk-management and self-insurance programs, including workers' compensation and general liability, compensated absences, payroll taxes, and health and retirement benefits. Because these services predominantly benefit governmental rather than business-type functions, they are incorporated into governmental activities in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for internal service funds is provided in the form of combining statements in the Additional Financial Information section of this report.

**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. Fiduciary funds are *not* reflected in the accompanying government-wide financial statements because the resources of those funds are *not* available to support the City's programs. The fiduciary fund financial statements are presented on the economic resources measurement focus and the accrual basis of accounting. 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 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 following table 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, 2011 (Continued)

	<b>Government-wide Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental</b>	<b>Proprietary</b>	<b>Fiduciary</b>
<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 which 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-term 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 Assets:** Net assets may serve as a useful indicator of a government's financial position. At the end of the current fiscal year, the City reported positive net assets balances for both governmental and business-type activities, with total assets exceeding liabilities by \$4.4 billion. Below are the three components of net assets and their respective fiscal year-end balances:

- **Invested in capital assets net of related debt:** At September 30, 2011, invested in capital assets net of related debt represents 62.9 percent, or \$2.8 billion, of the City's total net assets compared to 56.9 percent, or \$2.4 billion, at September 30, 2010. This component of net assets consists of capital assets (land and easements, structures and improvements, infrastructure, and equipment) net of accumulated depreciation reduced by 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. The increase in this component of net assets primarily resulted from an increase in Harbor spending on construction projects during the year.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

- **Restricted net assets:** Restricted net assets accounted for 21.0 percent, or \$921.7 million, of the City's total net assets for fiscal year 2011 as compared to 22.9 percent and \$949.4 million for fiscal year 2010. This component of net assets represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Although the total amount of restricted net assets remained relatively stable, there were significant shifts within both governmental activities and business-type activities. Governmental activities increased \$285.3 million as net assets were shifted from unrestricted to restricted in response to the implementation of *GASB Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54)*. Business-type activities restricted net assets decreased by \$313.0 million primarily as result of restricted net assets being used to fund Harbor construction activities.
- **Unrestricted net assets:** At September 30, 2011, unrestricted net assets account for 16.1 percent, or \$705.0 million, of the City's total net assets compared to 20.3 percent, or \$840.4 million, at September 30, 2010. Total unrestricted net assets at September 30, 2011 is composed of a \$104.3 million deficit from governmental activities and \$809.3 million surplus from business-type activities compared to a surplus of \$156.7 million from governmental activities and \$683.7 million from business-type activities for the prior year. The reduction in unrestricted net assets in governmental activities is mainly attributed to the change in treatment of net assets related to land held for resale for which the proceeds from the sale of land held for resale is now considered to be restricted to funding program activities as required by GASB 54. The \$125.6 million increase in unrestricted net assets for business-type activities primarily resulted from the year-end results from the Tidelands Operating Fund and the Harbor Fund who saw increases in net assets from operations of \$60.2 million and \$103.5 million, respectively.

**Net Assets**  
**September 30, 2011 and 2010**  
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and Other Assets	\$ 1,164,937	\$ 1,126,342	\$ 2,537,512	\$ 2,531,150	\$ 3,702,449	\$ 3,657,492
Capital Assets	708,616	692,544	3,482,477	3,325,179	4,191,093	4,017,723
Total Assets	1,873,553	1,818,886	6,019,989	5,856,329	7,893,542	7,675,215
Liabilities:						
Current Liabilities	353,170	364,292	606,602	611,921	959,772	976,213
Noncurrent Liabilities, Net	777,664	781,022	1,766,506	1,772,849	2,544,170	2,553,871
Total Liabilities	1,130,834	1,145,314	2,373,108	2,384,770	3,503,942	3,530,084
Net Assets:						
Invested in Capital Assets, Net of Related Debt	215,317	170,432	2,547,605	2,184,850	2,762,922	2,355,282
Restricted	631,729	346,412	289,999	603,007	921,728	949,419
Unrestricted	(104,327)	156,728	809,277	683,702	704,950	840,430
Total Net Assets	\$ 742,719	\$ 673,572	\$ 3,646,881	\$ 3,471,559	\$ 4,389,600	\$ 4,145,131

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

**Change in Assets and Liabilities:** Governmental activities current and other assets increased by \$38.6 million, or 3.4 percent, as compared to fiscal year 2010. The increase primarily resulted from an \$54.1 million increase in equity in the City's cash pool, primarily through the draw down of Agency bond proceeds and an increase in non-current receivables of \$20.2 million, offset by decreases in nonpooled cash and cash equivalents and amounts due from other governments of \$34.6 million and \$9.7 million, respectively. Governmental activities Capital Assets increased \$16.1 million. Details related to this change can be found on pages 24 and 25.

The governmental activities' current liabilities decrease of \$11.1 million primarily resulted from decreases of \$11.3 million in accrued wages, \$5.8 million in deferred revenue, \$3.8 million in employee benefits and \$3.8 million for the short-term portion on bonds and other long-term payables offset by an increase in accounts payable of \$14.1 million. The decrease in non-current liabilities of \$3.4 million was attributed to a reduction in bonds and other long-term debt, offset by increases in employee benefits and other accrued long-term liabilities such as workers compensation and general liability.

Changes in business-type activities' current and other assets and Non-current liabilities were modest with decreases of \$6.4 million, or 0.3 percent, and \$6.3 million, or 0.4 percent, respectively. Noteworthy changes included an increase in equity in pooled cash and cash equivalents of \$46.4 million and investments of \$33.0 million due to an increase in Tideland Fund oil revenues and the issuance and draw down of Airport bond proceeds to fund a new passenger concourse. These were offset by decreases in other assets related to Deferred Charges and Prepaid Expenses of \$17.3 million, \$15.1 million from the Harbor as amounts prepaid to the Army Corps of Engineers for dredging operations were expensed, \$27.0 million as loans between the Harbor and the Agency were eliminated as they have been determined to be uncollectible, and \$11.3 million related to the reduction in fair value of the gas commodity swap.

**Analysis of Changes in Net Assets:** The City's total net assets increased by 5.9 percent, or \$244.5 million, during fiscal year 2011 compared to the prior year's increase of 4.1 percent, or \$162.3 million. The change is the result of an increase in governmental activities' net assets of \$69.1 million and an increase in business-type net assets activities of \$175.3 million. The prior year change consisted of a \$5.1 million decrease in net assets in governmental activities offset by a \$167.4 million increase in business-type activities. Fiscal year 2011 change in net assets consists of program revenues and general revenues of \$1.6 billion and \$404.5 million, respectively, reduced by program expenses of \$1.7 billion. Specific factors related to the change in net assets for governmental and business-type activities are found on pages 11 through 17.

**The City of Long Beach**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2011 (Continued)**

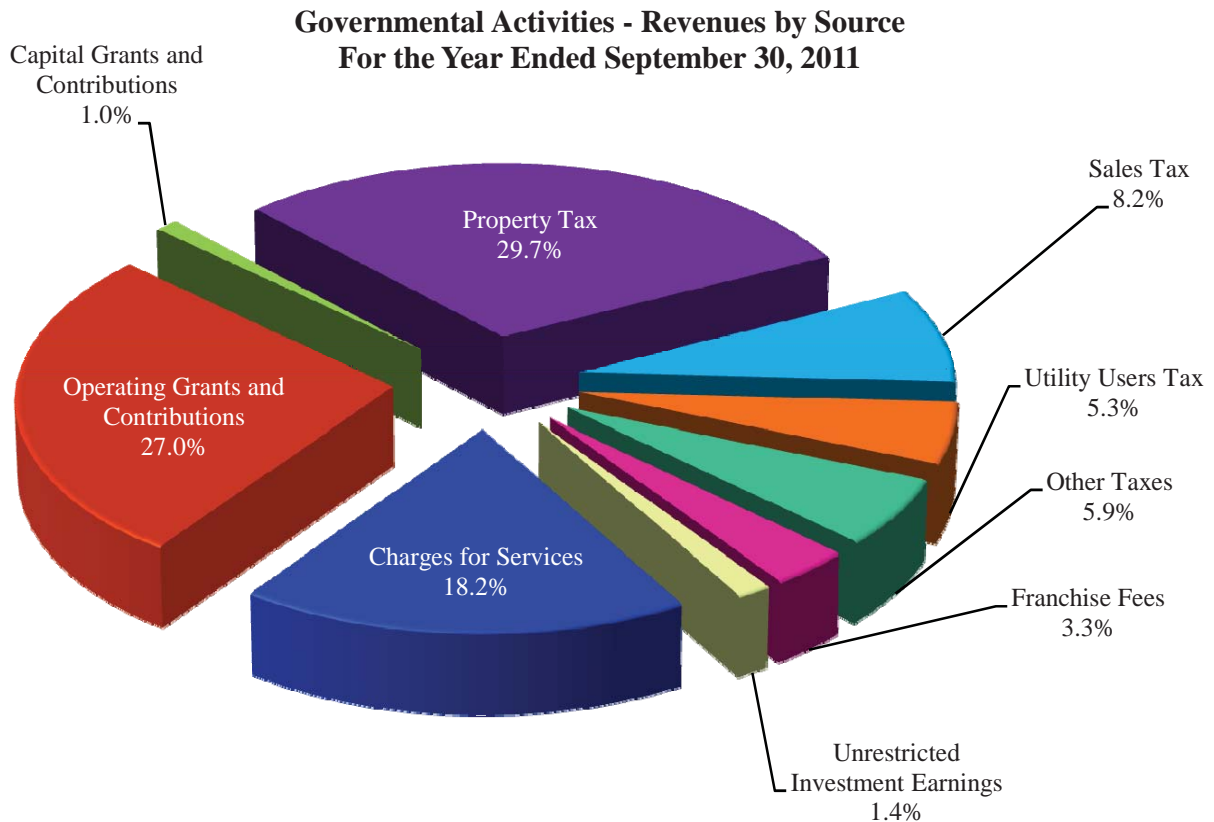
The following table provides information from the Statement of Activities for the fiscal years 2011 and 2010:

<b>Changes in Net Assets</b>						
<b>September 30, 2011 and 2010</b>						
<b>(In Thousands)</b>						
	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program Revenues:						
Charges for Services	\$133,889	\$125,681	\$1,205,360	\$1,042,685	\$1,339,249	\$1,168,366
Operating Grants and Contributions	198,198	185,899	2,723	597	200,921	186,496
Capital Grants and Contributions	7,588	10,395	26,406	32,001	33,994	42,396
Taxes:						
Property	218,570	226,287	-	-	218,570	226,287
Sales	60,159	53,144	-	-	60,159	53,144
Utility Users	38,739	39,240	-	-	38,739	39,240
Other	43,254	42,465	-	-	43,254	42,465
Franchise Fees	24,184	24,040	-	-	24,184	24,040
Grants and Contributions Not						
Restricted to Specific Programs	-	33	-	-	-	33
Unrestricted Investment Earnings	10,291	7,799	9,253	14,592	19,544	22,391
Gain (Loss) on Sale of Capital Assets	-	8,539	-	-	-	8,539
Total Revenues	734,872	723,522	1,243,742	1,089,875	1,978,614	1,813,397
Expenses:						
Legislative and Legal	10,106	11,527	-	-	10,106	11,527
General Government	22,653	17,918	-	-	22,653	17,918
Public Safety	284,986	285,201	-	-	284,986	285,201
Public Health	44,428	44,731	-	-	44,428	44,731
Community & Cultural	193,886	254,604	-	-	193,886	254,604
Public Works	89,942	91,375	-	-	89,942	91,375
Oil Operations	7,318	6,923	-	-	7,318	6,923
Interest on Long-Term Debt	35,273	32,744	-	-	35,273	32,744
Gas	-	-	84,003	77,531	84,003	77,531
Water	-	-	82,050	71,442	82,050	71,442
Sewer	-	-	15,357	14,607	15,357	14,607
Airport	-	-	39,530	37,762	39,530	37,762
Development Services	-	-	11,126	11,980	11,126	11,980
Solid Waste Management	-	-	71,330	71,632	71,330	71,632
Towing	-	-	6,670	8,916	6,670	8,916
Tidelands	-	-	124,830	117,071	124,830	117,071
Tideland Oil Revenue	-	-	393,317	276,850	393,317	276,850
Subsidence	-	-	5	-	5	-
Harbor	-	-	217,335	218,262	217,335	218,262
Total Expenses	688,592	745,023	1,045,553	906,053	1,734,145	1,651,076
Increase (Decrease) in Net						
Assets before Transfers	46,280	(21,501)	198,189	183,822	244,469	162,321
Capital Assets Transfers	1,266	(101)	(1,266)	101	-	-
Transfers	21,601	16,287	(21,601)	(16,287)	-	-
Total Change in Net Assets	69,147	(5,315)	175,322	167,636	244,469	162,321
Net Assets, Beginning of Year, as Restated	673,572	678,887	3,471,559	3,303,923	4,145,131	3,982,810
Net Assets, End of Year	\$742,719	\$673,572	\$3,646,881	\$3,471,559	\$4,389,600	\$4,145,131

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

**Governmental activities:** The following charts illustrate program expenses and revenues by function, and revenues by source. Public safety and community and cultural are the largest functions of total governmental expense, at 41.4 percent and 28.2 percent, respectively, followed by Public Works at 13.1 percent, and Public Health at 6.5 percent. Property, sales, and other taxes, representing 49.1 percent of total governmental activities revenues, are general revenues used to support overall government functions, and are therefore not shown as program revenues. Operating grants and contributions comprise 27.0 percent and charges for services 18.2 percent of governmental revenue.

Governmental activities increased the City's net assets by \$69.1 million, as compared to fiscal year 2010 net asset decrease of \$5.3 million. The City's net transfers (including capital asset transfers) increased by \$6.7 million and program revenues increased \$17.7 million as compared to the prior fiscal year. In addition to these improvements was a decrease in governmental activities expense of \$56.4 million offset by a decrease in general revenues of \$6.4 million.



- Property tax revenues decreased \$7.7 million, or 3.4 percent, with decreases in the Redevelopment Debt Service Fund and the Housing Development Fund of \$6.1 million and \$1.5 million, respectively. The decrease in redevelopment tax increment, inclusive of the 20% set-aside for the Housing Development Fund, is due to reductions in assessed property values within various project areas, property tax appeals, and Los Angeles County Assessor adjustments for prior year taxes.
- Sales tax revenue increased \$7.0 million, or 13.2 percent, and primarily resulted from the State's true up of in-lieu sales tax and growth in the City's Location Agreement Program (LAP). LAP is a revenue sharing program with retailers and distributors designed to attract new business and sales activity.



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- Utility users' tax decreased by \$500 thousand, or 1.9 percent. The decrease is due to a \$1.3 million decrease revenues derived from the telephone user tax offset by an increase in revenues from gas utility users taxes. Further detail of this variance can be found in the *General Fund Revenue and Other Financing Sources* section of the Management Discussion and Analysis.
- Other tax revenue increased \$789 thousand, or 1.9 percent, and was primarily composed of increases in transient occupancy tax and parking and business area improvements tax of \$2.1 million and \$631 thousand, respectively. These increases were offset by a decrease of \$2.1 million in property tax in lieu from the Towing Fund, a non-major proprietary fund. Transient occupancy taxes increased due to greater occupancy and higher rates, and the increase in parking and business area improvements tax is attributed to the Long Beach Tourism Business Improvement Area and the East Anaheim Street Parking and Business Improvement Area. Revenues for these districts result from self-assessments and are used to provide safety, security, parking, and marketing services in their respective areas.
- Unrestricted investment earnings increased \$2.5 million and resulted from interest earnings on long-term advances between funds. The change in interest rate on the City's pooled cash and cash equivalent was negligible with an average rate of 0.52 percent in fiscal year 2011, compared to 0.58 percent in fiscal year 2010.
- Charges for services increased \$8.2 million, or 6.5 percent, reflecting the following:
  - Legislative and Legal charges for services decreased \$758 thousand, or 87.9 percent, primarily due to fiscal year 2010 reimbursements from Long Beach Unified School Districts and Long Beach Community College for election-related charges. Elections are normally held every two years.
  - General Government charges for services increased \$2.5 million, or 18.3 percent, as compared to the prior fiscal year and is attributed to the not repeating the fiscal year 2010 write-off of parking citations, greater recovery of cost accounting service for construction in progress, and revenue from special events such as studio filming permits.
  - Public Health charges for services remained relatively flat with a slight increase of \$303 thousand, or 3.6 percent.
  - Public Safety charges for services increased by \$3.6 million, or 11.6 percent, primarily with an increase in fire and police of \$2.5 million and \$997 thousand, respectively. Emergency ambulance fees increased \$2.9 million primarily due to a greater numbers of advanced life support transports offset by a decrease in fire plan check due to a decrease in large development projects. Police charges for service increase reflect greater cost recovery from proprietary funds for the police helicopter, overtime, and indirect cost.
  - Community and Cultural charges for services decreased \$2.2 million, or 9.6 percent, and is attributed to reduction in parking, special events and expendable trust revenue.
  - Public Work charges for services decreased 1.3 million, or 5.8 percent, primarily due a decrease in parking citations. The primary reason for the decline in parking citation revenue was the combination of a weakened economy, the discontinuation of issuing citations for certain offenses such as vehicles' parked in front of a driveway without a citizen compliant and a rise in fees that lead to residents avoiding such citations.
  - Oil operations revenue in the City's uplands oil extraction area increased by \$6.5 million, 34.4 percent, over the prior year. The average price per barrel in fiscal year 2011 was \$97.0 representing an increase of \$25.5 as compared to the fiscal year 2010 per barrel average of \$71.5.



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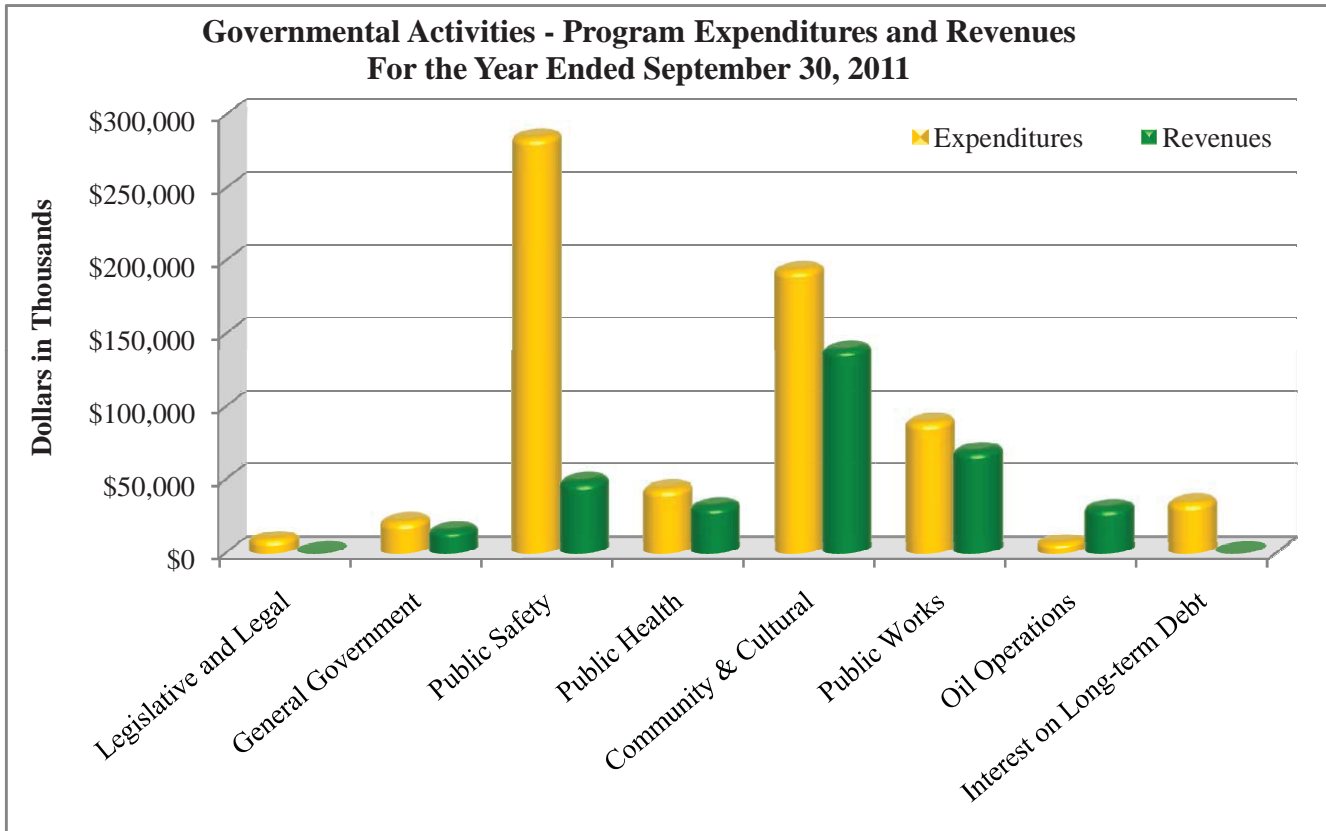
- Operating grants and contributions increased by \$12.3 million, or 6.6 percent, primarily resulting from the following:
  - Public Safety operating grants and contributions increased \$3.9 million, or 39.3 percent, primarily due to increased reimbursement for incurred expenses related to the purchase of interoperable communication equipment, a security technology systems for the Harbor, personal protective equipment, and automobile license plate readers' funded by the Urban Areas Security Initiative (UASI) federal grant.
  - Community and Cultural operating grants increased by \$3.8 million, or 3.4 percent. Neighborhood stabilization program revenue increased \$7.9 million due to increased expenditures on the Second Mortgage Assistance Program. Workforce investment, including employee training, decreased \$4.9 million as the City exhausted funding from the American Recovery and Reinvestment Act (ARRA).
  - Public Works' operating grants and contributions increased \$4.7 million, or 12.0 percent. A new gasoline excise tax, under the California Street and Highway Code, section 2103, replaced previously allocated Proposition 42 funding. This change resulted in a revenue increase of \$2.9 million. In fiscal year 2011, the City also recognized additional revenue of \$5.2 million from gas tax revenue under section 2103. Unlike Proposition 42, gas tax revenue is not deferred since allocation formula is on a per capita basis, uses are broad and funding does not have a lapsing issue (short time to spend). These increases were offset by a decrease of \$3.8 million in Intermodal Surface Transportation Efficiency Act (ISTEA) funded projects as ARRA funding winded down from the peak in fiscal year 2010. In addition, there was a \$1.6 million reduction of projects funded by miscellaneous state grants, which includes a decrease in Proposition 1B funding of \$1.3 million.
- Capital grants and contributions decreased by \$2.8 million, or 27.0 percent, reflecting:
  - Parks and Recreation capital grants and contributions decreased \$1.2 million due to decreases in State, county, and private association grants.
  - Public Works' capital grants and contribution decreased \$1.5 million, or 20.9 percent as a result of fiscal year 2010 receipts of special assessment bonds proceeds for parking in the Belmont Shore area and Rancho Los Cerritos Foundation's donation for a visitor center in the park. This decrease was offset by a contribution of \$954 thousand from Boeing Company to fund a new turn lane at Pacific Coast Highway and Second Street and \$865 thousand from the Orange County Transportation Authority for Street lights to mitigate traffic surrounding the at the 405 and 22 highway intersection.

Governmental activities expenses decreased by \$56.4 million, or 7.6 percent, in fiscal year 2011. Details include:

- A decrease in Legislative and Legal expense of \$1.4 million in fiscal year 2011 is primarily attributed to 2011 not being an election year.
- General Government expenses increased \$4.7 million, or 26.4 percent and is attributed to a reduction of indirect cost recovery for general fund support functions, coupled with growth in the Location Agreement Program (LAP). The LAP program is a sales tax sharing program that the City uses to entice businesses to locate their sales operations within the City.
- Community and Cultural expense decreased \$60.7 million, or 23.8 percent. The decrease primarily resulted from not having a repeat the 2010 \$29.5 million SERAF payment to the State and a \$25.6 million reduction of community and cultural expense due to the capitalization of parks and other community and cultural projects.

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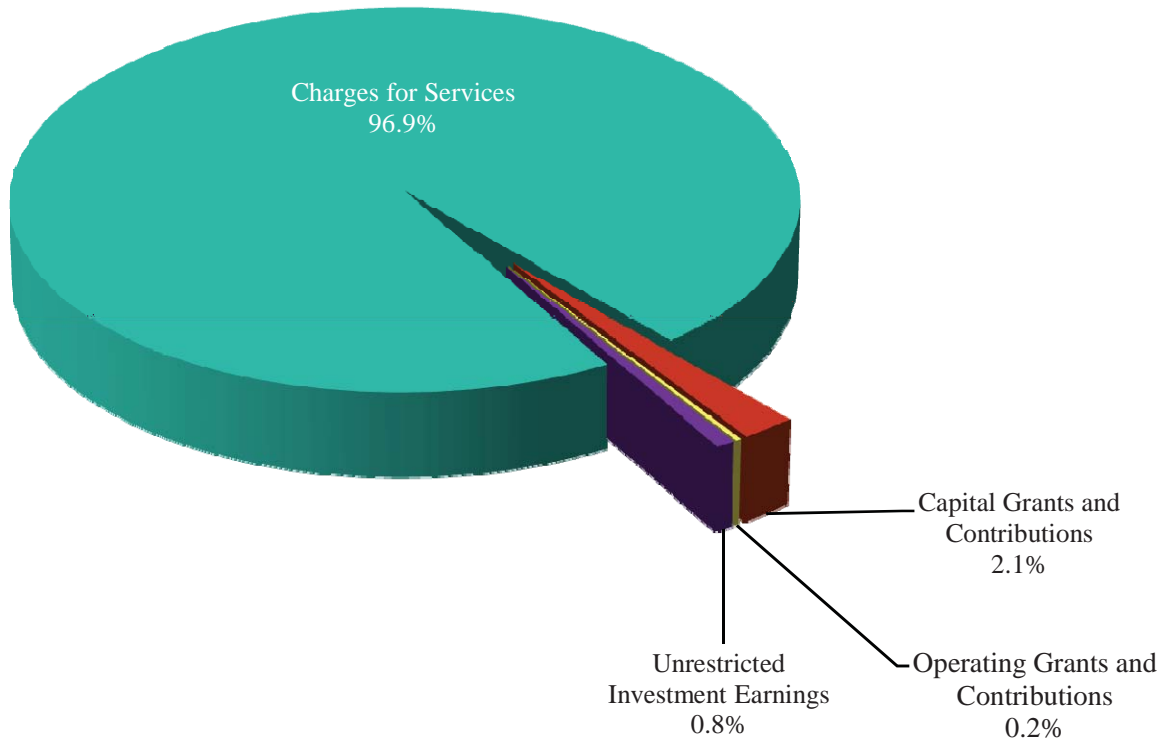
- Public Works had a decrease of \$1.4 million, or 1.6 percent, primarily resulting from a decrease in non-capitalized transportation improvement expenses.
- The increase of \$2.5 million, or 7.7 percent, in interest on long-term debt is attributed to normal debt service payments.



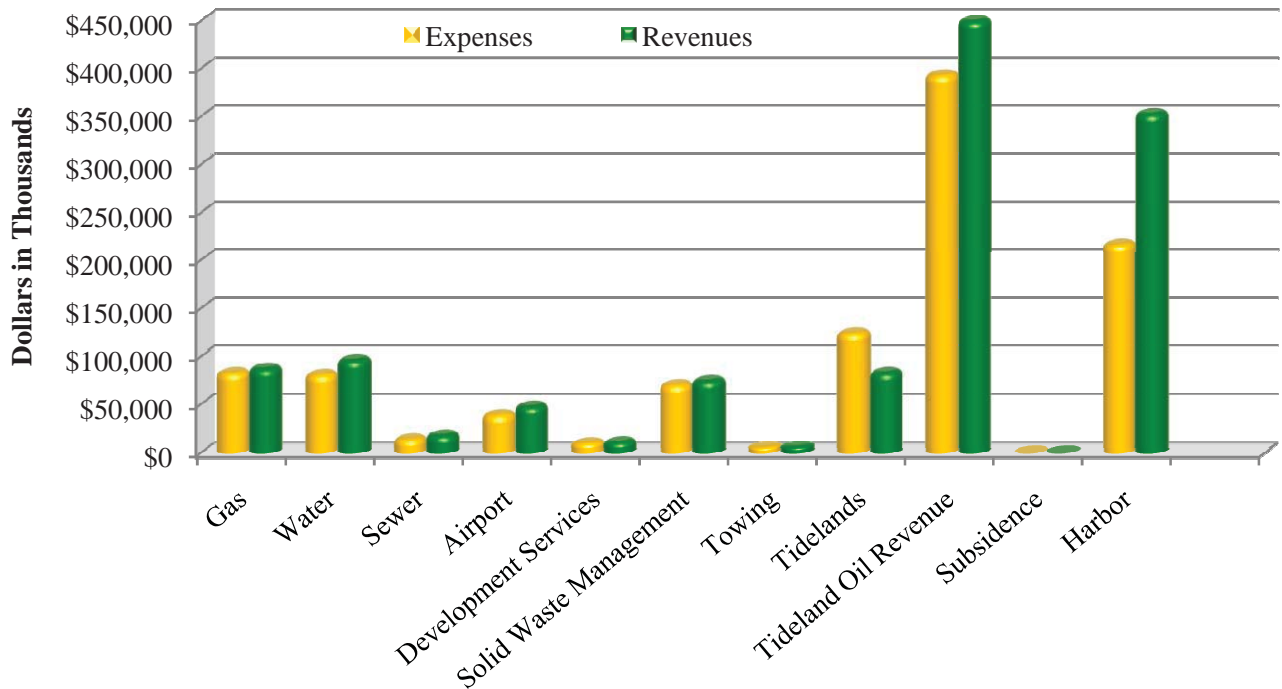
**Business-type activities:** The business-type activities charts on this and the following page illustrate program expenses and revenues. The Harbor is the largest business-type operation, followed by the tidelands and the gas, water, and sewer utilities. The gas, water, and sewer utilities and the Harbor are mainly funded by fees for services provided, while tidelands is funded by fees along with approved transfers from the Harbor and Tideland Oil Revenue Fund.

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**Business-type Activities - Revenues by Source**  
**For the Year Ended September 30, 2011**



**Business-type Activities - Program Expenditures and Revenues**  
**For the Year Ended September 30, 2011**



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Business-type activities increased the City's overall net assets by \$175.3 million, or 5.3 percent. The fiscal year 2011 increase in business-type net assets is \$7.7 million more than the 2010 fiscal year increase of \$167.6 million. Key elements of the increase in fiscal year 2011 are as follows:

- Gas Utility Fund net assets, inclusive of income before contributions and transfers was \$4.6 million, decreased by \$5.6 million, or 11.9 percent primarily as result of a \$10.1 million transfer to the General Fund. The change in net assets included a \$8.4 million increase in charges for services, primarily resulting from increases in commodity costs, offset by increased operating expenses for personnel of \$1.8 million resulting from the addition of staff, negotiated salary increase and benefit cost increases, and the purchase of gas of \$5.0 million due to the increase in commodity prices. Per City charter, the gas utility sets its gas prices based on its purchase price for the commodity. This process results in a delay in cost recovery when commodity prices are climbing.
- Water Fund net assets increased by \$15.1 million, or 5.7 percent, a decline of \$3.2 million when compared to fiscal year's 2010 net asset increase of \$18.3 million. The increase is composed of an increase of \$444 thousand in operating net income, a decrease of \$9.6 million in non operating income (expense) and a \$6.0 million increase in capital contributions. The decrease in non-operating income (expense) is attributed to the fiscal year 2010 gain recorded in conjunction with the sale or surplus land adjacent to the Department's J. Will Johnson Water Tank Reservoir in Rancho Dominguez. As compared to the prior fiscal year, the water utility saw a \$1.4 million increase in charges for services due to a \$3.3 million increased revenues from the In-Lieu Groundwater Replenishment Agreement offset by a reduction of \$2.0 million in unmetered water sales. Expenses related to the purchase of water increased \$9.2 million due to a 6% rate increase imposed by the supplier and an increase in the volume of potable water purchased. Maintenance and other expenses had a net decrease of \$6 million resulting from a \$2.8 million decrease in replenishment assessment costs, a \$1.1 million decrease in utility costs, and a 1.3 million decrease in taxes and other assessments. Depreciation expense decreased \$2.5 million primarily resulting from the last year's closure of seawater desalination facilities. The current year contributed capital increase is attributed to developer' contributions for potable water and reclaimed water distribution system facilities such as the Long Beach City College South Quad Complex and parking structure, Long Beach Memorial Miller Children's Hospital, Lyons West Gateway apartments, and Douglas Business Park development.
- Solid Waste Fund net assets decreased by \$1.2 million, or 5.0 percent, and resulted from a \$3.6 million decrease in charges for services offset by a \$405 thousand decrease in operating expenses and a \$1.5 million reduction in transfers out. The decrease in charges for services primarily resulted from a \$2.1 million decrease in SERRF electricity sales and a \$2.1 million decrease in SERRF disposal charges. In addition, the Solid Waste fund saw a \$2.2 million decrease in interest income reflecting the minimal investment returns available in the current economic environment, a \$1.4 million increase in operating grant revenue related to recycling programs, and a \$1.1 million decrease in settlement related other non-operating revenues.
- Tideland Fund net assets increased by \$60.2 million, or 24.5 percent, and is primarily composed of net operating transfer in of \$99.7 million, offset by a net operating and non-operating loss of \$32.5 and \$7.6 million, respectively. Harbor transfers consisted of \$17.3 million, 5.0 percent of the Harbor's operating revenue as allowed by the City Charter, and \$6.0 million for the aquarium to assist with debt service payments. The Tidelands Oil Revenue Fund transferred \$26.5 million per the revenue sharing agreement for the optimized water flood program, and \$29.5 million of net profits from the West Wilmington Oil field. Management of the oil field was transferred from the Harbor to the Tidelands Oil Revenue Fund after the approval of

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Measure D, a November 2010 ballot initiative. In addition, \$22.2 million in activity resulting from the elimination of amounts owed to the Agency enhanced this increase. Finally, personnel expenses declined \$12.3 million as \$12.6 million in fire services MOU charges were moved to maintenance and operations expense.

- Tidelands Oil Revenue net assets decreased \$11.9 million, primarily from the transfer of the West Wilmington oil field from the Harbor. Oil field abandonment liability exceeded the net book value of the asset by \$12.5 million. Profits from the oil field were transferred to the Tidelands Fund.
- The Harbor's net assets increased by \$103.5 million, or 4.1 percent. This increase was due to operating revenue of \$345.4 offset by operating expenses and non-operating expense of \$ 166.4 million and \$33.0 million, respectively. The Harbor's operating income increased by \$42.0 million, or 30.6 percent, from last year, and is attributed to a \$23.8 million, or 7.4 percent, increase in operating revenue combined with an \$18.2 million decrease in operating expenses.
- Non-major business-type activities' net assets increased \$15.9 million, or 4.4 percent. Sewer, Airport, Towing, Subsidence, and Development Services funds increased \$3.9 million, \$8.9 million, \$631 thousand, \$1.4 million, and \$1.1 million, respectively. The significant increase in the Sewer fund was largely attributed to developers' contributions for sewer collection systems and Airport's increase is attributed to the capitalization of \$4.3 million of interest and an increase in federal aviation capital grant proceeds.

### **Governmental Funds Financial Analysis**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds:** 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* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At September 30, 2011, the City's governmental funds reported a combined ending fund balance of \$529.4 million, a net increase of \$10.1 million over the prior year. Further information can be found in *Note 17 – Government Activities Fund Balance*.

The assets of governmental funds decreased by \$134.6 million, or 11.7 percent, over the previous fiscal year. The decrease was primarily attributable to the City's compliance with AB1x26, with \$101.8 million, \$4.0 million, and \$18.9 million of advances to the Agency from the General Fund, Housing Development Fund, and Nonmajor Governmental Funds, respectively, found to be uncollectible and written off.

Governmental fund liabilities decreased by \$144.6 million, or 22.9 percent, over the prior fiscal year. Once again, this decrease is also primarily attributable to the City's compliance with AB1x26, as amounts due to the General Fund, Housing Development Fund, Nonmajor Governmental Funds, and the Harbor, liabilities of \$101.8 million, 4.0 million, 18.9 million, and \$27.0 million, respectively, were removed from the Agency as part of the legislated elimination of advances between the City and the Agency. This was offset by a \$15.1 million increase in deferred revenue resulting from property improvement and 2<sup>nd</sup> mortgage assistance loans that, due to their long-term nature, revenue is unavailable to finance current expenditures and is deferred.

Of the \$529.4 million governmental fund balance, \$490.5 million, or 92.6 percent is restricted. Significant restrictions of fund balance as of September 30, 2011 include the following:

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Restricted for Debt Service

\$54.3 million of governmental fund balance has been restricted for the payment of debt service obligations. \$48.4 million is restricted for the payment of Agency related debt and \$6.9 million is restricted for the remainder of government related debt service.

Restricted for Public Safety

As of September 30, 2011, within the General fund, \$675 thousand of asset seizure funds from federal and state court forfeitures are restricted to support the City of Long Beach Police Department. With the approval of Proposition H, the Police and fire Public Safety Oil Production Act Fund was established. The Police and fire Public safety Oil Production tax may only be used to fund for police and fire equipment, facilities and training to ensure timely response to public safety needs. As of September 30, 2011, Police and fire restricted Prop H funds are \$265 thousand and \$373 thousand, respectively.

Restricted for Public Health

\$2.7 million is restricted within the Health Fund (a non-major governmental fund) pursuant to California Code of Regulation - Chapter 3 - and federal, state and county grant guidelines.

Restricted for Community and Cultural

\$71.6 million is restricted for the provision of low and moderate income housing within the Housing Development Fund in conformance with community Redevelopment Law as codified in the State of Health and Safety code. Of this amount \$37.3 million offsets advances to other funds and \$292 thousand is for land held for resale. In addition, \$8.7 million is attributed to state and federal grants, including the Community Development Block Grant, the Local coastal Zone Replacement Housing Program, and tax-exempt housing bonds; to stimulate housing development and ownership in targeted areas identified as blighted and/or appropriate because of companion public program or private development.

California Health and Safety Code restricts the use of \$59.1 million and \$62.0 million within the Agency Capital Projects and Agency Debt Service funds, respectively, for the purposes of eliminating blight within designated redevelopment project areas. An additional \$145.3 million is restricted within the Blight Removal Capital Projects fund for the purposes of eliminating blight.

\$1.0 million is restricted within the Belmont Parking Meter Fund as the first pledge of revenue for special assessment debt that benefited the Belmont Shore area of Long Beach.

Community Development Grants Fund (a non-major governmental fund): \$6.7 million is restricted from federal grants including the Housing and Urban Development grant. Restricted funds balance is composed of advances to other funds or used land held for resale.

Restricted for Public Works

\$16.9 million is restricted within the General Capital Projects fund as a result of traffic mitigation impact fees and bonds proceeds, including Open Space and special assessment bonds.

Pursuant to California Street and Highways Section 2100-2128, \$13.4 million is restricted within the Gas Tax Fund for the research, planning, construction, improvements, maintenance and operation of public street and highways, including the mitigation of their environmental effects.

\$26.1 million is restricted within the Transportation Fund. Amounts are restricted pursuant to the requirements of Proposition A, Proposition C, Air Quality Management District (AQMD) AB2766, and



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Measure R in the amounts of \$2.5 million, \$17.0 million, \$2.1 million, and \$4.5 million respectively. Proposition A is 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 program, bikeways and bike lanes, street improvement supporting public transit and pavement management projects. Proposition C funds cannot be traded. AB2766 funding is used to assist the City in meeting federal and state Clean Air Acts. Measure R is a ½ 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.

General Fund Revenues and Other Financing Sources

Revenues and other financing sources for the General Fund, including comparative amounts from the preceding year, are shown in the following tables:

**General Fund Revenues and Other Financing Sources**  
**September 30, 2011 and 2010**  
**(In Thousands)**

Revenues and Other Financing Sources	Fiscal Year 2010-11	Percentage of Total	Fiscal Year 2009-10	Percentage of Total
Taxes	\$ 238,626	58.4%	\$ 222,944	57.4%
Franchise Fees	24,184	5.9%	24,040	6.2%
Licenses and Permits	16,303	4.0%	15,563	4.0%
Fines and Forfeitures	16,193	4.0%	17,042	4.4%
Use of Money and Property	50,486	12.4%	42,428	10.9%
From Other Agencies	5,035	1.2%	5,956	1.5%
Charges for services	26,897	6.6%	24,870	6.4%
Other Revenue	6,100	1.5%	7,744	2.1%
Other Financing Sources	24,565	6.0%	27,658	7.1%
	<u>\$ 408,389</u>	<u>100%</u>	<u>\$ 388,245</u>	<u>100%</u>

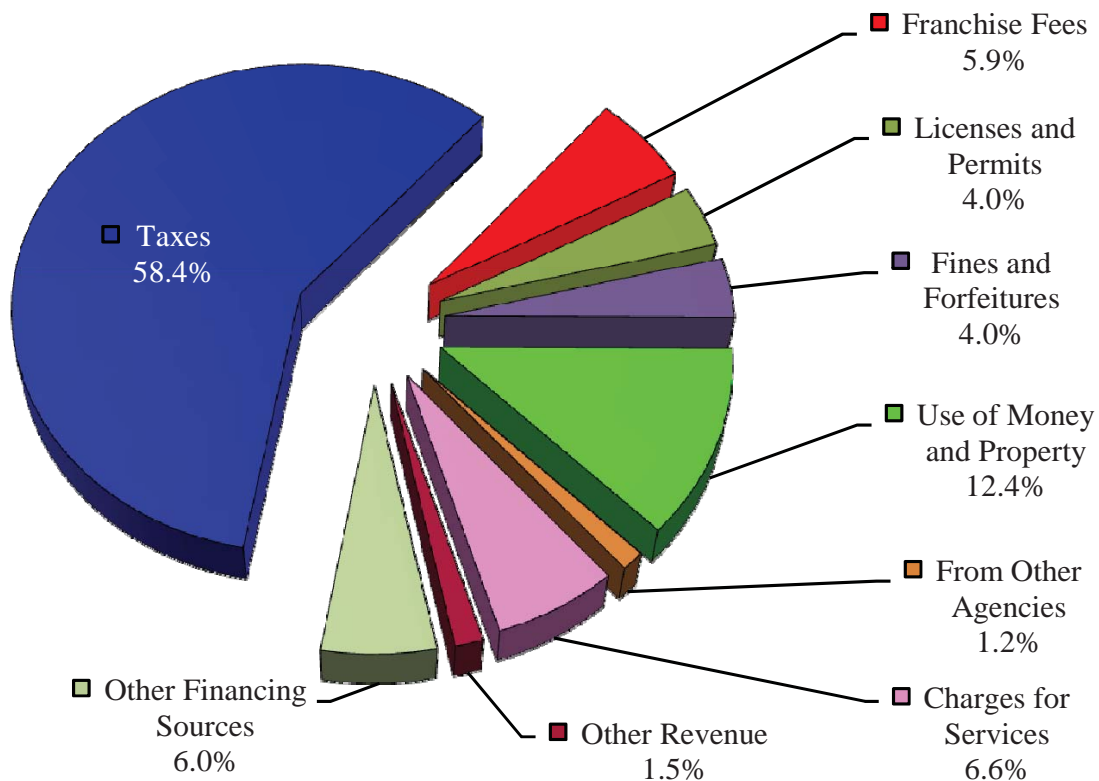
Tax revenue increased by \$15.7 million, or 7.0 percent, consisting of the following:

- Property tax increased by \$9.8 million, and is due to reduced property tax revenues in fiscal year 2010 as a result of the State's prior year long-term borrowing of \$10.8 million. The State is required to pay back the borrowed property taxes in June of 2013. As of September 30, 2011, the revenue is still unavailable to fund current expenditures.
- The sales and use tax increase of \$7.0 million is offset by a decrease in utility user tax and other tax of \$500 thousand and \$580 thousand, respectively. \$3 million growth in the in-lieu sales tax is the 0.25 percent payment of the sales tax withheld by the state during the prior year, commonly referred to as the triple flip. The growth is due to the true-up of the sales tax held by the State. This tends to fluctuate from year to year based on the accuracy of State projections. The remaining \$4 million of the sales tax increase is primarily due to new retailers participating in the Location Agreement Program (LAP).
- Other tax decreased \$580 thousand with a decrease of \$2.1 million in property tax in-lieu from the Towing Fund offset by an increase in transient occupancy tax and business license tax of \$1.2 million and \$270 thousand, respectively. Room rates increased approximately 4.6% and occupancy increased to 71.1% from the 2010 occupancy rate of 65.8%.

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- Licenses and permits increased \$740 thousand, or 4.8 percent, and is attributed to an increase in emergency ambulance fees of \$1.3 million offset by a decrease in fire plan check fees of \$500 thousand. During the year, the City has in sourced basic life support billing and increased billing by \$200 thousand per month after the change. The drop of fire plan check fees to due reduced large-scale project activity.
- The use of money and property increase of \$8.0 million, or 19.0 percent, primarily consists of increases in both total oil production and price per barrel. The average price was \$97.0 per barrel compared to \$71.5 in fiscal year 2010.
- Charges for Services increased \$2.0 million or 8.2 percent and it is attributed to increased police MOU charges to other funds and external parties. The Harbor Fund resumed funding for the police helicopter allocated to the Harbor and the Airport fund remitted increased amounts for overtime and indirect costs.
- Other revenue decreased 1.6 million, or 21.2 percent, due to not receiving funds for either election cost reimbursements or donations for animal care programs such as was received for the spay and neuter voucher program in fiscal year 2010. Elections are generally held on a biannual basis.
- Other financing sources decreased \$3.1 million and is attributed to decreases in proceeds from long-term debt and operating transfers from other funds.

**General Fund Revenues and Other Financing Sources  
For the Year Ended September 30, 2011**



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General Fund Expenditures

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

**General Fund Expenditures and Other Financing Uses**  
**September 30, 2011 and 2010**  
(In Thousands)

Expenditures and Other Financing Uses	Fiscal Year 2010-11	Percentage of Total	Fiscal Year 2009-10	Percentage of Total
Legislative and Legal	\$ 9,683	1.9%	\$ 10,806	2.7%
General Government	18,556	3.6%	14,772	3.7%
Public Safety	274,768	54.4%	272,905	69.2%
Public Health	5,438	1.1%	5,132	1.3%
Community and Cultural	40,265	8.0%	41,844	10.6%
Public Works	28,558	5.7%	28,517	7.2%
Oil Operations	7,173	1.4%	6,718	1.7%
Other Financing Uses	120,657	23.9%	14,040	3.6%
	<u>\$ 505,098</u>	<u>100%</u>	<u>\$ 394,734</u>	<u>100%</u>

Current expenditures and other financing uses increased by \$110.4 million, or 28.0 percent, from fiscal year 2010. General government, public safety, and other financing uses each increased \$3.8 million, \$1.9 million, and \$106.6 million, respectively and were offset by decreases in legislative and legal and community and cultural of \$1.1 million and \$1.6 million, respectively.

- Legislative and Legal expenditures decreased by 10.4 percent, as the fiscal year was not an election year.
- General Government expenditures increased primarily as result of payments for the Location Agreement Program (a revenue sharing program).
- The increase in public safety expenditures is attributed to the police department's purchase of two helicopters. This increase was offset by a decrease in the public safety annuity.
- The increase in Other Financing Uses is due to the implementation of AB1X26 that, along with terminating the Agency, resulted in the elimination or write down of loans between the City and the Agency.

Other Major Governmental Funds

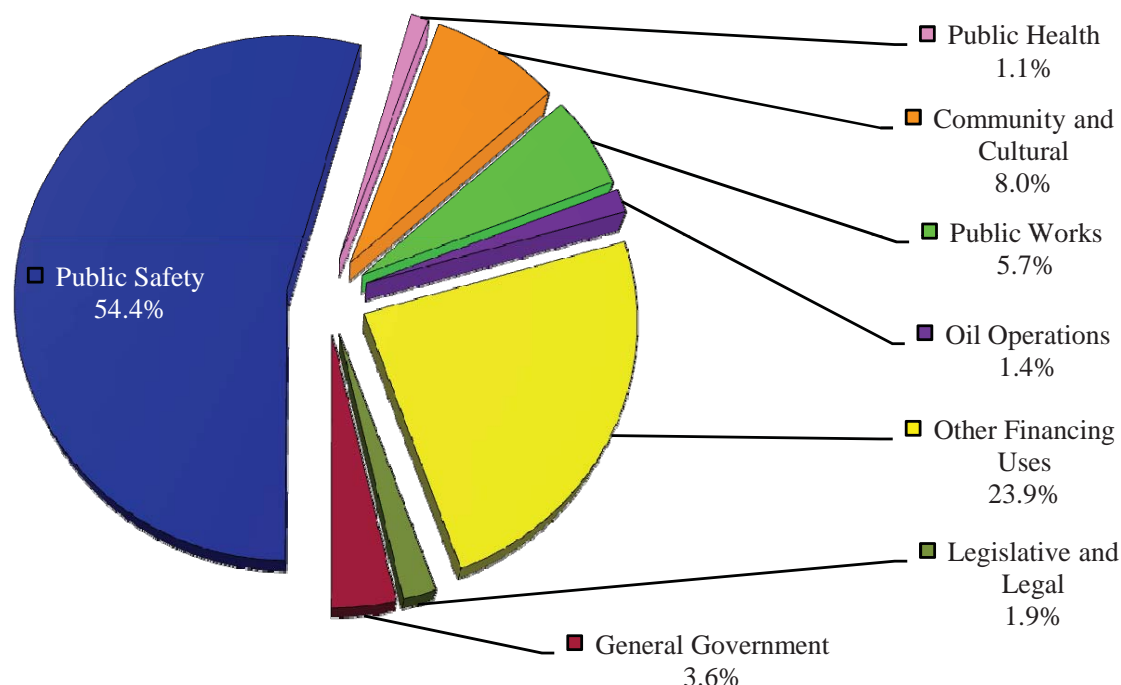
Other notable changes in major governmental funds include the following:

- The Housing Development Fund fund balance increased \$3.0 million or 3.9 percent, composed of an increase in revenue of \$12.6 million, an increase in total expenditures of \$6.7 million and a net other financing use increase of \$2.2 million. Revenue increased due to developer loan repayments and expenditures increased primarily due to a \$6.1 million increases in second mortgage assistance program activity.

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- The Redevelopment Capital Projects Fund fund balance decreased \$150.2 million, or 85.0 percent, primarily from the transfer of land to the capital projects fund for blight removal. In addition, the Agency transferred \$5.9 million land to the City used for the expansion of parks and open space. In addition, loss on land held for resale increased by \$2.6 million in fiscal year 2011.

**General Fund Expenditures and Other Financing Uses  
For the Year Ended September 30, 2011**



**Proprietary Funds Financial Analysis**

**Enterprise Funds:** The enterprise funds' total net assets at September 30, 2011 totaled \$3.7 billion. Total unrestricted net assets amounted to \$832.7 million before the allocation of internal service fund activities. The total growth in net assets was \$175.9 million after the internal service fund activities allocation to enterprise funds. Other factors affecting the finances of these funds are addressed in the discussion of the City's business-type activities.

The Tidelands and Harbor Funds reported unrestricted net assets of \$126.3 million and \$661.0 million, respectively. Tideland Oil Revenue had a deficit fund balance of \$9.6 million as result as future oil field abandonment liability exceeded net book value of the West Wilmington oil field transferred from the Harbor Fund. The Water and Solid Waste Management Funds reported unrestricted net assets of \$46.8 million and \$43.8 million, respectively. The Gas Utility Fund reported a deficit unrestricted net assets of \$57.1 million primarily as result of interest paid during the fiscal year on debt service. The Solid Waste Management Fund reported a deficit in investment in capital assets, net of related debt, of \$32.9 million due to the refunding of the SERRF series 1995 lease revenue refunding bonds. Other business-type funds reported unrestricted net assets of \$21.4 million.

**Internal Service Funds:** Internal service funds, which are used to finance and account for goods and services provided internally among City departments, had deficit net assets of \$110.2 million and deficit unrestricted net assets of \$181.7 million at September 30, 2011. The deficit result from deficit unrestricted net assets of \$85.0 million in the Insurance Internal Service fund and \$125.4 million in the Employee Benefit Internal Service Fund. It is the City's practice to bill City departments on a pay-as-

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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.

**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 includes the General Fund, Capital Projects, Debt Service Funds, 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 final budgets for revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$138 thousand consisting of additional appropriation for expenditures and other financing uses of \$17.4 million offset by an increase in revenue and other financing sources of \$17.5 million.

Significant changes in revenue forecasts include the following:

- A \$4.3 million increase in projected sales tax revenue primarily as result of the City entering into a sales tax sharing agreement with Edison Material Supply.
- A \$14.1 million increase in projected Use of Money and Property revenues primarily resulting from higher than anticipated oil prices.

Significant changes in the appropriations budget include the following:

- A \$16.4 million increase in Other Financing Uses and an \$8.2 million decrease in debt service related appropriations due to the implementation of GASB 54. These change is resulted from the consolidation of debt service transactions being consolidated within the City's General Debt Service and Redevelopment Debt Service funds.
- A \$4.9 million increase related to sales tax sharing agreement rebates due to the success of the Edison rebate agreement.
- A \$3.5 million increase in the police department budget for the purchase of two helicopters.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$6.1 million. This consists of favorable variances in both revenues and other financing sources of \$2.7 million and expenditures and other financing uses of \$3.3 million.

General Fund revenues and Other Financing Sources reflect a positive budget to actual variance of \$2.7 million. For the year, the General Fund received 100.7 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include Use of Money and Property revenues of \$3.6 million, due to favorable oil prices, along with \$1.8 million in Charges for Services revenues, mostly resulting from public works improvement activity related to street drainage and erosion control projects. Significant less than favorable variances include a \$1.2 million shortfall in revenues from other agencies, related to legal restrictions placed on redevelopment activities, a \$1.1 million shortfall in Licenses and Permits revenue, related to AB 939 fees being



**The City of Long Beach**  
**Managements' Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2011 (Continued)**

reclassified as a franchise fees without a matching budgetary action, and a \$1.3 million deficit in Other Financing Sources primarily resulting from a reduction in anticipated transfers from the General Services fund. Additional information regarding these transfers can be found in Note 6.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$3.3 million. Of the total appropriations and other financing uses of \$406.1 million, approximately 0.8% went unspent. \$2.1 million of this variance resulted from the unspent budgetary authority within the City's police and fire departments.

**Capital Assets and Debt Administration**

**Capital assets:** The City's investment in capital assets for its governmental and business-type activities for the current fiscal year amounts to \$4.2 billion, net of accumulated depreciation, representing an increase over the prior fiscal year of \$173.4 million, or 4.3%. The change consists of an increase for governmental activities of \$16.1 million and an increase in business-type activities of \$157.3 million. Capital assets for the governmental and business-type activities are presented on the following page to illustrate changes from the prior year:

**Capital Assets, Net of Depreciation**  
**September 30, 2011 and 2010**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Land	\$ 159,402	\$ 152,000	\$ 929,693	\$ 921,686	\$ 1,089,095	\$ 1,073,686
Rights-of-way	81,334	81,334	211,349	209,689	292,683	291,023
Water Rights	-	-	40	40	40	40
Construction in Progress	31,020	24,382	547,428	448,708	578,448	473,090
Buildings	162,687	168,246	1,105,067	1,087,708	1,267,754	1,255,954
Improvements Other than Buildings	56,498	39,775	226,211	214,669	282,709	254,444
Infrastructure	167,685	180,210	441,027	419,953	608,712	600,163
Machinery and Equipment	14,137	12,680	14,094	15,842	28,231	28,522
Vehicles & Aircrafts	35,853	33,917	7,030	6,233	42,883	40,150
Patents	-	-	610	651	610	651
Total Net Capital Assets	\$ 708,616	\$ 692,544	\$ 3,482,549	\$ 3,325,179	\$ 4,191,165	\$ 4,017,723

Governmental activities' net capital assets increased 2.3 percent, or \$16.1 million, and consisted of increases in land, construction in progress, improvements other than buildings, machinery and equipment, and automotive of \$7.4 million, \$6.6 million, \$16.7 million, \$1.5 million, and \$1.9 million, respectively; offset by decreases in buildings and infrastructure of \$5.6 million and \$12.5 million, respectively. Significant changes include the following:

- The increase in Land primarily resulted from the Agency's transfer of \$5.9 million of land held for resale to expand various parks. This included land for the Drake/Chavez greenbelt, the Orizaba park expansion and several mini and pocket parks.
- Governmental activities' construction in progress increased by \$6.6 million, or 27.2 percent, as a result of ongoing projects, such as the north Long Beach fire station, West Long Beach pump station and storm drain project, downtown city place garage improvement, a senior recreation center, and the Orizaba park development project.



**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

- Governmental activities' improvements other than buildings increased \$16.7 million, or 42.0 percent. During the year, the City put in use several park improvement including a soccer field and play equipment in Seaside Park and park expansion and land enhancements in the Burton Chase Park, Rosie the Riveter Park, and Admiral Kidd Park.
- Machinery and equipment increased primarily due to public safety purchases to include surveillance and paramedic equipment. The vehicles and aircraft increase is due to the capitalization of two police helicopters.
- Decreases in the building and infrastructure governmental activities' asset categories are attributed to depreciation expense.

Business-type activities' net capital assets increased 4.7 percent, or \$157.3 million, and consisted of increases in land, right-way, construction in progress, building, improvement other than buildings, and infrastructure of \$8.0 million, \$1.7 million, \$98.7 million, \$17.4 million, \$11.5 million, and \$21.1 million; offset by decreases in machinery and equipment and patents of \$1.7 million and \$41 thousand, respectively.

- Gas Utility Fund' capital assets increased \$10.8 million as a result of repair and replacement of aged gas pipelines.
- Water Fund' capital assets increased \$7.8 million primarily due to machinery and equipment purchases and the capitalization of potable water and reclaimed water distribution systems.
- Solid Waste decreased \$3.1 million due to the depreciation of existing assets.
- Tidelands Fund' capital assets decreased \$13.7 million as result of asset depreciation offset by the addition of assets from the Colorado Lagoon restoration project and the restroom expansion in Marina park.
- Tidelands Oil Revenue Fund' capital assets increased \$12.5 million due the transfer of the West Wilmington Oil Field from the Harbor Fund.
- Harbor Fund' capital assets increased by \$98.6 million and consisted of an of \$116.9 million increase in construction in progress (CIP) offset by a \$18.3 million decrease in non-CIP assets. Land increased \$8 million as result of the purchase of a parking lot. Projects put into service during the year include building upgrades to Piers G and C and T. CIP increased due to work on the Middle harbor terminal redevelopment, the Gerald Desmond Bridge replacement and pier S terminal development project.
- Airport Fund' capital assets increased by \$39.6 million predominately due to the opening of the new parking structure, the inception of the terminal renovation project, a \$1.7 million acquisition of air and avigation right-of-way as part of the neighborhood protection program.
- Sewer Fund' capital assets increased \$4.9 million from the capitalization of sewer collection systems as part of the sewer pipeline rehabilitation program.

Additional information on the City's capital assets can be found in Note 7 of the Basic Financial Statements.

**The City of Long Beach**  
**Managements' Discussion and Analysis (Unaudited)**  
**For the Year Ended September 30, 2011 (Continued)**

**Long-Term Indebtedness:** At September 30, 2011, the City had total net long-term obligations outstanding of \$2.7 billion. Of this amount, \$2.4 billion relates to notes, bonds, and capital leases. The remaining balance relates to accrued oil field abandonment cost, environmental remediation, self-insurance, employee benefit obligations, and payments to the State of California.

The underlying ratings assigned to the City's bond issues are as follows: Moody's Investors Services: Aa2, stable outlook; and Fitch Ratings: AA, stable outlook; Standard & Poor's: AA- (implied), stable outlook.

The table below provides summarized information (including comparative amounts from the preceding year) for the City's outstanding long-term debt obligations at September 30, 2011. Major changes in debt service obligations during the year include the following:

**Outstanding Debt Obligations**  
**September 30, 2011 and 2010**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2011	2010	2011	2010	2011	2010
Notes Payable	\$ 8,560	\$ 8,415	\$ 56,469	\$ 73,326	\$ 65,029	\$ 81,741
Bonds Payable	500,811	520,103	1,739,082	1,746,692	2,239,893	2,266,795
Capital Leases	48,160	52,497	3,541	541	51,701	53,038
Total Outstanding	\$ 557,531	\$ 581,015	\$ 1,799,092	\$ 1,820,559	\$ 2,356,623	\$ 2,401,574

- Governmental activities bonds payable decreased as a result of scheduled bond principal payments.
- Governmental activities capital leases payable decreased \$4.3 million primarily due to scheduled principal payments offset by new capital leases for computer and telecom equipment of \$1.3 million and \$810 thousand, respectively.
- Business Type activities long-term indebtedness decreased \$21.5 million primarily as a result of \$85.0 million in scheduled debt service, offset by the following activities:
  - The Airport issued \$61.4 million in revenue bonds to finance the construction a new passenger concourse at the Airport and to retire \$13.3 million of commercial paper.
  - The Tidelands Fund received \$1.3 million of note proceeds from the Department of Boating and Waterways for improvements to the marinas.
  - The Sewer Fund drew \$6.0 million on a revolving line of credit to fund sewer improvements and to retire \$4.0 million of outstanding commercial paper.
  - The Gas Fund entered into a capital lease of \$3.0 million to partially fund the purchases and development of a new utility billing and customer service system.

Additional information on the City's long-term obligations can be found in Notes 9 through 12 of the Basic Financial Statements.

**The City of Long Beach**  
Managements' Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

**Economic Factors and Next Year's Budget and Rates**

At September 30, 2011, the unemployment rate, not seasonally adjusted, for the City was 13.4 percent and reflects a decrease from a rate of 13.9 percent a year ago. This compares to the State and national unemployment rates of 11.7 percent and 8.8 percent, respectively.

Fiscal year 2012 represents the fifth year after the completion of the initial Financial Strategic Plan (Plan), which was used to eliminate the projected structural deficits in the City's General Fund in fiscal years 2004 through 2007. The structural deficit was the amount by which the City's spending exceeded its revenues. The Plan has now evolved into an ongoing long-term fiscal planning tool with rolling three-year revenue and expense projections. Highlights of the fiscal year 2012 budget are as follows:

In compliance with City Council's Financial Policy to achieve and maintain a structurally balanced budget, the proposed fiscal year 2012 General Fund budget is without a structural deficit for the fourth year in a row. This accomplishment, which is dependent on departments operating within their approved spending limits, continues to be a challenge for the City.

The fiscal year 2012 adopted General Fund revenue budget projected a decrease of 0.3 percent, or \$1.1 million, as compared to the pre-audit fiscal year 2011 results. Operating transfers from other funds make up \$20.5 million of the \$412.0 million fiscal year 2012 budgeted revenue. 2012 appropriations are budgeted at \$411.7 million. The budget projects an increase in fund balance of \$322 thousand. The final fiscal year 2011 budget showed a \$1.0 million increase in fund balance. The largest structural revenue sources for fiscal year 2012 are property tax, sales and use tax, property tax in-lieu, Upland Oil revenues, and sales tax in-lieu. These revenue sources comprise 46.2 percent of total General Fund budgeted revenues. Below is a closer look at some of these key General Fund resources.

- Property Taxes, to include both secured real property tax and unsecured personal property tax revenue, of \$75.5 million, or 18.3 percent of General Fund revenues. This reflects an increase of \$300 thousand from the final fiscal year 2011 budget and is based on the belief that property values countywide are relatively stable for the near future.
- Sales and use tax revenue is budgeted to account for \$41.4 million, or 10.0 percent of General Fund revenues. Growth of 7.8 percent is expected in fiscal year 2012 primarily due to the sales tax sharing agreements executed by the City.
- Upland Oil related revenues are budgeted at \$20.0 million, or 4.9 percent of General Fund revenues. This reflects a decrease of \$10.1 million from the final fiscal year 2011 budget and is based on projected oil revenues at \$55 dollars per barrel.

In addition, the City continues to evaluate its fees for services to ensure, when possible, fees collected fully support the costs of providing the City services.

The fiscal year 2012 adopted General Fund appropriations budget is \$411.7 million. As part of the fiscal year 2012 budget development process, the financial strategic plan, which provides a three-year continuous outlook on revenue sources and commitments, was updated. The plan highlighted a five-pronged approach for restoring structural balance.

- Reduction of Departmental Expenditures – The City must continue its efforts to reduce the size of government while preserving the quality and availability of core services. Departments were asked to provide \$20.3 million in operating cost reductions.
- Employee Participation – The City must work with its employees and unions to find ways to preserve the provision of core services. If the City and its employees cannot reach an understanding, the City must take the required cost saving steps while ensuring the quality and availability of core services to its citizens.

**The City of Long Beach**  
Managements' Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2011 (Continued)

**Economic Factors and Next Year's Budget and Rates**

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- Potential New Revenue – The City must focus on further diversifying its revenue base by attracting new business by cultivating an environment that fosters development and expansion for new and current businesses and by aggressively pursuing cost recovery through user fees and charges. Over the past seven years, new revenue and funding sources have been the pillars to the City’s budget balancing strategy.
- Government Reform – The City is continually exploring ways to streamline or reinvent the way service is provided to the community, to become a more cost-effective, modern organization. Efforts include consolidating services and organizational reconfiguration to align declining resources to demand.
- Pension Reform – Escalating cost of public pension, fueled by market losses, is the most significant threat to the fiscal sustainability of local governments throughout California. Pension reform includes increases in employee contribution for current employees, reductions in benefits for new employees though increased retirement ages, lower benefits formulas, and expanded definition of final compensation on which pension benefits are based.

### **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 Department of Financial Management, 333 West Ocean Boulevard, 6<sup>th</sup> Floor, Long Beach, California 90802.



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# **BASIC FINANCIAL STATEMENTS**

# **FUND FINANCIAL STATEMENTS**



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**City of Long Beach**  
**Statement of Net Assets**  
**September 30, 2011**  
**(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	\$ 41,464	\$ 128,052	\$ 169,516	\$ -
Non-Pooled Cash and Cash Equivalents	43,114	22,479	65,593	26,163
Pooled Investments	72,738	224,640	297,378	-
Non Performing Investments	789	3,146	3,935	-
Non-Pooled Investments	-	2,567	2,567	-
Interest Receivable	293	766	1,059	-
Property Tax Receivable, Net	180,476	-	180,476	-
Accounts and Loans Receivables, Net	18,615	133,270	151,885	7,407
Due from Other Governments	42,978	9,117	52,095	-
Internal Balances	9,114	(9,114)	-	-
Inventory	1,979	4,927	6,906	1,417
Other Assets	2,345	29,962	32,307	360
Land Held for Resale	192,822	-	192,822	-
Total Current Assets:	606,727	549,812	1,156,539	35,347
Noncurrent Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	209	209	24,446
Non-Pooled Investments	2,766	113,715	116,481	-
Total Noncurrent Restricted Assets:	2,766	113,924	116,690	24,446
Other Noncurrent Assets:				
Pooled Investments	311,453	961,873	1,273,326	-
Non-Pooled Investments	44,706	36,928	81,634	-
Other Noncurrent Receivables	157,631	11,592	169,223	-
Derivative Instrument	-	273,240	273,240	-
Land and Other Capital Assets not being Depreciated	271,756	1,688,438	1,960,194	7,986
Capital Assets, net of Accumulated Depreciation	436,860	1,794,039	2,230,899	75,842
Other Assets	41,654	590,143	631,797	-
Total Other Noncurrent Assets:	1,264,060	5,356,253	6,620,313	83,828
Total Assets	1,873,553	6,019,989	7,893,542	143,621
<b>LIABILITIES AND DEFERRED INFLOWS</b>				
Current Liabilities and Deferred Inflows:				
Accounts Payable	59,404	111,286	170,690	2,051
Accrued Wages and Benefits Payable	42,195	10,903	53,098	3,576
Accrued Interest Payable	10,235	32,336	42,571	-
Deferred Revenue, Credits and Other Payables	187,732	32,991	220,723	17,507
Deferred Inflow - Derivative	-	273,240	273,240	-
Employee Benefits and Accrued Long-Term Obligation:	29,632	5,074	34,706	9,146
Bonds, Loans, Capital Leases and Other Long-Term Obligation:	23,972	140,772	164,744	-
Total Current Liabilities and Deferred Inflows:	353,170	606,602	959,772	32,280
Noncurrent Liabilities:				
Deferred Revenue, Credits and Other Payables	1,351	11,066	12,417	22,463
Employee Benefits and Accrued Long-Term Obligation:	242,754	28,200	270,954	1,445
Bonds, Loans, Capital Leases and Other Long-Term Obligation:	533,559	1,727,240	2,260,799	-
Total Noncurrent Liabilities:	777,664	1,766,506	2,544,170	23,908
Total Liabilities and Deferred Inflows	1,130,834	2,373,108	3,503,942	56,188
<b>NET ASSETS</b>				
Invested in Capital Assets,				
Net of Related Debt	215,317	2,547,605	2,762,922	83,829
Restricted for:				
Debt Service	57,318	47,836	105,154	-
Capital Projects	59,357	58,909	118,266	21
Public Safety	1,747	-	1,747	-
Public Health	3,358	-	3,358	-
Community and Cultural	493,470	-	493,470	-
Health Care Insurance	16,479	-	16,479	-
Aquarium	-	6,551	6,551	-
Airport	-	6,958	6,958	-
Subsidence	-	169,745	169,745	-
Unrestricted	(104,327)	809,277	704,950	3,583
Total Net Assets	\$ 742,719	\$ 3,646,881	\$ 4,389,600	\$ 87,433

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, 2011  
(In Thousands)

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Legislative and Legal	\$ 10,106	\$ 104	\$ 63	\$ -
General Government	22,653	16,501	-	-
Public Safety	284,986	35,110	13,883	-
Public Health	44,428	8,725	24,013	-
Community and Cultural	193,886	20,825	116,789	1,782
Public Works	89,942	21,072	43,450	5,806
Oil Operations	7,318	31,552	-	-
Interest on Long-Term Debt	35,273	-	-	-
Total Governmental Activities	688,592	133,889	198,198	7,588
<b>Business-Type Activities:</b>				
Gas	84,003	87,760	-	-
Water	82,050	88,576	-	8,283
Sewer	15,357	16,447	-	2,868
Airport	39,530	40,395	647	7,219
Development Services	11,126	12,160	-	-
Solid Waste Management	71,330	74,588	694	-
Towing	6,670	7,297	-	-
Tidelands	124,830	83,018	484	592
Tideland Oil Revenue	393,317	449,819	-	-
Subsidence	5	-	-	-
Harbor	217,335	345,389	-	7,444
Total Business-Type Activities	1,045,553	1,205,449	1,825	26,406
Total Primary Government	\$ 1,734,145	\$ 1,339,338	\$ 200,023	\$ 33,994
<b>Component Unit:</b>				
Long Beach Public Transportation Company	\$ 91,029	\$ 17,931	\$ 55,013	\$ 17,131

Taxes:  
Property  
Sales  
Utility Users  
Other  
Franchise Fees  
Unrestricted Investment Earnings  
Capital Asset Transfers  
Transfers  
Total General Revenues and Transfers  
Change in Net Assets  
Net Assets, Beginning of Year, as Restated (note 2)  
Net Assets, End of Year

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

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Long Beach Public Transpor- tation Company
\$ (9,939)	\$ -	\$ (9,939)	\$ -
(6,152)	-	(6,152)	-
(235,993)	-	(235,993)	-
(11,690)	-	(11,690)	-
(54,490)	-	(54,490)	-
(19,614)	-	(19,614)	-
24,234	-	24,234	-
(35,273)	-	(35,273)	-
(348,917)	-	(348,917)	-
-	3,757	3,757	-
-	14,809	14,809	-
-	3,958	3,958	-
-	8,731	8,731	-
-	1,034	1,034	-
-	3,952	3,952	-
-	627	627	-
-	(40,736)	(40,736)	-
-	56,502	56,502	-
-	(5)	(5)	-
-	135,498	135,498	-
-	188,127	188,127	-
(348,917)	188,127	(160,790)	-
-	-	-	(954)
218,570	-	218,570	-
60,159	-	60,159	-
38,739	-	38,739	-
43,254	-	43,254	-
24,184	-	24,184	-
10,291	9,253	19,544	496
1,266	(457)	809	-
21,601	(21,601)	-	-
418,064	(12,805)	405,259	496
69,147	175,322	244,469	(458)
673,572	3,471,559	4,145,131	87,891
\$ 742,719	\$ 3,646,881	\$ 4,389,600	\$ 87,433

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

**City of Long Beach**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2011**  
(In Thousands)

	General	Housing Development	Redevelopment Capital Projects	Other Governmental Funds	Total September 30, 2011
<b>ASSETS</b>					
Pooled Cash and Cash Equivalents	\$ 72,863	\$ 43,334	\$ 36,474	\$ 132,115	\$ 284,786
Non-Pooled Cash and Cash Equivalents	395	19	-	42,597	43,011
Non Performing Investments	178	85	111	172	546
Non-Pooled Investments	-	-	-	44,706	44,706
Receivables:					
Interest Receivable	-	-	-	104	104
Property Taxes	89,732	-	-	92,769	182,501
Accounts Receivable	36,838	6	58	3,594	40,496
Notes and Loans Receivable	1,994	-	-	-	1,994
Due from Other Governments	14,955	346	-	27,489	42,790
Due from Other Funds	10,418	220	-	223	10,861
Allowance for Receivables	(27,810)	-	-	(853)	(28,663)
Other Assets	33	-	1,585	60	1,678
Advances to Other Funds	2,050	34,058	-	6,709	42,817
Land Held for Resale	-	11,555	33,148	148,119	192,822
Other Noncurrent Receivables	-	97,852	4,095	54,163	156,110
Total Assets	<u>201,646</u>	<u>187,475</u>	<u>75,471</u>	<u>551,967</u>	<u>1,016,559</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	12,794	3,963	9,803	24,491	51,051
Accrued Wages and Benefits Payable	4,877	41	72	927	5,917
Due to Other Funds	2,519	17	250	9,878	12,664
Deferred Revenues	95,689	98,062	4,479	154,229	352,459
Accrued Claims	-	-	10	200	210
Deposits and Collections Held in Trust	2,860	16	207	3,048	6,131
Advances from Other Funds	15,914	3,809	34,058	4,900	58,681
Total Liabilities	<u>134,653</u>	<u>105,908</u>	<u>48,879</u>	<u>197,673</u>	<u>487,113</u>
Fund Balances (Deficit):					
Nonspendable	2,083	29	1,587	38	3,737
Restricted	675	81,343	59,063	349,435	490,516
Committed	4,108	161	-	-	4,269
Assigned	59,445	3,843	-	6,821	70,109
Unassigned	682	(3,809)	(34,058)	(2,000)	(39,185)
Total Fund Balance	<u>66,993</u>	<u>81,567</u>	<u>26,592</u>	<u>354,294</u>	<u>529,446</u>
Total Liabilities and Fund Balances	<u>\$ 201,646</u>	<u>\$ 187,475</u>	<u>\$ 75,471</u>	<u>\$ 551,967</u>	<u>\$ 1,016,559</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 Assets  
September 30, 2011  
(in Thousands)

Total governmental fund balances	\$ 529,446
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Amounts reported for governmental activities in the statement of net assets 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.	601,370
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Certain property taxes receivable are not available to pay current period expenditures and, therefore, are deferred in the funds.	12,807
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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 deferred revenue in the funds.	157,700
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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 amount has been reduced by interest receivables for federal subsidy on Build America and Recovery Zone Economic Development Bonds.	(471,859)
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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 assets.	(86,745)
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Net assets of governmental activities	\$ 742,719
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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, 2011**  
**(In Thousands)**

	General	Housing Development	Redevelopment Capital Projects	Other Governmental Funds	Total September 30, 2011
Revenues:					
Taxes:					
Property	\$ 116,692	\$ 19,369	\$ -	\$ 82,532	\$ 218,593
Sales	58,072	-	-	2,087	60,159
Utility Users	38,739	-	-	-	38,739
Other Taxes	25,123	-	-	18,131	43,254
Franchise Fees	24,184	-	-	-	24,184
Licenses and Permits	16,303	77	183	8,249	24,812
Fines and Forfeitures	16,193	-	-	-	16,193
Use of Money and Property	50,486	510	1,415	4,004	56,415
From Other Agencies	5,035	781	67	202,284	208,167
Charges for Services	26,897	-	1	1,651	28,549
Other	6,100	14,677	1,120	3,359	25,256
Total Revenues	383,824	35,414	2,786	322,297	744,321
Expenditures:					
Current:					
Legislative and Legal	9,683	-	-	-	9,683
General Government	18,556	301	362	816	20,035
Public Safety	274,768	-	-	14,770	289,538
Public Health	5,438	-	-	38,227	43,665
Community and Cultural	40,265	29,015	40,851	153,494	263,625
Public Works	28,558	-	-	15,620	44,178
Oil Operations	7,173	-	-	-	7,173
Total Current Expenditures	384,441	29,316	41,213	222,927	677,897
Capital Improvements	-	-	-	29,630	29,630
Loss on Disposition of Land Held for Resale	-	760	(241)	-	519
Debt Service:					
Principal	-	-	-	13,475	13,475
Interest	-	-	2,972	26,012	28,984
Debt Administration Fees	-	-	-	391	391
Total Expenditures	384,441	30,076	43,944	292,435	750,896
Excess of Revenues Over (Under) Expenditures	(617)	5,338	(41,158)	29,862	(6,575)
Other Financing Sources (Uses):					
Debt Issuance	-	-	297	-	297
Land Transfers	-	741	(156,950)	149,976	(6,233)
Transfers In	24,565	4,356	215,619	26,554	271,094
Transfers Out	(120,657)	(7,388)	(8,396)	(111,489)	(247,930)
Total Other Financing Sources (Uses)	(96,092)	(2,291)	50,570	65,041	17,228
Net Change in Fund Balances	(96,709)	3,047	9,412	94,903	10,653
Fund Balances - October 1, as Restated (note 2)	163,702	78,520	17,180	259,391	518,793
Fund Balances - September 30	\$ 66,993	\$ 81,567	\$ 26,592	\$ 354,294	\$ 529,446

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, 2011  
(in Thousands)

Excess of revenue and other sources over expenditures and other uses - total governmental funds	\$ 10,653
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 (\$40,848) plus contributed assets (\$6,201) exceeds depreciation (\$25,409) in the current period.	21,640
Net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins and donations) is a decrease to net assets.	(103)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(23)
Governmental funds report expenditures pertaining to the establishment of certain long-term loans made. 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 assets and, therefore, the corresponding net expense is not reported on the statement of activities.	25,920
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 the current financial resources of the governmental funds. Neither transaction, however, has any affect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of long-term debt and related items is reflected herein.	16,222
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.	(720)
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.	(4,442)
Change in net assets of governmental activities	<u>\$ 69,147</u>

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, 2011**  
**(In Thousands)**

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Sources:</b>				
Property Taxes	\$ 114,965	\$ 114,965	\$ 116,692	\$ 1,727
Sales Taxes	52,213	56,522	58,072	1,550
Utility Users Taxes	39,215	39,215	38,739	(476)
Other Taxes	25,231	26,031	25,123	(908)
Franchise Fees	23,970	23,211	24,184	973
Licenses and Permits	17,394	17,406	16,303	(1,103)
Fines and Forfeitures	17,853	17,012	16,193	(819)
Use of Money and Property	34,261	48,347	51,906	3,559
From Other Agencies	6,097	6,203	5,035	(1,168)
Charges for Services	25,512	25,088	26,897	1,809
Other	6,263	6,502	5,373	(1,129)
Transfers In	25,831	25,831	24,565	(1,266)
Total Sources	388,805	406,333	409,082	2,749
<b>Uses:</b>				
<b>Current:</b>				
Legislative and Legal				
Mayor and City Council	5,178	5,218	5,134	84
City Attorney	1,436	1,448	1,424	24
City Clerk	3,373	3,439	3,134	305
General Government				
City Auditor	2,362	2,384	2,373	11
City Manager	2,169	2,179	2,709	(530)
Civil Service	2,715	2,720	2,193	527
Financial Management	10,705	10,768	10,756	12
Planning and Building	73	83	165	(82)
Non Departmental	(5,929)	(2,034)	449	(2,483)
Public Safety				
Police	188,906	193,504	192,425	1,079
Fire	74,892	75,959	71,895	4,064
City Prosecutor	4,945	4,959	4,852	107
Planning and Building-Code Enforcement	3,093	3,093	2,621	472
Police and Fire Annuity	-	-	3,044	(3,044)
Public Health	5,239	5,321	5,438	(117)
Community and Cultural				
Community Development	3,080	1,998	1,493	505
Library	13,938	14,017	14,016	1
Parks and Recreation	24,455	24,903	24,760	143
Public Works	28,792	28,679	28,566	113
Oil Operations	8,357	8,357	7,173	1,184
Debt Service:	8,288	72	-	72
Transfers Out	2,696	19,128	18,231	897
Total Uses	388,763	406,195	402,851	3,344
Total Sources (Uses):	42	138	6,231	\$ 6,093
Fund Balances - October 1, Budgetary Basis	163,374	163,374	163,702	
Encumbrances, Beginning of the Year	328	328	-	
Fund Balances - September 30, Budgetary Basis	\$ 163,744	\$ 163,840	\$ 169,933	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	\$ 682
<b>Add:</b> Long-term Receivables	2,050
Prepaid Expenses	33
Restricted Use Funds	4,783
Future Appropriations	7,500
Contingency Funds	31,059
Future Operating Shortfalls	11,986
Infrastructure	8,900
Change in Advances to Other Funds	103,119
<b>Less:</b> Change in Encumbrances	(179)
<b>Fund Balances - September 30, Budgetary Basis</b>	169,933
<b>Add:</b> Change in Encumbrances	179
<b>Less:</b> Change in Advances from other Funds	(103,119)
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	\$ 66,993

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

**City of Long Beach**  
**Housing Development Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

	Budgeted Amounts		Actual On	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Favorable
				(Unfavorable)
<b>Sources:</b>				
Property Taxes	\$ 20,085	\$ 20,085	\$ 19,369	\$ (716)
Licenses and Permits	75	75	77	2
Use of Money and Property	5,450	5,449	510	(4,939)
From Other Agencies	62	1,562	781	(781)
Other	4,275	20,315	14,677	(5,638)
Debt Issuance	267	1,081	-	(1,081)
Transfers In	23,390	25,016	4,356	(20,660)
Total Sources	53,604	73,583	39,770	(33,813)
<b>Uses:</b>				
General Government				
Financial Management	340	1,154	301	853
Community and Cultural				
Community Development	84,478	92,125	29,015	63,110
Debt Service:	267	267	-	267
Transfers Out	5,727	6,590	7,388	798
Total Uses	90,812	100,136	36,704	65,028
Total Sources (Uses):	(37,208)	(26,553)	3,066	\$ 31,215
Fund Balances - October 1, Budgetary Basis	78,488	78,488	78,520	
Encumbrances - Beginning of the Year	33	33	-	
Fund Balances - September 30, Budgetary Basis	\$ 41,313	\$ 51,968	\$ 81,586	
<b>Reconciliation of Funds Available to U.S. GAAP Fund Balance</b>				
<b>Budgetary Funds Available - September 30</b>				\$ 39,592
<b>Add:</b> Long-term Receivables				37,288
Land Held for Resale				11,555
Restricted Use Funds				189
<b>Less:</b> Advances from other funds				(7,038)
<b>Fund Balances - September 30, Budgetary Basis</b>				81,586
<b>Add:</b> Sale of Land				741
<b>Less:</b> Loss on Sale of Land				(760)
<b>Funds Available (U.S. GAAP Basis) - September 30</b>				\$ 81,567

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

**City of Long Beach**  
**Proprietary Funds**  
**Statement of Net Assets (Deficit)**  
**September 30, 2011**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
<b>ASSETS</b>				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 13,312	\$ 50,154	\$ 51,308	\$ 134,110
Non-Pooled Cash and Cash Equivalents	45	558	103	6,652
Non Performing Investments	104	25	61	288
Non-Pooled Investments	-	2,567	-	-
Receivables:				
Interest Receivable	12	14	53	203
Accounts Receivable	4,946	6,060	7,058	4,180
Due from Other Governments	-	-	693	589
Due from Other Funds	899	-	-	22,482
Other Receivables	-	-	-	-
Allowance for Receivables	(566)	(416)	(313)	(360)
Deposits				
Inventory	1,563	2,752	-	-
Prepaid Gas-Current	23,158	-	-	-
Other Assets-Current	13	566	-	59
Total Current Asset	43,486	62,280	58,963	168,203
Noncurrent Assets:				
Restricted Noncurrent assets				
Non-Pooled Cash and Cash Equivalents	-	-	-	-
Non-Pooled Investments	23,284	-	11,399	13,765
Noncurrent Receivables:				
Other Noncurrent Receivables (net)	3,025	-	2,247	-
Advances to Other Funds	879	-	-	-
Derivative Instrument	273,240	-	-	-
Capital Assets:				
Land and Other Capital Assets not being Depreciated	8,805	23,179	7,278	49,131
Capital Assets net of Accumulated Depreciation	96,534	243,884	23,393	275,950
Prepaid Gas-Long Term	541,705	-	-	-
Other Assets-Long-Term	-	294	-	-
Total Noncurrent Assets	947,472	267,357	44,317	338,846
Total Assets	990,958	329,637	103,280	507,049

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



Business-type Activities - Enterprise Funds				Governmental
			Total	Activities - Internal
Tideland		Other	Proprietary Funds	Service Funds
Oil	Harbor	Proprietary	September 30,	September 30,
Revenue		Funds	2011	2011
\$ 36,783	\$ 818,824	\$ 210,074	\$ 1,314,565	\$ 140,869
-	35	15,086	22,479	103
-	2,229	439	3,146	243
-	-	36,928	39,495	-
-	201	283	766	13
68,398	42,146	4,194	136,982	1,815
-	5,538	2,297	9,117	188
-	-	500	23,881	3,925
-	-	74	74	1,175
-	(1,727)	(404)	(3,786)	(227)
-	502	110	4,927	617
-	-	-	23,158	1,979
-	6,123	43	6,804	-
105,181	873,871	269,624	1,581,608	50
-	209	-	209	150,750
-	63,449	1,818	113,715	-
-	6,168	152	11,592	2,766
-	1,300	15,914	18,093	1,521
-	-	-	273,240	-
-	1,565,654	34,391	1,688,438	-
12,531	933,292	208,455	1,794,039	4,280
-	-	-	541,705	102,966
-	48,144	-	48,438	-
12,531	2,618,216	260,730	4,489,469	41,654
117,712	3,492,087	530,354	6,071,077	153,187
				303,937

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

**City of Long Beach**  
**Proprietary Funds**  
**Statement of Net Assets (Deficit)**  
**September 30, 2011**  
**(In Thousands)**  
**(continued)**

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
<b>LIABILITIES</b>				
Current Liabilities Payable from Current Assets:				
Accounts Payable	5,735	9,875	3,724	5,038
Accrued Wages	343	351	210	322
Accrued Interest Payable	11,584	522	1,238	3,446
Due to Other Funds	185	180	87	1,845
Deferred Revenues	206	69	-	2,175
Collections Held in Trust	-	-	601	130
Customers Deposits	1,743	672	-	-
Advances from Developers	-	199	-	-
Employee Benefits	-	-	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-
Environmental Remediation - Current	-	-	-	-
Due to State of California	-	-	-	-
Obligations Under Capital Leases-Current	406	-	-	26
Bonds Payable Due Within One Year	10,035	490	7,635	5,970
Other Long-Term Obligations-Current	-	-	-	1,145
Total Current Liabilities	30,237	12,358	13,495	20,097
Noncurrent Liabilities:				
Advances from Other Funds	-	-	-	2,179
Deferred Revenues	-	-	-	5,183
Deferred Inflow - Derivative	273,240	-	-	-
Employee Benefits	-	-	-	-
Accrued Self-Insurance Claims	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	-
Site Restoration	-	1,000	-	-
Due to State of California	-	-	-	-
Obligations Under Capital Leases	2,619	-	-	490
Other Long-Term Obligations	3,500	11,000	-	35,042
Unamortized Discount/Deferred cost	-	-	-	-
Bonds Payable	630,120	27,425	65,615	147,830
Unamortized Discount (Premium) Deferred cost	10,288	(418)	1,637	(9,646)
Total Noncurrent Liabilities	919,767	39,007	67,252	181,078
Total Liabilities	950,004	51,365	80,747	201,175
<b>NET ASSETS (DEFICIT)</b>				
Investment in Capital Assets, Net of Related Debt	97,723	228,194	(32,871)	157,802
Restricted for:				
Debt Service	1,669	3,247	11,524	13,907
Capital Projects	(1,355)	-	103	1,328
Health Care Insurance	-	-	-	-
Aquarium	-	-	-	6,551
Airport	-	-	-	-
Subsidence	-	-	-	-
Unrestricted	(57,083)	46,831	43,777	126,286
Total Net Assets (Deficit)	\$ 40,954	\$ 278,272	\$ 22,533	\$ 305,874
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				
Net Assets of Business - Type Activities				

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

Business-type Activities - Enterprise Funds				Governmental
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Totals	Activities - Internal
			Proprietary Funds September 30, 2011	Service Funds September 30, 2011
23,500	57,454	5,960	111,286	8,353
59	9,231	387	10,903	36,278
-	13,197	2,349	32,336	2,695
5,237	17,751	159	25,444	559
3	14,691	5,769	22,913	-
2,400	-	3,126	6,257	790
-	-	1,103	3,518	-
-	-	104	303	-
-	-	-	-	7,800
-	5,000	-	5,000	21,643
-	-	74	74	144
68,920	-	-	68,920	-
-	-	-	432	4,128
-	44,815	1,330	70,275	5,390
-	-	-	1,145	-
100,119	162,139	20,361	358,806	87,780
-	-	50	2,229	-
-	-	5,883	11,066	-
-	-	-	273,240	-
-	-	-	-	124,040
-	-	-	-	92,759
27,200	-	-	27,200	-
-	-	-	1,000	-
-	-	-	-	3,155
-	-	-	3,109	32,864
-	-	6,000	55,542	-
-	-	(218)	(218)	-
-	648,670	119,750	1,639,410	77,460
-	29,757	(2,221)	29,397	(3,961)
27,200	678,427	129,244	2,041,975	326,317
127,319	840,566	149,605	2,400,781	414,097
-	1,929,398	167,359	2,547,605	50,165
-	16,806	683	47,836	2,981
-	44,278	14,555	58,909	1,884
-	-	-	-	16,479
-	-	-	6,551	-
-	-	6,958	6,958	-
-	-	169,745	169,745	-
(9,607)	661,039	21,449	832,692	(181,669)
\$ (9,607)	\$ 2,651,521	\$ 380,749	3,670,296	\$ (110,160)
				(23,415)
				\$ 3,646,881

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 Assets (Deficit)**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Solid Waste Management	Tidelands
Operating Revenues:				
Licenses and Permits	\$ -	\$ -	\$ -	\$ 243
Fines and Forfeitures	-	-	-	327
Fees, Concessions and Rentals	-	-	-	35,905
From Other Agencies	-	-	-	200
Charges for Services	87,730	88,576	73,797	46,236
Other	-	-	-	23
Total Operating Revenues	87,730	88,576	73,797	82,934
Operating Expenses:				
Personal Services	15,987	17,095	14,147	24,274
Purchases of Gas and Water	19,769	30,824	-	-
Maintenance and Other Operations	10,166	22,646	50,051	71,825
Insurance Premiums	-	-	-	-
Self-Insured Losses	-	-	-	-
Compensated Absences	-	-	-	-
Employee Benefits	-	-	-	-
Payments to Other Entities	-	-	-	-
Amortization	100	-	265	1,274
Depreciation	4,328	9,839	3,733	18,037
Total Operating Expenses	50,350	80,404	68,196	115,410
Operating Income (Loss)	37,380	8,172	5,601	(32,476)
Non-Operating Income (Expenses):				
Interest Income	799	294	382	1,170
Interest Expense	(32,961)	(1,167)	(3,356)	(9,168)
Gain on Disposition of Capital Assets	(602)	(55)	-	(151)
Capital Asset to/(from) Other Funds	-	(261)	-	(6)
Oil Field Abandonment Costs	-	-	-	-
Operating Grants	-	-	694	484
Other Income (Expenses)	30	(185)	791	84
Total Non-Operating Income (Expenses)	(32,734)	(1,374)	(1,489)	(7,587)
Income (Loss) Before Contributions and Transfers	4,646	6,798	4,112	(40,063)
Capital Grants and Contributions	-	8,283	-	592
Transfers:				
Transfers In	-	-	-	101,550
Transfers Out	(10,198)	-	(5,306)	(1,833)
Change in Net Assets	(5,552)	15,081	(1,194)	60,246
Net Assets (Deficit) - October 1, as Restated (note 2)	46,506	263,191	23,727	245,628
Net Assets (Deficit) - September 30	\$ 40,954	\$ 278,272	\$ 22,533	\$ 305,874
Change in Net Assets of Business - Enterprise Funds				
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds				
Change in Net Assets of Business - Type Activities				

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

Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2011	September 30, 2011
\$ -	\$ -	\$ 11,263	\$ 11,506	\$ -
-	-	2	329	-
444,792	343,124	32,416	856,237	-
-	-	-	200	-
5,016	-	24,478	325,833	322,715
-	2,265	45	2,333	6,620
449,808	345,389	68,204	1,196,438	329,335
3,823	49,360	22,506	147,192	38,484
-	-	-	50,593	-
5,650	32,063	36,422	228,823	41,197
-	-	-	-	2,876
-	-	-	-	23,748
-	-	-	-	47,383
-	-	-	-	159,972
381,606	-	-	381,606	-
-	(6)	315	1,948	5,643
-	85,012	8,920	129,869	13,037
391,079	166,429	68,163	940,031	332,340
58,729	178,960	41	256,407	(3,005)
-	4,994	1,614	9,253	702
-	(20,551)	(2,310)	(69,513)	(6,425)
-	74	(1,677)	(2,411)	(177)
(12,469)	12,469	(190)	(457)	1,299
(2,200)	-	-	(2,200)	-
-	-	647	1,825	461
11	(30,027)	7,679	(21,617)	2,235
(14,658)	(33,041)	5,763	(85,120)	(1,905)
44,071	145,919	5,804	171,287	(4,910)
-	7,444	10,087	26,406	1,261
-	6,537	-	108,087	17
(55,966)	(56,384)	-	(129,687)	(1,581)
(11,895)	103,516	15,891	176,093	(5,213)
2,288	2,548,005	364,858	3,494,203	(104,947)
\$ (9,607)	\$ 2,651,521	\$ 380,749	\$ 3,670,296	\$ (110,160)
			176,093	
			(771)	
			\$ 175,322	

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, 2011**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Solid Waste Management</u>	<u>Tidelands</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 87,271	\$ 88,203	\$ 84,088	\$ 83,051
Receipts from Oil Companies	-	-	-	-
Receipts from Other Governments	-	-	-	3,965
Receipts from Other Funds	-	-	-	-
Payments for Employee Salaries	(16,032)	(17,554)	(14,411)	(24,681)
Payments for Goods and Services	(21,148)	(45,724)	(58,408)	(71,736)
Payments for Compensated Absences	-	-	-	-
Payments for Employee Benefits	-	-	-	-
Payments for Liability Claims	-	-	-	-
Payments to Other Entities	-	-	-	-
Payments in Lieu of Taxes	-	(5,551)	-	-
Other Income (Expense)	31	(936)	792	84
Net Cash Provided by (Used for) Operating Activities	50,122	18,438	12,061	(9,317)
Cash Flows from Non-Capital Financing Activities:				
Operating Grants Received from Other Government	-	-	694	-
Receipts for Oil Well Abandonment Reserve	-	-	-	-
Clean Air Action Plan	-	-	-	-
ACTA shortfall advance	-	-	-	-
Receipts from Prepayment of Gas Supply	22,095	-	-	-
Payments of Principal on Bonds Payable	(9,410)	-	-	-
Payments of Interest	(33,362)	-	-	-
Transfers In	-	-	-	106,457
Transfers Out	(10,198)	-	(5,306)	(25,159)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(30,875)	-	(4,612)	81,298
Cash Flows from Capital and Related Financing Activities				
Receipt of Capital Grants	-	8,469	-	-
Proceeds from the Sale of Capital Assets	-	435	-	7
Proceeds from Issuance of Long-Term Obligations	-	-	-	1,347
Proceeds from Issuance of Bonds	-	-	-	-
Original Issue Premium	-	-	-	-
Payment of Cost of Issuance	-	-	-	-
Receipts of Contributed Capital	-	-	-	-
Proceeds from Capital Leases Receivable from Other Funds	853	-	-	-
Principal Received on Other Long term Receivable	-	-	-	-
Payments for Capital Acquisitions	(20,041)	(17,552)	(599)	(4,169)
Payments of Principal on Bonds Payable	(990)	-	(7,305)	(5,740)
Payments of Principal on Other Long-Term Obligations	(2,004)	-	-	(1,396)
Payments to Redeem Commercial Paper	-	-	-	-
Payments of Interest	(98)	(692)	(3,860)	(9,568)
Receipt of Federal Subsidy	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(22,280)	(9,340)	(11,764)	(19,519)
Cash Flows from Investing Activities				
Proceeds from the Sale of Investments	496	(2,567)	(396)	-
Payments for Investments	-	-	-	(42)
Payments from Other Government Entities	-	-	-	-
Payment to Joint Venture	-	-	-	-
Harbor Oil Operations Providing Cash	-	-	-	-
Receipts of Interest	801	294	378	1,173
Net Cash Provided by (Used for) Investing Activities	1,297	(2,273)	(18)	1,131
Net Increase (Decrease) in Cash and Cash Equivalents	(1,736)	6,825	(4,333)	53,593
Cash and Cash Equivalents - October 1	15,093	43,887	55,744	87,169
Cash and Cash Equivalents - September 30	\$ 13,357	\$ 50,712	\$ 51,411	\$ 140,762



Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
Tideland Oil Revenue	Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2011	September 30, 2011
\$ -	\$ 352,901	\$ 68,509	\$ 764,023	\$ 6,401
425,786	-	-	425,786	-
-	-	-	3,965	-
-	-	-	-	329,036
(3,882)	(42,120)	(23,171)	(141,851)	(40,349)
370	(49,836)	(21,584)	(268,066)	(45,150)
-	-	-	-	(61,340)
-	-	-	-	(144,970)
-	-	-	-	(6,200)
(366,154)	-	-	(366,154)	-
-	-	(14,175)	(19,726)	-
(2,189)	-	(322)	(2,540)	5,084
53,931	260,945	9,257	395,437	42,512
-	-	647	1,341	461
2,200	-	-	2,200	-
-	(3,531)	-	(3,531)	-
-	(2,950)	-	(2,950)	-
-	-	-	22,095	-
-	-	-	(9,410)	-
-	-	-	(33,362)	-
-	-	-	106,457	17
(55,966)	(30,899)	(210)	(127,738)	(1,581)
(53,766)	(37,380)	437	(44,898)	(1,103)
-	390	5,950	14,809	1,073
-	74	-	516	616
-	-	6,000	7,347	2,060
-	-	61,400	61,400	-
-	-	(49)	(49)	-
-	-	(830)	(830)	-
-	-	11,894	11,894	188
-	-	-	853	-
-	-	71	71	-
-	(156,764)	(57,258)	(256,383)	(7,868)
-	(42,175)	(905)	(57,115)	-
-	-	-	(3,400)	(14,444)
-	-	(21,082)	(21,082)	-
-	(37,886)	(6,908)	(59,012)	(6,902)
-	-	1,205	1,205	-
-	(236,361)	(512)	(299,776)	(25,277)
-	-	-	(2,467)	-
-	-	(9,832)	(9,874)	34
-	-	(5)	(5)	-
-	3,000	-	3,000	-
-	8,404	-	8,404	-
-	4,982	1,773	9,401	704
-	16,386	(8,064)	8,459	738
165	3,590	1,118	59,222	16,870
36,618	815,478	224,042	1,278,031	124,102
\$ 36,783	\$ 819,068	\$ 225,160	\$ 1,337,253	\$ 140,972

**City of Long Beach**  
**Proprietary Funds**  
**Statement of Cash Flows**  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)  
(Continued)

<u>Business-Type Activities - Enterprise Funds</u>				
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Gas</u>	<u>Water</u>	<u>Solid Waste</u>	
	<u>Utility</u>	<u>Utility</u>	<u>Management</u>	<u>Tidelands</u>
Operating Income (Loss)	\$ 37,380	\$ 8,172	\$ 5,601	\$ (32,476)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization Expense	4,428	9,839	3,998	19,311
Other Income (Expense)	41	(899)	792	1,160
(Increase) Decrease in Accounts Receivable, Net	598	(377)	2,970	666
(Increase) Decrease in Amounts Due from Other Governments	-	-	(70)	2,689
(Increase) in Amounts Due from Other Funds	(10)	-	-	-
(Increase) Decrease in Inventory	52	(230)	-	-
Decrease in Other Assets	1,484	-	-	-
(Decrease) in Other Non-Operating Assets	-	-	-	(59)
(Decrease) in Environmental Liabilities	-	-	-	-
Increase (Decrease) in Accounts Payable	6,396	2,473	(864)	1,593
(Decrease) in Accrued Wages Payable	(187)	(459)	(163)	(468)
Increase (Decrease) in Amounts Due to Other Funds	(125)	(85)	(102)	(61)
Increase in Accrued Claims Payable	-	-	-	-
Increase (Decrease) in Deferred Revenues	53	1	(3)	(1,698)
(Decrease) in Deferred Credits	-	-	(80)	-
Increase (Decrease) in Collections Held in Trust	12	3	(18)	26
Total Adjustments	12,742	10,266	6,460	23,159
Net Cash Provided by (Used for) Operating Activities	\$ 50,122	\$ 18,438	\$ 12,061	\$ (9,317)
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u>				
Contribution of Capital Assets	\$ -	\$ 7,392	\$ -	\$ (6)
Capitalized Interest	38	199	-	365
Accrued Capital Asset Costs	-	2,090	-	-
Amortization of Bond Premium, Net	-	106	-	-
Accrued Oilfield Abandonment Costs	-	-	-	-
Other	-	3,390	-	-

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

Business-Type Activities - Enterprise Funds				Governmental
Tideland		Other	Totals	Activities - Internal
Oil		Proprietary	Proprietary Funds	Service Funds
Revenue	Harbor	Funds	September 30,	September 30,
			2011	2011
\$ 58,729	\$ 178,960	\$ 41	\$ 256,407	\$ (3,005)
-	85,006	9,235	131,817	18,680
(2,189)	(2,227)	(281)	(3,603)	1,989
(24,904)	7,802	196	(13,049)	(575)
15,452	-	-	18,071	(219)
-	-	(43)	(53)	6,398
-	74	(29)	(133)	(252)
-	-	-	1,484	(50)
-	-	-	(59)	-
-	(6,931)	(41)	(6,972)	2,212
3,062	(1,435)	735	11,960	4,462
(59)	-	(520)	(1,856)	8,125
2,958	-	(144)	2,441	(352)
-	-	-	-	4,850
3	(304)	(263)	(2,211)	-
-	-	-	(80)	-
879	-	371	1,273	249
(4,798)	81,985	9,216	139,030	45,517
\$ 53,931	\$ 260,945	\$ 9,257	\$ 395,437	\$ 42,512
\$ 12,469	\$ -	\$ 3,742	\$ 23,597	\$ 1,299
-	13,061	5,477	19,140	-
-	18,061	3,667	23,818	-
-	2,870	82	3,058	-
2,200	-	-	2,200	-
-	-	-	3,390	-

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

**City of Long Beach**  
Statement of Fiduciary Net Assets  
Fiduciary Funds  
September 30, 2011  
(In Thousands)

	Private Purpose Trust	Agency Funds
<b>ASSETS:</b>		
Pooled Cash and Cash Equivalents	\$ 943	\$ 12,992
Non Performing Investments	2	25
Investments at Par-Nonpooled	-	6,132
Non-Pooled Cash and Cash Equivalents	-	2,751
Accounts Receivable	-	35
Land	-	11,000
Total Assets	<u>\$ 945</u>	<u>\$ 32,935</u>
<b>LIABILITIES:</b>		
Accounts Payable	-	175
Due to Special Assessment Bondholders	-	3,415
Collections Held in Trust	-	29,345
Total Liabilities	<u>-</u>	<u>\$ 32,935</u>
<b>NET ASSETS:</b>		
Held in Trust for Private Purpose Trust Funds	<u>\$ 945</u>	

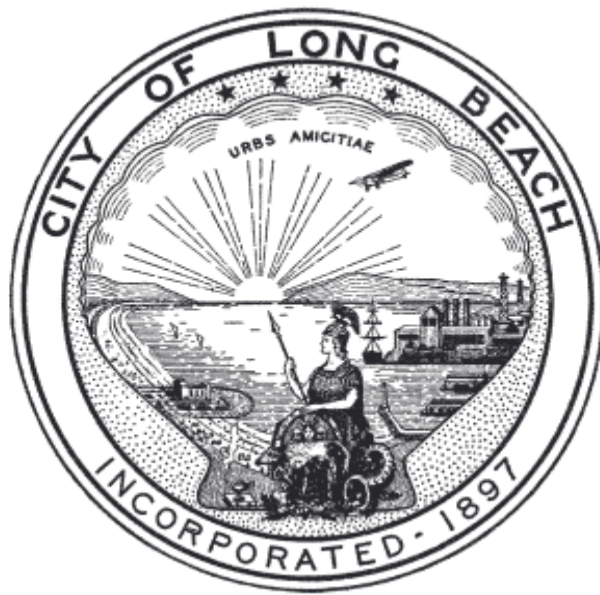
**City of Long Beach**  
Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

	Private Purpose Trust
<b>ADDITIONS:</b>	
Interest Income	\$ 5
Contributions from Citizens	21
Total Additions	<u>26</u>
<b>DEDUCTIONS:</b>	
Community and Cultural	<u>55</u>
Change in Net Assets	(29)
Net Assets, October 1	<u>974</u>
Net Assets, September 30	<u>\$ 945</u>

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

# **BASIC FINANCIAL STATEMENTS**

## **NOTES TO THE BASIC FINANCIAL STATEMENTS**



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**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2011

**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 Council persons 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, airport, and towing services, and operates its international harbor facility and its 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 of Long Beach 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.

*Redevelopment Agency of the City of Long Beach* (the Agency) was established by action of the City Council in 1961 under provisions of State law. The Agency is administered by five-member governing boards whose members are appointed by, and serve at the will of the City Council. The City Council approves the Agency's annual budget and changes thereto. Additionally, the City Council approves decisions that impact the Agency's fiscal operations, such as determination of Agency project areas, debt, and sales of property. Further, the City provides all staffing, treasury management and investment analysis, facilities, and administrative services to conduct the Agency's day-to-day operations. Accordingly, the financial activities of the Agency are blended with those of

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2011

the City in the accompanying basic financial statements and are reported as the Agency's Capital Projects Fund.

To accomplish its stated purpose, the Agency assists the City by acquiring land and making such sites suitable for resale to contracted commercial developers or for other purposes related to the Agency's mandate. Agency parcels are often sold below the cost of acquisition, with the expectation that the proposed development will meet the objectives of removing blight, increasing local revenues, and expanding the City's economic base and employment opportunities. Such acquisitions are recorded as investments in land at cost, and are adjusted for estimated declines in fair value, upon negotiation of a development disposition agreement.

*Long Beach Housing Development 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 statutorily mandated responsibility to provide adequate housing to low-and-moderate-income residents, senior citizens, and disabled persons. Under California law, the Agency is required to set aside 20 percent of its incremental property tax revenues to meet these needs. It is the Company's responsibility to assist the City and the Agency in assessing and addressing such needs. 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. 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 of Long Beach 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.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2011

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

<u>Entity</u>	<u>Affected Fund Type</u>	<u>Affected Funds</u>
Long Beach Financing Authority	Governmental	Agency Funds
Long Beach Bond Finance Authority	Governmental and Business- Type	Internal Service Funds Enterprise funds Government Funds to include Agency Funds and Housing Funds
Long Beach Capital Improvement Corporation	Business-Type	Enterprise Funds

Separately issued financial statements are required for the Agency and the Company due to financing and or legal requirements. These separately issued financial statements may be obtained at 333 West Ocean Boulevard, 6<sup>th</sup> Floor, Long Beach, California 90802. There is no requirement to separately issue financial statements for the remaining component financial reporting units; consequently, none are issued.

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 it is legally and operationally separate from the City. Separate financial statements can be obtained from the Senior Vice President and CFO, Long Beach Transit, P.O. Box 731, Long Beach, California 90801.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2011

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

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets 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, to a significant extent, on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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. Taxes and other items are not included among program revenues, as they are appropriately reported 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.

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles (GAAP). Accordingly, such information should be read in conjunction with the City's financial statements for the year ended September 30, 2010, from which the summarized information was derived.

**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 expenses are 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, which are recognized when earned, the City considers revenues to be

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2011

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.

- Expenditures are recorded when the related fund 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.
- 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 unreserved fund balance 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.

The *Housing Development Fund* is used to account for the portion of property tax increment monies, which is required under California Redevelopment Law, Section 33334, to be set aside for the development of low-and-moderate-income housing. The operations of the Company are accounted for in the Housing Development Fund.

The *Redevelopment Capital Projects Fund* is used to account for the acquisition, relocation, demolition, and sale of properties for the Agency's redevelopment areas. Agency projects are mainly financed with property tax increment funds, and operating transfers from the Community Development Grants 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 *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.



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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 *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.

*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. As permitted by GAAP, the City has not elected to apply those Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or after November 30, 1989 that may apply to the accounting and reporting practices of the City's enterprise and business-type activities, except those that may conflict with GASB pronouncements. 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.



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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 pool 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, 2011.

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 assets with an initial, individual cost of more than five thousand dollars 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 market 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.

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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
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.

**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 governmental activities, business-type activities, or proprietary fund type statement of net assets. Initial-issue bond premiums and discounts, as well as issuance costs, as a policy, are amortized using the effective interest rate method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Bonds payable are reported net of the unamortized portion of applicable premium, discount, or deferred amount on refunding. Bond issuance costs, including underwriters' discount, are reported as deferred bond issuance costs. Amortization of bond premiums or discounts, issuance costs, and deferred amounts on refunding are generally included in interest expense unless otherwise noted.

In the accompanying fund financial statements, the City's governmental fund types recognize bond premiums, discounts, and issuance costs during the period 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.

**Net Assets and Fund Balance**

In the government-wide financial statements and proprietary fund financial statements, net assets are reported in three categories: net assets invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted net assets represent net assets 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 assets are restricted but ultimately expendable. All other net assets are considered unrestricted.

Fund balance is essentially the difference between the assets and liabilities reported in a governmental fund. 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. The fund balances reported on the governmental fund statements consist of the following categories:

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<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, 2. Prepaid items, 3. Long-term receivables, 4. 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, 2. Unspent bond proceeds, 3. Grants earned but not spent, 4. Debt covenants, 5. Taxes dedicated to a specific purpose, and 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”	1. The City Council has decided to set aside \$1 million for a new senior center. 2. By resolution, e.g. 15% of Sales tax has been set aside to fund safety operations.
	<b>Assigned</b>	“Amounts that are constrained by the government’s intent to be used for specific purposes, but are neither restricted nor committed”	1. The City Council or its designee has formalized an intended use of fund balance 2. Positive residual balances in governmental funds other than the general fund.
	<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.	

Committed fund balance classifications may be created, modified, or rescinded by formal action of the City Council. Assignments may be designated for a purpose by the City Council or, if delegated, the Council’s designee.

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.

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The fund balance classifications listed above resulted from the implementation of GASB 54. As part of the implementation, the City reviewed all governmental funds to determine each funds appropriate reporting presentation. As a result of this analysis, the following changes were made:

- Debt service payments, previously made from the General, Special Revenue, and General Capital Projects Funds were made from a newly created General Debt Service Fund. Beginning in fiscal year 2011, this change is made prospectively, since prior debt service payments would have to be equal to transfer in bringing equity to zero in the General Debt Service Fund as of October 1<sup>st</sup> 2010.
- Redevelopment Debt Service payments were previously reported in the Redevelopment Capital Project Fund.
- The Upland Oil Fund, formally a non-major special revenue fund, is reclassified as a subset of the General Fund in order to bring this fund into compliance with the statement and eliminating the need to transfer the net change in fund balance to the General Fund.
- The Development Services Fund, formally a non-major special revenue fund, is reclassified as an enterprise fund. In fiscal year 2011, a change policy was adopted in which revenues generated for the fund are derived from service fees and are intended to fully recover the cost, including capital and program needs, of providing the services to City's customers. Due to this change in policy, the City has presented the fund as an Enterprise Fund.

The tables below summarize the beginning fund balance restatement due to the impact of these changes on the Government-wide and Fund financial statements, respectively (in thousands):

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Assets at October 1, 2010, as originally reported	\$ 674,160	\$ 3,470,971
Development Services Fund	(588)	588
Net Assets at October 1, 2010, as restated	<u>\$ 673,572</u>	<u>\$ 3,471,559</u>

	<u>Governmental Funds</u>			<u>Proprietary Funds</u>
	<u>General</u>	<u>Redevelopment Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Other Proprietary Funds</u>
Fund Balance at October 1, 2010, as originally reported	\$ 150,814	\$ 176,806	\$ 113,244	\$ 364,265
Development Services Fund	-	-	(588)	588
Uplands Oil Fund	12,888	-	(12,888)	-
Redevelopment Debt Service Fund	-	(159,626)	159,626	-
Fund Balance at October 1, 2010, as restated	<u>\$ 163,702</u>	<u>\$ 17,180</u>	<u>\$ 259,394</u>	<u>\$ 364,853</u>

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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.

Revenue Recognition for Utility Funds

Utility revenues are recorded as billed to customers on a cyclical monthly basis. Although not in accordance with GAAP, unbilled amounts at year-end are not considered material and are not recognized as revenue.

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. The Employee Benefits Internal Service Fund 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, have 75 percent of his/her outstanding vacation leave converted to sick leave.

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 the State of California Public Employees' Retirement System (CalPERS). Accumulated sick leave is forfeited upon termination for reasons other than retirement. Through fiscal year 2005, the City also contributed up to 32 hours of accumulated sick leave each year to deferred compensation plans for active safety employees who had accumulated in excess of 40 days of sick leave as of January 1 of each calendar year. These deferred compensation contributions were funded and remitted to the City's deferred compensation third-party administrators.

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.

Through fiscal year 2005, the City had established an Integral Part Trust (Post Employment Medical Benefits) for police officers. This third-party administered trust provides reimbursements for post retirement medical expenses. For eligible employees, the value of 32 hours of accumulated sick leave and excess, unused vacation, using the employee's current wage rate, was deposited, pretax into a trust account maintained in the employee's name. This benefit to deposit the value of 32 hours of sick leave and excess leave was effective through fiscal year 2003. The excess vacation was effective through fiscal year 2005.

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Vacation and holiday benefits are recognized when earned. Sick leave benefits are recognized on a pro-rata basis using an actuarially determined method.

Budgetary Principles

The City Council adopted the fiscal year 2011 budget prior to September 30, 2010 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 and the Housing Development 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 of each fund may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations.

Accounting for Encumbrances

Encumbrances outstanding at year-end are not reported as expenditures. 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 as required by GAAP.

Implementation of New Accounting Pronouncements

The following summarizes implemented GASB pronouncements and their impact, if any, on the financial statements:

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The Statement is intended to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. The Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. Application of this Statement was effective for the City's fiscal year ending September 30, 2011 and its implementation impacted both the presentation of financial information as well as the classification of certain funds.

In June 2010, GASB issued Statement No. 59, *Financial Instruments Omnibus*. The Statement is intended to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. The requirements of this Statement will improve financial reporting by providing more complete information, improve consistency of measurements, and



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provide clarifications of existing standards. Application of this Statement was effective for the City's fiscal year ending September 30, 2011 and did not materially impact 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 November 2010, GASB issued Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*. The requirements of this Statement improve financial reporting by establishing consistent recognition, measurement, and disclosure requirements for Service Concession Arrangements. The application of this Statement should improve the comparability of financial statements between governments. Application of this Statement is effective for the City's fiscal year ending September 30, 2013.

In November 2010, GASB issued Statement No. 61, *Financial Reporting Entity Omnibus*. The requirements of this Statement should result in financial statements being more relevant by improving guidance for including, presenting, and disclosing information about component units and any equity interest transactions of the City. The requirements of this Statement will improve financial reporting by ensuring that the City's financial statements do not understate the City's financial position and provide for a more consistent and understandable display of any equity interests that the City has in a component unit. Application of this Statement is effective for the City's fiscal year ending September 30, 2013.

In November 2010, GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30 1989 FASB and AICPA Pronouncements*. The requirements of this Statement should improve financial reporting by contributing to GASB's efforts to codify all sources of GAAP for state and local government's so that they derive from a single source. The Statement should result in a more consistent application of applicable guidance in the financial statements of state and local governments. Application of this Statement is effective for the City's fiscal year ending September 30, 2013.

In June 2011, GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The requirements of this Statement should improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on the governments net position. Application of this Statement is effective for the City's fiscal year ending September 30, 2013.

In June 2011, GASB issued Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and when hedge accounting should continue to be applied. Application of this Statement is effective for the City's fiscal year ending September 30, 2012.

#### Estimates

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.

#### Reclassifications

As part of the implementation of GASB 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*, there were certain impacts to the September 30, 2010 Governmental Financial Statements. Details of these reclassifications can be found on pages 60 and 184 through 188.

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**NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

	Total Governmental Funds (Page 34)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Assets (Page 31)
<b>ASSETS</b>					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 284,786	\$ -	\$ 140,869	\$ (384,191)	\$ 41,464
Non-Pooled Cash and Cash Equivalents	43,011	-	103	-	43,114
Pooled Investments	-	-	-	72,738	72,738
Non Performing Investments	546	-	243	-	789
Interest Receivable	104	176	13	-	293
Property Taxes Receivable, Net	182,501	-	-	(2,025)	180,476
Accounts Receivable	40,496	-	2,990	(43,486)	-
Notes and Loans Receivable	1,994	-	-	(1,994)	-
Due from Other Governments	42,790	-	188	-	42,978
Due from Other Funds	10,861	-	3,925	(14,786)	-
Allowance for Receivables	(28,663)	-	(227)	28,890	-
Accounts and Loans Receivables, Net	-	-	-	18,615	18,615
Internal Balances	-	-	-	9,114	9,114
Deposits	-	-	617	(617)	-
Inventory	-	-	1,979	-	1,979
Other Assets	1,678	-	50	617	2,345
Advances to Other Funds	42,817	-	-	(42,817)	-
Land Held for Resale	192,822	-	-	-	192,822
Noncurrent Restricted Assets:					
Non-Pooled Investments	-	-	2,766	-	2,766
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	311,453	311,453
Noncurrent Non-Pooled Investments	44,706	-	-	-	44,706
Other Noncurrent Receivables	156,110	-	1,521	-	157,631
Capital Assets:					
Nondepreciable	-	267,476	4,280	-	271,756
Depreciable, Net	-	333,894	102,966	-	436,860
Other Noncurrent Assets	-	-	41,654	-	41,654
Total Assets	<u>\$ 1,016,559</u>	<u>\$ 601,546</u>	<u>\$ 303,937</u>	<u>\$ (48,489)</u>	<u>\$ 1,873,553</u>

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	Total Governmental Funds (Page 34)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Assets (Page 31)
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ 51,051	\$ -	\$ 8,353	\$ -	\$ 59,404
Accrued Wages and Benefits Payable	5,917	-	36,278	-	42,195
Accrued Interest Payable	-	7,540	2,695	-	10,235
Due to Other Funds	12,664	-	559	(13,223)	-
Deferred Revenue	352,459	-	-	(164,727)	187,732
Accrued Claims	210	-	-	(210)	-
Deposits and Collections Held in Trust	6,131	-	790	(6,921)	-
Advances from Other Funds	58,681	-	-	(58,681)	-
Bonds Payable	-	12,455	5,390	(17,845)	-
Notes Payable	-	731	-	(731)	-
Capital Leases Payable	-	1,268	4,128	(5,396)	-
Environmental Remediation	-	45	144	(189)	-
Accrued Self Insurance Claims Payable	-	-	21,643	(21,643)	-
Employee Benefits Payable	-	-	7,800	(7,800)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	29,632	29,632
Total LT Debt and Other LT Obligations	-	-	-	23,972	23,972
Long-term Liabilities Due Beyond One Year					
Deferred Revenue, Credits and Other Payables	-	-	-	1,351	1,351
Bonds Payable	-	407,915	73,499	(481,414)	-
Notes Payable	-	7,829	-	(7,829)	-
Capital Leases Payable	-	11,452	32,864	(44,316)	-
Police and Fire Annuities Payable	-	16,234	-	(16,234)	-
Estimated Oil Field Abandonment Costs Payable	-	6,550	-	(6,550)	-
Environmental Remediation	-	16	3,155	(3,171)	-
Accrued Self Insurance Claims Payable	-	-	92,759	(92,759)	-
Employee Benefits Payable	-	-	124,040	(124,040)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	242,754	242,754
Total LT Debt and Other LT Obligations	-	-	-	533,559	533,559
Total Liabilities	487,113	472,035	414,097	(242,411)	1,130,834
Fund Balance / Net Assets					
Total Fund Balance / Net Assets	529,446	129,511	(110,160)	193,922	742,719
Total Liabilities and Fund Balance / Net Assets	<u>\$ 1,016,559</u>	<u>\$ 601,546</u>	<u>\$ 303,937</u>	<u>\$ (48,489)</u>	<u>\$ 1,873,553</u>

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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 Governmental Funds (Page 36)	Debt and Capital Related Transactions	Internal Service Funds	Reclass and Adjust- ments	Eliminations	Statement of Activities (Pages 32-33)
<b>Revenues:</b>						
Taxes	\$ 360,745	\$ -	\$ -	\$ (23)	\$ -	\$ 360,722
Franchise Fees	24,184	-	-	-	-	24,184
Licenses and Permits	24,812	-	-	(24,812)	-	-
Fines and Forfeitures	16,193	-	-	(16,193)	-	-
Use of Money and Property /						
Unrestricted Investment Earnings	56,415	(1)	698	(46,821)	-	10,291
From Other Agencies	208,167	-	-	(208,167)	-	-
Charges for Services	28,549	-	-	(28,549)	-	-
Other	25,256	-	-	(25,256)	-	-
<b>Program Revenue</b>						
Charges for Services	-	-	6,620	127,391	(122)	133,889
Operating Grants and Contributions	-	-	-	201,153	(2,955)	198,198
Capital Grants and Contributions	-	-	-	7,588	-	7,588
<b>Other Financing Sources :</b>						
Issuance of Long-term Debt	297	(297)	-	-	-	-
Grants and Contributions Not						
Gain on Sale of Capital Assets	-	-	-	-	-	-
Capital Asset Transfers, Net	(6,233)	6,200	1,299	-	-	1,266
Transfers, Net	23,164	-	(1,563)	-	-	21,601
<b>Total Revenues</b>	<b>761,549</b>	<b>5,902</b>	<b>7,054</b>	<b>(13,689)</b>	<b>(3,077)</b>	<b>757,739</b>
<b>Expenditures / Expenses:</b>						
<b>Current:</b>						
Legislative and Legal	9,683	195	228	-	-	10,106
General Government	20,035	753	1,987	-	(122)	22,653
Public Safety	289,538	(6,804)	2,252	-	-	284,986
Public Health	43,665	546	217	-	-	44,428
Community and Cultural	263,625	(28,015)	305	(39,074)	(2,955)	193,886
Public Works	44,178	45,680	84	-	-	89,942
Oil Operations	7,173	145	-	-	-	7,318
<b>Capital Improvements</b>						
Capital Improvements	29,630	(29,630)	-	-	-	-
Loss on Disposition						
of Land Held for Resale	519	-	-	(519)	-	-
<b>Debt Service:</b>						
Principal	13,475	(13,475)	-	-	-	-
Interest on Long-Term Debt	28,984	(131)	6,420	-	-	35,273
Debt Administration Fees	391	(391)	-	-	-	-
<b>Total Expenditures / Expenses</b>	<b>750,896</b>	<b>(31,127)</b>	<b>11,493</b>	<b>(39,593)</b>	<b>(3,077)</b>	<b>688,592</b>
<b>Net Change in Fund Balances</b>	<b>\$ 10,653</b>	<b>\$ 37,029</b>	<b>\$ (4,439)</b>	<b>\$ 25,904</b>	<b>\$ -</b>	<b>\$ 69,147</b>

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**NOTE 4 – CASH AND INVESTMENTS**

Cash and Investments as of September 30, 2011 are classified in the accompanying financial statements as follows (in thousands):

**Cash and Investments**

Cash and investments in City pool	\$ 1,754,155
Non-performing short-term investment	3,962
Cash and investments held by bond trustee	275,367
Total cash and investments	<u>\$ 2,033,484</u>

Cash and investments as of September 30, 2011 consist of the following:

Cash and deposits	\$ 192,012
Outstanding checks	(14,303)
Investments	1,855,775
Total cash and investments	<u>\$ 2,033,484</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, 2011 is as follows (in thousands):

	Primary Government				Component Unit
	Governmental Activities	Business-type Activities	Fiduciary Funds	Total	
Pooled Cash and Cash Equivalents	\$ 41,464	\$ 128,052	\$ 13,935	\$ 183,451	\$ -
Non-Pooled Cash and Cash Equivalents	43,114	22,479	2,751	68,344	-
Pooled Investments	72,738	224,640	-	297,378	26,163
Non Performing Investments	789	3,146	27	3,962	-
Non-Pooled Investments	-	2,567	-	2,567	-
Noncurrent Pooled Investments	311,453	961,873	-	1,273,326	24,446
Noncurrent Non-Pooled Investments	44,706	36,928	6,132	87,766	-
Restricted Assets:					
Non-Pooled Cash and Cash Equivalents	-	209	-	209	-
Non-Pooled Investment	2,766	113,715	-	116,481	-
Total Deposits and Investments	<u>\$ 517,030</u>	<u>\$ 1,493,609</u>	<u>\$ 22,845</u>	<u>\$ 2,033,484</u>	<u>\$ 50,609</u>

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

The table below 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.

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Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
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 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
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 by timing cash flows from maturities so that a portion of the portfolio is maturing or coming closer to maturity evenly over time as necessary to provide cash flow and liquidity needed for operations.



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The following schedule indicates the interest rate risk of the City's investments as of September 30, 2011 (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (in years)
Cash and investments in City pool		
Inter-department loan (Health SAVRS) <sup>1</sup>	\$ 2,111	7.564
U.S. Treasury notes	224,058	1.020
Federal agency securities	1,199,477	1.090
Money market account	704	0.003
Local Agency Investment Fund (LAIF)	150,096	0.003
Subtotal City pool	1,576,446	
Cash and deposits	192,012	
Outstanding checks	(14,303)	
Total City pool	\$ 1,754,155	
Non performing investment - short term	\$ 3,962	-
Cash and investments held by bond trustee		
Guaranteed Investment Contracts	\$ 47,764	20.234
Money market funds	68,006	-
U.S. Treasury notes	61,525	1.521
Federal agency securities	86,254	1.877
Time certificates of deposit	10,000	1.000
City bonds	1,818	7.675
Total held by bond trustees	\$ 275,367	

<sup>1</sup>Loan authorized as a long-term investment by the City Council

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, 2011. 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.

Presented on the next page are the minimum ratings required by California Government Code, the City's investment policy, and the actual rating as of September 30, 2011 for each investment type (in thousands):

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Rating as of Year End

Investment Type	Legal Rating	Total	Not Required To Be Rated	AAA	AA+	Unrated
Cash and investments in City pool						
Inter-department loan (Health SAVRS)	N/A	\$ 2,111	\$ 2,111	\$ -	\$ -	\$ -
U.S. Treasury notes	N/A	224,058	224,058	-	-	-
Federal agency securities	N/A	1,199,477	-	-	1,199,477	-
Money market account	N/A	704	-	704	-	-
Local Agency Investment Fund (LAIF)	N/A	150,096	-	-	-	150,096
Subtotal City pool		1,576,446	226,169	704	1,199,477	150,096
Cash and deposits		192,012	-	-	-	192,012
Outstanding checks		(14,303)	-	-	-	(14,303)
Total City pool		<u>\$ 1,754,155</u>	<u>\$ 226,169</u>	<u>\$ 704</u>	<u>\$ 1,199,477</u>	<u>\$ 327,805</u>
Non-performing investment - short term	N/A	<u>\$ 3,962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,962</u>
Cash and investments held by bond trustee						
Guaranteed Investment Contracts	N/A	\$ 47,764	\$ 47,764	\$ -	\$ -	\$ -
Money market funds	N/A	68,006	68,006	-	-	-
U.S. Treasury notes	N/A	61,525	-	61,525	-	-
Federal agency securities	N/A	86,254	-	-	86,254	-
Time Certificates of Deposit	N/A	10,000	-	-	-	10,000
City bonds	N/A	1,818	-	-	-	1,818
Total held by bond trustees		<u>\$ 275,367</u>	<u>\$ 115,770</u>	<u>\$ 61,525</u>	<u>\$ 86,254</u>	<u>\$ 11,818</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):

Issuer	Investment Type	Reported Amount
Federal Farm Credit Bank	Federal agency securities	\$241,381
Federal Home Loan Bank	Federal agency securities	365,101
Federal Home Loan Mortgage Corporation	Federal agency securities	292,853
Federal National Mortgage Association	Federal agency securities	300,142
U.S. Treasuries	U.S. Treasury notes and bonds	224,058

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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 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, 2011, the City reported deposits of \$192.0 million, collateralized in compliance with California Government Code, less \$14.3 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.

Component Unit

The Long Beach Transportation Company (LBT) is authorized to participate in the investments listed below, at June 30, 2011. In June 2010, LBT diversified its investment in LAIF to other similarly structured investments vehicles managed by an independent manager. In addition, the overnight sweep account was closed and monies were moved to a money market account.

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

**Component Unit 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. LBT manages its exposure to declines in fair values by limiting the weighted average maturity of the investment portfolio to no more than two years.

Information about the sensitivity of fair values of the LBT's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment at June 30, 2011 (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (in years)
U.S. Treasury notes	\$ 5,288	1.930
Federal agency securities	11,042	2.652
Corporate bonds	7,673	2.613
Money market funds	4,622	-
Local Agency Investment Fund (LAIF)	19,921	0.650
Cash and deposits	2,063	-
Total Cash Equivalents	<u>\$ 50,609</u>	

**Component Unit Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization. Rating on the investments, excluding LAIF and money market accounts are as follows at June 30, 2011:

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Rating as of Year End

Investment Type	Total	AAA	AA+	A+	A	A-	Unrated
U.S. Treasury notes	\$ 5,288	\$ 5,288	\$ -	\$ -	\$ -	\$ -	\$ -
Federal agency securities	11,042	3,997	7,045	-	-	-	-
Corporate bonds	7,673	-	670	699	2,065	4,239	-
Money market funds	4,622	-	-	-	-	-	4,622
Local Agency Investment Fund (LAIF)	19,921	-	-	-	-	-	19,921
Cash and deposits	2,063	-	-	-	-	-	2,063
Total cash and investments	\$ 50,609	\$ 9,285	\$ 7,715	\$ 699	\$ 2,065	\$ 4,239	\$ 26,606

**Component Unit Concentration of Credit Risk**

The investment policy of LBT contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There are no investments in any one issuer that represents five percent or more of total LBT investments.

**Component Unit Custodial Credit Risk**

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

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

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**NOTE 5 – RECEIVABLES**

Receivables at September 30, 2011 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.

	General	Housing Development	Redevelopment Capital Projects	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental Activities:						
Receivables:						
Interest <sup>1)</sup>	\$ -	\$ -	\$ -	\$ 104	\$ 13	\$ 117
Taxes	89,732	-	-	92,769	-	182,501
Accounts, Unrestricted	36,838	6	58	3,594	1,815	42,311
Notes and Loans	1,994	-	-	-	-	1,994
Other Receivables	-	-	-	-	1,175	1,175
Governments	14,955	346	-	27,489	188	42,978
Total Receivables	143,519	352	58	123,956	3,191	271,076
Less Allowance for Receivables	(27,810)	-	-	(853)	(227)	(28,890)
Net Receivables	<u>\$ 115,709</u>	<u>\$ 352</u>	<u>\$ 58</u>	<u>\$ 123,103</u>	<u>\$ 2,964</u>	<u>\$ 242,186</u>

	Gas Utility	Water	Solid Waste Management	Tidelands	Tideland Oil Revenue	Harbor	Nonmajor Proprietary Funds	Total
Business-Type Activities:								
Receivables:								
Interest, Unrestricted	\$ 12	\$ 14	\$ 53	\$ 203	\$ -	\$ 201	\$ 283	\$ 766
Accounts, Unrestricted	4,946	6,060	7,058	4,180	68,398	42,146	4,194	136,982
Other Receivables	-	-	-	-	-	-	74	74
Due from Other Governments	-	-	693	589	-	5,538	2,297	9,117
Total Receivables	4,958	6,074	7,804	4,972	68,398	47,885	6,848	146,939
Less Allowance for Receivables	(566)	(416)	(313)	(360)	-	(1,727)	(404)	(3,786)
Net Receivables	<u>\$ 4,392</u>	<u>\$ 5,658</u>	<u>\$ 7,491</u>	<u>\$ 4,612</u>	<u>\$ 68,398</u>	<u>\$ 46,158</u>	<u>\$ 6,444</u>	<u>\$ 143,153</u>



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

The composition of interfund balances as of September 30, 2011 is as follows (in thousands):

	Receivable - Due to:						
	General	Housing Development	Nonmajor Governmental	Gas Utility	Tidelands	Nonmajor Proprietary Funds	Internal Service Funds
Payable- Due from:							
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 2,019
Housing Development	-	-	-	-	-	-	17
RDA Capital Projects	-	220	-	-	-	-	30
Nonmajor Governmental	9,271	-	223	-	-	-	384
Gas Utility	43	-	-	-	-	-	142
Water	-	-	-	-	-	-	180
Solid Waste Management	-	-	-	-	-	-	87
Tidelands	812	-	-	899	-	-	134
Tidelands Oil Revenue	-	-	-	-	5,212	-	25
Harbor	-	-	-	-	17,270	-	481
Nonmajor Proprietary	-	-	-	-	-	-	159
Internal Service	292	-	-	-	-	-	267
Total Due to	<u>\$ 10,418</u>	<u>\$ 220</u>	<u>\$ 223</u>	<u>\$ 899</u>	<u>\$ 22,482</u>	<u>\$ 500</u>	<u>\$ 3,925</u>
							<u>\$ 38,667</u>

	Receivable - Advances from:						
	General	Housing Development	RDA Capital Projects	Nonmajor Governmental	Gas Utility	Harbor	Nonmajor Proprietary Funds
Payable - Advances to:							
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,914
Housing Development	-	-	-	3,809	-	-	-
RDA Capital Projects	-	34,058	-	-	-	-	-
Nonmajor Governmental	2,000	-	-	2,900	-	-	-
Tidelands	-	-	-	-	879	1,300	-
Nonmajor Proprietary	50	-	-	-	-	-	-
Total Advances from	<u>\$ 2,050</u>	<u>\$ 34,058</u>	<u>\$ -</u>	<u>\$ 6,709</u>	<u>\$ 879</u>	<u>\$ 1,300</u>	<u>\$ 15,914</u>
							<u>\$ 60,910</u>

**Due To / Due From Other Funds**

The General Fund has provided \$9.3 million to non-major governmental funds. \$1.9 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 \$2.8 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.

In fiscal year 2009, the General Fund accrued a liability for a consent judgment for civil penalties of \$1.5 million and legal fees reimbursement of \$200 thousand payable to State Water Resources Control Board and allocated these expenses to the Gas Fund, Water Fund, and Tidelands Fund in the amounts of \$42 thousand, \$85 thousand, and \$808 thousand, respectively. As of September 2011, the Gas Fund and the Tidelands amounts remained outstanding. In addition, the Tidelands Fund owes the General Fund \$770 thousand for project overhead.

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As of September 30, 2011, \$5.2 million is payable from the Tidelands Oil Revenue Fund to the Tidelands Fund. In November of 2011, voters approved Measure D, which in addition to changing the formula of Harbor's transfer to Tidelands, transferred management of the West Wilmington field from the Harbor to the Tidelands Oil Revenue Fund. This in turn allowed the Tidelands Oil Revenue Fund to transfer additional amounts to The Tidelands Fund. At fiscal year-end, \$2.1 million of the net oil profits were accrued as due to the Tidelands Fund. In addition, under the 1992 Optimized Waterflood Program Agreement, the Tidelands Fund receives 8.5 percent of the incremental oil revenue generated by the injection of water into the oil fields in the Tidelands area. As of fiscal year-end the amount payable was \$3.1 million.

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 10 percent of the Harbor net income to the Tidelands Fund. As a result of Measure D, the formula is now 5 percent of the Harbor's gross income. The amount accrued for the Harbor's 2011 gross income is \$17.3 million and will be paid in fiscal year 2012.

Advances from Other Funds

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

Community redevelopment law in the State requires that 20 percent of annual net property tax increment revenues be set aside for low-and moderate-income housing. Effective in fiscal year 1986, the Agency was allowed to defer a portion or 100 percent of the housing set-aside based on the financial obligations. In fiscal year ended September 30, 2010, the payment of the entire housing set-aside for all the project areas was deferred totaling \$20.9 million to enable the Agency to pay the SERAF as required by the State Assembly Bill AB26 4X. These deferrals of \$37.3 million less fiscal year 2011 repayments of \$4.2 million leaves a balance of \$33.1 million as of September 30, 2011 and is included as long-term advance to the Agency's Capital Projects fund from the Housing Development Fund.

In fiscal year 2001, the Company (accounted for in 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, a non-major governmental fund, is \$3.8 million at September 30, 2011.

In July 2004, the Community Development Grants Fund entered into a loan agreement with the Housing Assistance Special Revenue Fund in the amount of \$2.9 million to cover additional housing assistance payments, which exceeded HUD funding. This has been recorded as advances to/from the respective funds.

The General Fund advanced the Health Special Revenue Fund, a non-major governmental fund, \$2.0 million to cover initial costs associated with the Health Special Revenue Fund's inception.

The Subsidence Fund advanced interest earning on reserves to the General fund in the amount of \$4.1 million in both fiscal year 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, 2011 is \$5.6 million, of which \$5.1 million is long-term and \$500 thousand is current.

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The Subsidence Fund advanced the General Fund \$10.8 million in fiscal year 2010, which is equal to the 8% reduction of property tax allocated to the City of Long Beach. Pursuant to California Assembly Bill No. 15 Chapter 14. Section 11 (a) notwithstanding any other law, a city that has established a reserve for subsidence contingencies may, for the 2009-10 fiscal year only, retain interest earned on that reserve for the previous three calendar years in an amount not to exceed the amount of the revenue reduction incurred by that city pursuant to Section 100.06 of the revenue and taxation code. The City intends to repay this loan in fiscal year 2013, upon receipt of the withheld property tax from the State.

**Interfund Transfers**

The City regularly transfers current financial resources from one fund to another. At September 30, 2011, interfund transfers are as follows (in thousands):

	Transfers To:							Total Transfers Out
	General	Housing Develop- ment	Redevelop- ment Capital Projects	Nonmajor Governmental Funds	Tidelands	Harbor	Internal Service Funds	
Transfers Out of:								
General	\$ -	\$ -	\$ 101,826	\$ 18,822	\$ -	\$ -	\$ 9	\$ 120,657
Housing Development	-	-	4,014	3,374	-	-	-	7,388
Redevelopment Capital Projects	1,723	22	-	114	-	6,537	-	8,396
Nonmajor Governmental	6,409	4,334	76,243	1,759	22,736	-	8	111,489
Gas	10,123	-	-	75	-	-	-	10,198
Solid Waste Management	4,729	-	-	577	-	-	-	5,306
Tidelands	-	-	-	1,833	-	-	-	1,833
Tideland Oil Revenue	-	-	-	-	55,966	-	-	55,966
Harbor	-	-	33,536	-	22,848	-	-	56,384
Internal Service Funds	1,581	-	-	-	-	-	-	1,581
Total Transfers In	<u>\$ 24,565</u>	<u>\$ 4,356</u>	<u>\$ 215,619</u>	<u>\$ 26,554</u>	<u>\$ 101,550</u>	<u>\$ 6,537</u>	<u>\$ 17</u>	<u>\$ 379,198</u>

Significant transfers include the following:

The General Fund transferred a total of \$18.8 million to non-major governmental funds in fiscal year 2011. \$15.3 million was transferred to the General Debt Service Fund for the payment of principal, interest and fiscal agent fees and the transfer of bonds reserves. The General Fund transferred \$3.2 million to the General Capital Projects Fund for ongoing projects such as street and sidewalk construction and City building improvements, maintenance and repair. In addition, \$82 thousand was transferred to the General Grants Fund to fund *Family Learning Centers* expenses, which were partially offset by a grant from the Long Beach Public Library Foundation, and \$223 thousand was transferred to the Health Fund to cover indirect cost allocation charges.

As part of the City's compliance with AB1x26, \$101.8 million, \$4.0 million, 18.9 million, and \$27.3 million were transferred to the Agency by the General Fund, Housing Development Fund, Nonmajor Governmental Funds, and the Harbor, respectively, as part of the mandated elimination of advances between the City and the Agency. Also in conjunction with AB1x26, the agency transferred \$22.2 million and \$890 thousand to the Tidelands Fund and the General Fund, respectively, as part of the mandated elimination of advances between the City and the Agency.

The Housing Development Fund transferred \$3.4 million to the Redevelopment (the "Agency") Debt Service Fund, a non-major governmental fund, for bond principal and interest payments of Agency's 2005B Housing Bonds.

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The Agency's Capital Project Fund transferred \$829 thousand for City Place Garage debt service.

Per the seventh amendment to the third cooperation agreement between the Board of Harbor Commissioners and the "Agency", Gerald Desmond Bridge improvement expenditures resulting in a swap of long-term advance from the Harbor from the Downtown Project area to West Long Beach Industrial project area. This new debt and the forgiveness of the prior debt of \$6.3 million were recorded as transfers to and from the Harbor Fund. In addition, the Agency entered into a Public improvement Reimbursement Agreement, whereas the Agency agrees to reimbursement Harbor for capital improvements to Pier S. As a result \$272 thousand is recorded as a long-term advance from the North Long Beach Project Area as an operating transfer out from the Redevelopment Capital Projects Fund.

The Redevelopment Debt Service Fund, the Community Development Grants Fund, and the Development Impact Fees Fund, all non-major governmental funds, transferred \$5.6 million, \$600 thousand and \$245 thousand, respectively, to the General Fund. Redevelopment returned transient occupancy tax previously allocated to the Agency for the Aquarium of the Pacific bonds debt service and the remaining funds assisted payment of debt service on the 2006 Parks and Open Space bonds.

The Agency's Debt Service Fund, a non-major governmental fund, transferred \$4.3 million of 2005 Housing Bond proceeds to the Housing Development Fund for various projects.

Non-major governmental funds transfer of \$57.3 million to Redevelopment Capital Projects Fund, which included of a transfer of \$56.2 million from Redevelopment Debt Service Fund to finance public improvement to blighted areas. In fiscal year 2011, the City partnered with long Beach Transit to fund artwork, street lighting replacement, and sidewalk repair along Pine Avenue. The Transportation Fund transferred for the City's portion of this redevelopment project.

Non-major governmental funds transferred \$1.8 million to other non-major governmental funds includes the following:

- The Health Fund and the General Capital Projects Fund transferred \$284 thousand and \$500,000, respectively, to the General Debt Service Fund to cover principal and interest payments on the Health Facility loan and the Open Space Bonds
- The Community Development Gants Fund transferred \$100 to the General Grants Fund for the Long Beach libraries "Family Learning Center" expenditures and \$385 thousand to the General Capital Projects Funds to finance sidewalk improvements.
- The Development Impact Fee Fund transferred \$440 thousand of public safety and park impact fees to the capital project fund for capital projects that the revenue supports.

The Agency's Debt Service Fund transferred \$518 thousand to the Tidelands Fund as part of an agreement to assist in the payment of Aquarium debt service.

The Gas Utility Fund transferred \$10.1 million to the General Fund as allowed by City Charter.

The Solid Waste Management Fund transferred \$4.4 million to the General Fund based on a Joint Powers Agreement between the City and the Los Angeles County Sanitation District Number 2 (District). Under the agreement, net remaining retained earnings over the required amount as stipulated in the agreement can be distributed equally between the District and the City. An additional \$297 thousand was transferred to assist payments for patching street potholes.

The Solid Waste Management Fund transferred \$577 thousand to non-major governmental funds. This includes \$502 thousand to finance street repair and \$75 thousand for collection of recycling during the Long Beach Municipal Band Concerts.

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The Tidelands Oil Revenue Fund shares revenue from the tidelands oil operation under an optimized water flood program. In fiscal year 2011, \$26.5 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 \$29.5 million from the West Wilmington Oilfield net profits, bringing total fiscal year 2011 transfers to \$56.0 million.

The Harbor accrued an operating transfer of \$17.3 million and due to the Tidelands Fund as allowed by the City Charter. An additional \$6.0 million was transferred to Tidelands Fund to assist with the Aquarium debt service.

The General Services Fund, an internal service fund, transferred \$1.6 million of cable franchise fee revenue to the General Fund.

**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for governmental activity for the year ended September 30, 2011 is as follows (in thousands):

	Balance at October 1, 2010	Increase	Decrease	Transfers	Balance at September 30, 2011
Governmental Activities:					
Capital Assets not being Depreciated:					
Land	\$ 152,000	\$ 7,537	\$ (135)	\$ -	\$ 159,402
Rights-of-way	81,334	-	-	-	81,334
Construction In Progress	24,382	37,852	(5,794)	(25,420)	31,020
Total Capital Assets not being Depreciated	257,716	45,389	(5,929)	(25,420)	271,756
Capital Assets being Depreciated:					
Buildings	272,527	-	(74)	2,356	274,809
Improvements Other than Buildings	75,708	-	(988)	22,446	97,166
Infrastructure	415,136	-	-	618	415,754
Machinery and Equipment	63,539	5,876	(2,997)	9	66,427
Vehicles & Aircrafts	92,988	9,937	(5,112)	-	97,813
Other Assets	30,719	-	(30,671)	-	48
Total Capital Assets being Depreciated	950,617	15,813	(39,842)	25,429	952,017
Less Accumulated Depreciation for:					
Buildings	(104,281)	(7,913)	72	-	(112,122)
Improvements Other than Buildings	(35,933)	(5,137)	402	-	(40,668)
Infrastructure	(234,926)	(13,143)	-	-	(248,069)
Machinery and Equipment	(50,859)	(4,324)	2,896	(3)	(52,290)
Vehicles & Aircrafts	(59,071)	(7,929)	5,040	-	(61,960)
Other Assets	(30,719)	-	30,671	-	(48)
Total Accumulated Depreciation	(515,789)	(38,446)	39,081	(3)	(515,157)
Total Capital Assets being Depreciated, Net	434,828	(22,633)	(761)	25,426	436,860
Governmental Activities Capital Assets, Net	\$ 692,544	\$ 22,756	\$ (6,690)	\$ 6	\$ 708,616

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

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

Legislative and Legal	\$ 194
General Government	404
Public Safety	3,286
Public Health	557
Community and Cultural	5,240
Public Works	15,728
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>13,037</u>
Total governmental activities depreciation	<u><u>\$ 38,446</u></u>

Capital asset activity for business-type activities for the year ended September 30, 2011 is as follows (in thousands):

	Balance at October 1, 2010	Increase	Decrease	Transfers	Balance at September 30, 2011
<b>Business-type Activities:</b>					
Capital Assets not being Depreciated:					
Land	\$ 921,686	\$ 8,007	\$ -	\$ -	\$ 929,693
Rights-of-way	209,689	1,660	-	-	211,349
Water Rights	40	-	-	-	40
Construction In Progress	448,708	271,451	(9,021)	(163,782)	547,356
Total Capital Assets not being Depreciated	<u>1,580,123</u>	<u>281,118</u>	<u>(9,021)</u>	<u>(163,782)</u>	<u>1,688,438</u>
Capital Assets being Depreciated:					
Buildings	2,222,870	-	(1,330)	102,895	2,324,435
Improvements Other than Buildings	405,381	-	(14,753)	61,883	452,511
Infrastructure	1,054,107	-	(4,074)	45,722	1,095,755
Machinery and Equipment	46,376	3,551	(932)	(9)	48,986
Vehicles & Aircrafts	26,869	1,994	(1,322)	-	27,541
Patents	815	-	-	-	815
Total Capital Assets being Depreciated	<u>3,756,418</u>	<u>5,545</u>	<u>(22,411)</u>	<u>210,491</u>	<u>3,950,043</u>
Less Accumulated Depreciation for:					
Buildings	(1,135,162)	(85,110)	904	-	(1,219,368)
Improvements Other than Buildings	(190,712)	(14,857)	13,455	(34,186)	(226,300)
Infrastructure	(634,154)	(23,528)	2,954	-	(654,728)
Machinery and Equipment	(30,534)	(5,168)	807	3	(34,892)
Vehicles & Aircrafts	(20,636)	(1,165)	1,290	-	(20,511)
Patents	(164)	(41)	-	-	(205)
Total Accumulated Depreciation	<u>(2,011,362)</u>	<u>(129,869)</u>	<u>19,410</u>	<u>(34,183)</u>	<u>(2,156,004)</u>
Total Capital Assets being Depreciated, Net	<u>1,745,056</u>	<u>(124,324)</u>	<u>(3,001)</u>	<u>176,308</u>	<u>1,794,039</u>
Business-type Activities Capital Assets, Net	<u><u>\$ 3,325,179</u></u>	<u><u>\$ 156,794</u></u>	<u><u>\$ (12,022)</u></u>	<u><u>\$ 12,526</u></u>	<u><u>\$ 3,482,477</u></u>



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

Depreciation was charged to functions/programs of business-type activities as follows:

Gas	\$ 4,328
Water	9,839
Solid Waste Management	3,733
Tidelands	18,037
Harbor	85,012
Non-major business-type funds	
Sewer	1,660
Airport	7,255
Towing	<u>5</u>
Total business-type activities depreciation	<u><u>\$ 129,869</u></u>

Transfer of capital assets between funds are listed in the transfer column. In November 2011, the Measure D ballot initiative approved by voters transferred management of the West Wilmington Oil field from the Harbor Fund to the Tidelands Oil Revenue Fund. The transfer of the facility, with a book value of \$12.5 million, resulted in the recognition of a capital asset in Tidelands Oil Revenue Fund. Management of the facility was auxiliary to Harbor's operation, but is part of core operations in the Tidelands Oil Revenue Fund.

Capitalized Interest

The Harbor Fund, Airport Fund, Tidelands Fund, Water Fund, Gas Fund, and the Sewer Fund capitalized interest of \$13.1 million, \$5.5 million, \$365 thousand, \$199 thousand, \$38 thousand, and \$6 thousand, respectively, in capital assets.



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**Component Unit**

Capital asset activity of the LBT for the year ended June 30, 2011 was as follows (in thousands):

	Balance at July 1, 2010	Increases	Decreases	Balance at June 30, 2011
Capital Assets not being Depreciated:				
Land	\$ 5,525	\$ -	\$ -	\$ 5,525
Construction in Progress	3,182	2,090	(2,811)	2,461
Total Capital Assets not being Depreciated	8,707	2,090	(2,811)	7,986
Capital Assets being Depreciated:				
Buildings and Improvements	39,864	1,383	-	41,247
Fleet	122,839	6,352	(3,189)	126,002
Communications Systems	6,907	-	-	6,907
Fare Collection System	7,443	518	-	7,961
Office, Shop and Garage Equipment	19,152	1,399	(632)	19,919
Passenger Facilities	4,145	8,200	(733)	11,612
Total Capital Assets being Depreciated:	200,350	17,852	(4,554)	213,648
Less Accumulated Depreciation for:				
Buildings and Improvements	(25,728)	(2,746)	-	(28,474)
Fleet	(72,622)	(11,008)	3,189	(80,441)
Communications Systems	(6,669)	(68)	-	(6,737)
Fare Collection System	(3,572)	(954)	-	(4,526)
Office, Shop and Garage Equipment	(14,357)	(1,793)	632	(15,518)
Passenger Facilities	(1,822)	(1,021)	733	(2,110)
Total Accumulated Depreciation	(124,770)	(17,590)	4,554	(137,806)
Total Capital Assets being Depreciated, Net	75,580	262	-	75,842
Total LBT Capital Assets, Net	\$ 84,287	\$ 2,352	\$ (2,811)	\$ 83,828

**NOTE 8 – SHORT-TERM NOTE PAYABLE**

In October 2010, the City issued Tax Revenue Anticipation Notes for \$73.0 million. The short-term notes carried a 2.0 percent coupon rate. The notes are a general obligation of the City payable from taxes, income, revenue, and other moneys attributable to its 2010-2011 fiscal year. Note proceeds may be used for General Fund expenditures, including current and capital expenditures. The entire balance and interest were due and paid in September 2011.

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**NOTE 9 – CHANGE IN LONG -TERM LIABILITIES**

Long-term liability activity for the year ended September 30, 2011 was as follows (in thousands):

	Balance at October 1 2010	Additions	Reductions	Balance at September 30, 2011	Due Within One Year
<b><u>Governmental Activities:</u></b>					
Bonds Payable:					
Revenue Bonds	\$ 178,895	\$ -	\$ (10,955)	\$ 167,940	\$ 7,140
Tax Allocation Bonds	347,740	-	(10,183)	337,557	10,705
Plus (less) deferred amounts:					
Premium	8,487	-	(476)	8,011	-
Discount	(1,324)	-	73	(1,251)	-
Refunding	(4,168)	-	1,656	(2,512)	-
Issuance costs	(9,527)	-	593	(8,934)	-
Total Bonds Payable	520,103	-	(19,292)	500,811	17,845
Notes Payable	8,415	416	(271)	8,560	731
Capital Leases	54,159	2,062	(6,509)	49,712	5,396
Refunding	(1,320)	-	79	(1,241)	-
Issuance costs	(342)	-	31	(311)	-
Total Capital Leases Payable	52,497	2,062	(6,399)	48,160	5,396
Police and Fire Annuities	19,038	240	(3,044)	16,234	-
Estimated Oil Field Abandonment Costs	6,410	140	-	6,550	-
Environmental Remediation	1,149	2,212	-	3,361	189
Accrued Self-Insured Claims	109,552	23,748	(18,899)	114,401	21,643
Employee Benefits	119,945	20,870	(8,975)	131,840	7,800
Governmental Activities Long-Term Liabilities	<u>\$ 837,109</u>	<u>\$ 49,688</u>	<u>\$ (56,880)</u>	<u>\$ 829,917</u>	<u>\$ 53,604</u>
<b><u>Business-Type Activities:</u></b>					
Bonds Payable:					
Revenue Bonds	\$ 1,714,810	\$ 61,400	\$ (66,525)	\$ 1,709,685	\$ 70,275
Plus (less) deferred amounts:					
Premium	75,579	66	(5,866)	69,779	-
Discount	(953)	(115)	107	(961)	-
Refunding	(27,270)	-	2,937	(24,333)	-
Issuance Cost	(15,474)	(830)	1,216	(15,088)	-
Total Bonds Payable	1,746,692	60,521	(68,131)	1,739,082	70,275
Notes Payable	73,797	7,347	(24,457)	56,687	1,145
Issuance costs	(471)	-	253	(218)	-
Total Notes Payable	73,326	7,347	(24,204)	56,469	1,145
Capital Leases	541	3,025	(25)	3,541	432
Due to State of California	53,468	397,058	(381,606)	68,920	68,920
Estimated Oil Field Abandonment Costs	25,000	2,200	-	27,200	-
Environmental Remediation	12,615	-	(12,541)	74	74
Accrued Claims Liability	11,300	-	(6,300)	5,000	5,000
Site Restoration	1,000	-	-	1,000	-
Business-Type Activities Long-Term Liabilities	<u>\$ 1,923,942</u>	<u>\$ 470,151</u>	<u>\$ (492,807)</u>	<u>\$ 1,901,286</u>	<u>\$ 145,846</u>

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**NOTE 10 – BONDS PAYABLE**

At September 30, 2011, bonded indebtedness consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding September 30, 2011
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<b>GENERAL CITY BONDS:</b>					
Skylinks Golf	05/01/03	05/01/29	1.57% - 6.3%	\$ 6,890	\$ 5,555
Parking Plaza Bonds	06/14/01	11/01/27	4.4% - 5.375%	11,500	9,210
Public Safety Facility	03/01/02	11/01/31	3.0% - 5.25%	40,915	35,670
Towne Center Site Refinancing	11/01/04	11/01/30	Variable	11,595	10,335
Parks and Open Spaces	11/07/06	05/01/31	4.0% - 5.0%	24,320	24,320
Total General City Bonds				<u>95,220</u>	<u>85,090</u>
<b>REDEVELOPMENT BONDS:</b>					
<b>Tax Allocation Bonds:</b>					
<b>1992 Multiple Series -</b>					
Downtown Project Refunding	12/01/92	11/01/17	2.9% - 6.0%	81,020	24,285
West Long Beach Industrial	12/01/92	11/01/17	2.9% - 6.0%	36,470	10,935
2002A West Beach	06/25/02	08/01/18	5.15%	8,895	4,794
2002A Downtown Project	06/25/02	08/01/24	5.25% - 7.1%	26,820	13,561
2002A North Long Beach	06/25/02	08/01/31	6.10%	40,290	7,304
2002A Poly High	06/25/02	08/01/12	4.81%	1,710	206
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.0% - 5.5%	21,860	19,025
2002B Downtown	12/05/02	11/01/22	2.25% - 5.5%	25,920	22,615
2005A & B Central	03/02/05	08/01/40	3.52% - 5.34%	56,930	52,535
2005A Los Altos	03/02/05	08/01/20	2.2% - 4.0%	4,685	3,050
2005A & B North Long Beach	03/02/05	08/01/35	3.52% - 5.16%	64,080	57,275
2005A Poly High	03/02/05	08/01/24	3.79% - 4.9%	2,558	2,558
2005A West Beach	03/02/05	08/01/20	4.59% - 4.66%	840	840
2005B Housing	03/02/05	08/01/40	3.52% - 5.44%	55,665	51,400
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	7,640
2005C North Long Beach Project	02/01/06	08/01/31	3.70% - 5.50%	27,145	27,144
2010A North Long Beach Recover Zone	04/28/10	08/01/40	7.90% - 8.36%	22,235	22,235
2010B North Long Beach Build America	04/28/10	08/01/25	2.39% - 7.90%	10,745	10,155
Total Redevelopment Bonds				<u>495,768</u>	<u>337,557</u>
<b>INTERNAL SERVICE BONDS:</b>					
<b>Fleet Services:</b>					
1998 Temple and Willow Facility Series B	05/01/98	10/01/27	4.0% - 5.5%	29,565	21,645
2005 Temple and Willow Facility Series A	05/01/05	05/01/28	2.75% - 4.5%	8,145	6,685
Total Fleet Services				<u>37,710</u>	<u>28,330</u>
<b>Employee Benefits Fund:</b>					
2002 Pension Obligation Refunding Bonds	09/01/02	09/01/21	4.73% - 5.18%	87,950	54,520
Total Internal Service Funds				<u>125,660</u>	<u>82,850</u>
Total Governmental Activities Bonds Payable				<u>\$ 716,648</u>	<u>\$ 505,497</u>

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Description	Date Issued	Final Maturity	Range of Interest Rates*	Authorized and Issued	Outstanding September 30, 2011
<b>BUSINESS-TYPE ACTIVITIES:</b>					
<b>ENTERPRISE BONDS:</b>					
Gas Utility Fund:					
2005 Gas Utility	03/02/05	08/01/13	2.0% - 3.125%	\$ 7,675	\$ 1,770
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.5%	635,665	569,380
2007B Natural Gas Purchase	10/18/07	11/15/33	4.9% - 5.07%	251,695	69,005
Total Gas Utility Fund				<u>895,035</u>	<u>640,155</u>
Water Fund:					
1997A Water	10/01/97	05/01/24	4.0% - 5.75%	46,945	5,175
2010A Water	09/15/10	05/01/24	4.0% - 5.75%	22,740	22,740
Total Water Fund				<u>69,685</u>	<u>27,915</u>
Solid Waste Management Fund:					
2003 SERRF	12/01/03	12/01/18	2.0% - 5.375%	120,235	73,250
Tidelands Fund:					
Aquarium of the Pacific	05/03/01	11/01/30	3.875% - 5.5%	129,520	114,555
2006 Rainbow Harbor Refinancing	04/04/06	05/01/24	3.375% - 5.0%	50,785	39,245
Total Tidelands Fund				<u>180,305</u>	<u>153,800</u>
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	5.0% - 6.0%	206,330	109,250
2002B Harbor	06/19/02	05/15/27	3.0% - 5.5%	150,000	53,255
2004 Harbor	05/15/04	05/15/18	2.5% - 5.0%	113,410	53,785
2005 Harbor	05/15/05	05/15/25	3.5% - 5.0%	257,975	127,730
2010A Harbor	05/15/10	05/15/25	0.4% - 5.0%	200,835	191,510
2010B Harbor	05/15/10	05/15/27	3.0% - 5.0%	158,085	157,955
Total Harbor Fund				<u>1,086,635</u>	<u>693,485</u>
Airport Fund:					
2009A Airport	12/08/09	06/01/22	4.0% - 5.0%	9,795	9,795
2009B Airport	12/08/09	06/01/16	3.0% - 5.0%	6,755	4,995
2009C Airport	12/08/09	06/01/39	7.0% - 7.8%	44,890	44,890
2010A Airport	11/02/10	06/01/40	3.0% - 5.0%	48,435	48,435
2010B Airport	11/02/10	06/01/40	2.5% - 5.0%	12,965	12,965
Total Airport Fund				<u>122,840</u>	<u>121,080</u>
Total Business-Type Activities Bonds Payable				<u>2,474,735</u>	<u>1,709,685</u>
Total Primary Government Bonded Indebtedness				<u>\$ 3,191,383</u>	<u>\$ 2,215,182</u>

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

Principal Payments - Governmental Activities					
Year-End	Skylinks Golf	Parking Plaza	Public Safety Facility	Towne Center Refinance	Parks Open Space
2012	\$ 180	\$ 350	\$ 980	\$ 240	\$ -
2013	190	365	1,030	255	-
2014	200	385	1,080	275	-
2015	215	405	1,140	295	-
2016	225	425	1,200	315	-
2017 - 2021	1,350	2,500	6,995	1,980	5,520
2022 - 2026	1,810	3,230	9,035	2,865	8,325
2027 - 2031	1,385	1,550	11,545	4,110	10,475
2032 - 2036	-	-	2,665	-	-
Totals	<u>\$ 5,555</u>	<u>\$ 9,210</u>	<u>\$ 35,670</u>	<u>\$ 10,335</u>	<u>\$ 24,320</u>

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(Continued)

Year-End	Principal Payments Governmental Activities			Total Annual Debt Service Requirements		
	Redevelopment Debt Service	Fleet	Employee Benefits	Principal	Interest	Total
2012	\$ 10,705	\$ 1,075	\$ 4,315	\$ 17,845	\$ 25,990	\$ 43,835
2013	11,452	1,125	4,530	18,947	25,184	44,131
2014	12,000	1,175	4,760	19,875	24,251	44,126
2015	12,583	1,240	5,000	20,878	23,256	44,134
2016	13,197	1,310	5,255	21,927	22,216	44,143
2017 - 2021	74,488	7,605	30,660	131,098	93,939	225,037
2022 - 2026	71,883	9,620	-	106,768	61,123	167,891
2027 - 2031	52,274	5,180	-	86,519	36,415	122,934
2032 - 2036	46,875	-	-	49,540	17,379	66,919
2037 - 2041	32,100	-	-	32,100	4,878	36,978
Totals	\$ 337,557	\$ 28,330	\$ 54,520	\$ 505,497	\$ 334,631	\$ 840,128

In May 2003, the City issued \$6.9 million in Long Beach Bond Finance Authority Lease Revenue bonds, Skylinks Golf Course Project, Series 2003. The bonds were issued to finance improvements to the Skylinks Golf Course, a municipal golf course owned by the City, to fund a reserve account and to pay certain costs of issuance on the Series 2003 bonds. Interest rates range from 1.57 percent to 6.30 percent.

In November 2004, the City issued \$11.6 million in Long Beach Towne Center Site Refinancing Project Taxable Variable Rate Demand Revenue Bonds, 2004 Series A. The bonds were issued to prepay a note issued by the U.S. Department of the Navy, the proceeds of which were used to acquire a parcel of real property located in the City, which, with two adjacent parcels, was developed by the City into a retail/entertainment complex known as the Long Beach Towne Center, and to pay certain costs of issuance of the bonds. Interest rates for fiscal year 2009 ranged from 1.97 percent to 6.27 percent. For the purpose of illustration, a fixed rate of 1.97 percent has been used in the table above.

In November 2006, the City issued \$24.3 million in Long Beach Bond Finance Authority Leases Revenue Bonds. The bonds were issued to finance the acquisition and development costs of new parks and open spaces focusing on densely populated and underserved areas in Long Beach. The bonds bear interest rates ranging from 4.0 percent to 5.0 percent with maturing dates of May 1, 2018 through May 1, 2031. Annual debt service payments range from \$1.1 million to \$2.5 million.

In March 2005, the City issued \$192.4 million in Long Beach Bond Finance Authority Bonds 2005 Series A Revenue Bonds and Series B Taxable Revenue Bonds. \$184.8 million of the bonds were issued to provide funds to finance certain projects of the Agency, to finance certain housing projects of the Authority, refinance certain indebtedness of the Agency, and to fund reserve accounts and pay costs of issuance of the Series 2005 Bonds. The interest rates range from 2.20 percent to 5.44 percent. Refunding and defeasement of the 1993 Gas Utility Bonds was included in this issue. The \$7.7 million Series 2005 refunding bonds for the Gas Utility, with a total debt service of \$8.7 million, are payable through August 1, 2013 with interest rates ranging from 2.00 percent to 3.13 percent. The refunding issue resulted in an accounting gain of approximately \$50 thousand which will be recognized over the life of the bonds. Aggregate debt service decreased by \$908 thousand, thereby resulting in an economic gain of approximately \$474 thousand.

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In April 2010, the City issued \$33.0 million in Long Beach Bond Finance Authority Bonds 2010 Series A Taxable Recovery Zone Economic Development Bonds and Series B Taxable Build America Bonds. The bonds were issued to finance Agency activities within or of benefit to the North Long Beach Redevelopment area, fund reserve requirements, and pay for issuance cost of the bonds.

A portion of the proceeds will fund the construction of a new fire station near the project area, including an emergency resource center and related traffic and offsite improvements. Proceeds will also renovate an existing building adjacent to the project area for use as a police station, fund improvements to Long Beach Boulevard, and medians of other roadways and finance the planning, design, and construction of a new library and community center in the vicinity of the project area.

Interest rates on Series A range from 7.9 percent to 8.36 percent and Series B ranges from 2.39 percent to 7.9 percent. The Agency expects to receive a cash subsidy from the United States Treasury pursuant to the American Recovery and Reinvestment Act on or about each interest payment date of 45 percent and 35 percent, respectively, of the interest paid on the bonds.

Annual principal payment requirements to maturity for business-type activities revenue bonds and the funds from which payments will be made are as follows (in thousands):

Principal Payments by Fund -- Business-Type Activities							Total Annual Debt Service Requirements		
Year-End	Gas Utility	Water	Solid Waste Management	Tidelands	Harbor	Airport	Principal	Interest	Total
2012	\$ 10,035	\$ 490	\$ 7,635	\$ 5,970	\$ 44,815	\$ 1,330	\$ 70,275	\$ 87,507	\$ 157,782
2013	9,040	1,755	8,005	6,215	46,965	2,260	74,240	84,181	158,421
2014	7,305	1,850	8,410	6,525	49,115	2,340	75,545	80,470	156,015
2015	6,840	1,960	8,860	6,835	51,920	2,420	78,835	76,631	155,466
2016	7,150	2,065	9,320	7,165	54,610	2,515	82,825	72,591	155,416
2017 - 2021	53,230	11,545	31,020	39,385	246,300	14,415	395,895	298,328	694,223
2022 - 2026	100,815	8,250	-	41,610	186,880	18,155	355,710	202,217	557,927
2027 - 2031	151,285	-	-	40,095	12,880	23,000	227,260	126,113	353,373
2032 - 2036	146,365	-	-	-	-	29,370	175,735	82,519	258,254
2037 - 2041	148,090	-	-	-	-	25,275	173,365	11,854	185,219
Totals	\$ 640,155	\$ 27,915	\$ 73,250	\$ 153,800	\$ 693,485	\$ 121,080	\$ 1,709,685	\$ 1,122,411	\$ 2,832,096

In fiscal year 2004, the Harbor 2002 Series B Bonds were remarketed from a variable interest rates to fixed with coupon rates of 3.00 percent to 5.50 percent. On May 13, 2010, the Harbor Board issued the 2010B Revenue Refunding Bonds and used a portion of the proceeds to redeem \$63,060,000 of the outstanding 2002B bonds.

In October 2007, the Long Beach Bond Finance Authority (Issuer) issued fixed and variable rate debt of \$635.7 million and \$251.7 million, respectively (the Bonds). The proceeds were used to prepay the costs of the acquisition of a specified supply of natural gas to be delivered over approximately 30 years under a Prepaid Natural Gas Purchase and Sale Agreement, between Merrill Lynch Commodities, Inc. (the Seller) and the Issuer. The daily quantity of gas to be purchased by the City during this period varies month to month, but not year to year. The City projected that the daily contract quantity to be delivered in any month represents between 80 and 90 percent of the City's projected natural gas requirements. For each British Thermal Unit (MMBtu) of contract gas delivered to the City, the City shall pay an applicable Index Price for the month the delivery occurs, less \$0.83 per MMBtu (the Contract Price).

In August 2009, the Long Beach Financing Authority redeemed \$48.3 million and \$182.7 million of Series A and B, respectively. The redemption resulted in a decrease in the gas supply of 60.3 million MMBtu's or 25 percent of the original volume purchased over the term of the agreement. The bonds are special obligations of the Issuer payable solely from, and secured as to the payment of



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the principal and redemption price thereof, and interest thereon, in accordance with their terms and the provisions of the Bonds, solely by the trust estate. The payment of the principal or redemption price of, or interest on, the Bonds does not constitute a debt, liability, or obligation of the Issuer, the City, the State, or any other public agency (other than the special obligation of the Issuer as provided in the Bonds).

The 2007 Series A bonds have fixed interest rates ranging from 4.25 percent to 5.50 percent with an average of 4.70 percent. Series B are indexed at 67 percent of the three-month London Interbank Offered Rate (LIBOR), plus a spread between 1.41 percent to 1.55 percent.

The Harbor 2010A Bonds, dated March 31, 2010, amounting to \$200.8 million were issued to finance certain capital improvements at the Harbor, to fund a reserve fund for the Series 2010A Bonds, and to pay the costs of issuing the Series 2010A Bonds. The Serial bonds will mature on May 15 of each year from 2011 to 2025 in amounts ranging from \$1.5 million to \$18.3 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging from 0.4 percent to 5 percent. The Series 2010A Bonds maturing on or before May 15, 2020 are not subject to redemption prior to maturity. The Series 2010A Bonds maturing on or after May 15, 2021 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2020, at a redemption price equal to 100 percent of the principal amount of the Series 2010A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium. The City of Long Beach Harbor Revenue Bonds Series 2010A is secured by the Harbor's gross revenues.

In December 2009, the City issued \$61.4 million of Senior Airport Revenue Bonds. The proceeds of the Series 2009A and 2009B refunded \$4.0 million of the Airport's outstanding commercial paper and prepaid all of 1993 Certificates of Participation (COPs). The call of the 1993 COPS resulted in a \$512 thousand accounting loss and an economic gain of \$213 thousand. Series 2009C are federally taxable Build America Bonds. Series 2009C proceeds and a portion of 2009A proceeds are funding the design and construction of phase one of a new parking structure at the Airport. Interest rates on Series A range from 4.0 percent to 5.0 percent, Series B ranges from 3.0 percent to 5.0 percent, and Series C ranges from 7.0 percent to 7.8 percent. The Airport expects to receive a cash subsidy of 35 percent on the series C bonds from the United States Treasury pursuant to the American Recovery and Reinvestment Act on or about each interest payment date. Debt service on the Series 2009 bonds will be paid through revenues generated by the Airport.

In November 2010, the City issued \$61.4 million of Senior Airport Revenue Bonds. The proceeds of the Series 2010A were to be used to partially fund the construction of a new passenger concourse at the Airport and refunded \$3.8 million of the Airport's outstanding commercial paper. The 2010A project includes the construction of permanent facilities for passengers hold rooms, restrooms, concessions and the consolidation of passenger security screening in one central location. The series 2010B proceeds refunded \$13.3 million of the Airport's outstanding commercial paper. Debt service on the Series 2010 bonds will be paid through revenues generated by the Airport.

#### Advance Refundings

In August 2002, the City issued \$88.0 million of Taxable Pension Obligation Series A and Series B to provide payment and defeasement of a portion of the Pension Obligation Bonds Series 1995 (Prior Bonds). In December 2005, with \$79.0 million outstanding, the City remarketed these variable-rate bonds. The Series 2002A Bonds in the aggregate principal amount of \$38.3 million and the Series 2002B Bonds in the aggregate principal amount of \$38.3 million were remarketed on December 30, 2006 in connection with the conversion of such Series 2002A Bonds and Series 2002B Bonds from bearing interest at auction rates to bearing interest at fixed interest rates to maturity. Additionally, on December 30, 2006, \$1.2 million aggregate principal amount for both the Series



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2002A Bonds and the Series 2002B Bonds (which were not being remarketed) were redeemed by the City. The interest rates range from 4.73 percent to 5.18 percent.

In December 2002, the Agency issued \$47.8 million in Long Beach Bond Finance Authority 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 to refund \$25.7 million of the outstanding Series 1992A Downtown and West Long Beach Industrial Bonds with interest rates ranging from 2.90 percent to 6.00 percent, to repay certain amounts owed by the Agency to the Harbor, to make a deposit to the reserve account and to pay certain issuance costs for the 2002 Series B bonds. The 2002 Series B interest rates range from 2.00 percent to 5.50 percent for the West Long Beach Industrial Project and 2.25 percent to 5.50 percent for Downtown Project.

In February 2006, the Agency issued \$35.0 million in Long Beach Bond Finance Authority Tax Allocation Revenue Bonds Downtown and North Long Beach Redevelopment Project Areas 2005 Series C bonds (Series C bonds). These 2005 Series C bonds were issued to purchase a portion of the outstanding Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) and 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 Long Beach Bond Finance Authority 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 3.25 percent to 5.50 percent.

In May 2005, the Long Beach Financing Authority issued \$8.0 million in Lease Revenue Bonds 2005 Series A (Temple and Willow Facility Refinancing Project) to refinance the cost of new fleet services, towing, and lien sales operations and integrated resource operations facility, purchase a reserve surety bond, and pay costs of issuance on the bonds. The 2005 Series A bonds are payable through May 1, 2028 with a total debt service in the amount of \$13.0 million. The interest rates range from 2.75 percent to 4.50 percent. The refunding resulted in an accounting loss of \$598 thousand, which will be recognized over the life of the bonds. Aggregate debt service decreased by \$316 thousand, thereby resulting in an economic gain of \$333 thousand.

Southeast Resource Recovery Facility Authority Bond Issue

The Southeast Resource Recovery Facility Authority (SERFF) issued \$120.2 million in lease revenue bonds Series A and Series B in December 2003 (Series 2003) to refund the SERFF's Lease Revenue Refunding Bonds, Series 1995A and Series 1995B (Series 1995), finance certain public improvement projects in the City, fund a reserve fund for the Series 2003 Bonds, and pay certain costs of issuance. The Series 2003 bonds are payable through December 1, 2018 with a total debt service in the amount of \$170.0 million. The 2003 Bonds have interest rates ranging from 2.00 percent through 5.38 percent. The refunding issue resulted in an accounting loss of approximately \$2.1 million, which will be recognized over the life of the bonds. Aggregate debt service increased by approximately \$4.9 million over the next 15 years to level overall debt service requirements, thereby resulting in an economic loss of approximately \$6.4 million.

Tidelands Rainbow Harbor Refunding Bonds

In April 2006, the Long Beach Bond Finance Authority issued \$50.8 million in Lease Revenue Bonds 2006 Series A (Rainbow Harbor Refinancing Project) (2006 Series A) to refinance costs of improvements in the Rainbow Harbor area of the City including the refunding of the Long Beach Bond Finance Authority Lease Revenue Bonds (Rainbow Harbor Refinancing Project) 1999 Series A, to refinance the costs of a portion of the 1,471 parking garage at 200 Shoreline Drive including the refunding of the 1997 Certificates of Participation (Queensway Bay Parking Facility), and to fund

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a reserve fund and pay costs of issuance for the bonds. The 2006 Series A bonds are payable through May 1, 2024 with total debt service in the amount of \$73.2 million. The interest rates range from 3.38 percent to 5.00 percent. The refunding resulted in an accounting loss of \$3.5 million, which will be recognized over the life of the bonds. Aggregate debt service decreased by \$2.2 million, thereby resulting in an economic gain of \$1.5 million.

**Harbor Revenue Refunding Bonds**

In May 2004, the City issued the City of Long Beach Harbor Revenue Refunding Bonds 2004 Series A and Series B bonds amounting to \$113.4 million to refund and defease all of the City's Harbor Revenue Bonds Series 1993, pay a bond insurance premium, fund a reserve fund, and to pay certain costs of issuance. The refunding resulted in a difference between the reacquisition price and net carrying amount on the old debt of \$1.4 million. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is amortized using the straight-line method over the life of the bonds. Aggregate debt service decreased by approximately \$13.9 million, thereby resulting in an economic gain of approximately \$9.7 million. On May 13, 2010, the Harbor Board issued the 2010B Revenue Refunding Bonds and used a portion of the proceeds to redeem \$12.1 million of the outstanding 2004A bonds.

In May 2005, the City issued the City of Long Beach Harbor Revenue Refunding Bonds Series 2005A and B (the 2006 Bonds), amounting to \$258.0 million to current refund and to defease all of the City's Harbor Revenue Bonds Series 1995, to pay the premium for the Bond Insurance Policies, to fund a reserve for the Series 2005 Bonds, and to finance the costs of issuance of the Series 2005 Bonds. The refunding resulted in a difference between the reacquisition price and net carrying amount on the old debt of \$4.2 million, which will be recognized over the life of the bonds. The aggregate debt service decreased by \$84.7 million thereby resulting in an economic gain of approximately \$24.2 million. On May 13, 2010, the Harbor Board issued the 2010B Revenue Refunding Bonds and used a portion of the proceeds to redeem \$78.4 million of the outstanding 2005A bonds.

The City of Long Beach Harbor Revenue Refunding Bonds Series 2010B (the 2010B Bonds) are secured by the Harbor Department's gross revenues. The 2010B Bonds, dated April 29, 2010, amounting to \$158.1 million, together with the Harbor contribution of \$5.3 million were used to purchase \$63.1 million aggregate principal amount of the City's Harbor Revenue Bonds, Series 2002B, \$12.1 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2004A, and \$78.4 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2005A, from the holders thereof; to fund a reserve fund for the Series 2010B Bonds; and to pay the costs of issuing the Bonds. The refunding resulting in an accounting loss of \$2.1 million, \$722 thousand, and \$4.0 million for the 2002, 2004, and 2005 bonds partial defeasements, respectively, and are being amortized over the shorter of the life of the original bonds and the 2010B bonds. The 2010B refundings resulted in an aggregate economic gain of \$4.0 million.

Serial bonds aggregating to \$158.1 million will mature on May 15 of each year from 2011 to 2027 in amounts ranging from \$130 thousand to \$21.5 million with interest payable semiannually on May 15 and November 15 at coupon rates ranging from 3.0 percent to 5 percent.

The Series 2010B Bonds maturing on or before May 15, 2020 are not subject to redemption prior to maturity. The Series 2010B Bonds maturing on or after May 15, 2021 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2020, at a redemption price equal to 100 percent of the principal amount of the Series 2010B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

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Water Revenue Refunding Bonds

On September 29, 2010, the Water Fund issued \$22.7 million in Water Revenue Refunding Bonds, Series 2010A (the Series 2010A Bonds) at a premium of 3.0 million, (a) to advance refund 82.4 percent or \$24.3 million of the outstanding 1997A Water Revenue Refunding Bonds at a redemption premium of 2 percent over par value, (b) fund a reserve fund for the 2010 Bonds, and (c) pay the cost of issuing the 2010 Bonds. The Series 2010A Bonds bear interest ranging from 3.0 percent to 5.0 percent per annum payable on May 1 and November 1 of each year, commencing on November 1, 2010. Principal payments are due May 1, commencing on May 1, 2012.

The remaining Series 1997A Bonds maturing on May 1, 2015 are not subject to redemption prior to maturity, and remain outstanding in the amount of \$5.2 million at September 30, 2010. The initial issuance premium of \$3.0 million on the Series 2010A is reported as an addition to long-term debt and is amortized using the effective interest rate method over the life of the bonds.

In addition, the refunding resulted in a difference between the reacquisition price and the net carrying amount of the Series 1997A Bonds of \$2.7 million. This difference is considered to be a deferred loss on the refunding and is reported in the basic financial statements as a deduction from bonds payable. The deferred loss on refunding is being amortized using the straight-line method over the life of the Series 2010A bonds, which have the same maturity as the old debt. The Refunded Series 1997A Bonds were refunded in order to take advantage of lower interest rates to achieve debt service savings. The Department reduced its aggregate debt service payments by \$3.3 million, with the refunding structured to achieve such savings upfront over fiscal years 2011 and 2012. The economic gain from the refunding (difference between the present value of the old and new debt service payments) was \$3.3 million.

The Series 2010A Bonds and any Parity Obligations (including the Series 1997A Bonds) are secured by a first lien upon and pledge of all of the net revenues of the entire water system (the Water Enterprise Fund) of the City. Net revenues are defined as all gross revenues derived by the ownership and operation of the Water Enterprise Fund less operation and maintenance costs. The Board of Water Commissioners has covenanted, on behalf of the City, to set rates and charges for the supply of water to its customers sufficient to provide net revenues each year equal to at least 1.10 times the aggregate annual amount of principal and interest due on the Bonds and any parity obligations (including the Series 1997A Bonds).

Additional Advance Refunding Bonds

In addition to the above advance refunding issue, the City previously advance refunded several other outstanding bond issues. Each of the refunding transactions resulted in an overall economic gain to the City by providing for a substantial savings in cash flow requirements to service the outstanding debts. However, for financial reporting purposes, such refunding transactions generally result in accounting losses. In accordance with GAAP in effect at the time of each transaction, such accounting losses were recognized by the City in the year of refunding and the corresponding economic gains are recognized by the City as they occur.

The proceeds from the City's refunding issues have been placed in irrevocable escrow accounts overseen by independent bank fiscal agents. Such proceeds have been generally invested in U.S. Treasury securities, which together with interest earned thereon are intended to provide amounts sufficient for future payment of interest, principal, and redemption premium on the refunded bonds.

The refunded bonds have not been included as City outstanding long-term debt since the City's obligation thereon was satisfied by establishing the irrevocable trusts.

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Pledged Revenue

The City has pledged a portion of future Upland Oil revenues from the General Fund to repay the 2004 Towne Centre Site Refinancing Project Bonds, variable-rate bonds. The bonds were issued to refund bonds originally issued to finance the acquisition of land and construction of the Long Beach Towne Centre, a retail and entertainment complex. Upland Oil Fund oil revenues are projected to produce 767 percent of the debt service requirements over the life of the bonds. As of September 30, 2011, the total principal and interest requirement for the bonds was \$14.1 million (principal \$10.3 million, estimated interest of \$3.8 million at 3.0 percent), payable semiannually through November 1, 2030. For the current year, principal and interest paid were \$241 thousand secured by oil revenues of \$6.6 million.

The Agency has pledged a portion of future tax increment revenues to repay tax allocation bonds issued in between 1992 and 2010. 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. The bonds are payable solely from tax increment revenues. Tax increment revenues are projected to produce 408 percent of the debt service requirements over the life of the bonds. As of September 30, 2011, total principal and interest requirement for the bonds is \$594.2 million (\$337.5 million for principal and \$256.7 million for interest), payable semiannually through 2040. For the current year, principal and interest paid and tax increment revenues received were \$29.9 million and \$77.5 million, respectively.

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

At September 30, 2011, aggregate special assessment debt issued through the City consisted of seven issues and is summarized as follows:

• Dates Issued:	10/01/93 – 6/15/10
• Final Maturities:	10/01/13 – 10/1/40
• Range of Interest Rates:	2.0% – 6.375%
• Amounts Authorized and Issued:	\$1,060,000 – \$43,000,000
• Range of Amounts Outstanding:	\$1,035,000 – \$38,315,000
• Aggregate Outstanding at September 30, 2011:	\$84,909,234

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 to repay the debt issues are being accounted for in Agency Funds.

Pike Public Improvements

In June 2002, the City of Long Beach Community Facilities District No. 6 2002 Special Tax Bonds (Pike Public Improvement Bonds) were issued in the amount of \$43.0 million under the provisions of the Mello-Roos Community Facilities Act of 1982. The Pike Public Improvement Bonds were issued 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



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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, except as described in Note 24.

Earthquake Assessment

In 1990, the City, acting on behalf of certain property owners, formed the Earthquake Repair Assessment District 90-3 (District). In June 1991, the District issued \$17.4 million of City of Long Beach Earthquake Repair Assessment District No. 90-3 Limited Obligation Improvement Bonds (LOI Bonds) for the construction and installation of seismic resistance improvements to eligible commercial and residential properties within the City. The principal and interest were to be paid from the annual collection of special assessments on property within the District. As of September 30, 1996, \$10.1 million in LOI Bonds were outstanding. In September 1996, the LOI Bonds' Fiscal Agent determined that there were insufficient funds to make full payment of principal and interest due to significant delinquencies in payment of assessments. Under the provisions of the LOI Bond covenants, the City is required to commence judicial foreclosure proceedings upon delinquent assessments and to diligently pursue such foreclosure proceedings to completion. To date, the City has fulfilled its responsibility and will continue such action to ultimate resolution.

To structure a remedy for the default, the City formed the Long Beach Bond Financing Authority (LBBFA). The LBBFA divided District properties into performing and delinquent pools. The assessment revenue from each pool was then used as collateral for new LBBFA bonds sold in July 1997. Series A bonds (Series A) and Series B bonds (Series B) represent the performing pool and the delinquent pool, respectively. A breakdown of these pools is as follows:

<u>Bond</u>	<u>Maturity</u>	<u>Rate</u>	<u>Par Amount</u>
Series A	September 2, 2015	8.874% - 9.375%	\$ 5,900,000
Series B	September 2, 2015	11.300%	\$ 6,717,000

Series A was sold on the open market to private investors. The City purchased Series B. The proceeds from both series were used by LBBFA to purchase the original bonds as an investment. Assessment revenues from these investments were used to repay the new debt. As foreclosure proceedings were completed and the properties become performing, the Series B Bonds will be converted to Series A Bonds and sold to private investors.

In July 2005, the District sold \$2.1 million in Series 2005A Bonds and \$1.2 million Series B Bonds. Series A was sold on the open market to private investors, the City purchased Series B bonds. The proceeds from the sale were used to fund an escrow to defease the 1997 Bonds.

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 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

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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 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, 2011, the City's Conduit Debt outstanding consisted of the following (in thousands):

Description	Final Maturity	Amount Authorized	Outstanding at September 30, 2011
Carnival Bonds	2022	\$ 30,000	\$ 30,000
Grisham Housing Bonds Series A	2035	10,245	1,646
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 31,646</u>

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**NOTE 11 – NOTES, COMMERCIAL PAPER NOTES, AND OTHER LONG-TERM OBLIGATIONS**

At September 30, 2011, the City had notes and installments payable, certificates of participation, commercial paper, and other long-term obligations, which consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding September 30, 2011
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<b><u>NOTES PAYABLE:</u></b>					
Health Fund					
Health Facility	04/22/05	04/22/19	Variable	\$ 3,586	\$ 2,110
Housing Development Fund:					
State of California	01/23/92	01/23/22	3%	1,016	1,015
California Housing Finance Agency	02/05/02	02/05/12	3%	600	310
California Housing Finance Agency	03/13/03	03/13/13	3%	1,300	866
Total Housing Development Fund				2,916	2,191
Redevelopment Capital Projects Fund:					
Los Angeles County	01/21/92	12/10/31	3.75%	4,113	4,113
Cal-Can Holding, LLC	12/02/09	12/02/11	0.0%	146	146
Total Redevelopment Capital Projects Fund				4,259	4,259
<b><u>ANNUITY OBLIGATION:</u></b>					
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	16,234
Governmental Activities Notes and Annuity Obligation				\$ 48,361	\$ 24,794
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
<b><u>NOTES PAYABLE:</u></b>					
Gas Utility Fund					
Commercial Paper Notes	07/01/05	N/A	0.2-4.6%	\$ 17,259	\$ 3,500
Water Fund:					
Commercial Paper Notes	01/08/03	N/A	0.3-3.7%	11,000	11,000
Tidelands Fund:					
State of Calif DBAW/Seawalls	09/12/94	08/01/24	4.5%	1,151	772
State of Calif DBAW/Downtown Marina	03/29/82	08/01/12	4.5%	3,500	287
State of Calif DBAW/Downtown Marina	11/08/82	08/01/12	4.5%	600	48
State of Calif DBAW/Shoreline Marina	04/17/02	08/01/37	4.5%	31,718	28,116
State of Calif DBAW/Basin 8	02/20/98	08/01/28	4.5%	2,650	2,072
State of Calif DBAW/Basin 4	12/17/07	08/01/37	4.5%	3,289	3,010
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.5%	700	535
State of Calif DBAW - Basin 1	01/25/11	08/01/41	4.5%	1,277	1,277
State of Calif DBAW - Basin 20& 3	01/25/11	08/01/41	4.5%	70	70
Total Tidelands Fund				44,955	36,187
Sewer Fund:					
Revolving Line of Credit	05/05/11	N/A	0.88-0.92%	6,000	6,000
Business-type Activities Notes and Certificates of Participation				\$ 79,214	\$ 56,687



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Housing Development Fund Loan

In fiscal year 1992, the Housing Development Fund entered into a loan agreement totaling \$1.0 million with the State of California Department of Housing and Community Development for construction and rehabilitation. The project, Lois Apartments, was completed in fiscal year 1993. Interest on the loan accrues from the date the funds were disbursed at an annual simple interest rate of 3.00 percent. As of September 30, 2011, the outstanding balance of the loans was \$1.0 million.

The Housing Development Fund received \$1.9 million from the California Housing Finance Agency, which was utilized for the acquisition and/or rehabilitation of multi-family rental units. As of September 30, 2011, the outstanding balance was \$1.2 million.

The Redevelopment Capital Fund Loans

The Agency has an agreement with The Los Angeles County Flood Control District 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 3.75%. The outstanding balance of the deferral and any interest accrued thereon are due prior to the termination of the project area, which is 2036. The balance of the deferral at September 30, 2011 totaled \$4.1 million.

In the fiscal year ended September 30, 2010, the Agency executed a promissory note for \$146 thousand in favor of Cal-Can Holdings, LLC as partial consideration in the purchase of real property on 2144 W. 16<sup>th</sup> Street, Long Beach, California. This note is due and payable in full at the earlier of the resale of the real property or second anniversary of the date of the promissory note.

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

Year-end	Principal Payments by Fund			Annual Debt Service Requirements		
	Governmental Activities			Principal	Interest	Total
	Health Fund	Housing	Redevelopment			
		Development Fund	Capital Projects Fund			
2012	\$ 276	\$ 309	\$ 146	\$ 731	\$ 42	\$ 773
2013	278	867	-	1,145	172	1,317
2014	279	-	-	279	8	287
2015	281	-	-	281	6	287
2016	282	-	-	282	5	287
2017 - 2021	714	-	-	714	5	719
2022 - 2026	-	1,015	-	1,015	880	1,895
2036	-	-	4,113	4,113	3,120	7,233
Totals	\$ 2,110	\$ 2,191	\$ 4,259	\$ 8,560	\$ 4,238	\$ 12,798

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**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. At September 30, 2011, there were 53 participants in this program.

Total expenditures to this closed group of individuals amounted to \$3.0 million for the fiscal year ended September 30, 2011. The City's accrued program liability was \$16.2 million at September 30, 2011. Program benefits are funded when required to be paid. Accordingly, there are no assets of the Program.

The current year change in the accrued liability is comprised of the following (in thousands):

Accrued Program Liability at October 1, 2010	\$ 19,038
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(3,044)
Estimated Change in Annualized Value of Benefits	240
Accrued Program Liability at September 30, 2011	<u><u>\$ 16,234</u></u>

The number of Program participants diminishes each year. Since 1997, the number of program participants has been reduced by 152 individuals. The following table presents additional information for the Program (dollars in thousands):

<u>Year-end</u>	<u>Number of Participants</u>	<u>Annuity Benefits Paid</u>	<u>Accrued Program Liability</u>
1997	205	\$7,783	\$61,207
1998	191	7,162	56,596
1999	181	7,093	57,500
2000	167	6,913	53,668
2001	157	6,641	51,222
2002	144	6,437	47,543
2003	131	5,865	40,948
2004	128	5,507	37,600
2005	109	4,966	32,962
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

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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):

Year-end	Principal Payments by Fund				Annual Debt Service Requirements		
	Business-Type Activities				Principal	Interest	Total
	Gas Utility	Water	Tidelands	Sewer			
2012	\$ -	\$ -	\$ 1,145	\$ -	\$ 1,145	\$ 1,666	\$ 2,811
2013	-	-	852	-	852	1,610	2,462
2014	-	-	890	-	890	1,571	2,461
2015	-	-	931	-	931	1,530	2,461
2016	-	-	970	-	970	1,491	2,461
2017 - 2021	-	-	5,579	-	5,579	6,726	12,305
2022 - 2026	-	-	6,817	-	6,817	5,329	12,146
2027 - 2031	-	-	7,661	-	7,661	3,673	11,334
2032 - 2036	-	-	8,989	-	8,989	1,822	10,811
2037 - 2041	-	-	2,353	-	2,353	144	2,497
Indeterminant	3,500	11,000	-	6,000	20,500	-	20,500
Totals	\$ 3,500	\$ 11,000	\$ 36,187	\$ 6,000	\$ 56,687	\$ 25,562	\$ 82,249

**Gas Commercial Paper**

In July 2005, the City authorized the Gas Department's issuance and sales, from time to time, of City's subordinate Gas Utility Revenue Commercial Paper Notes, Series A and Series B (taxable), in an aggregate principal amount not to exceed \$35.0 million. Commercial paper is used for pipeline integrity projects. The program termination date is July 1, 2020 unless earlier terminated or extended in accordance with program terms. In fiscal years 2006, 2007, and 2008, commercial paper issuances were \$7.8 million, \$7.5 million, and \$2.0 million, respectively, less a fiscal year 2010 and 2011 repayment of \$11.8 million and \$2.0 million, respectively, for a balance outstanding of \$3.5 million as of September 30, 2011. Interest rates have ranged from 0.11 percent to 4.60 percent over the period of issuance. The Commercial Paper Notes shall not have maturities exceeding 270 days and shall not bear interest rate in excess of the lesser of (a) 12.00 percent per annum and (b) the maximum rate of interest permitted by law. The Gas Department has the ability to refinance on a long-term basis by renewal of Commercial Paper Notes and the future issuance of revenue bonds; accordingly, the \$3.5 million has been classified as a long-term obligation.

**Water Commercial Paper**

On October 17, 2002, the Board of Water Commissioners approved Resolution WD-1170, which authorized the issuance and sale of up to \$15.0 million of City of Long Beach, California Subordinate Water Revenue Commercial Paper Notes (notes), Series A (tax-exempt), and Series B (taxable). The City's Water Enterprise subordinate net revenues secure the notes. The City Council approved the issuance and sale on October 29, 2002. Proceeds from the variable debt will be used for interim financing needs to assist with completing reclaimed system expansion projects that are partially funded by federal and state grants and for seawater desalination research and development, which is partially funded by a federal grant.

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On January 8, 2003, Series A notes in the amount of \$6.0 million were issued. The notes are issued in denominations of \$100 thousand and integral multiples of one thousand dollars in excess of \$100 thousand and will mature not more than 270 days after date of issuance. On March 19, 2008, Series A notes in the amount of \$2.0 million were issued. On April 6, 2009, additional Series A notes in the amount of \$3.0 million were issued. Interest rates have ranged from 0.28% to 3.72%. The water utility has the ability and intends to continue to extend the notes for periods greater than a year; accordingly, the outstanding amount has been classified as a long-term obligation.

Tidelands Loans

The Tidelands Fund entered into various loan agreements between August 1981 and January 2011 for construction and improvements to the Shoreline Marina, Downtown Marina, seawalls, and a lighthouse with a harbormaster's office, with an aggregate authorized and issued amount of \$56.8 million as of September 30, 2011. The amount outstanding at September 30, 2011 is \$36.2 million. Principal payments in the amount of \$1.4 million were paid in fiscal year 2011 at an interest rate of 4.50 percent.

Subordinate Sewer Revolving Line of Credit

On May 5, 2011, the Board of Water Commissioners approved Resolution WD-1282 authorizing the issuance from time to time of Subordinate Sewer Revenue Obligations pursuant to the terms of a credit agreement with Wells Fargo Bank, National Association, which provides for a Revolving Line of Credit in an amount not to exceed \$20 million at any time. Obligations under the Revolving Line of Credit are secured by and payable from a subordinate lien upon the City's Sewer Enterprise net revenues (gross revenues less operation and maintenance costs). The Line of Credit is for a term of three years with a commitment expiration in May 2014 and was secured to pay off 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. The Department will suspend the issuance of sewer commercial paper notes under the existing commercial paper program, but reserves the right issue obligations in the future senior to its obligations created under the Line of Credit.

On May 26, 2011, the Department drew \$6 million on the Revolving Line of Credit to retire \$4 million of outstanding Sewer Revenue Commercial Paper notes and fund \$2 million in sewer system improvements. Interest rates are based on 70% of the London Interbank Offered Rate (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 0.88% to 1.06%.

Airport Commercial Paper

On October 19, 2004, the City Council authorized the Airport to issue, on an as-needed basis, up to \$15.0 million of variable-rate, Airport Projects Commercial Paper Notes for short-term financing of qualified Airport Capital Projects. On May 20, 2008, the City Council authorized the program to be expanded to up to \$25.0 million. The net proceeds from the sale of the notes were used to advance airport capital, when necessary, and in some cases until PFC approval was received or other grant funding reimbursed. Commercial paper issuances for fiscal years 2007, 2008, 2009, and 2010 were \$1.0 million, \$7.0 million, \$8.3 million, and \$4.8 million, respectively. With the 2010 Series B bond issue, the Airport discharged this liability in full.

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**NOTE 12 – LEASING ARRANGEMENTS**

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

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding at September 30, 2011
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Fund:					
City Light and Power (a)	05/01/96	10/03/19	8.73%	\$ 18,500	\$ 11,796
Voting Equipment (b)	03/15/07	03/15/12	3.93%	900	98
Ambulance Bill (c)	09/05/07	09/05/12	3.93%	158	31
Pitney Bowes Mailer (d)	09/05/07	09/05/12	3.82%	170	37
Ambulances (e)	03/24/10	03/24/16	3.08%	988	758
Total General Fund				<u>20,716</u>	<u>12,720</u>
Internal Service Funds:					
Civic Center Fund:					
Parking System (f)	10/24/08	10/24/13	4.99%	421	188
Civic Center Projects (g)	08/01/10	04/01/27	4.30%	31,450	29,085
Total Civic Center Fund				<u>31,871</u>	<u>29,273</u>
Fleet Services Fund:					
Fire Equipment Lease (h)	10/01/05	09/30/15	3.50%	5,279	2,335
Ambulance & Boats (i)	10/27/06	10/27/13	3.76%	2,191	462
Total Fleet Services Fund				<u>7,470</u>	<u>2,797</u>
General Services Fund:					
Software (j)	03/15/07	03/15/14	3.93%	4,400	1,712
Computer equipment (k)	03/07/08	03/07/12	2.68%	1,300	142
IBM Mainline upgrade (l)	10/01/08	09/01/13	3.64% -4.24%	346	146
Personal Computers and laptops (m)	08/21/09	08/21/13	3.09%	1,358	672
Disaster Recovery Hardware (n)	08/20/10	08/20/15	2.64%	470	373
Personal Computers and Server (o)	03/11/11	03/31/15	2.44%	1,250	1,100
Telecommunication Equipment (p)	07/15/11	07/15/15	1.96%	811	777
Total General Services Fund				<u>9,935</u>	<u>4,922</u>
Total Governmental Activities Leases				<u>\$ 69,992</u>	<u>\$ 49,712</u>
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Gas Utility Fund:					
Utility Customer Information Software (q)	09/15/11	09/15/18	2.06%	\$ 3,025	\$ 3,025
Tidelands Fund:					
Convention Center (r)	10/01/05	10/01/26	4.99%	649	516
Total Business-type Activities Leases				<u>\$ 3,674</u>	<u>\$ 3,541</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 is payable monthly; the amount varies by year, with the initial year at \$57 thousand per month and the maximum amount for the sixth through 25 years at \$169 thousand per month.
- (b) The City financed voting equipment, hardware, and software in March 2007. The lease is payable in monthly installments of \$17 thousand through March 2012.

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- (c) The City entered into a capital lease agreement to finance an ambulance billing system. The lease is payable in monthly installments of \$3 thousand through September 2012.
- (d) The City financed the acquisition of a mailing machine through a capital lease agreement in September 2007. The lease is payable in monthly installments of \$3 thousand through fiscal year 2012.
- (e) In March 2010, the City financed the purchase of ambulances through a capital lease with monthly installments of \$15 thousand through March 2016.
- (f) The City entered into capital lease in October 2008 to finance the purchases and installation of parking equipment in the Civic Center parking structure. Monthly installments of \$8 thousand are due through October 2013.
- (g) The City entered into a private placement capital lease to redeem the 1997 Series A Lease Revenue and Refunding Bonds. Original bonds proceeds were used for Civic Center complex capital projects. 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 under the private placement lease of approximately \$2.6 million per annum through 2027.
- (h) The City entered into a capital lease agreement to finance the acquisition of equipment for the Fire Department including two ladder trucks, ten pumper trucks, and a life-saving boat in October 2005. The lease is payable in monthly installments of \$52 thousand through September 2015.
- (i) The City entered into a capital lease agreement in October 2006 for the purchase of paramedic vehicles and fire rescue boats. Monthly installments of \$30 thousand are payable through October 2013.
- (j) The City entered into a capital lease agreement to finance the development of a billing and collection system in March 2007. The lease is payable in monthly installments of \$60 thousand through March 2014.
- (k) The City entered into a capital lease agreement in March 2008 to finance the purchases of personal computers. The lease is payable in monthly installments of \$29 thousand through March 2012.
- (l) The City entered into a capital lease agreement in October 2008 to upgrade the City's computer mainframe. Equipment of \$272 thousand were financed at an interest rate of 3.64 percent and software of \$73 thousand were financed at 4.24 percent. Total monthly installment of \$6,000 are payable through September 2013.
- (m) The City entered into a capital agreement for the purchase of personal computers and laptops in August 2009. The lease is payable in monthly installments of \$30 thousand through August 2013.
- (n) In August 2010, the City entered into a capital lease agreement to finance computer hardware for the Emergency Communication & Operation Center to facilitate the City's disaster recovery strategy to maintain critical financial management and human resource operations. Monthly installments of \$8 thousand are due through August 2016.
- (o) The City entered into a capital agreement for the purchase of personal computer and server equipment in March 2011. The lease is payable in monthly installments of \$27 thousand through March 2015.
- (p) The City entered into a capital lease to upgrade the City's telephone and voice mail system in July 2011. Lease payments are \$18 thousand a month through July 2015.



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- (q) The City entered into a capital 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.
- (r) The City entered into a capital lease 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 2026.

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

Year-end	Principal Payments by Fund - Governmental Activities				Annual Debt Service Requirements		
	General	Civic Center	Fleet Services	General Services	Principal	Interest	Total
2012	\$ 1,267	\$ 1,413	\$ 899	\$ 1,817	\$ 5,396	\$ 2,463	\$ 7,859
2013	1,209	1,477	690	1,699	5,075	2,218	7,293
2014	1,364	1,453	593	978	4,388	1,986	6,374
2015	1,518	1,505	615	428	4,066	1,767	5,833
2016	1,513	1,570	-	-	3,083	1,562	4,645
2017 - 2021	5,849	9,075	-	-	14,924	4,730	19,654
2022 - 2026	-	11,495	-	-	11,495	1,685	13,180
2027 - 2031	-	1,285	-	-	1,285	28	1,313
Totals	<u>\$ 12,720</u>	<u>\$ 29,273</u>	<u>\$ 2,797</u>	<u>\$ 4,922</u>	<u>\$ 49,712</u>	<u>\$ 16,439</u>	<u>\$ 66,151</u>

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

Year-end	Principal Payments by Fund - Business-type Activities		Annual Debt Service Requirements		
	Gas Utility	Tidelands	Principal	Interest	Total
2012	\$ 406	\$ 26	\$ 432	\$ 84	\$ 516
2013	414	28	442	75	517
2014	423	29	452	65	517
2015	432	30	462	54	516
2016	441	32	473	44	517
2017 - 2021	909	186	1,095	94	1,189
2018 - 2022	-	185	185	24	209
Totals	<u>\$ 3,025</u>	<u>\$ 516</u>	<u>\$ 3,541</u>	<u>\$ 440</u>	<u>\$ 3,981</u>

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**Future Rental Income Under Operating Leases**

Aggregate minimum future rental income under non-cancelable operating leases having an initial term in excess of one year is as follows (in thousands):

<u>Year-end</u>	<u>Total</u>
2012	\$ 252,244
2013	252,298
2014	261,980
2015	259,789
2016	254,369
2017-2021	1,241,246
2022-2026	924,756
2027-2031	191,984
2032-2036	46,998
2037-2041	39,606
2042-2046	38,061
2047-2051	35,809
2052-2056	15,993
2057-2061	12,749
2062-2066	11,299
2067-2071	7,097
2072-2076	4,716
2077-2081	4,716
2082-2086	2,656
2087-2091	48
Total	<u>\$ 3,858,414</u>

**NOTE 13 – DERIVATIVE INSTRUMENTS**

At September 30, 2011, the City had the following hedging derivative instruments outstanding within business-type activities:

Type	Objective	Notional Amount	Effective Date	Maturity Date	Terms
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 4.685%
Commodity Forward Contract	To hedge against a reduction in revenues resulting from changes in monthly commodity prices.	151.7 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.

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*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 of 2009, a tender offer was submitted to bondholders reducing the Prepay Bond's outstanding notional amounts to \$69.0 million as follows:

<b>Maturity Date</b>	<b>Notional Amounts (in thousands)</b>	<b>Synthetic Fixed Rate</b>	<b>Variable Rate</b>	<b>Spread</b>
11/15/2025	\$ 19,195	4.903%	1.661%	1.410%
11/15/2026	25,175	4.930%	1.681%	1.430%
11/15/2027	24,630	4.955%	1.701%	1.450%
2/15/2033	5	5.067%	1.801%	1.550%
	<u>\$ 69,005</u>	<u>4.931% <sup>2</sup></u>	<u>1.682% <sup>3</sup></u>	<u>1.432% <sup>2</sup></u>

<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 9/30/11, 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 4.93 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. (MLCS) 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 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 November 1, 2037.

*Tender Offer:* In July of 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.

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*Fair Value:* The interest rate swap, with the market price quoted by MLCS, had a negative fair value of approximately \$12.4 million at October 1, 2010. During the current period, the fair value decreased \$4.7 million to a negative fair value of \$17.1 million as of September 30, 2011.

The commodity swap, with the market price quoted by the RBC, had a fair value of \$297.0 million at October 1, 2010. During the current period, fair value decreased \$6.7 million to a fair value of \$290.4 million as of September 30, 2011.

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):

Maturity Date	Fair Value, October 1, 2010	Change in Fair Value	Fair Value, September 30, 2011
11/15/2025	\$ (3,384)	\$ (1,175)	\$ (4,559)
11/15/2026	(4,535)	(1,692)	(6,227)
11/15/2027	(4,524)	(1,824)	(6,348)
2/15/2033	(1)	(1)	(2)
	(12,444)	(4,692)	(17,136)
Commodity Swap			
11/1/2037	297,026	(6,650)	290,376
Total	\$ 284,582	\$ (11,342)	\$ 273,240

The cumulative increase in fair value of the commodity swap is netted against the cumulative decrease in fair value of the interest rate swap and is reported as a deferred inflow on the statement of net assets.

*Credit Risks:* As of September 30, 2011, the interest rate swap counterparty was rated A as rated by Standard & Poor's, or Baa1 as rated by Moody's Investor Services. As of September 30, 2011, the commodity swap counterparty was rated Aa1 by Moody's and AA- by Standard & Poor'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 AA- 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.

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*Interest Rate Swap Payment and Associated Debt:* Using rates as of September 30, 2011, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rate remain the same for their term, were as follows (in thousands):

Fiscal Year Ending September 30	Variable-Rate Bonds		Net Swap Payments	Total Interest
	Principal	Interest		
2012	\$ -	\$ 3,403	\$ 1,016	\$ 4,419
2013	-	3,403	715	4,118
2014	-	3,403	521	3,924
2015	-	3,403	394	3,797
2016	-	3,403	336	3,739
2017 - 2021	-	17,015	1,296	18,311
2022 - 2026	44,370	14,437	989	15,426
2027 - 2031	24,630	305	118	423
2032 - 2034	5	-	-	-
Total	\$ 69,005	\$ 48,772	\$ 5,385	\$ 54,157

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.

## **NOTE 14 – RETIREMENT PROGRAMS**

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

The City contributes to CalPERS, an agent multiple-employer public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by state statute and city ordinance. A copy of CalPERS’ annual financial report may be obtained from its executive office at 400 P. Street, Sacramento, California 95814. Since CalPERS is on a fiscal year ending June 30th, all actuarial calculations for the City’s retirement plan are made on a fiscal year ending June 30th, which differs from the City’s September 30th fiscal year-end.

Under the terms of the contract between CalPERS and the City, all full-time employees are eligible to participate in CalPERS and become vested in the system after five years of service. The City has a multiple-tier retirement plan with benefits varying by plan.

**Safety:** Vested first and second tier safety employees who retire at age 50 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to three percent of the employee’s highest paid year of employment for each year of credited service. Retirees under the first tier are eligible to receive a maximum annual five percent cost-of-living increase while those under the second tier are eligible to receive a maximum annual two percent cost-of-living increase.

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Miscellaneous: Vested first and second tier non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7 percent of their highest paid year of employment for each year of credited service. The City created tier three for non-safety employees hired after October 1, 2006. Vested tier three non-safety employees who retire at age 55 are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.5 percent of their highest paid year of employment for each year of credited service. Retirees under the first tier are eligible to receive a maximum annual five percent cost-of-living increase while those under the second and third tier are eligible to receive a maximum annual two percent cost-of-living increase. Audited annual financial statements and ten-year trend information are available from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**Funding Policy**

For the fiscal year ended September 30, 2011, Safety and Miscellaneous plan participants were required to contribute 9.0 percent and 8.0 percent of their annual covered salary, respectively. However, as a benefit to employees, the City, in some cases, has elected to pay a portion of the employees' portion of this required contribution. The following table details the contribution rates for the City and its employees as of September 30, 2011. Actual contributions varied during the year as the City actively negotiated with the labor unions to share a greater burden of pension cost.

<u>Bargaining unit</u>	<u>City Contributes</u>	<u>Employee Contributes</u>	<u>New Hires</u>
Unrepresented Management within the City Auditor's office	4.0%	4.0%	8.0%
City Attorney's Association	4.0%	4.0%	8.0%
City Prosecutor's Association	4.0%	4.0%	8.0%
Elected Officials and City Clerk			
City Attorney	4.2%	3.8%	8.0%
City Prosecutor	4.2%	3.8%	8.0%
City Auditor	4.2%	3.8%	8.0%
City Clerk	4.2%	3.8%	8.0%
Mayor	4.2%	3.8%	8.0%
Council Districts 1 - 7 and 9	4.2%	3.8%	8.0%
Council District 8	6.0%	2.0%	8.0%
Unrepresented Management and Non-management	6.0%	2.0%	8.0%
Long Beach Association of Engineering Employees	6.0%	2.0%	8.0%
Long Beach Association of Confidential Employees	6.0%	2.0%	8.0%
Long Beach Management Association including	6.0%	2.0%	8.0%
International Association of Machinists	6.0%	2.0%	N/A
Safety Managers	7.0%	2.0%	9.0%
Long Beach Firefighters' Association	7.0%	2.0%	N/A
Long Beach Police Officers' Association	7.0%	2.0%	N/A
Long Beach Lifeguard Association	7.0%	2.0%	N/A

In addition, the City is required to contribute at an actuarially determined rate applied to annual covered payroll; the current rates are 12.297 percent for miscellaneous employees and 17.097 percent for safety employees. For fiscal year 2012, the contribution rates will be 16.072 percent for miscellaneous employees and 22.687 percent for safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.



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Annual Pension Cost

For fiscal year 2011, the City's annual pension cost (APC) of \$75.0 million for CalPERS was equal to the City's annual required contribution (ARC) of \$81.0 million less employee contributions of \$6.0 million. The ARC was determined as a part of the June 30, 2008 actuarial valuations.

The City's APC, the percentage of APC contributed to the plans, and the net pension obligation for the miscellaneous and safety plans for the fiscal years ended September 30, 2009, 2010, and 2011 are as follows (dollars in thousands):

Fiscal Year	Miscellaneous	Safety	Annual	Percentage Contribution
	Annual Pension Cost	Annual Pension Cost	Pension Costs (APC)	
2009	\$ 40,503	\$ 31,512	\$ 72,015	100%
2010	37,546	31,530	69,076	100%
2011	41,953	33,087	75,040	100%

Actuarial Methods and Assumptions

A summary of principal assumptions and methods used to determine the annual required contribution rate for fiscal year 2011 for miscellaneous and safety employees is shown below:

Assumptions	
Valuation Date	June 30, 2009
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Amortization Period	Closed
Average Remaining Period	30 Years as of the Valuation Date
Asset Valuation Method	15-Year Smoothed Market
Actuarial Assumptions:	
Investment Rate of Return	7.75% (net of administrative expenses)
Projected Salary Increases	3.55% to 14.45% depending on age, service, and type of employment
Inflation	3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%.

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

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**Funded Status and Funding Progress**

As of June 30, 2010, the most recent actuarial valuation date, the funding status for the miscellaneous and safety plans were as follows (dollars in thousands):

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Excess of Assets over AAL) (b-a)	Funded Ratio Actuarial Value Basis (a/b)	Covered Payroll ( c )	UAAL as a Percentage of Covered Payroll ((b-a)/c)
Miscellaneous	\$ 1,692,444	\$ 1,888,325	\$ 195,881	89.6%	\$ 221,420	88.5%
Safety	1,713,418	1,786,693	73,275	95.9%	133,770	54.8%

Actuarial valuation of an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. 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 the past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the basic financial statements, presents multi-year trend information, which shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. The initial unfunded actuarial accrued liability (or excess assets) associated with these retirement plans is being amortized as a level percentage of projected payroll on a closed basis.

**Plan Description – Public Agency Retirement System – Defined Benefit Plan**

In November 1994, the City established Public Agency Retirement System (PARS) Defined Benefit Plans for Special Status Contractors and Seasonal and Temporary Employees (The Plans). During fiscal year 2003, the Plans were reported under a combined plan (The Plan). The Plan is a defined benefit, single-employer retirement plan. The Plan, which took effect on January 1, 1995, is administered for the City through a third-party administrator. The Plan provides for retirement as well as death and disability benefits to eligible individuals and their beneficiaries.

The Plan benefit is a lifetime monthly annuity equal to 1.50 percent times the final average of the participant's highest 36 consecutive month's salary times the years of service. The Plan requires employee contributions of 6.20 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 contributions. It is assumed that upon termination, employees will choose to receive an actuarially equivalent lump-sum (based on the actuarial assumptions described below). Audited annual financial statements are available from PARS Public Agency Retirement Services, 4350 Von Karman Avenue, Ste. 100, Newport Beach, CA 92660.

**Funding Policy and Annual Pension Cost**

The City's funding policy is to make the contribution as determined by the Plan's actuary as of September 30, 2010 valuation date. The following information describes the calculation methodology:

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- The Plan's APC for the fiscal year ended September 30, 2011 is based on the period from October 1, 2009 to September 30, 2010. The APC for fiscal year ended September 30, 2011, is \$105 thousand, the same amount contributed for this period.
- The actuarial liabilities and assets are valued as of September 30, 2010.
- The actuarial cost method used is the projected-unit-credit method. Under this method, the contribution rate is the sum of the normal cost rate plus the unfunded actuarial liability rate. The normal cost is defined as the actuarial present value of benefits allocated to the valuation year and the actuarial accrued liability is the present value of benefits allocated to all periods prior to the valuation year. The normal cost rate is determined by dividing the normal cost by expected covered payroll.

In determining the Plan's actuarial accrued liability, the projected benefit of each participant must be allocated between past years and future years. This allocation is made by multiplying the projected benefit by a fraction, the numerator of which is the participant's total credited years of service on the valuation date, and the denominator is the participant's total credited years of service at anticipated benefit commencement.

The unfunded actuarial liability is the difference between the actuarial accrued liability and plan assets. This difference is amortized as a level dollar amount (in the 2010 actuarial valuation used to determine the 2010/11 APC, a seven-year amortization is used for the September 30, 2006 unfunded liability and a 10-year amortization is used for all other gains and losses) to determine the unfunded actuarial liability rate. The actuarial value of Plan assets is based on a five-year smoothing of gains and losses. The net pension obligation information below is based on periods from October 1 through September 30:

Fiscal Year	Annual Pension Costs	Actual Contribution	Percentage Contribution	Net Pension Obligation
2009	\$ 16,352	\$ 16,352	100%	\$ -
2010	92,515	92,515	100%	-
2011	105,141	105,141	100%	-

Funded Status and Funding Progress

As of the most recent actuarial valuation date, September 30, 2010, the Plan's funding status was (dollars in thousands):

Plan	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (Excess of Assets over AAL) (b-a)	Funded Ratio Actuarial Value Basis (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
PARS	\$ 966	\$ 1,176	\$ 210	82.1%	\$ 8,369	2.5%

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Actuarial Methods and Assumptions

The following is a summary of September 30, 2010 actuarial assumptions:

Interest Rate: 5.25%  
Actuarial Cost Method: Projected Unit Credit  
Mortality: 1983 Group Annuity Mortality (GAM83) table.  
Turnover: Sample rates are:

<u>Age</u>	<u>Turnover</u>	<u>Age</u>	<u>Turnover</u>
25	15%	45	10%
30	15%	50	10%
35	15%	55	5%
40	15%	60	5%

Seasonal and Temporary Employees' first five years of service assume the following turnover rates:

<u>Years of Service</u>	<u>Turnover</u>
0	50%
1	35%
2	30%
3	25%
4	20%

Salary Scale: 5.0%  
Retirement Age: Age 65 or attained age, if older.  
Form of Benefit: Participants are assumed to receive a lump sum upon termination.

**NOTE 15 – POST-RETIREMENT HEALTH CARE BENEFITS**

General Plan Description

The City's Retired Employees Health Insurance Program is a single-employer defined benefit health care 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, 2011, there were 557 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 \$20.9 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for the fiscal year ended September 30, 2011 were \$9.0 million and are included as an expenses of the Employee Benefits Internal Service Fund.

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Termination Benefits

As of September 30, 2011, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$105.7 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 the sick leave incentive for employees who retired during calendar year 1996 and 2009 negotiated public safety health benefit supplements as described below:

Fire Retirement Supplement Benefit

- The Long Beach Fire Fighter Association agreed to defer an October 1, 2009 general salary adjustment to October 1, 2010 and to extend all other adjustments by one year.
- Supplement eligibility is limited to employees retiring on or before December 31, 2009.
- 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.
- Supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA).
- 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.
- 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.
- 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.
- Supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA).
- Account will be adjusted as long as retiree or beneficiaries are receiving CalPERS.

The actuarial study assumes an investment return of 5.0 percent; wage increases of 3.5 percent per year for miscellaneous and 4.5 percent per year for safety employees, and insurance premium increases of 4.5 percent. The estimated current portion of such obligation of \$7.8 million has been fully funded and the long-term portion of the liability of \$97.9 million is being funded, over time, through burden rates charged to the various City funds, applied as a percent of current productive salaries.

Other Postemployment Benefits

As of September, 30, 2011, the City has also recorded a liability in the Employee Benefits Internal Service Fund of \$26.1 million based on an actuarial study of the “implicit subsidy” as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for*

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*Postemployment Benefits Other Than Pensions* (GASB 45). While the City does not directly contribute any funding towards 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 health care 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, 2011, the City has not prefunded the plan.

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	\$ 12,739
Interest on net OPEB obligation	901
Adjustment to annual required contribution	<u>(1,351)</u>
Annual OPEB cost	12,289
Contribution made	<u>(4,172)</u>
Increase in net OPEB obligation	8,117
Net OPEB obligation - beginning of year	<u>18,022</u>
Net OPEB obligation - end of year	<u><u>\$ 26,139</u></u>

The ARC was determined as part of the September 2010 actuarial valuation. For the year ended September 30, 2011, 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):

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
9/30/2009	\$ 8,461	39.1%	\$ 10,404
9/30/2010	11,472	33.6%	18,022
9/30/2011	12,289	34.0%	26,139



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**Funded Status and Funding Progress**

The funded status of the plan as of September 30, 2011 as follows (in thousands):

Actuarial accrued liability (AAL)	\$130,252
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$130,252</u>
Funded ratio (actuarial value of plan assets / AAL)	0.0%
Covered payroll	\$328,107
UAAL as a percentage of covered payroll	39.7%
ARC as a percentage of covered payroll	3.9%

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 health care 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.

The schedule of funding progress, presented 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.

**NOTE 16 – 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 for the first \$4 million per occurrence and has excess insurance coverage up to \$100 million. For general liability, the City is self-insured for the first \$3 million per occurrence and has excess coverage in the amount of \$50 million.

At September 30, 2011, the City accrued non-discounted estimates totaling \$114.4 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 no outstanding annuities payable. The City has recorded a current liability of \$21.6 million and a long-term liability of \$92.8 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2011 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, 2011 and 2010 is as follows (in thousands):

	Workers' Compensation Claims	General Liability Claims	Total
Balance at October 1, 2009	\$ 91,851	\$ 23,319	\$ 115,170
Additions (Reductions)	14,098	(624)	13,474
Payments	<u>(13,797)</u>	<u>(5,295)</u>	<u>(19,092)</u>
Balance at September 30, 2010	92,152	17,400	109,552
Additions	22,684	1,064	23,748
Payments	<u>(12,699)</u>	<u>(6,200)</u>	<u>(18,899)</u>
Balance at September 30, 2011	<u>\$ 102,137</u>	<u>\$ 12,264</u>	<u>\$ 114,401</u>

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Component Unit

Under its insurance program, the LBT retains the risk for each occurrence of workers' compensation and public liability and property damage claimed up to \$1.5 million and \$1.0 million, respectively. Claims in excess of \$1.5 million for workers' compensation and \$1.0 million for public liability and property damage are covered under policies in force with an independent insurer up to \$25.0 million for workers' compensation and \$10.0 million for public liability and property damage. Individual claim settlements for both workers' compensation and public liability and property damage did not exceed the insurance coverage limits in fiscal years 2011 and 2010.

The level of risk retention is dictated by the insurance market and the rates available to the LBT. LBT weighs the increased premium costs against the risk level attempting to minimize overall program expenses. Risk retention levels for public liability and property damage did not change during fiscal year 2011.

The LBT's policy is to estimate and recognize losses on the accrual basis, including estimates of claims incurred but not reported, based on the report of the LBT's independent claims manager or an actuarial report and to maintain designated cash and investments to fund the estimated liabilities.

The changes in estimated liabilities for reported claims are as follows for the LBT (in thousands):

	Workers' Compensation	Public Liability and Property Damage	Total
Balance at July 1, 2009	\$ 5,344	\$ 1,546	\$ 6,890
Reserves:			
New claims	376	444	820
Adjustments to existing claims	2,228	917	3,145
Payments	(2,257)	(1,957)	(4,214)
Balance at June 30, 2010	5,691	950	6,641
Reserves:			
New claims	510	1,135	1,645
Adjustments to existing claims	1,311	2,084	3,395
Payments	(1,680)	(1,143)	(2,823)
Balance at June 30, 2011	<u>\$ 5,832</u>	<u>\$ 3,026</u>	<u>\$ 8,858</u>

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**NOTE 17 – GOVERNMENTAL ACTIVITIES FUND BALANCE**

As of September 30, 2011, total fund balances for the City's major and non-major governmental funds are as follows (in thousands):

	General	Housing Development	Redevelopment Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable</b>					
Prepaid Expense and Deposits	\$ 33	\$ -	\$ 1,587	\$ 38	\$ 1,658
Advances to Other Funds	2,050	-	-	-	2,050
Land Held for Resale	-	29	-	-	29
Subtotal	2,083	29	1,587	38	3,737
<b>Restricted for:</b>					
Debt Service	-	-	-	54,337	54,337
Public Safety	675	-	-	1,072	1,747
Public Health	-	-	-	3,358	3,358
Community and Cultural	-	81,343	59,063	233,207	373,613
Public Works	-	-	-	57,461	57,461
Subtotal	675	81,343	59,063	349,435	490,516
<b>Committed to:</b>					
Oil Abandonment	4,108	-	-	-	4,108
Community and Cultural	-	161	-	-	161
Subtotal	4,108	161	-	-	4,269
<b>Assigned to:</b>					
Emergency Reserve	31,059	-	-	-	31,059
Operating Reserve	11,986	-	-	-	11,986
Subsequent Year's Appropriations	7,500	-	-	-	7,500
Infrastructure Reserve	8,900	-	-	-	8,900
Community and Cultural	-	3,843	-	-	3,843
Debt Service	-	-	-	203	203
Public Safety	-	-	-	98	98
Public Health	-	-	-	937	937
Public Works	-	-	-	5,583	5,583
Subtotal	59,445	3,843	-	6,821	70,109
<b>Unassigned</b>	682	(3,809)	(34,058)	(2,000)	(39,185)
Total Fund Balances	\$ 66,993	\$ 81,567	\$ 26,592	\$ 354,294	\$ 529,446

**Fund Deficits**

The Internal Service Funds include accumulated deficits in the Insurance and Employee Benefits Internal Service Funds, which aggregate \$85.0 million and \$108.8 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 adjust billings to City departments as needed to ensure that adequate cash positions are maintained.

The Tidelands Oil Revenue Fund, a proprietary fund, reported a deficit net assets of \$9.6 million as of September 30, 2011. Tidelands Oil Revenue Fund deficit net assets is due to a future oil field abandonment liability. City's management intends to accumulate futures resources to pay for this liability.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
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**NOTE 18 – 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:

**City of Long Beach**  
**Gas Utility Fund**  
Consolidated Schedule of Net Assets  
September 30, 2011  
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (Credit)	Gas Utility Fund
<b>ASSETS</b>					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 13,300	\$ 12	\$ 13,312	\$ -	\$ 13,312
Non-Pooled Cash and Cash Equivalents	6	39	45	-	45
Non Performing Investments	104	-	104	-	104
Receivables:					
Interest Receivable	-	12	12	-	12
Accounts Receivable	3,651	2,650	6,301	(1,355)	4,946
Due from Other Funds	2,231	-	2,231	(1,332)	899
Allowance for Receivables	(566)	-	(566)	-	(566)
Inventory	1,563	-	1,563	-	1,563
Prepaid Gas-Current	-	23,158	23,158	-	23,158
Other Assets	13	-	13	-	13
Total Current Assets	20,302	25,871	46,173	(2,687)	43,486
Noncurrent Assets:					
Restricted Noncurrent assets					
Non-Pooled Investments	650	22,634	23,284	-	23,284
Noncurrent Receivables:					
Other Noncurrent Receivables	3,025	-	3,025	-	3,025
Advances to Other Funds	879	-	879	-	879
Derivative - Fair Value	-	273,240	273,240	-	273,240
Capital Assets:					
Land and Other Assets not Being Depreciated	8,805	-	8,805	-	8,805
Property, Plant and Equipment					
Capital Assets Net of Accumulated Depreciation	96,534	-	96,534	-	96,534
Prepaid Gas - Long-Term	-	541,705	541,705	-	541,705
Total Noncurrent Assets	109,893	837,579	947,472	-	947,472
Total Assets	130,195	863,450	993,645	(2,687)	990,958
<b>LIABILITIES</b>					
Current Liabilities payable from Current Assets:					
Accounts Payable	7,090	-	7,090	1,355	5,735
Accrued Wages	343	-	343	-	343
Accrued Interest Payable	12	11,572	11,584	-	11,584
Due to Other Funds	185	1,332	1,517	1,332	185
Deferred Revenues	206	-	206	-	206
Customers Deposits	1,743	-	1,743	-	1,743
Obligations Under Capital Leases - Current	406	-	406	-	406
Bonds Payable Due Within One Year	1,020	9,015	10,035	-	10,035
Total Current Liabilities	11,005	21,919	32,924	2,687	30,237
Noncurrent Liabilities:					
Deferred Inflow - Derivative	-	273,240	273,240	-	273,240
Obligations Under Capital Leases	2,619	-	2,619	-	2,619
Other Long-Term Obligations	3,500	-	3,500	-	3,500
Bonds Payable	750	629,370	630,120	-	630,120
Unamortized Discount/Deferred cost	(30)	10,318	10,288	-	10,288
Total Noncurrent Liabilities	6,839	912,928	919,767	-	919,767
Total Liabilities	17,844	934,847	952,691	2,687	950,004
<b>NET ASSETS (DEFICIT)</b>					
Investment in Capital Assets, Net of Related Debt	97,723	-	97,723	-	97,723
Restricted for:					
Debt Service	1,669	-	1,669	-	1,669
Capital Projects	(1,355)	-	(1,355)	-	(1,355)
Unrestricted	14,314	(71,397)	(57,083)	-	(57,083)
Total Net Assets (Deficit)	\$ 112,351	\$ (71,397)	\$ 40,954	\$ -	\$ 40,954

**The City of Long Beach**  
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**City of Long Beach**  
Gas Utility Fund  
Consolidated Schedule of Revenues, Expenses and Changes in Fund Net Assets  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (credit)	Gas Utility Fund
Operating Revenues:					
Charges for Services	\$ 87,730	\$ 20,454	\$ 108,184	\$ 20,454	\$ 87,730
Total Revenues	87,730	20,454	108,184	20,454	87,730
Operating Expenses:					
Personal Services	15,987	-	15,987	-	15,987
Purchases of Gas	38,726	1,497	40,223	(20,454)	19,769
Maintenance and Other Operations	10,166	-	10,166	-	10,166
Amortization	11	89	100	-	100
Depreciation	4,328	-	4,328	-	4,328
Total Operating Expenses	69,218	1,586	70,804	(20,454)	50,350
Operating Income	18,512	18,868	37,380	-	37,380
Non-Operating Income (Expense):					
Interest Income	102	697	799	-	799
Interest Expense	(62)	(32,899)	(32,961)	-	(32,961)
Loss on Disposition of Fixed Assets	(602)	-	(602)	-	(602)
Capital Assets to/(from) Other Funds	-	-	-	-	-
Other Income	776	(746)	30	-	30
Total Non-Operating Income (Expense)	214	(32,948)	(32,734)	-	(32,734)
Income Before Contributions and Transfers	18,726	(14,080)	4,646	-	4,646
Operating Transfers:					
Operating Transfers Out	(10,198)	-	(10,198)	-	(10,198)
Change in Net Assets	8,528	(14,080)	(5,552)	-	(5,552)
Net Assets (Deficit), October 1	103,823	(57,317)	46,506	-	46,506
Net Assets (Deficit), September 30	\$ 112,351	\$ (71,397)	\$ 40,954	\$ -	\$ 40,954

**The City of Long Beach**  
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**City of Long Beach**  
Gas Utility Fund  
Consolidated Schedule of Cash Flows  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Gas Operating Function</u>	<u>LBBFA Gas Prepay Function</u>	<u>Eliminations Increase (decrease)</u>	<u>Gas Utility Fund</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 87,271	\$ 20,220	\$ (20,220)	\$ 87,271
Payments for Employee Salaries	(16,032)	-	-	(16,032)
Payments for Goods and Services	(41,368)	-	20,220	(21,148)
Other Income	787	(756)	-	31
Net Cash Provided by Operating Activities	<u>30,658</u>	<u>19,464</u>	<u>-</u>	<u>50,122</u>
Cash Flows from Non-Capital Financing Activities:				
Receipts from Prepayment of Gas Supply	-	22,095	-	22,095
Payments of Principal on Bonds Payable	-	(9,410)	-	(9,410)
Payments of Interest	-	(33,362)	-	(33,362)
Transfers Out	(10,198)	-	-	(10,198)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(10,198)</u>	<u>(20,677)</u>	<u>-</u>	<u>(30,875)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the Sale of Capital Assets	-	-	-	-
Principal Received on Capital Leases from other funds	853	-	-	853
Payments for Capital Acquisitions	(20,041)	-	-	(20,041)
Payments of Principal on Bonds Payable	(990)	-	-	(990)
Payments of Principal on Other Long-Term Obligations	(2,004)	-	-	(2,004)
Payments of Interest	(98)	-	-	(98)
Net Cash Used for Capital and Related Financing Activities	<u>(22,280)</u>	<u>-</u>	<u>-</u>	<u>(22,280)</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	496	-	496
Receipts of Interest	104	697	-	801
Net Cash Provided by Investing Activities	<u>104</u>	<u>1,193</u>	<u>-</u>	<u>1,297</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,716)	(20)	-	(1,736)
Cash and Cash Equivalents - October 1	15,022	71	-	15,093
Cash and Cash Equivalents - September 30	<u>\$ 13,306</u>	<u>\$ 51</u>	<u>\$ -</u>	<u>\$ 13,357</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Gas Operating Function</u>	<u>LBBFA Gas Prepay Function</u>	<u>Eliminations Increase (decrease)</u>	<u>Gas Utility Fund</u>
Operating Income	<u>\$ 18,512</u>	<u>\$ 18,868</u>	<u>\$ -</u>	<u>\$ 37,380</u>
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization Expense	4,339	89	-	4,428
Other Income (Expense)	787	(746)	-	41
Decrease in Accounts Receivable, Net	(523)	(234)	1,355	598
Decrease in Amounts Due from Other Funds	-	(10)	-	(10)
Decrease in Inventory	52	-	-	52
Decrease in Other Operating Assets/Gas Prepay	(13)	1,497	-	1,484
Increase (Decrease) in Accounts Payable	7,751	-	(1,355)	6,396
Increase in Accrued Wages Payable	(187)	-	-	(187)
Increase in Amounts Due to Other Funds	(125)	-	-	(125)
Increase in Deferred Revenues	53	-	-	53
Decrease in Collections Held in Trust	12	-	-	12
Total Adjustments	<u>12,146</u>	<u>596</u>	<u>-</u>	<u>12,742</u>
Net Cash Provided by Operating Activities	<u>\$ 30,658</u>	<u>\$ 19,464</u>	<u>\$ -</u>	<u>\$ 50,122</u>



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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 includes a purchase price equal to LBGO's lowest cost of gas purchased during the month of delivery and the understanding that their volumes will be supplemental to the prepay volumes purchases.

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.

Effective April 1, 2009, the City entered into a three-year gas services contract with Shell Energy North America (SENA) to continue to provide storage, scheduling, forecasting, and balancing services. This contract replaced the prior gas services contract with SENA, which expired March 31, 2009. The current contract also provides a cost savings over the previous contract. Additional agreements with SENA allow for the purchase of additional gas supply, if needed, and also provide fixed-price gas, ceilings, and floor caps to protect LBGO customers from large fluctuations in the natural gas market. Purchases and related expenses under this contract for the year ended September 30, 2011 were \$6.4 million.

**NOTE 19 – 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 of Long Beach 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, 2011 of \$2.2 million.

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

In October 2003, the lease was again revised since the SERRF refunded the 1995 Bonds with the 2003 Southeast Resource Recovery Facility Authority Bonds in the amount of \$120.2 million. 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**  
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**City of Long Beach**  
Solid Waste Management Fund  
Consolidating Schedule of Net Assets (Deficit)  
September 30, 2011  
(In Thousands)

	Solid Waste Management			Total	Eliminations	Solid Waste
	Refuse	SERRF	SERRF	Before	Debit	Management
	Function	Function	Authority	Elimination	(Credit)	Fund
<b>ASSETS</b>						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 20,964	\$ 30,216	\$ 128	\$ 51,308	\$ -	\$ 51,308
Non-Pooled Cash and Cash Equivalents	3	-	100	103	-	103
Non Performing Investments	61	-	-	61	-	61
Receivables:						
Interest Receivable	-	-	53	53	-	53
Accounts Receivable	2,542	4,516	1,238	8,296	(1,238)	7,058
Due from Other Governments	6	687	-	693	-	693
Capital Leases Receivable-Current	-	-	7,635	7,635	(7,635)	-
Allowance for Receivables	(311)	(2)	-	(313)	-	(313)
Total Current Assets	23,265	35,417	9,154	67,836	(8,873)	58,963
Noncurrent Assets:						
Restricted Noncurrent assets						
Non-Pooled Investments	-	-	11,399	11,399	-	11,399
Noncurrent Receivables:						
Capital Lease Receivable	-	-	65,615	65,615	(65,615)	-
Other Noncurrent Receivables	-	2,247	-	2,247	-	2,247
Capital Assets:						
Land and Other Capital Assets						
not being Depreciated	102	7,176	-	7,278	-	7,278
Capital Assets net of Accumulated Depreciation	63	23,330	-	23,393	-	23,393
Other Assets-Long-Term	-	-	573	573	(573)	-
Total Noncurrent Assets	165	32,753	77,587	110,505	(66,188)	44,317
Total Assets	23,430	68,170	86,741	178,341	(75,061)	103,280
<b>LIABILITIES</b>						
Current Liabilities Payable from Current Assets:						
Accounts Payable	424	4,538	-	4,962	1,238	3,724
Accrued Wages	203	7	-	210	-	210
Accrued Interest Payable	-	-	1,238	1,238	-	1,238
Due to Other Funds	84	3	-	87	-	87
Collections Held in Trust	537	64	-	601	-	601
Obligations Under Capital Leases-Current	-	7,635	-	7,635	7,635	-
Bonds Payable Due Within One Year	-	-	7,635	7,635	-	7,635
Total Current Liabilities	1,248	12,247	8,873	22,368	8,873	13,495
Noncurrent Liabilities:						
Deferred Credits and Other Deferred Liabilities	-	573	-	573	573	-
Obligations Under Capital Leases	-	65,615	-	65,615	65,615	-
Bonds Payable	-	-	65,615	65,615	-	65,615
Unamortized Discount/Deferred cost	-	-	1,637	1,637	-	1,637
Total Noncurrent Liabilities	-	66,188	67,252	133,440	66,188	67,252
Total Liabilities	1,248	78,435	76,125	155,808	75,061	80,747
<b>NET ASSETS (DEFICIT)</b>						
Investment in Capital Assets, Net of Related Debt	165	(43,317)	-	(43,152)	(10,281)	(32,871)
Restricted for:						
Debt Service	-	-	11,524	11,524	-	11,524
Capital Projects	-	-	103	103	-	103
Unrestricted	22,017	33,052	(1,011)	54,058	10,281	43,777
Total Net Assets (Deficit)	\$ 22,182	\$ (10,265)	\$ 10,616	\$ 22,533	\$ -	\$ 22,533

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
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**City of Long Beach**  
Solid Waste Management Fund  
Consolidating Schedule of Revenues, Expenses and  
Changes in Fund Net Assets (Deficit)  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

	Solid Waste Management			Total	Eliminations	Solid Waste
	Refuse	SERRF	SERRF	Before	Debit	Management
	Function	Function	Authority	Elimination	(Credit)	Fund
Operating Revenues:						
Fees, Concessions and Rentals	\$ -	\$ -	\$ 3,769	\$ 3,769	\$ 3,769	\$ -
Charges for Services	37,939	43,269	-	81,208	7,411	73,797
Total Operating Revenues	37,939	43,269	3,769	84,977	11,180	73,797
Operating Expenses:						
Personal Services	13,638	509	-	14,147	-	14,147
Maintenance and Other Operations	26,559	30,903	-	57,462	(7,411)	50,051
Rental Expense	-	3,769	-	3,769	(3,769)	-
Amortization	-	-	265	265	-	265
Depreciation	12	3,721	-	3,733	-	3,733
Total Operating Expenses	40,209	38,902	265	79,376	(11,180)	68,196
Operating Income (Loss)	(2,270)	4,367	3,504	5,601	-	5,601
Non-Operating Income (Expenses):						
Interest Income	120	125	137	382	-	382
Interest Expense	(7)	-	(3,349)	(3,356)	-	(3,356)
Capital Assets (from) Other Funds	(329)	-	-	(329)	-	(329)
Operating Grants	1,592	-	-	1,592	-	1,592
Other Income (Expenses)	61	169	(8)	222	-	222
Total Non-Operating Income (Expenses)	1,437	294	(3,220)	(1,489)	-	(1,489)
Income (Loss) Before Contributions and Transfers	(833)	4,661	284	4,112	-	4,112
Transfers:						
Transfers Out	(875)	(4,431)	-	(5,306)	-	(5,306)
Change in Net Assets	(1,708)	230	284	(1,194)	-	(1,194)
Net Assets (Deficit) - October 1	23,890	(10,495)	10,332	23,727	-	23,727
Net Assets (Deficit) - September 30	\$22,182	\$(10,265)	\$10,616	\$ 22,533	\$ -	\$ 22,533

**The City of Long Beach**  
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**City of Long Beach**  
Solid Waste Management Fund  
Consolidating Schedule of Cash Flows  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Refuse Function</u>	<u>SERRF Function</u>	<u>SERRF Authority</u>	<u>Total Before Elimination</u>	<u>Eliminations Increase (Decrease)</u>	<u>Solid Waste Management Fund</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 37,855	\$ 46,233	\$ -	\$ 84,088	\$ -	\$ 84,088
Receipts from Capital Lease	-	-	3,867	3,867	(3,867)	-
Payments for Employee Salaries	(13,895)	(516)	-	(14,411)	-	(14,411)
Payments for Goods and Services	(27,265)	(35,010)	-	(62,275)	3,867	(58,408)
Other Income (Expense)	61	169	(7)	223	-	223
Net Cash Provided by Operating Activities	(3,244)	10,876	3,860	11,492	-	11,492
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received						
from Other Governments	1,592	-	-	1,592	-	1,592
Transfers Out	(875)	(4,431)	-	(5,306)	-	(5,306)
Net Cash Used for Non-Capital Financing Activities	717	(4,431)	-	(3,714)	-	(3,714)
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(343)	(585)	-	(928)	-	(928)
Payments of Principal on Bonds Payable	-	-	(7,305)	(7,305)	-	(7,305)
Payments of Principal on Other Long-Term Obligations	-	(7,305)	-	(7,305)	7,305	-
Payments of Interest	-	-	(3,860)	(3,860)	-	(3,860)
Net Cash Used for Capital and Related Financing Activities	(343)	(7,890)	(11,165)	(19,398)	7,305	(12,093)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	(396)	(396)	-	(396)
Principal Received under Capital Lease	-	-	7,305	7,305	(7,305)	-
Receipts of Interest	113	125	140	378	-	378
Net Cash Provided by Investing Activities	113	125	7,049	7,287	(7,305)	(18)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,757)	(1,320)	(256)	(4,333)	-	(4,333)
Cash and Cash Equivalents - October 1	23,724	31,536	484	55,744	-	55,744
Cash and Cash Equivalents - September 30	\$ 20,967	\$ 30,216	\$ 228	\$ 51,411	\$ -	\$ 51,411

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
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**City of Long Beach**  
Solid Waste Management Fund  
Consolidating Schedule of Cash Flows  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)  
(Continued)

<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	Refuse Function	SERRF Function	SERRF Authority	Total Before Elimination	Eliminations Increase (Decrease)	Solid Waste Management Fund
Operating Income (Loss)	\$ (2,270)	\$ 4,367	\$ 3,504	\$ 5,601	\$ -	\$ 5,601
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	12	3,721	265	3,998	-	3,998
Other Income (Expense)	61	169	(7)	223	-	223
(Increase) Decrease in Accounts Receivable, Net	(81)	3,051	98	3,068	(98)	2,970
Increase in Amounts Due from Other Governments	-	(70)	-	(70)	-	(70)
Increase (Decrease) in Accounts Payable	(705)	(257)	-	(962)	98	(864)
Increase in Accrued Wages Payable	(158)	(5)	-	(163)	-	(163)
Increase in Amounts Due to Other Funds	(99)	(3)	-	(102)	-	(102)
Decrease in Deferred Revenues	(3)	-	-	(3)	-	(3)
Increase (Decrease) in Deferred Credits	-	(80)	-	(80)	-	(80)
Increase (Decrease) in Collections Held in Trust	(1)	(17)	-	(18)	-	(18)
Total Adjustments	(974)	6,509	356	5,891	-	5,891
Net Cash Provided by Operating Activities	\$ (3,244)	\$ 10,876	\$ 3,860	\$ 11,492	\$ -	\$ 11,492

**NOTE 20 – OIL ABANDONMENT LIABILITY**

As mentioned in Note 1, the City is required to administer certain tideland properties in trust for the State. 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, acting as trustee for the State of California, 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 as authorized by Chapter 941 of the State of California special legislative session of 1991) 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, 2011, the State's total estimated abandonment cost liability is \$397.2 million increasing by \$7.8 million from fiscal year 2010. 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. Of the \$397.2 million estimated liability, the State has put aside and deposited \$246 million into the State's Oil Trust Fund - Abandonment Reserve as of September 30, 2011 as provided for in Assembly Bill (AB) 137.

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 \$6.6 million of which \$4.1 million has been funded as of September 30, 2011 in the Upland Oil Properties Special Revenue Fund.

**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 Contingences 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, 2011, the reserve balance within the Subsidence Fund is \$158.9 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. Also, per Assembly Bill No. 15, Chapter 14, approved by the Governor on July 28, 2009, a city that has established a Reserve for Subsidence Contingences may, for the 2009-10 fiscal year only, retain interest earned on that reserve for the previous three calendar years in an amount not to exceed the amount of the revenue reduction incurred by that City pursuant to Section 100.06 of the Revenue and Taxation Code. Repayment by the City to the Reserve for Subsidence Contingences of the amount so retained shall be made at the time the City is repaid for its reduction pursuant to Section 100.06 of the Revenue and Taxation Code. At September 30, 2011, total loan to the City's General Fund and interest retained amounts to \$16.4 million.



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**NOTE 21 – POLLUTION REMEDIATION OBLIGATIONS**

**BKK Sites**

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, 2011, 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 covers the period in question that should mitigate any potential costs.

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, 2011, 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 covers the period in question that should mitigate any potential costs, and therefore, the cost of any potential remediation effort is considered immaterial.

**Nation Resources Defense Council**

The County of Los Angeles has filed a claim with the City for contribution / indemnification in the judgment that has not yet been rendered against them in Nation Resources Defense Council (NRDC) vs. County for violations of the federal Clean Water Act and their NPDES Permit. The site is located in Long Beach. The City has denied the claim. As of September 30, 2011, the effect of any potential remediation activity on the City was not estimable.

**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, 2011, 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 covers the period in question that should mitigate any potential costs, and therefore, the cost of any potential remediation effort is considered immaterial.

**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, 2011, there was insufficient information to develop an

**The City of Long Beach**  
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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.

Housing Development Company

In 2006, the Agency purchased property at 2085 Atlantic Boulevard at a reduced price with the knowledge that remediation activities for soil and groundwater contamination would have to be undertaken. In August 2007, the property was conveyed to the Company. The remediation activities, as directed by the Los Angeles Regional Water Quality Control Board (Regional Board), have been completed; however, continued monitoring of the site has been ordered. The original estimated liability for the monitoring, based on a cost estimate from the monitoring service provider, was \$50 thousand. As of September 30, 2011, the remaining liability for the monitoring was \$23 thousand. There is a remote possibility that the cost of monitoring may increase if the mandated monitoring period is extended. There is no reasonable expectation of any recovery associated with these remediation efforts.

Paramount Landfill

The City of Long Beach 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 May 2009, the Regional Board notified the City 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. As of September 30, 2011, the remaining liability for the monitoring was \$38 thousand. There is a possibility that the cost of monitoring may increase if the mandated monitoring period is extended. 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, 2011, 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.

Union Pacific Railroad (UPRR) Site

The Regional Board has directed the City to perform ground water monitoring at the former UPRR site. The City performed the monitoring as directed. All monitoring wells have been closed and monitoring activities have ceased. At September 30, 2011, final determination for site closure was still pending and no liability related to activities at this site has been recorded within the financial statements.

Leaking Underground Storage Tanks (LUST)

The City has been named a responsible party for a number of LUST by the Regional Board. The Regional Board has directed that these sites be evaluated for remediation and continued monitoring activities. As of September 30, 2011, the estimated related liability for the future

**The City of Long Beach**  
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remediation was \$3.3 million. There is a possibility that these costs may increase. There is no reasonable expectation of any recovery associated with these remediation efforts.

Long Beach Airport Site

In September 2009, the Regional Board identified the Airport as a potentially responsible party for groundwater and soil contaminants found in and around the Airport. The Airport was directed to prepare a technical work plan to characterize the groundwater and free product contaminants at the Airport. The results of the site testing performed during fiscal year 2011 showed no Airport-related contaminants within the Airport's boundaries. Based on these results, the Airport has requested that the Regional Board remove them as possible responsible party. The original estimated liability was \$150 thousand. As of September 30, 2011, the remaining liability was \$73 thousand. There is a remote possibility of additional costs related to the determination of the source of the contaminant, for site monitoring, and potentially for site clean-up activities. There is no reasonable expectation of any recovery associated with these potential remediation efforts.

**NOTE 22 – 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 the Intermodal Container Transfer Facility Joint Powers Authority (ICTF) for the purposes of finance and constructing an intermodal container transfer facility (Facility) to transfer cargo containers between trucks and railroad cars. The Facility has been leased to Southern Pacific Transportation Company, now merged with Union Pacific Railroad (the tenant). The Facility was developed by the tenant who has 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, 2011 can be obtained from the Harbor.

**NOTE 23 – 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.

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**NOTE 24 – COMMITMENTS AND CONTINGENCIES**

**Commitments**

At September 30, 2011, business-type fund and governmental-type fund commitments for construction projects and for purchases of goods and services are as follows (in thousands):

**Governmental Activities:**

General Fund	\$ 183
Redevelopment Agency	1,730
Other Governmental funds	
General Grants	140
Health	11
Development Services	26
Gas Tax Street Improvement	2,955
Transportation	1,041
Total	<u><u>6,086</u></u>

**Business-Type Activities:**

Gas Utility	\$ 441
Water	3,401
Solid Waste Management	108
Tidelands	6,980
Tidelands Oil Revenue	44
Harbor	233,714
Non-major business-type funds	
Sewer	3,710
Airport	6,783
Total	<u><u>\$ 255,181</u></u>

At September 30, 2011, the City's commitments for Internal Service Fund activity construction projects and for the purchase of goods and services aggregated to \$2.3 million. The component unit, LBT, has \$9.1 million in commitments at June 30, 2011, mainly for the purchase of fuel.

**Health Insurance**

The City contracts with an insurance company to provide group health insurance to City employees. In an effort to maintain rates at acceptable levels, the City deposited with a trustee certain securities valued at approximately \$5.0 million to cover terminal liability claims. The securities are included in the City's pooled cash and investments and all interest earned on the securities accrues to the City. In the event the City terminates its contract with the insurance company, any funds in excess of the actual terminal claims liability will be returned to the City.

**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.

**The City of Long Beach**  
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As stated in Note 16, 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 in the basic financial statements.

Alameda Corridor Development Project

In December 1994, the Harbor and the Harbor Department of the City of Los Angeles (collectively, the Ports) executed the purchase of the rights-of-way needed for the development of the Alameda Corridor Project (the Project), which is a comprehensive transportation corridor between the Ports and the central Los Angeles area. The Ports purchased these rights, sharing the cost on a 50/50 basis, from the three railroad companies then serving the Ports: Union Pacific Railroad Company; Southern Pacific Railroad Company; and Atchison, Topeka, and Santa Fe Railroad Companies. After the purchase, Southern Pacific merged into Union Pacific and Atchison, Topeka, and Santa Fe merged with Burlington Northern to form the Burlington Northern Santa Fe.

The total purchase is comprised of the right-of-way property from the three former railroad companies and a drill track from Southern Pacific to provide an additional right-of-way to access local businesses along the Project. As of September 30, 2011 and 2010, total costs to the Harbor related to the rights-of-way purchase amounted to \$207.8 million for both years.

Construction of the Project began in 1997 and it was completed in April 2002. Funding for the Project came from federal, state, and local sources, and from the issuance of debt. Some of the benefits derived from the Project are the consolidation of the railroad services onto a single set of rail lines, the improvement of the rail transportation condition around the Ports, the securing of efficient and competitive service to and from the Ports, and the increase in public safety along the route on which Port-related traffic occurs. These benefits will extend to other governmental entities by allowing them to also utilize the right-of-way.

Repayment to the Ports for their investments in the right-of-way and for any advances provided to the Project will occur after the Project has generated revenues sufficient to retire all debt and to fund a maintenance reserve.

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. This 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 a total of 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.



**The City of Long Beach**  
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ACTA's latest Notice of Estimated Shortfall Advances and Reserve Accounting Funding (Notice) was transmitted to the Harbor on August 8, 2010; estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. It is anticipated that there will be differences between estimates and actual results; the differences may be material. The projected shortfall for ACTA's fiscal year ended June 30, 2011, based on the Notice submitted by ACTA is \$2.9 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. The Harbor is funding a cash reserve to satisfy claims to the shortfall advance potential obligation. The balances of the reserve, as of September 30, 2011 and 2010, were \$46.0 million each year.

Environmental Mitigation Costs

The Harbor disbursed \$39.4 million in fiscal year 1997 to secure environmental mitigation credits that would allow the Port to complete projects within its complex. These credits are redeemed based on the number of acres of landfill completed by the Port.

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 2007, the Harbor acquired an additional \$11.4 million of available environmental mitigation credits. No acquisitions or utilization of credits occurred during fiscal years 2011 and 2010.

The cost incurred in the acquisition of the land has been classified as a non-current asset. As of September 30, 2010, the Harbor has completed landfills that required the utilization of \$6.5 million of the available credits. The balance of environmental mitigation costs will be adjusted in the future as landfill credits are used for port development. The balance of the environmental mitigation credits is \$44.3 million at September 30, 2011 and 2010, respective.

New Gerald Desmond Bridge Matching Contribution

The Harbor is actively pursuing the replacement of the Gerald Desmond Bridge. The total cost to replace the bridge is estimated at \$950.0 million. The Harbor anticipates that funding of this project will come primarily from federal and state sources, but local matching funds will also be required.

In anticipation of the matching requirements, the Harbor Department has set aside funds to provide the expected 10 percent local match. During fiscal year 2011, the Harbor Department reassigned certain State grant funds from various rail projects to the Gerald Desmond Bridge project resulting in an increase in the amount of reserves set aside for the project. As of September 30, 2011 and 2010, matching funds earmarked for this project were \$69.0 million and \$52.0 million, respectively.

Green Port Infrastructure Commitment

In January 2007, the Harbor adopted a wide-ranging Green Port Policy that greatly expanded its commitment to sustain the environment by establishing new guidelines for port's current operations and future development. Key provisions include protection of the community from the harmful impacts of port operations and employment of state-of-the-art technology to minimize environmental impacts. Air emissions from ships at berth account for over one-third of all vessel air emissions. Providing electrification reduces emissions significantly. With electrification, or "cold ironing," vessels can shut down their auxiliary engines, while at berth, and plug into dockside electric substations.



**The City of Long Beach**  
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Clean Air Action Plan (CAAP)

In November 2006, the governing boards of the Ports approved the landmark San Pedro Bay Ports CAAP. This plan commits the ports to an aggressive plan to reduce pollution by at least 45 percent in the next five years. The \$2.0 billion plan addresses all port-related emission sources, ships, trains, trucks, terminal equipment, and harbor craft, to significantly reduce health risks posed by air pollution. Projects funded from this reserve must improve air quality, foster the use of ship-to-shore electricity at the ports, and enhanced use of pollution-based impact fees to improve air quality and public health.

The Clean Trucks Program (CTP) is a key element of CAAP. Beginning October 1, 2008, CTP banned pre-1989 trucks from entering port's shipping terminals. By January 1, 2010, only trucks built after 1993 will be allowed into the port's shipping terminals, and by January 1, 2012, all trucks must meet 2007 federal Environmental Protection Agency emission standards that make new trucks more than 80 percent less polluting than older trucks. In order to assist with the replacement of trucks, the port offers three options: lease to own; grants for an engine retrofit; and loan subsidy for the purchase of clean trucks. While the port does not own or operate the more than 16 thousand drayage trucks that serve port terminals, CTP will greatly accelerate the reduction of air pollution and public health risks posed by dirty diesel trucks that would otherwise remain on the roadway for many years.

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.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2011

**NOTE 25 – SUBSEQUENT EVENTS**

**California Supreme Court Decision on Redevelopment Agencies**

On June 29, 2011, the Governor of the State of California signed Assembly Bill 1X 26 (AB 26) as part of the State's budget package. The law was to be effective as of October 1, 2011. AB 26 requires each California redevelopment agency to suspend nearly all activities except to implement existing contracts, meet already incurred obligations, preserve its assets, and prepare for the impending dissolution of the agency. The League of California Cities and the California Redevelopment Association (CRA) filed a lawsuit on July 18, 2011 on behalf of cities, counties, and redevelopment agencies petitioning the California Supreme Court to overturn AB 26 on the grounds the bill violated the California Constitution. On August 11, 2011, the California Supreme Court (Court) issued a stay of most of AB 26. On December 29, 2011, the Court upheld AB 26 resulting in the Agency ceasing to exist as of February 1, 2012.

Consistent with the legislation, the City has exercised its option to become the successor agency for both the Agency and the Authority. Under the requirements of the legislation, the City, as the successor agency for the Agency, is to manage the winding down of Agency affairs to include the completion of ongoing projects and the disposition of Agency assets. As the successor agency for the Authority, the City will continue to perform the mission of the Authority, although funding has not been identified.

Among other things, AB 26 directs the State Controller to review the propriety of any transfers of assets between redevelopment agencies and other public bodies that occurred after January 1, 2011. If the public body that received such transfers is not contractually committed to a third party for the expenditure or encumbrance of those assets, the State Controller is required to order the available assets to be transferred to the public body designated as the successor agency by AB 26. Per Council action, on March 8, 2011, before the statute passed the legislature and was signed into law, the Agency transferred \$149.8 million of land held for resale, to include title, to the City. Financial statement presentation for this land held for resale is consistent with this action. As of the date of these financial statements, the State Controller has not reviewed any transfer of assets between the Agency and the City.

Under State law prior to the enacting of AB 26, obligations of the Agency were funded through the creation of debt for which repayment was guaranteed through a pledge of future property tax revenues. Under AB 26, obligations that are to be considered "enforceable obligations" and funded through future property tax revenues are more narrowly defined. Unless a loan agreement was entered into between the City and the Agency within two years of the date of creation of the Agency, it is not considered an enforceable obligation. In compliance with AB 26, the City is compelled to consider approximately \$152.0 million of advances provided by the City to the Agency as well as \$23.1 million of advances from the Agency to the City to be uncollectible and these advances have been written off in the accompanying financial statements. Details as to the funds impacted by the write-off of these advances can be found in Note 6.

Due to the perceived ambiguities within AB 26, certain "clean-up" legislation is currently being considered which could, among other things, reinstate some or all of the aforementioned receivables and advances written off by the City. While the legislation has passed State assembly, it has not been acted on by the State Senate or signed by the Governor. In addition, other aspects of the law will likely require judicial adjudication to resolve.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2011

City of Long Beach 2012 Aquarium of the Pacific Refunding Revenue Bonds

On March 14, 2012, the City issued \$102.6 million of Refunding Revenue Bonds. The proceeds of the Series 2012 bonds are to be used to refund the Series 2001 Aquarium of the Pacific Lease Revenue Refunding Bonds and to fund a reserve for the Series 2012 Bonds. Debt service for the bonds will be funded through various Tidelands Fund revenues to include oil-related revenues and the Proposition D transfer from the Harbor. Payment for this debt begins in November of 2012 and continues through November 2030.

**REQUIRED  
SUPPLEMENTARY  
INFORMATION**



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City of Long Beach  
Required Supplementary Information  
CalPERS Analysis of Funding Progress  
(Unaudited)  
(In thousands)

<u>June 30</u> <u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Entry Age</u> <u>Normal</u> <u>Accrued</u> <u>Liability</u> <u>(b)</u>	<u>Excess Funded</u> <u>(Deficit/</u> <u>Unfunded)</u> <u>Assets</u> <u>(a) – (b)</u>	<u>Funded Status</u> <u>(AVA)</u> <u>(a) / (b)</u>	<u>Market</u> <u>Value</u>	<u>Annual</u> <u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>Excess Funded</u> <u>(Deficit/</u> <u>Unfunded)</u> <u>Assets as a % of</u> <u>Covered Payroll</u> <u>[(a) - (b)] / (c)</u>
<u>Miscellaneous Employees</u>							
2008	\$1,576,158	\$1,667,773	(\$ 91,615)	94.5%	96.7%	\$215,224	(42.6)%
2009	1,630,805	1,846,094	(215,289)	88.3%	64.5%	222,150	(96.9)%
2010	1,692,444	1,888,325	(195,881)	89.6%	70.1%	221,420	(88.5)%
<u>Safety Employees</u>							
2008	\$1,602,457	\$1,592,667	\$ 9,790	100.6%	103.1%	\$132,156	7.4%
2009	1,652,960	1,730,518	(77,558)	95.5%	69.8%	137,923	(56.2)%
2010	1,713,418	1,786,693	(73,275)	95.9%	75.0%	133,770	(54.8)%

See accompanying independent auditors' report



City of Long Beach  
Required Supplementary Information  
Public Agency Retirement System  
Analysis of Funding Progress  
(Unaudited)

Actuarial Valuation Date (1)	Actuarial Value of Assets	Actuarial Accrued Liabilities	Funded (Excess assets)	Funded Ratio	Annual Covered Payroll	Rate of Funded Liability to Annual Covered Payroll
1999	\$ 844,349	\$ 644,922	\$ 199,427	131%	\$16,239,480	1.23 %
2000	1,071,241	575,446	495,795	186%	15,124,582	3.28 %
2001	1,317,055	410,609	906,446	321%	10,697,767	8.47 %
2002	1,526,586	475,029	1,051,557	321%	8,472,945	12.41 %
2003	1,703,852	517,234	1,186,618	329%	8,504,901	13.95 %
2004	1,536,647	545,083	991,564	282%	8,265,983	12.00 %
2005	1,388,268	675,055	713,213	206%	7,697,497	9.27 %
2006	1,307,680	789,799	517,881	166%	7,927,910	6.53 %
2007	1,421,066	860,013	561,053	165%	8,460,717	6.63 %
2008	1,101,797	1,047,157	54,640	105%	9,178,269	0.60 %
2009	889,259	1,123,052	(233,793)	79%	8,376,247	(2.79) %
2010	966,297	1,176,069	(209,772)	82%	8,369,112	(2.51) %

Postemployment Health Care Benefits  
Analysis of Funding Progress  
(Unaudited)

Valuation Date	Actuarial Accrued Liability (a)	Actuarial Value of Assets (b)	Unfunded Liability (a) – (b)	Funded Ratio (b) / (a)	Annual Covered Payroll (c)	UAAL as a % of Payroll [(a) – (b)] / (c)
1/1/2006	\$ 86,868	\$ -	\$ 86,868	0%	\$284,484	30.5%
9/30/2008	110,324	-	110,324	0%	328,205	33.6%
9/30/2010	120,714	-	120,714	0%	321,931	37.5%

See accompanying independent auditors' report

# **ADDITIONAL FINANCIAL SECTION**



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**City of Long Beach**  
Combining Balance Sheet  
Nonmajor Governmental Funds  
September 30, 2011

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 67,567	\$ 18,488	\$ 46,060	\$ 132,115
Non-Pooled Cash and Cash Equivalents	196	9,094	33,307	42,597
Non Performing Investments	120	52	-	172
Non-Pooled Investments	-	-	44,706	44,706
Receivables:				
Interest Receivable	-	-	104	104
Property Taxes	-	-	92,769	92,769
Accounts Receivable	3,153	-	441	3,594
Due from Other Governments	22,756	4,733	-	27,489
Due from Other Funds	-	223	-	223
Allowance for Receivables	(853)	-	-	(853)
Other Assets	60	-	-	60
Advances to Other Funds	6,709	-	-	6,709
Land Held for Resale	2,773	145,346	-	148,119
Other Noncurrent Receivables	54,163	-	-	54,163
Total Assets	<u>\$ 156,644</u>	<u>\$ 177,936</u>	<u>\$ 217,387</u>	<u>\$ 551,967</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 15,051	\$ 2,459	\$ 6,981	\$ 24,491
Accrued Wages and Benefits Payable	835	92	-	927
Due to Other Funds	9,825	53	-	9,878
Deferred Revenues	57,197	4,307	92,725	154,229
Accrued Claims	-	-	200	200
Deposits and Collections Held in Trust	2,181	1	866	3,048
Advances from Other Funds	4,900	-	-	4,900
Total Liabilities	<u>89,989</u>	<u>6,912</u>	<u>100,772</u>	<u>197,673</u>
Fund Balances:				
Nonspendable	38	-	-	38
Restricted	68,519	164,504	116,412	349,435
Assigned	98	6,520	203	6,821
Unassigned	(2,000)	-	-	(2,000)
Total Fund Balance	<u>66,655</u>	<u>171,024</u>	<u>116,615</u>	<u>354,294</u>
Total Liabilities and Fund Balances	<u>\$ 156,644</u>	<u>\$ 177,936</u>	<u>\$ 217,387</u>	<u>\$ 551,967</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, 2011

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes:				
Property	\$ 5,062	\$ -	\$ 77,470	\$ 82,532
Sales	2,087	-	-	2,087
Other Taxes	14,311	-	3,820	18,131
Licenses and Permits	7,401	848	-	8,249
Use of Money and Property	1,324	327	2,353	4,004
From Other Agencies	194,126	7,271	887	202,284
Charges for Services	1,651	-	-	1,651
Other	3,137	100	122	3,359
Total Revenues	<u>229,099</u>	<u>8,546</u>	<u>84,652</u>	<u>322,297</u>
Expenditures:				
General Government	816	-	-	816
Public Safety	14,770	-	-	14,770
Public Health	38,227	-	-	38,227
Community and Cultural	128,302	5,006	20,186	153,494
Public Works	15,620	-	-	15,620
Total Current Expenditures	<u>197,735</u>	<u>5,006</u>	<u>20,186</u>	<u>222,927</u>
Capital Improvements	17,131	12,499	-	29,630
Debt Service:				
Principal	-	-	13,475	13,475
Interest	-	-	26,012	26,012
Debt Administration Fees	-	-	391	391
Total Expenditures	<u>214,866</u>	<u>17,505</u>	<u>60,064</u>	<u>292,435</u>
Excess of Revenues Over (Under) Expenditures	<u>14,233</u>	<u>(8,959)</u>	<u>24,588</u>	<u>29,862</u>
Other Financing Sources (Uses):				
Land Transfers	(376)	150,352	-	149,976
Transfers In	759	4,540	21,255	26,554
Transfers Out	(3,001)	(19,633)	(88,855)	(111,489)
Total Other Financing Sources (Uses)	<u>(2,618)</u>	<u>135,259</u>	<u>(67,600)</u>	<u>65,041</u>
Net Change in Fund Balances	11,615	126,300	(43,012)	94,903
Fund Balances - October 1	<u>55,040</u>	<u>44,724</u>	<u>159,627</u>	<u>259,391</u>
Fund Balances - September 30	<u>\$ 66,655</u>	<u>\$ 171,024</u>	<u>\$ 116,615</u>	<u>\$ 354,294</u>

See accompanying independent auditors' report



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## 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 impact fee assessed on oil producers barrel production in the City and associated police officers and firefighters expenditures that the revenue supports. The fee was established under Proposition H, amending the Long Beach Municipal Code in fiscal year 2007.

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 are for the development of viable urban communities providing housing, suitable living environments, and 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 Business Assistance Fund is used to account for the Redevelopment Agency of the City of Long Beach monies used to fund commercial rehabilitation loans and rebates, business outreach, and commercial and retail services, including business attraction, retention, and expansion.

The Housing Assistance Fund is used to account for programs administered by the City's Housing Authority under regulations of the U.S. Department of Housing and Urban Development.

The Gasoline Tax Fund is a Special Revenue Fund established to account for the City's share of the State of California's Highway User Tax collected by the State to finance any street-related purpose of the City's system of streets, including the maintenance thereof. The fund also accounts for City's share of the State of California's Traffic Congestion, and Relief Program to finance the cost of repairs to street surfaces and bridges, and for Non Harbor, U.S. Department of Transportation, and Federal Highway Administration Grants to finance certain transportation projects.

The Transportation Fund is a Special Revenue Fund established to account for the City's share of a 1.5 percent sales tax collected by the County to finance certain transportation projects under Proposition A (approved November 1980), Proposition C (approved November 1990), and for 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 *Parking and Business Area Improvement Fund*, a fund used to account for special revenue received from businesses and property owners located within business improvement districts, 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 *Park and Public Safety Facility Development Fund*, a fund established by City Ordinance C-6567 to account for developer fees to be used solely and exclusively for the purpose of funding parkland acquisition and recreation improvements.

**City of Long Beach**  
Nonmajor Governmental Special Revenue Funds  
Combining Balance Sheet  
September 30, 2011  
(In Thousands)

	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue
<b>ASSETS</b>					
Pooled Cash and Cash Equivalents	\$ 2,154	\$ 684	\$ 87	\$ 461	\$ 994
Non-Pooled Cash and Cash Equivalents	-	-	12	16	57
Non Performing Investments	-	3	-	-	2
Receivables:					
Accounts Receivable	17	287	19	596	-
Due from Other Governments	6,433	-	4,297	7,964	-
Allowance for Receivables	-	-	(31)	(406)	-
Other Assets-Current	-	-	44	-	-
Advances to Other Funds	-	-	6,709	-	-
Land Held for Resale	-	-	2,773	-	-
Other Noncurrent Receivables (net)	-	-	52,867	-	-
Total Assets	<u>\$ 8,604</u>	<u>\$ 974</u>	<u>\$ 66,777</u>	<u>\$ 8,631</u>	<u>\$ 1,053</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	\$ 260	\$ -	\$ 1,957	\$ 2,039	\$ 11
Accrued Wages	40	36	187	448	-
Due to Other Funds	4,600	15	2,154	2,994	-
Deferred Revenues	2,308	285	52,925	251	-
Deposits and Collections Held in Trust	1,070	-	34	237	-
Advances from Other Funds	-	-	-	2,000	-
Total Liabilities	<u>8,278</u>	<u>336</u>	<u>57,257</u>	<u>7,969</u>	<u>11</u>
Fund Balances:					
Nonspendable	1	-	25	-	-
Restricted	227	638	9,495	2,662	1,042
Assigned	98	-	-	-	-
Unassigned	-	-	-	(2,000)	-
Total Fund Balances	<u>326</u>	<u>638</u>	<u>9,520</u>	<u>662</u>	<u>1,042</u>
Total Liabilities and Fund Balances	<u>\$ 8,604</u>	<u>\$ 974</u>	<u>\$ 66,777</u>	<u>\$ 8,631</u>	<u>\$ 1,053</u>

See accompanying independent auditors' report

<u>Housing Assistance</u>	<u>Gasoline Tax</u>	<u>Transportation</u>	<u>Other Special Revenue Funds</u>	<u>Total September 30, 2011</u>	
<b>ASSETS</b>					
\$ 13,057	\$ 11,518	\$ 33,571	\$ 5,041	\$ 67,567	Pooled Cash and Cash Equivalents
111	-	-	-	196	Non-Pooled Cash and Cash Equivalents
-	14	91	10	120	Non Performing Investments
Receivables:					
782	-	-	1,452	3,153	Accounts Receivable
259	3,629	166	8	22,756	Due from Other Governments
(120)	-	-	(296)	(853)	Allowance for Receivables
-	-	12	4	60	Other Assets-Current
-	-	-	-	6,709	Advances to Other Funds
-	-	-	-	2,773	Land Held for Resale
-	-	-	1,296	54,163	Other Noncurrent Receivables
<u>\$ 14,089</u>	<u>\$ 15,161</u>	<u>\$ 33,840</u>	<u>\$ 7,515</u>	<u>\$ 156,644</u>	Total Assets
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
\$ 274	\$ 1,750	\$ 7,616	\$ 1,144	\$ 15,051	Accounts Payable
90	1	7	26	835	Accrued Wages
37	11	3	11	9,825	Due to Other Funds
-	27	103	1,298	57,197	Deferred Revenues
758	-	-	82	2,181	Deposits and Collections Held in Trust
2,900	-	-	-	4,900	Advances from Other Funds
<u>4,059</u>	<u>1,789</u>	<u>7,729</u>	<u>2,561</u>	<u>89,989</u>	Total Liabilities
Fund Balances:					
-	-	12	-	38	Nonspendable
10,030	13,372	26,099	4,954	68,519	Restricted
-	-	-	-	98	Assigned
-	-	-	-	(2,000)	Unassigned
<u>10,030</u>	<u>13,372</u>	<u>26,111</u>	<u>4,954</u>	<u>66,655</u>	Total Fund Balances
<u>\$ 14,089</u>	<u>\$ 15,161</u>	<u>\$ 33,840</u>	<u>\$ 7,515</u>	<u>\$ 156,644</u>	Total Liabilities and Fund Balances

**City of Long Beach**  
**Nonmajor Governmental Special Revenue Funds**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

	Special Revenue				
	General Grants	Police and Fire Public safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue
Revenues:					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ 5,062	\$ -
Sales	-	-	-	2,087	-
Other Taxes	-	3,427	-	-	-
Licenses and Permits	-	-	2	4,623	2
Use of Money and Property	10	1	208	29	555
From Other Agencies	16,863	-	37,865	23,109	-
Charges for Services	50	-	-	1,584	2
Other	633	-	1,520	39	-
Total Revenues	17,556	3,428	39,595	36,533	559
Expenditures:					
Current:					
General Government	523	-	284	-	-
Public Safety	11,782	2,988	-	-	-
Public Health	901	-	-	36,185	-
Community and Cultural	4,079	-	38,686	-	335
Public Works	501	-	2	-	-
Total Current Expenditures	17,786	2,988	38,972	36,185	335
Capital Improvements	-	-	-	-	-
Total Expenditures	17,786	2,988	38,972	36,185	335
Excess of Revenues Over (Under) Expenditures	(230)	440	623	348	224
Other Financing Sources (Uses):					
Land Transfers	-	-	(376)	-	-
Transfers In	182	-	61	233	-
Transfers Out	-	-	(1,104)	(293)	-
Total Other Financing Sources (Uses)	182	-	(1,419)	(60)	-
Net Change in Fund Balances	(48)	440	(796)	288	224
Fund Balances - October 1	374	198	10,316	374	818
Fund Balances - September 30	\$ 326	\$ 638	\$ 9,520	\$ 662	\$ 1,042

See accompanying independent auditors' report

Special Revenue					
Housing Assistance	Gasoline Tax	Transportation	Other Special Revenue Funds	Totals September 30, 2011	
					Revenues:
					Taxes:
\$ -	\$ -	\$ -	\$ -	\$ 5,062	Property
-	-	-	-	2,087	Sales
-	-	-	10,884	14,311	Other Taxes
-	-	-	2,774	7,401	Licenses and Permits
74	70	284	93	1,324	Use of Money and Property
73,874	24,255	18,157	3	194,126	From Other Agencies
-	-	-	15	1,651	Charges for Services
561	-	-	384	3,137	Other
74,509	24,325	18,441	14,153	229,099	Total Revenues
					Expenditures:
					Current:
4	-	-	5	816	General Government
-	-	-	-	14,770	Public Safety
36	-	-	1,105	38,227	Public Health
74,009	-	-	11,193	128,302	Community and Cultural
-	-	15,117	-	15,620	Public Works
74,049	-	15,117	12,303	197,735	Total Current Expenditures
-	17,131	-	-	17,131	Capital Improvements
74,049	17,131	15,117	12,303	214,866	Total Expenditures
460	7,194	3,324	1,850	14,233	Excess of Revenues Over (Under) Expenditures
					Other Financing Sources (Uses):
-	-	-	-	(376)	Land Transfers
-	-	-	283	759	Transfers In
-	-	(900)	(704)	(3,001)	Transfers Out
-	-	(900)	(421)	(2,618)	Total Other Financing Sources (Uses)
460	7,194	2,424	1,429	11,615	Net Change in Fund Balances
9,570	6,178	23,687	3,525	55,040	Fund Balances - October 1
\$ 10,030	\$ 13,372	\$ 26,111	\$ 4,954	\$ 66,655	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, 2011  
(In Thousands)

	General Grants			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Use of Money and Property	\$ -	\$ -	\$ 10	\$ 10
From Other Agencies	22,236	36,798	16,863	(19,935)
Charges for Services	24	24	50	26
Other Revenues	149	772	633	(139)
Transfers In	156	1,605	182	(1,423)
Total Sources	22,565	39,199	17,738	(21,461)
Uses:				
General Government	755	778	523	255
Public Safety	14,856	29,408	11,782	17,626
Public Health	962	979	901	78
Community and Cultural	5,175	6,960	4,079	2,881
Public Works	944	1,214	501	713
Transfers Out	75	75	-	75
Total Uses	22,767	39,414	17,786	21,628
Total Sources (Uses):	(202)	(215)	(48)	\$ 167
Fund Balances - October 1, Budgetary Basis	374	374	374	
Fund Balances - September 30, Budgetary Basis	\$ 172	\$ 159	\$ 326	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	\$ 125
<b>Add:</b> Future Appropriations	78
Restricted Use Balances	123
<b>Fund Balances - September 30, Budgetary Basis</b>	326
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	\$ 326

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, 2011  
(In Thousands)

	<b>Police and Fire Public Safety Oil Production Tax</b>			
	<u>Budgeted Amounts</u>		Actual on	Variance
	<u>Original</u>	<u>Final</u>	Budgetary	with Final
			Basis	Budget -
				Favorable
				(unfavorable)
<b>Sources:</b>				
Other Taxes	\$ 3,255	\$ 3,255	\$ 3,427	\$ 172
Use of Money and Property	-	-	1	1
Total Sources	<u>3,255</u>	<u>3,255</u>	<u>3,428</u>	<u>173</u>
<b>Uses:</b>				
Public Safety	<u>3,194</u>	<u>3,194</u>	<u>2,988</u>	<u>(206)</u>
Total Uses	<u>3,194</u>	<u>3,194</u>	<u>2,988</u>	<u>(206)</u>
Total Sources (Uses):	<u>61</u>	<u>61</u>	<u>440</u>	<u>\$ (33)</u>
Fund Balances - October 1, Budgetary Basis	<u>198</u>	<u>198</u>	<u>198</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 259</u>	<u>\$ 259</u>	<u>\$ 638</u>	
<b>Reconciliation of Funds Available to U.S. GAAP Fund Balance</b>				
<b>Budgetary Funds Available - September 30</b>			<u>\$ 638</u>	
<b>Fund Balances - September 30, Budgetary Basis</b>			<u>638</u>	
<b>Funds Available (U.S. GAAP Basis) - September 30</b>			<u>\$ 638</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, 2011  
(In Thousands)

	<b>Community Development Grants</b>			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Sources:</b>				
Licenses and Permits	\$ -	\$ -	\$ 2	\$ 2
Use of Money and Property	138	138	208	70
From Other Agencies	73,465	77,877	37,865	(40,012)
Other Revenues	5,632	5,632	1,520	(4,112)
Transfers In	-	-	61	61
Total Sources	<u>79,235</u>	<u>83,647</u>	<u>39,656</u>	<u>(43,991)</u>
<b>Uses:</b>				
General Government	556	556	284	(272)
Community and Cultural	75,472	79,859	38,702	(41,157)
Public Works	-	-	2	2
Transfer of Land	-	-	376	376
Transfers Out	500	525	1,104	579
Total Uses	<u>76,528</u>	<u>80,940</u>	<u>40,468</u>	<u>(40,472)</u>
Total Sources (Uses):	<u>2,707</u>	<u>2,707</u>	<u>(812)</u>	<u>\$ (84,463)</u>
Fund Balances - October 1, Budgetary Basis	<u>13,022</u>	<u>13,022</u>	<u>10,316</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 15,729</u>	<u>\$ 15,729</u>	<u>\$ 9,504</u>	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	<u>\$ 38</u>
<b>Add:</b> Long-term Receivables	6,709
Land Held for Resale	<u>2,773</u>
<b>Fund Balances - September 30, Budgetary Basis</b>	<u>9,504</u>
<b>Add:</b> Change in Encumbrances	<u>16</u>
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	<u><u>\$ 9,520</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, 2011  
(In Thousands)

	Health			
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Favorable
				(unfavorable)
Sources				
Property Taxes	\$ 5,808	\$ 5,808	\$ 5,062	\$ (746)
Sales Taxes	2,151	2,151	2,087	(64)
Licenses and Permits	5,963	5,963	4,623	(1,340)
Use of Money and Property	33	33	29	(4)
From Other Agencies	48,113	48,864	23,109	(25,755)
Charges for Services	1,557	1,557	1,584	27
Other Revenues	46	46	39	(7)
Transfers In	433	433	233	(200)
Total Sources	64,104	64,855	36,766	(28,089)
Uses				
Public Health	63,617	64,667	34,165	30,502
Debt Service:	299	-	-	-
Transfers Out	-	-	293	(293)
Total Uses	63,916	64,667	34,458	30,209
Total Sources (Uses):	188	188	2,308	\$ 2,120
Fund Balances - October 1, Budgetary Basis	390	390	374	
Fund Balances - September 30, Budgetary Basis	\$ 578	\$ 578	\$ 2,682	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	<u>\$ 2,662</u>
<b>Add:</b> Change in Encumbrances	<u>20</u>
<b>Fund Balances - September 30, Budgetary Basis</b>	<u>2,682</u>
<b>Less:</b> Change in Encumbrances	<u>(20)</u>
Advances from other Funds	<u>(2,000)</u>
Total deductions	<u>(2,020)</u>
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	<u>\$ 662</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, 2011  
(In Thousands)

<b>Belmont Shore Parking Meter Revenues</b>				
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Sources				
Licenses and Permits	\$ -	\$ -	\$ 2	\$ 2
Use of Money and Property	527	527	555	28
Charges for Services	-	-	2	2
Transfers In	-	212	-	(212)
Total Sources	527	739	559	(180)
Uses				
Community and Cultural	475	475	(19)	494
Capital Improvements	-	-	335	(335)
Debt Service:	212	-	-	-
Total Uses	687	475	316	159
Total Sources (Uses):	(160)	264	243	\$ (21)
Fund Balances - October 1, Budgetary Basis	(160)	264	818	
Fund Balances - September 30, Budgetary Basis	\$ (320)	\$ 528	\$ 1,061	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	\$ 1,042
<b>Add:</b> Change in Encumbrances	19
<b>Fund Balances - September 30, Budgetary Basis</b>	1,061
<b>Less:</b> Change in Encumbrances	(19)
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	\$ 1,042

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, 2011  
(In Thousands)

	Housing Assistance			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 78	\$ 78	\$ 74	\$ (4)
From Other Agencies	73,552	74,752	73,874	(878)
Other Revenues	455	455	561	106
Total Sources	74,085	75,285	74,509	(776)
Uses				
General Government	4	4	4	-
Public Health	-	-	36	(36)
Community and Cultural	73,735	74,932	71,103	3,829
Total Uses	73,739	74,936	71,143	3,793
Total Sources (Uses):	346	349	3,366	\$ 3,017
Fund Balances - October 1, Budgetary Basis	346	350	9,570	
Fund Balances - September 30, Budgetary Basis	\$ 692	\$ 699	\$ 12,936	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	<u>\$ 4,752</u>
<b>Add:</b> Restricted Use Balances	8,178
Change in Encumbrances	<u>6</u>
<b>Fund Balances - September 30, Budgetary Basis</b>	<u>12,936</u>
<b>Less:</b> Change in Encumbrances	(6)
Advances from other Funds	<u>(2,900)</u>
Total deductions	<u>(2,906)</u>
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	<u><u>\$ 10,030</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, 2011  
(In Thousands)

	Gasoline Tax			
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Favorable
				(unfavorable)
Sources				
Use of Money and Property	\$        28	\$        50	\$        70	\$          20
From Other Agencies	35,779	38,054	24,255	(13,799)
Other Revenues	28	50	-	(50)
Total Sources	35,835	38,154	24,325	(13,829)
Uses				
Capital Improvements	38,917	41,213	17,323	23,890
Total Uses	38,917	41,213	17,323	23,890
Total Sources (Uses):	(3,082)	(3,059)	7,002	\$    10,061
Fund Balances - October 1, Budgetary Basis	(3,110)	(3,110)	6,178	
Fund Balances - September 30, Budgetary Basis	\$  (6,192)	\$  (6,169)	\$ 13,180	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	<u>\$ 13,372</u>
<b>Fund Balances - September 30, Budgetary Basis</b>	<u>13,180</u>
<b>Add: Change in Encumbrances</b>	<u>192</u>
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	<u><u>\$ 13,372</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, 2011  
(In Thousands)

	Transportation			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 220	\$ 220	\$ 284	\$ 64
From Other Agencies	19,494	20,074	18,157	(1,917)
Total Sources	19,714	20,294	18,441	(1,853)
Uses				
Public Works	34,962	34,962	15,102	19,860
Transfers Out	-	-	900	(900)
Total Uses	34,962	34,962	16,002	18,960
Total Sources (Uses):	(15,248)	(14,668)	2,439	\$ 17,107
Fund Balances - October 1, Budgetary Basis	(15,248)	(14,668)	23,687	
Fund Balances - September 30, Budgetary Basis	\$ (30,496)	\$ (29,336)	\$ 26,126	
Reconciliation of Funds Available to U.S. GAAP Fund Balance				
Budgetary Funds Available - September 30			\$ 26,061	
Add:	Restricted Use Balances		50	
	Change in Encumbrances		15	
Fund Balances - September 30, Budgetary Basis			\$ 26,126	
Less:			(15)	
Funds Available (U.S. GAAP Basis) - September 30			\$ 26,111	

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, 2011  
(In Thousands)

	Other Special Revenue Funds			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Other Taxes	\$ 10,021	\$ 10,021	\$ 10,884	\$ 863
Licenses and Permits	2,062	2,062	2,774	712
Use of Money and Property	29	29	93	64
From Other Agencies	-	-	3	3
Charges for Services	-	-	15	15
Other Revenues	851	851	384	(467)
Transfers In	250	250	283	33
Total Sources	13,213	13,213	14,436	1,223
Uses				
General Government	-	-	5	(5)
Public Health	1,247	1,247	1,105	142
Community and Cultural	11,439	11,444	11,192	252
Transfers Out	-	-	704	(704)
Total Uses	12,686	12,691	13,006	(315)
Total Sources (Uses):	527	522	1,430	\$ 908
Fund Balances - October 1, Budgetary Basis	(499)	(1,119)	3,525	
Fund Balances - September 30, Budgetary Basis	\$ 28	\$ (597)	\$ 4,955	

**Reconciliation of Funds Available to U.S. GAAP Fund Balance**

<b>Budgetary Funds Available - September 30</b>	<u>\$ 3,541</u>
<b>Add:</b> Future Appropriations	1,200
Restricted Use Balances	213
Change in Encumbrances	<u>1</u>
<b>Fund Balances - September 30, Budgetary Basis</b>	<u>\$ 4,955</u>
<b>Less:</b> Change in Encumbrances	<u>(1)</u>
<b>Funds Available (U.S. GAAP Basis) - September 30</b>	<u><u>\$ 4,954</u></u>

See accompanying independent auditors' report

## 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 Redevelopment Debt Service Fund was established to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest of Agency long-term debt.

**City of Long Beach**  
Nonmajor Governmental Debt Service Funds  
Combining Balance Sheet  
September 30, 2011  
(In Thousands)

	General Debt Service Fund	Redevelopment Debt Service Fund	Total September 30, 2011
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 725	\$ 45,335	\$ 46,060
Non-Pooled Cash and Cash Equivalents	2,624	30,683	33,307
Non-Pooled Investments	3,701	41,005	44,706
Receivables:			
Interest Receivable	18	86	104
Property Taxes	-	92,769	92,769
Accounts Receivable	-	441	441
Total Assets	<u>\$ 7,068</u>	<u>\$ 210,319</u>	<u>\$ 217,387</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	\$ 22	\$ 6,959	\$ 6,981
Deferred Revenues	-	92,725	92,725
Accrued Claims	-	200	200
Deposits and Collections Held in Trust	866	-	866
Total Liabilities	<u>888</u>	<u>99,884</u>	<u>100,772</u>
Fund Balances (Deficit):			
Restricted	5,977	110,435	116,412
Assigned	203	-	203
Total Fund Balance	<u>6,180</u>	<u>110,435</u>	<u>116,615</u>
Total Liabilities and Fund Balances	<u>\$ 7,068</u>	<u>\$ 210,319</u>	<u>\$ 217,387</u>

See accompanying independent auditors' report

**City of Long Beach**  
**Nonmajor Governmental Debt Service Fund**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

	General Debt Service Fund	Redevelopment Debt Service Fund	Total September 30, 2011
Revenues:			
Taxes:			
Property	\$ -	\$ 77,470	\$ 77,470
Other Taxes	-	3,820	3,820
Use of Money and Property	20	2,333	2,353
From Other Agencies	-	887	887
Other	-	122	122
Total Revenues	<u>20</u>	<u>84,632</u>	<u>84,652</u>
Expenditures:			
Community and Cultural	-	20,186	20,186
Total Current Expenditures	<u>-</u>	<u>20,186</u>	<u>20,186</u>
Debt Service:			
Principal	3,292	10,183	13,475
Interest	6,269	19,743	26,012
Debt Administration Fees	368	23	391
Total Expenditures	<u>9,929</u>	<u>50,135</u>	<u>60,064</u>
Excess of Revenues Over (Under) Expenditures	<u>(9,909)</u>	<u>34,497</u>	<u>24,588</u>
Other Financing Sources (Uses):			
Transfers In	16,089	5,166	21,255
Transfers Out	-	(88,855)	(88,855)
Total Other Financing Sources (Uses)	<u>16,089</u>	<u>(83,689)</u>	<u>(67,600)</u>
Net Change in Fund Balances	6,180	(49,192)	(43,012)
Fund Balances - October 1	<u>-</u>	<u>159,627</u>	<u>159,627</u>
Fund Balances - September 30	<u>\$ 6,180</u>	<u>\$ 110,435</u>	<u>\$ 116,615</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, 2011  
(In Thousands)

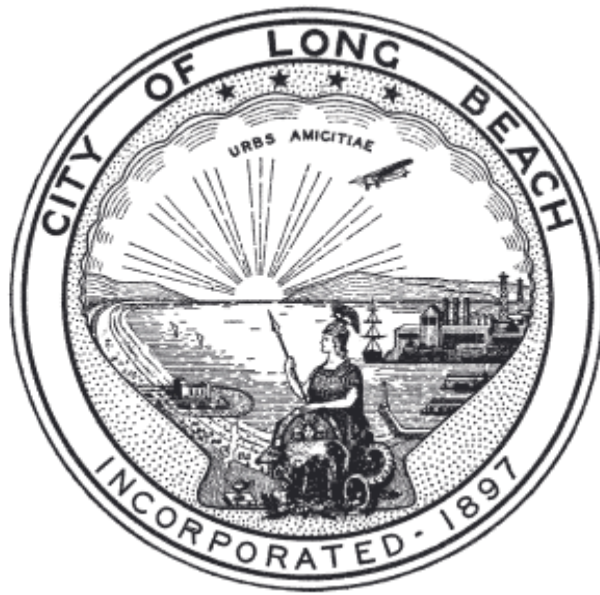
<b>General Debt Service Fund</b>			
	Budgeted Amounts		Variance with Final Budget - Favorable (unfavorable)
	Original	Final	Actual on Budgetary Basis
<b>Sources:</b>			
Use of Money and Property	\$ -	\$ -	\$ 20
Transfers In	-	18,154	16,089
Total Sources	-	18,154	16,109
<b>Uses:</b>			
Debt Service:	-	11,554	9,929
Total Uses	-	11,554	9,929
Total Sources (Uses):	-	6,600	6,180
Fund Balances - October 1, Budgetary Basis	-	-	-
Fund Balances - September 30, Budgetary Basis	\$ -	\$ 6,600	\$ 6,180
<b>Reconciliation of Funds Available to U.S. GAAP Fund Balance</b>			
<b>Budgetary Funds Available - September 30</b>			\$ -
<b>Add:</b> Bond Reserves			4,265
Restricted Use Balances			1,915
<b>Fund Balances - September 30, Budgetary Basis</b>			6,180
<b>Funds Available (U.S. GAAP Basis) - September 30</b>			\$ 6,180

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, 2011  
(In Thousands)

	Redevelopment Debt Service Fund			
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Favorable
				(unfavorable)
Sources:				
Property Taxes	\$ 80,339	\$ 80,339	\$ 77,470	\$ (2,869)
Other Taxes	860	860	3,820	2,960
Use of Money and Property	3,588	3,588	2,333	(1,255)
From Other Agencies	(3,871)	(3,871)	887	4,758
Other Revenues	605	605	122	(483)
Transfers In	3,521	3,521	5,166	1,645
Total Sources	85,042	85,042	89,798	4,756
Uses:				
Community and Cultural	55,257	55,257	20,186	(35,071)
Debt Service:	30,271	30,271	29,949	(322)
Transfers Out	13,649	13,649	88,855	75,206
Total Uses	99,177	99,177	138,990	39,813
Total Sources (Uses):	(14,135)	(14,135)	(49,192)	\$ 44,569
Fund Balances - October 1, Budgetary Basis	159,627	159,627	159,627	
Fund Balances - September 30, Budgetary Basis	\$ 145,492	\$ 145,492	\$ 110,435	
Reconciliation of Funds Available to U.S. GAAP Fund Balance				
Budgetary Funds Available - September 30			\$ -	
Add: Restricted Use Balances			32,179	
Committed to Capital Projects			29,681	
Bond Reserves			12,300	
Committed to Debt Service			36,275	
Fund Balances - September 30, Budgetary Basis			110,435	
Funds Available (U.S. GAAP Basis) - September 30			\$ 110,435	

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 capital facilities financed by grants and operating transfers from the General Fund and certain special revenue 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 Blight Removal Capital Projects Fund was established to account for the acquisition, construction, and improvement of capital facilities financed through the sale of land held for resale.

**City of Long Beach**  
Nonmajor Governmental Capital Project Funds  
Combining Balance Sheet  
September 30, 2011  
(In Thousands)

	General Capital Projects	Special Assessment Projects	Blight Removal Capital Projects	Total Capital Projects Funds
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 16,964	\$ 1,524	\$ -	\$ 18,488
Non-Pooled Cash and Cash Equivalents	8,237	857	-	9,094
Non Performing Investments	52	-	-	52
Receivables:				
Due from Other Governments	4,733	-	-	4,733
Due from Other Funds	223	-	-	223
Land Held for Resale	-	-	145,346	145,346
Total Assets	<u>\$ 30,209</u>	<u>\$ 2,381</u>	<u>\$ 145,346</u>	<u>\$ 177,936</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	\$ 2,348	\$ 111	\$ -	\$ 2,459
Accrued Wages and Benefits Payable	92	-	-	92
Due to Other Funds	53	-	-	53
Deferred Revenues	4,307	-	-	4,307
Deposits and Collections Held in Trust	1	-	-	1
Total Liabilities	<u>6,801</u>	<u>111</u>	<u>-</u>	<u>6,912</u>
Fund Balances:				
Restricted	16,888	2,270	145,346	164,504
Assigned	<u>6,520</u>	<u>-</u>	<u>-</u>	<u>6,520</u>
Total Fund Balance	<u>23,408</u>	<u>2,270</u>	<u>145,346</u>	<u>171,024</u>
Total Liabilities and Fund Balances	<u>\$ 30,209</u>	<u>\$ 2,381</u>	<u>\$ 145,346</u>	<u>\$ 177,936</u>

See accompanying independent auditors' report

**City of Long Beach**  
Nonmajor Governmental Capital Project Funds  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

	General Capital Projects	Special Assessment Projects	Blight Removal Capital Projects	Total Capital Projects Funds
Revenues:				
Licenses and Permits	\$ 848	\$ -	\$ -	\$ 848
Use of Money and Property	112	21	194	327
From Other Agencies	7,271	-	-	7,271
Other	100	-	-	100
Total Revenues	<u>8,331</u>	<u>21</u>	<u>194</u>	<u>8,546</u>
Expenditures:				
Current:				
Community and Cultural	-	-	5,006	5,006
Total Current Expenditures	-	-	5,006	5,006
Capital Improvements	12,404	95	-	12,499
Total Expenditures	<u>12,404</u>	<u>95</u>	<u>5,006</u>	<u>17,505</u>
Excess of Revenues Over (Under) Expenditures	<u>(4,073)</u>	<u>(74)</u>	<u>(4,812)</u>	<u>(8,959)</u>
Other Financing Sources (Uses):				
Land Transfers	-	-	150,352	150,352
Transfers In	4,540	-	-	4,540
Transfers Out	(19,439)	-	(194)	(19,633)
Total Other Financing Sources (Uses)	<u>(14,899)</u>	<u>-</u>	<u>150,158</u>	<u>135,259</u>
Net Change in Fund Balances	<u>(18,972)</u>	<u>(74)</u>	<u>145,346</u>	<u>126,300</u>
Fund Balances - October 1	42,380	2,344	-	44,724
Fund Balances - September 30	<u>\$ 23,408</u>	<u>\$ 2,270</u>	<u>\$ 145,346</u>	<u>\$ 171,024</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, 2011  
(In Thousands)

<b>General Capital Projects Fund</b>				
	<u>Budgeted Amounts</u>		Actual on	Variance
	<u>Original</u>	<u>Final</u>	Budgetary	with Final
			Basis	Budget -
				Favorable
				(unfavorable)
<b>Sources:</b>				
Licenses and Permits	\$ 3,255	\$ 3,255	\$ 848	\$ (2,407)
Use of Money and Property	(6,903)	(6,903)	112	7,015
From Other Agencies	25,206	35,965	7,271	(28,694)
Other Revenues	8,770	8,865	100	(8,765)
Transfers In	6,989	7,707	4,540	(3,167)
Total Sources	<u>37,317</u>	<u>48,889</u>	<u>12,871</u>	<u>(36,018)</u>
<b>Uses:</b>				
Capital Improvements	34,940	46,105	17,906	28,199
Transfers Out	22,248	21,748	19,439	2,309
Total Uses	<u>57,188</u>	<u>67,853</u>	<u>37,345</u>	<u>30,508</u>
Total Sources (Uses):	<u>(19,871)</u>	<u>(18,964)</u>	<u>(24,474)</u>	<u>\$ (5,510)</u>
Fund Balances - October 1, Budgetary Basis	<u>42,380</u>	<u>42,380</u>	<u>42,380</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 22,509</u>	<u>\$ 23,416</u>	<u>\$ 17,906</u>	
<b>Reconciliation of Funds Available to U.S. GAAP Fund Balance</b>				
<b>Budgetary Funds Available - September 30</b>			<u>\$ 13,783</u>	
<b>Add:</b> Restricted Use Balances			81	
Capital Projects			9,544	
<b>Less:</b> Change in Encumbrances			<u>(5,502)</u>	
<b>Fund Balances - September 30, Budgetary Basis</b>			<u>17,906</u>	
<b>Add:</b> Change in encumbrances			<u>5,502</u>	
<b>Funds Available (U.S. GAAP Basis) - September 30</b>			<u>\$ 23,408</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, 2011  
(In Thousands)

<b>Special Assessment Capital Projects Fund</b>				
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Favorable (unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Sources:</b>				
Use of Money and Property	\$ 928	\$ 974	\$ 21	\$ (953)
Other Revenues	(735)	(735)	-	735
Debt Issuance	(813)	-	-	-
Transfers In	1,174	1,174	-	(1,174)
Total Sources	<u>554</u>	<u>1,413</u>	<u>21</u>	<u>(1,392)</u>
<b>Uses:</b>				
Capital Improvements	<u>674</u>	<u>2,188</u>	<u>102</u>	<u>(2,086)</u>
Total Uses	<u>674</u>	<u>2,188</u>	<u>102</u>	<u>(2,086)</u>
Total Sources (Uses):	<u>(120)</u>	<u>(775)</u>	<u>(81)</u>	<u>\$ (694)</u>
Fund Balances - October 1, Budgetary Basis	<u>2,344</u>	<u>2,344</u>	<u>2,344</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 2,224</u>	<u>\$ 1,569</u>	<u>\$ 2,263</u>	
<b>Reconciliation of Funds Available to U.S. GAAP Fund Balance</b>				
<b>Budgetary Funds Available - September 30</b>			<u>\$ 688</u>	
<b>Add:</b> Capital Projects			1,582	
<b>Less:</b> Change in Encumbrances			<u>(7)</u>	
<b>Fund Balances - September 30, Budgetary Basis</b>			<u>2,263</u>	
<b>Add:</b> Change in encumbrances			<u>7</u>	
<b>Funds Available (U.S. GAAP Basis) - September 30</b>			<u>\$ 2,270</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, 2011  
(In Thousands)

<b>Blight Removal Capital Projects Fund</b>				
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
<b>Sources:</b>				
Use of Money and Property	\$ -	\$ -	\$ 194	\$ 194
Land Transfers	-	100,000	150,352	50,352
Total Sources	-	100,000	150,546	50,546
<b>Uses:</b>				
Community and Cultural	-	-	5,006	5,006
Capital Improvements	-	100,000	-	(100,000)
Transfers Out	-	-	194	194
Total Uses	-	100,000	5,200	(94,800)
Total Sources (Uses):	-	-	145,346	\$ (44,254)
Fund Balances - October 1, Budgetary Basis	-	-	-	
Fund Balances - September 30, Budgetary Basis	\$ -	\$ -	\$ 145,346	
<b>Reconciliation of Funds Available to U.S. GAAP Fund Balance</b>				
<b>Budgetary Funds Available - September 30</b>			\$ -	
<b>Add:</b> Land Held for Resale			145,346	
<b>Fund Balances - September 30, Budgetary Basis</b>			145,346	
<b>Funds Available (U.S. GAAP Basis) - September 30</b>			\$ 145,346	

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 Sewer Fund is used to account for the maintenance and replacement of the City's sewer pipelines and sewage facilities.

The Airport Fund is used to account for the operation and maintenance of the Long Beach Municipal Airport and leaseholds.

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 Assets**  
**September 30, 2011**  
**(In Thousands)**

	Sewer	Airport	Towing	Subsidence	Development Services	Totals September 30, 2011
<b>ASSETS</b>						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 10,018	\$ 35,933	\$ 1,156	\$ 156,754	\$ 6,213	\$ 210,074
Non-Pooled Cash and Cash Equivalents	-	15,082	4	-	-	15,086
Non Performing Investments	7	51	-	373	8	439
Non-Pooled Investments	-	36,928	-	-	-	36,928
Receivables:						
Interest Receivable	-	283	-	-	-	283
Accounts Receivable	826	2,659	590	-	119	4,194
Due from Other Governments	-	2,297	-	-	-	2,297
Due from Other Funds	-	-	-	500	-	500
Other Receivables	-	74	-	-	-	74
Allowance for Receivables	(57)	(12)	(302)	-	(33)	(404)
Inventory	110	-	-	-	-	110
Other Assets-Current	-	43	-	-	-	43
Total Current Assets	10,904	93,338	1,448	157,627	6,307	269,624
Noncurrent Assets:						
Restricted Noncurrent assets						
Non-Pooled Investments	-	-	-	1,818	-	1,818
Noncurrent Receivables						
Other Noncurrent Receivables	-	152	-	-	-	152
Advances to Other Funds	-	-	-	15,914	-	15,914
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	2,815	31,576	-	-	-	34,391
Capital Assets Net of Accumulated Depreciation	50,345	158,110	-	-	-	208,455
Total Noncurrent Assets	53,160	189,838	-	17,732	-	260,730
Total Assets	64,064	283,176	1,448	175,359	6,307	530,354
<b>LIABILITIES</b>						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,611	3,892	31	-	426	5,960
Accrued Wages	65	165	41	-	116	387
Accrued Interest Payable	-	2,349	-	-	-	2,349
Due to Other Funds	27	67	17	-	48	159
Deferred Revenues	-	141	-	5,614	14	5,769
Collections Held in Trust	-	268	-	-	2,858	3,126
Customers Deposits	-	-	-	-	1,103	1,103
Advances from Developers	104	-	-	-	-	104
Environmental Remediation	-	74	-	-	-	74
Bonds Payable Due Within One Year	-	1,330	-	-	-	1,330
Total Current Liabilities	1,807	8,286	89	5,614	4,565	20,361
Noncurrent Liabilities:						
Advances from Other Funds	-	-	-	-	50	50
Deferred Revenues	-	5,883	-	-	-	5,883
Other Long-Term Obligations	6,000	-	-	-	-	6,000
Unamortized Discount / Deferred Cost	(218)	-	-	-	-	(218)
Bonds Payable	-	119,750	-	-	-	119,750
Unamortized Discount/Deferred cost	-	(2,221)	-	-	-	(2,221)
Total Noncurrent Liabilities	5,782	123,412	-	-	50	129,244
Total Liabilities	7,589	131,698	89	5,614	4,615	149,605
<b>NET ASSETS</b>						
Investment in Capital Assets, Net of Related Debt	46,383	120,976	-	-	-	167,359
Restricted for:						
Debt Service	-	683	-	-	-	683
Capital Projects	-	14,555	-	-	-	14,555
Airport	-	6,958	-	-	-	6,958
Subsidence	-	-	-	169,745	-	169,745
Unrestricted	10,092	8,306	1,359	-	1,692	21,449
Total Net Assets	\$ 56,475	\$ 151,478	\$ 1,359	\$ 169,745	\$ 1,692	\$ 380,749

See accompanying independent auditors' report

**City of Long Beach**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

	Sewer	Airport	Towing	Subsidence	Development Services	Totals September 30, 2011
Operating Revenues:						
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ 11,263	\$ 11,263
Fines and Forfeitures	-	-	-	-	2	2
Fees, Concessions and Rentals	-	32,416	-	-	-	32,416
Charges for Services	16,448	-	7,180	-	850	24,478
Other	-	-	-	-	45	45
Total Operating Revenues	16,448	32,416	7,180	-	12,160	68,204
Operating Expenses:						
Personal Services	3,607	9,279	2,419	-	7,201	22,506
Maintenance and Other Operations	9,528	18,871	4,134	-	3,889	36,422
Amortization	-	315	-	-	-	315
Depreciation	1,660	7,255	5	-	-	8,920
Total Operating Expenses	14,795	35,720	6,558	-	11,090	68,163
Operating Income (Loss)	1,653	(3,304)	622	-	1,070	41
Non-Operating Income (Expenses):						
Interest Income	63	155	3	1,364	29	1,614
Interest Expense	(102)	(2,208)	-	-	-	(2,310)
Loss on Disposition of Capital Assets	(10)	(1,557)	(110)	-	-	(1,677)
Capital Asset to/(from) Other Funds	(190)	-	-	-	-	(190)
Operating Grants	-	647	-	-	-	647
Other Income	(411)	7,979	116	(5)	-	7,679
Total Non-Operating Income	(650)	5,016	9	1,359	29	5,763
Income (Loss) Before Contributions	1,003	1,712	631	1,359	1,099	5,804
Capital Grants and Contributions	2,868	7,219	-	-	-	10,087
Change in Net Assets	3,871	8,931	631	1,359	1,099	15,891
Net Assets - October 1	52,604	142,547	728	168,386	593	364,858
Net Assets - September 30	\$ 56,475	\$ 151,478	\$ 1,359	\$ 169,745	\$ 1,692	\$ 380,749

See accompanying independent auditors' report

**City of Long Beach**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

						Totals
<u>INCREASE (DECREASE) IN CASH AND</u>						<u>September 30,</u>
<u>CASH EQUIVALENTS:</u>	Sewer	Airport	Towing	Subsidence	Development Services	<u>2011</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 16,398	\$ 32,395	\$ 7,098	\$ -	\$ 12,618	\$ 68,509
Payments for Employee Salaries	(3,775)	(9,492)	(2,491)	-	(7,413)	(23,171)
Payments for Goods and Services	(4,138)	(10,724)	(2,839)	-	(3,883)	(21,584)
Payments in Lieu of Taxes	(4,276)	(8,599)	(1,300)	-	-	(14,175)
Other Income (Expense)	(611)	172	117	-	-	(322)
Net Cash Provided by (Used for) Operating Activities	3,598	3,752	585	-	1,322	9,257
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	-	647	-	-	-	647
Transfers Out	-	-	-	-	(210)	(210)
Net Cash Provided by (Used for) Non-Capital Financing Activities	-	647	-	-	(210)	437
Cash Flows from Capital and Related Financing Activities:						
Receipt of Capital Grants	-	5,950	-	-	-	5,950
Proceeds from Issuance Of Long-Term Obligations	6,000	-	-	-	-	6,000
Proceeds from Issuance of Bonds	-	61,400	-	-	-	61,400
Origibnal issuance permium/(discount)	-	(49)	-	-	-	(49)
Payment of Cost of Issuance	-	(830)	-	-	-	(830)
Receipts of Contributed Capital	2,868	9,026	-	-	-	11,894
Principal Received on Other Long-term Receivable	-	71	-	-	-	71
Payments for Capital Acquisitions	(6,628)	(50,630)	-	-	-	(57,258)
Payments of Principal on Bonds Payable	-	(905)	-	-	-	(905)
Payments to Redeem Commercial Paper	(4,000)	(17,082)	-	-	-	(21,082)
Payments of Interest	(21)	(6,887)	-	-	-	(6,908)
Receipt of Federal Subsidy	-	1,205	-	-	-	1,205
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,781)	1,269	-	-	-	(512)
Cash Flows from Investing Activities:						
Payments for Investments	1,863	(11,695)	-	-	-	(9,832)
Proceeds from Other Government Entities	-	-	-	(5)	-	(5)
Receipts of Interest	63	405	3	1,272	30	1,773
Net Cash Provided by (Used for) Investing Activities	1,926	(11,290)	3	1,267	30	(8,064)
Net Increase (Decrease) in Cash and Cash Equivalents	3,743	(5,622)	588	1,267	1,142	1,118
Cash and Cash Equivalents - October 1	6,275	56,637	572	155,487	5,071	224,042
Cash and Cash Equivalents - September 30	<u>\$ 10,018</u>	<u>\$ 51,015</u>	<u>\$ 1,160</u>	<u>\$ 156,754</u>	<u>\$ 6,213</u>	<u>\$ 225,160</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ 1,653	\$ (3,304)	\$ 622	\$ -	\$ 1,070	\$ 41
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Operating Activities:						
Depreciation and Amortization Expense	1,660	7,570	5	-	-	9,235
Other Income	(611)	213	117	-	-	(281)
Increase in Accounts Receivable, Net	(50)	327	(82)	-	1	196
Decrease in Amounts Due from Other Funds	-	(43)	-	-	-	(43)
Increase in Inventory	(29)	-	-	-	-	(29)
Increase in Environmental Liabilities	-	(41)	-	-	-	(41)
Increase in Accounts Payable	1,143	(407)	(6)	-	5	735
Increase in Accrued Wages Payable	(168)	(131)	(88)	-	(133)	(520)
Increase (Decrease) in Amounts Due to Other Funds	-	(83)	17	-	(78)	(144)
Decrease in Deferred Revenues	-	(278)	-	-	15	(263)
Decrease in Collections Held in Trust	-	(71)	-	-	442	371
Total Adjustments	1,945	7,056	(37)	-	252	9,216
Net Cash Provided by (Used for) Operating Activities	<u>\$ 3,598</u>	<u>\$ 3,752</u>	<u>\$ 585</u>	<u>\$ -</u>	<u>\$ 1,322</u>	<u>\$ 9,257</u>
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</u>						
Contribution of Capital Assets	\$ 3,742	\$ -	\$ -	\$ -	\$ -	\$ 3,742
Capitalized Interest	-	5,477	-	-	-	5,477
Accrued Capital Asset Costs	451	3,216	-	-	-	3,667
Amortization of Bond Premium, Net	82	-	-	-	-	82

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 Assets (Deficit)**  
**September 30, 2011**  
**(In Thousands)**

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals 2011
<b>ASSETS</b>						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 6,445	\$ 12,206	\$ 18,399	\$ 29,714	\$ 74,105	\$ 140,869
Non-Pooled Cash and Cash Equivalents	-	5	98	-	-	103
Non Performing Investments	18	12	21	39	153	243
Receivables:						
Interest Receivable	-	-	13	-	-	13
Accounts Receivable	1	1,326	487	1	-	1,815
Due from Other Governments	-	-	3	185	-	188
Due from Other Funds	-	-	-	-	3,925	3,925
Other Receivables	-	-	-	-	1,175	1,175
Allowance for Receivables	-	-	(227)	-	-	(227)
Deposits	-	-	-	-	617	617
Inventory	-	203	1,776	-	-	1,979
Other Assets-Current	-	50	-	-	-	50
Total Current Assets	6,464	13,802	20,570	29,939	79,975	150,750
Noncurrent Assets:						
Restricted Noncurrent assets						
Non-Pooled Investments	-	-	2,766	-	-	2,766
Noncurrent Receivables:						
Other Noncurrent Receivables	-	1,521	-	-	-	1,521
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	3,020	1,260	-	-	-	4,280
Capital Assets Net of Accumulated Depreciation	47,487	6,432	49,033	14	-	102,966
Other Assets-Long-Term	-	-	-	-	41,654	41,654
Total Noncurrent Assets	50,507	9,213	51,799	14	41,654	153,187
Total Assets	56,971	23,015	72,369	29,953	121,629	303,937
<b>LIABILITIES</b>						
Current Liabilities Payable from Current Assets:						
Accounts Payable	232	1,088	704	306	6,023	8,353
Accrued Wages and Benefits	25	308	147	166	35,632	36,278
Accrued Interest Payable	-	6	119	-	2,570	2,695
Due to Other Funds	10	419	61	69	-	559
Collections Held in Trust	-	-	-	-	790	790
Employee Benefits-Current	-	-	-	-	7,800	7,800
Accrued Claims-Current	-	-	-	21,643	-	21,643
Environmental Remediation - Current	-	-	144	-	-	144
Obligations Under Capital Leases-Current	1,413	1,817	898	-	-	4,128
Bonds Payable Due Within One Year	-	-	1,075	-	4,315	5,390
Total Current Liabilities	1,680	3,638	3,148	22,184	57,130	87,780
Noncurrent Liabilities:						
Employee Benefits	-	-	-	-	124,040	124,040
Accrued Self-Insurance Claims	-	-	-	92,759	-	92,759
Environmental Remediation	-	-	3,155	-	-	3,155
Obligations Under Capital Lease	27,860	3,105	1,899	-	-	32,864
Bonds Payable	-	-	27,255	-	50,205	77,460
Unamortized Discount/Deferred cost	(1,551)	-	(1,505)	-	(905)	(3,961)
Total Noncurrent Liabilities	26,309	3,105	30,804	92,759	173,340	326,317
Total Liabilities	27,989	6,743	33,952	114,943	230,470	414,097
<b>NET ASSETS (DEFICIT)</b>						
Investment in Capital Assets, Net of Related Debt	22,785	4,291	23,075	14	-	50,165
Restricted for:						
Debt Service	-	-	2,922	-	59	2,981
Capital Projects	-	1,884	-	-	-	1,884
Health Care Insurance	-	-	-	-	16,479	16,479
Unrestricted	6,197	10,097	12,420	(85,004)	(125,379)	(181,669)
Total Net Assets (Deficit)	\$ 28,982	\$ 16,272	\$ 38,417	\$ (84,990)	\$ (108,841)	\$ (110,160)

See accompanying independent auditors' report

**City of Long Beach**  
**Internal Service Funds**  
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets (Deficit)  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2011
Operating Revenues:						
Billing to Other Departments	\$ 9,621	\$ 32,796	\$ 31,543	\$ 39,068	\$ 209,687	\$ 322,715
Other	481	4,222	1,917	-	-	6,620
Total Operating Revenues	10,102	37,018	33,460	39,068	209,687	329,335
Operating Expenses:						
Personal Services	2,059	16,176	8,059	8,540	3,650	38,484
Maintenance and Other Operations	5,507	14,922	14,289	4,366	2,113	41,197
Insurance Premiums	-	-	-	2,876	-	2,876
Self-Insured Losses	-	-	-	23,748	-	23,748
Compensated Absences	-	-	-	3,133	44,250	47,383
Employee Benefits	-	-	-	-	159,972	159,972
Amortization	111	-	130	-	5,402	5,643
Depreciation	2,755	2,087	8,183	12	-	13,037
Total Operating Expenses	10,432	33,185	30,661	42,675	215,387	332,340
Operating Income (Loss)	(330)	3,833	2,799	(3,607)	(5,700)	(3,005)
Non-Operating Income (Expenses):						
Interest Income	-	2	43	151	506	702
Interest Expense	(1,313)	(152)	(1,598)	-	(3,362)	(6,425)
Gain on Disposition of Capital Assets	-	17	(194)	-	-	(177)
Capital Assets to (from) Other Funds	-	1,260	39	-	-	1,299
Operating Grants	-	-	461	-	-	461
Other Income	(6)	60	662	1,227	292	2,235
Total Non-Operating Income (Expenses)	(1,319)	1,187	(587)	1,378	(2,564)	(1,905)
Income (Loss) Before Contributions and Transfers	(1,649)	5,020	2,212	(2,229)	(8,264)	(4,910)
Capital Grants and Contributions	188	1,027	46	-	-	1,261
Transfers:						
Transfers In	-	17	-	-	-	17
Transfers Out	-	(1,581)	-	-	-	(1,581)
Change in Net Assets	(1,461)	4,483	2,258	(2,229)	(8,264)	(5,213)
Net Assets (Deficit) - October 1	30,443	11,789	36,159	(82,761)	(100,577)	(104,947)
Net Assets (Deficit) - September 30	\$ 28,982	\$ 16,272	\$ 38,417	\$ (84,990)	\$ (108,841)	\$ (110,160)

See accompanying independent auditors' report

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Civic Center</u>	<u>General Services</u>	<u>Fleet Services</u>	<u>Insurance</u>	<u>Employee Benefits</u>	<u>Totals September 30, 2011</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 480	\$ 4,222	\$ 1,699	\$ -	\$ -	\$ 6,401
Receipts from Other Funds	9,621	32,671	31,543	39,132	216,069	329,036
Payments for Employee Salaries	(2,090)	(16,564)	(8,171)	(8,854)	(4,670)	(40,349)
Payments for Goods and Services	(5,750)	(15,268)	(14,721)	(7,394)	(2,017)	(45,150)
Payments for Compensated Absences	-	-	-	(15,832)	(45,508)	(61,340)
Payments for Employee Benefits	-	-	-	-	(144,970)	(144,970)
Payments for Liability Claims	-	-	-	(6,200)	-	(6,200)
Other Income	(6)	60	2,874	1,864	292	5,084
Net Cash Provided by Operating Activities	2,255	5,121	13,224	2,716	19,196	42,512
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	-	-	461	-	-	461
Operating Subsidies Received from Other Funds	-	17	-	-	-	17
Transfers Out	-	(1,581)	-	-	-	(1,581)
Net Cash (Used for)	-	(1,564)	461	-	-	(1,103)
Non-Capital Financing Activities	-	(1,564)	461	-	-	(1,103)
Cash Flows from Capital and Related Financing Activities:						
Receipt of Capital Grants	-	1,027	46	-	-	1,073
Proceeds from the Sale of Capital Assets	-	17	599	-	-	616
Proceeds from Issuance Of Long-Term Obligations	-	2,060	-	-	-	2,060
Receipts of Contributed Capital	188	-	-	-	-	188
Proceeds from (payments of) Capital Acquisitions	34	(2,339)	(5,563)	-	-	(7,868)
Payments of Principal on Other Long- Term Obligations	(1,594)	(1,649)	(2,946)	-	(8,255)	(14,444)
Payments of Interest	(1,313)	(151)	(1,630)	-	(3,808)	(6,902)
Net Cash Used for Capital and Related Financing Activities	(2,685)	(1,035)	(9,494)	-	(12,063)	(25,277)
Cash Flows from Investing Activities:						
Payment for Investments	-	-	34	-	-	34
Receipts of Interest	-	2	45	151	506	704
Net Cash Provided by Investing Activities	-	2	79	151	506	738
Net Increase (Decrease) in Cash and Cash Equivalents	(430)	2,524	4,270	2,867	7,639	16,870
Cash and Cash Equivalents - October 1	6,875	9,687	14,227	26,847	66,466	124,102
Cash and Cash Equivalents - September 30	\$ 6,445	\$ 12,211	\$ 18,497	\$ 29,714	\$ 74,105	\$ 140,972
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ (330)	\$ 3,833	\$ 2,799	\$ (3,607)	\$ (5,700)	\$ (3,005)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	2,866	2,087	8,313	12	5,402	18,680
Other Income (Expense)	(6)	60	-	1,864	71	1,989
(Increase) Decrease in Accounts Receivable, Ne	-	(125)	662	63	(1,175)	(575)
Decrease in Amounts Due from Other Governments	(1)	-	(218)	-	-	(219)
(Increase) in Amounts Due from Other Funds	-	-	-	16	6,382	6,398
(Increase) Decrease in Inventory	-	(46)	(206)	-	-	(252)
Increase in Other Operating Assets	-	(50)	-	-	-	(50)
Increase in Environmental Liabilities	-	-	2,212	-	-	2,212
Increase (Decrease) in Accounts Payable	(224)	(250)	(156)	(169)	5,261	4,462
Increase (Decrease) in Accrued Wages Payable	(32)	(239)	(112)	(198)	8,706	8,125
Increase (Decrease) in Amounts Due to Other Funds	(18)	(149)	(70)	(115)	-	(352)
Increase in Accrued Claims Payable	-	-	-	4,850	-	4,850
Increase in Collections Held in Trust	-	-	-	-	249	249
Total Adjustments	2,585	1,288	10,425	6,323	24,896	45,517
Net Cash Provided by Operating Activities	\$ 2,255	\$ 5,121	\$ 13,224	\$ 2,716	\$ 19,196	\$ 42,512

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 Assets  
September 30, 2011  
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2011
ASSETS			
Pooled Cash and Cash Equivalents	\$ 851	\$ 92	\$ 943
Non Performing Investments	2	-	2
Total Assets	<u>\$ 853</u>	<u>\$ 92</u>	<u>\$ 945</u>
NET ASSETS			
Held in Trust for Private Purpose Trust Funds	<u>\$ 853</u>	<u>\$ 92</u>	<u>\$ 945</u>

**City of Long Beach**  
Fiduciary Funds  
Private Purpose Trust Funds  
Combining Statement of Changes in Net Assets  
Fiscal Year Ended September 30, 2011  
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2011
Additions:			
Use of Money and Property	\$ 4	\$ 1	\$ 5
Contributions from Citizens	-	21	21
Total Additions	4	22	26
Deductions:			
Community and Cultural	21	34	55
Change in Net Assets	(17)	(12)	(29)
Net Assets, October 1	870	104	974
Net Assets, September 30	<u>\$ 853</u>	<u>\$ 92</u>	<u>\$ 945</u>

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, 2011**  
(In Thousands)

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
<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	\$1,631	\$ 14	\$ 6	\$ 1,639
Non Performing Investments	4	-	-	4
Total Assets	\$ 1,635	\$ 14	\$ 6	\$ 1,643
<b>LIABILITIES</b>				
Collections Held in Trust	\$1,635	\$ 9	\$ 1	\$ 1,643
<b><u>SPECIAL ASSESSMENT DISTRICT FUND</u></b>				
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 1,696	\$ 7,399	\$ 6,948	\$ 2,147
Non Performing Investments	7	-	-	7
Investments at Par-Nonpooled	6,120	6,132	6,120	6,132
Interest Receivable	32	26	27	31
Non-Pooled Cash and Cash Equivalents	2,896	15,986	16,200	2,682
Total Assets	\$ 10,751	\$ 29,543	\$ 29,295	\$ 10,999
<b>LIABILITIES</b>				
Due to Special Assessment Bondholders	\$ 2,932	\$ 5,374	\$ 5,650	\$ 2,656
Collections Held in Trust	7,819	3,241	2,719	8,341
Total Liabilities	\$ 10,751	\$ 8,615	\$ 8,369	\$ 10,997
<b><u>INTERMODAL CONTAINER TRANSFER FACILITY</u></b>				
<b><u>JOINT POWER AUTHORITY FUND</u></b>				
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 8,577	\$ 3,878	\$ 6,034	\$ 6,421
Non Performing Investments	10	-	-	10
Total Assets	\$ 8,587	\$ 3,878	\$ 6,034	\$ 6,431
<b>LIABILITIES</b>				
Collections Held in Trust	\$ 8,587	\$ 3,871	\$ 6,027	\$ 6,431
<b><u>EARTHQUAKE ASSESSMENT DISTRICT FUND</u></b>				
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$2,171	\$653	\$ 1,766	\$ 1,058
Non Performing Investments	4	-	-	4
Total Assets	\$ 2,175	\$ 653	\$ 1,766	\$ 1,062
<b>LIABILITIES</b>				
Due to Special Assessment Bondholders	\$ 1,871	\$ 679	\$ 1,791	\$ 759
Collections Held in Trust	304	1	-	305
Total Liabilities	\$ 2,175	\$ 680	\$ 1,791	\$ 1,064

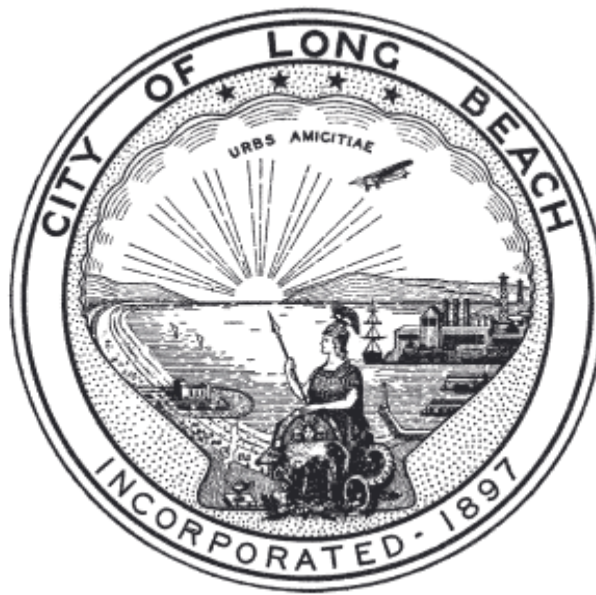
See accompanying independent auditors' report

**City of Long Beach**  
**Fiduciary Funds - Agency Funds**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Fiscal Year Ended September 30, 2011**  
(In Thousands)

	Balance October 1, 2010	Additions	Deletions	Balance September 30, 2011
<b><u>LOS CERRITOS WETLANDS AUTHORITY</u></b>				
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ -	\$ 4	\$ 4	\$ -
Non Performing Investments	-	-	-	-
Non-Pooled Cash and Cash Equivalents	70	109	112	67
Accounts Receivable	-	4	-	4
Land	11,000	-	-	11,000
Total Assets	<u>\$ 11,070</u>	<u>\$ 117</u>	<u>\$ 116</u>	<u>\$ 11,071</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 9	\$ 31	\$ 9	\$ 31
Collections Held in Trust	11,061	11,113	11,134	11,040
Total Liabilities	<u>\$ 11,070</u>	<u>\$ 11,144</u>	<u>\$ 11,143</u>	<u>\$ 11,071</u>
<b><u>OTHER AGENCY FUNDS</u></b>				
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 1,664	\$ 1,258	\$ 1,284	\$ 1,638
Non-Pooled Cash and Cash Equivalents	2	-	-	2
Accounts Receivable	-	33	33	-
Total Assets	<u>\$ 1,666</u>	<u>\$ 1,291</u>	<u>\$ 1,317</u>	<u>\$ 1,640</u>
<b>LIABILITIES</b>				
Accounts Payable	\$77	\$385	\$ 407	\$ 55
Collections Held in Trust	\$1,589	\$1,227	1,231	1,585
Total Liabilities	<u>\$ 1,666</u>	<u>\$ 1,612</u>	<u>\$ 1,638</u>	<u>\$ 1,640</u>
<b><u>TOTAL AGENCY FUND</u></b>				
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 15,828	\$ 13,206	\$ 16,042	\$ 12,992
Non Performing Investments	25	-	-	25
Investments at Par-Nonpooled	6,120	6,132	6,120	6,132
Non-Pooled Cash and Cash Equivalents	2,968	16,095	16,312	2,751
Accounts Receivable	-	37	33	4
Interest receivable	32	26	27	31
Land	11,000	-	-	11,000
Total Assets	<u>\$ 35,973</u>	<u>\$ 35,496</u>	<u>\$ 38,534</u>	<u>\$ 32,935</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 175	\$ 416	\$ 416	\$ 175
Due to Special Assessment Bondholders	4,803	6,053	7,441	3,415
Collections Held in Trust	30,995	19,462	21,112	29,345
Total Liabilities	<u>\$ 35,973</u>	<u>\$ 25,931</u>	<u>\$ 28,969</u>	<u>\$ 32,935</u>

See accompanying independent auditors' report

**OTHER  
SUPPLEMENTARY  
INFORMATION**



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**City of Long Beach**  
General Fund  
Combining Balance Sheet  
September 30, 2011  
(In Thousands)

	General Fund	Uplands Oil Fund	Combined General Fund September 30, 2011
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 49,682	\$ 23,181	\$ 72,863
Non-Pooled Cash and Cash Equivalents	395	-	395
Non Performing Investments	178	-	178
Receivables:			
Property Taxes	89,732	-	89,732
Accounts Receivable	33,785	3,053	36,838
Notes and Loans Receivable	1,994	-	1,994
Due from Other Governments	14,955	-	14,955
Due from Other Funds	10,418	-	10,418
Allowance for Receivables	(27,810)	-	(27,810)
Other Assets	33	-	33
Advances to Other Funds	2,050	-	2,050
Total Assets	<u>175,412</u>	<u>26,234</u>	<u>201,646</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	10,068	2,726	12,794
Accrued Wages and Benefits Payable	4,877	-	4,877
Due to Other Funds	2,519	-	2,519
Deferred Revenues	95,689	-	95,689
Deposits and Collections Held in Trust	2,860	-	2,860
Advances from Other Funds	15,914	-	15,914
Total Liabilities	<u>131,927</u>	<u>2,726</u>	<u>134,653</u>
Fund Balances (Deficit):			
Nonspendable	2,083	-	2,083
Restricted	675	-	675
Committed	-	4,108	4,108
Assigned	40,545	18,900	59,445
Unassigned	182	500	682
Total Fund Balance	<u>43,485</u>	<u>23,508</u>	<u>66,993</u>
Total Liabilities and Fund Balances	<u>\$ 175,412</u>	<u>\$ 26,234</u>	<u>\$ 201,646</u>



**City of Long Beach**  
**General Fund**  
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances  
For the Fiscal Year Ended September 30, 2011  
(In Thousands)

	General Fund	Uplands Oil General	Eliminations	Combined General Fund September 30, 2011
Revenues:				
Taxes:				
Property	\$ 116,692	\$ -	\$ -	\$ 116,692
Sales	58,072	-	-	58,072
Utility Users	38,739	-	-	38,739
Other Taxes	25,123	-	-	25,123
Franchise Fees	24,184	-	-	24,184
Licenses and Permits	16,303	-	-	16,303
Fines and Forfeitures	16,193	-	-	16,193
Use of Money and Property	18,939	31,547	-	50,486
From Other Agencies	5,035	-	-	5,035
Charges for Services	26,897	-	-	26,897
Other	6,100	-	-	6,100
Total Revenues	<u>352,277</u>	<u>31,547</u>	<u>-</u>	<u>383,824</u>
Expenditures:				
Legislative and Legal	9,683	-	-	9,683
General Government	18,556	-	-	18,556
Public Safety	274,768	-	-	274,768
Public Health	5,438	-	-	5,438
Community and Cultural	40,265	-	-	40,265
Public Works	28,558	-	-	28,558
Oil Operations	-	7,173	-	7,173
Total Expenditures	<u>377,268</u>	<u>7,173</u>	<u>-</u>	<u>384,441</u>
Excess of Revenues Over (Under) Expenditures	<u>(24,991)</u>	<u>24,374</u>	<u>-</u>	<u>(617)</u>
Other Financing Sources (Uses):				
Transfers In	38,319	-	(13,754)	24,565
Transfers Out	(120,657)	(13,754)	13,754	(120,657)
Total Other Financing Sources (Uses)	<u>(82,338)</u>	<u>(13,754)</u>	<u>-</u>	<u>(96,092)</u>
Net Change in Fund Balances	<u>(107,329)</u>	<u>10,620</u>	<u>-</u>	<u>(96,709)</u>
Fund Balances - October 1	<u>150,814</u>	<u>12,888</u>	<u>-</u>	<u>163,702</u>
Fund Balances - September 30	<u><u>\$ 43,485</u></u>	<u><u>\$ 23,508</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 66,993</u></u>

**CAPITAL ASSETS  
USED IN THE OPERATION OF  
GOVERNMENTAL FUNDS**

This section of the CAFR provides additional information regarding the infrastructure and capital assets used in the City's governmental fund operations. These assets are reported only in the governmental activities column of the government-wide Statement of Net Assets. In addition to the information about such assets provided in the Notes to the Basic Financial Statements, this section provides information on the source of funding for the assets, the function and activity to which the assets are charged, and changes in such assets by function and activity.

**City of Long Beach**  
**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule by Source <sup>1</sup>**  
**September 30, 2011**  
**(In Thousands)**

**Governmental Funds Capital Assets:**

Land	\$ 156,384
Right-of-way	81,334
Construction in progress	29,758
Building	150,673
Improvements other than buildings	92,347
Infrastructure	412,606
Machinery and equipment	40,129
Vehicles and Aircrafts	11,287
Other assets	48
Less accumulated depreciation	<u>(373,196)</u>
Governmental Funds Capital Assets, Net of Accumulated Depreciation	<u><u>\$ 601,370</u></u>

**Investments in Governmental Funds Capital Assets by Source:**

General fund	\$ 268,063
Special revenue funds	195,757
Capital projects funds	<u>137,550</u>
	<u><u>\$ 601,370</u></u>

- <sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditors' report

**City of Long Beach**  
**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule by Function <sup>1</sup>**  
**September 30, 2011**  
**(In Thousands)**

	Capital Assets Not Being Depreciated			Capital Assets, Net of Depreciation					
	Land	Right-of-way	Construction In Progress	Building	Improvements other than Buildings	Infrastructure	Machinery and Equipment	Vehicles & Aircrafts	Total
Legislative and Legal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 117	\$ -	\$ 117
General Government	58	-	-	-	49	-	1,223	-	1,330
Public Safety	2,765	-	-	37,481	971	-	5,162	4,134	50,513
Public Health	4,651	-	-	5,942	2,208	-	147	-	12,948
Community and Cultural	134,121	-	18,130	37,250	32,676	2,602	412	-	225,191
Public Works	14,789	81,334	11,628	18,781	18,098	164,165	1,052	1,424	311,271
	<u>\$ 156,384</u>	<u>\$ 81,334</u>	<u>\$ 29,758</u>	<u>\$ 99,454</u>	<u>\$ 54,002</u>	<u>\$ 166,767</u>	<u>\$ 8,113</u>	<u>\$ 5,558</u>	<u>\$ 601,370</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**City of Long Beach**  
**Capital Assets Used in the Operations of Governmental Funds**  
**Schedule of Changes by Function <sup>1</sup>**  
**September 30, 2011**  
**(In Thousands)**

	Balance at October 1, 2010	Increase (Decrease), net of Depreciation	Decrease, net of Accumulated Depreciation	Transfers	Balance at September 30, 2011
Legislative and Legal	\$ 312	\$ (195)	\$ -	\$ -	\$ 117
General Government	1,450	(40)	(80)	-	1,330
Public Safety	46,481	4,052	(20)	-	50,513
Public Health	13,487	(539)	-	-	12,948
Community and Cultural	201,319	45,054	(21,150)	(32)	225,191
Public Works	316,781	4,523	(10,031)	(2)	311,271
	<u>\$ 579,830</u>	<u>\$ 52,855</u>	<u>\$ (31,281)</u>	<u>\$ (34)</u>	<u>\$ 601,370</u>

<sup>1</sup> This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

See accompanying independent auditors' report

**City of Long Beach**  
**General Fund**  
**Fiscal Year 2010 Reclassification of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
(In Thousands)

	General Fund as Originally Presented	<u>Add</u> Upland Oil	<u>Less</u> General Debt Service	<b>Other GASB 54 Related Adjustments</b> Revenue Reclassification	General Fund as Restated and Reclassified
<b>Revenues:</b>					
Taxes:					
Property	\$ 66,385	\$ -	\$ -	\$ 40,545	\$ 106,930
Sales	51,072	-	-	-	51,072
Utility Users	39,240	-	-	-	39,240
Other Taxes	46,126	-	-	(20,424)	25,702
Franchise Fees	-	-	-	24,040	24,040
Licenses and Permits	16,759	-	-	(1,196)	15,563
Fines and Forfeitures	17,042	-	-	-	17,042
Use of Money and Property	16,872	25,556	-	-	42,428
From Other Agencies	46,501	-	-	(40,545)	5,956
Charges for Services	27,290	-	-	(2,420)	24,870
Other	7,744	-	-	-	7,744
Total Revenues	<u>335,031</u>	<u>25,556</u>	<u>-</u>	<u>-</u>	<u>360,587</u>
<b>Expenditures:</b>					
Current:					
Legislative and Legal	10,806	-	-	-	10,806
General Government	14,772	-	-	-	14,772
Public Safety	272,905	-	-	-	272,905
Public Health	5,132	-	-	-	5,132
Community and Cultural	41,844	-	-	-	41,844
Public Works	28,517	-	-	-	28,517
Oil Operations	-	6,718	-	-	6,718
Total Current Expenditures	<u>373,976</u>	<u>6,718</u>	<u>-</u>	<u>-</u>	<u>380,694</u>
Debt Service:					
Principal	2,945	-	(2,945)	-	-
Interest	6,605	-	(6,605)	-	-
Fiscal Agent Fees	157	5	(162)	-	-
Total Expenditures	<u>383,683</u>	<u>6,723</u>	<u>(9,712)</u>	<u>-</u>	<u>380,694</u>
Excess of Revenues Over (Under) Expenditures	<u>(48,652)</u>	<u>18,833</u>	<u>9,712</u>	<u>-</u>	<u>(20,107)</u>
<b>Other Financing Sources (Uses):</b>					
Debt Issuance	988	-	-	-	988
Transfers In	40,338	(13,668)	-	-	26,670
Transfers Out	(4,328)	-	(9,712)	-	(14,040)
Total Other Financing Sources (Uses)	<u>36,998</u>	<u>(13,668)</u>	<u>(9,712)</u>	<u>-</u>	<u>13,618</u>
Net Change in Fund Balances	<u>(11,654)</u>	<u>5,165</u>	<u>-</u>	<u>-</u>	<u>(6,489)</u>
Fund Balances - October 1	<u>162,468</u>	<u>7,723</u>	<u>-</u>	<u>-</u>	<u>170,191</u>
Fund Balances - September 30	<u>\$ 150,814</u>	<u>\$ 12,888</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,702</u>

**City of Long Beach**  
Housing Development Fund  
Fiscal Year 2010 Reclassification of Revenues, Expenditures,  
and Changes in Fund Balances  
(In Thousands)

	Housing Development Fund as Originally Presented	<u>Less</u> General Debt Service	Housing Development Fund as Restated and Reclassified
Revenues:			
Taxes:			
Property	\$ 20,902	\$ -	\$ 20,902
Licenses and Permits	75	-	75
Use of Money and Property	474	-	474
From Other Agencies	777	-	777
Other	579	-	579
Total Revenues	<u>22,807</u>	<u>-</u>	<u>22,807</u>
Expenditures:			
Current:			
General Government	62	-	62
Community and Cultural	15,267	-	15,267
Total Current Expenditures	<u>15,329</u>	<u>-</u>	<u>15,329</u>
Loss on Disposition of Land Held for Resale	7,127	-	7,127
Debt Service:			
Principal	934	(934)	-
Interest	47	(47)	-
Total Expenditures	<u>23,437</u>	<u>(981)</u>	<u>22,456</u>
Excess of Revenues Over (Under) Expenditures	<u>(630)</u>	<u>981</u>	<u>351</u>
Other Financing Sources (Uses):			
Land Transfers	243	-	243
Transfers In	3,339	-	3,339
Transfers Out	(3,666)	(981)	(4,647)
Total Other Financing (Uses)	<u>(84)</u>	<u>(981)</u>	<u>(1,065)</u>
Net Change in Fund Balances	<u>(714)</u>	<u>-</u>	<u>(714)</u>
Fund Balances - October 1	79,234	-	79,234
Fund Balances - September 30	<u>\$ 78,520</u>	<u>\$ -</u>	<u>\$ 78,520</u>

**City of Long Beach**  
**Redevelopment Capital Projects Fund**  
**Fiscal Year 2010 Reclassification of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
(In Thousands)

	Redevelopment Capital Projects Fund as Originally Presented	<u>Less</u> Redevelopment Debt Service Fund	Redevelopment Capital Projects Fund as Restated and Reclassified
Revenues:			
Taxes:			
Property	\$ 83,610	\$ (83,610)	\$ -
Other Taxes	3,218	(3,218)	-
Licenses and Permits	64	-	64
Use of Money and Property	3,171	(1,434)	1,737
From Other Agencies	762	(411)	351
Other	695	(117)	578
Total Revenues	<u>91,520</u>	<u>(88,790)</u>	<u>2,730</u>
Expenditures:			
Current:			
General Government	379	-	379
Community and Cultural	86,645	(46,593)	40,052
Total Current Expenditures	<u>87,024</u>	<u>(46,593)</u>	<u>40,431</u>
Loss on Disposition of Land Held for Resale	2,397	-	2,397
Debt Service:			
Principal	9,130	(9,130)	-
Interest	18,156	(17,087)	1,069
Fiscal Agent Fees	33	(33)	-
Total Expenditures	<u>116,740</u>	<u>(72,843)</u>	<u>43,897</u>
Excess of Revenues (Under) Expenditures	<u>(25,220)</u>	<u>(15,947)</u>	<u>(41,167)</u>
Other Financing Sources (Uses):			
Debt Issuance	33,429	(33,429)	-
Land Transfers	(284)	-	(284)
Transfers In	3,662	31,142	34,804
Transfers Out	(9,789)	(8,201)	(17,990)
Total Other Financing Sources (Uses)	<u>27,018</u>	<u>(10,488)</u>	<u>16,530</u>
Net Change in Fund Balances	<u>1,798</u>	<u>(26,435)</u>	<u>(24,637)</u>
Fund Balances (Deficits) - October 1	1	(133,193)	(133,192)
Fund Balances (Deficits) - September 30	<u>\$ 1,799</u>	<u>\$ (159,628)</u>	<u>\$ (157,829)</u>



**City of Long Beach**  
**Nonmajor Governmental Funds**  
**Fiscal Year 2010 Reclassification of Revenues, Expenditures,**  
**and Changes in Fund Balances**  
**(In Thousands)**

	Nonmajor Governmental Funds as Originally Presented	<u>Less</u>		<u>Add</u>		<b>Other GASB 54 Related Adjustments</b>	Total Nonmajor Governmental Funds as Restated and Reclassified
		Upland Oil Fund	Development Services Fund	General Debt Service Fund	Redevelopment Debt Service Fund	Revenue Reclassification	
Revenues:							
Taxes:							
Property	\$ -	\$ -	\$ -	\$ -	\$ 83,610	\$ 5,480	\$ 89,090
Sales	2,072	-	-	-	-	-	2,072
Other Taxes	13,545	-	-	-	3,218	-	16,763
Licenses and Permits	20,586	-	(11,424)	-	-	-	9,162
Use of Money and Property	27,046	(25,556)	(37)	-	1,434	-	2,887
From Other Agencies	193,929	-	(4)	-	411	(5,480)	188,856
Charges for Services	2,634	-	(1,240)	-	-	-	1,394
Other Contributions	2,898	-	-	-	-	-	2,898
Other	4,673	-	(92)	-	117	-	4,698
Total Revenues	267,383	(25,556)	(12,797)	-	88,790	-	317,820
Expenditures:							
Current:							
General Government	2,141	-	(1,874)	-	-	-	267
Public Safety	18,713	-	-	-	-	-	18,713
Public Health	38,710	-	(6,198)	-	-	-	32,512
Community and Cultural	124,323	-	(3,908)	-	46,593	-	167,008
Public Works	17,485	-	-	-	-	-	17,485
Oil Operations	6,718	(6,718)	-	-	-	-	-
Total Current Expenditures	208,090	(6,718)	(11,980)	-	46,593	-	235,985
Capital Improvements	38,956	-	-	-	-	-	38,956
Debt Service:							
Principal	795	-	-	3,879	9,130	-	13,804
Interest	39	-	-	6,652	17,087	-	23,778
Fiscal Agent Fees	5	(5)	-	162	33	-	195
Total Expenditures	247,885	(6,723)	(11,980)	10,693	72,843	-	312,718
Excess of Revenues Over (Under) Expenditures	19,498	(18,833)	(817)	(10,693)	15,947	-	5,102
Other Financing Sources (Uses):							
Debt Issuance	-	-	-	-	33,429	-	33,429
Transfers In	9,067	13,668	-	-	(31,142)	-	(8,407)
Transfers Out	(18,523)	-	-	10,693	8,201	-	371
Total Other Financing Sources (Uses)	(9,456)	13,668	-	10,693	10,488	-	25,393
Net Change in Fund Balances	10,042	(5,165)	(817)	-	26,435	-	30,495
Fund Balances (Deficits) - October 1	103,202	(7,723)	224	-	133,193	-	228,896
Fund Balances (Deficits) - September 30	\$ 113,244	\$ (12,888)	\$ (593)	\$ -	\$ 159,628	\$ -	\$ 259,391

**City of Long Beach**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2010**  
**(In Thousands)**

	General Fund as Originally Presented	Housing Development Fund as Restated and Reclassified	Redevelopment Capital Projects Fund as Restated and Reclassified	Total Nonmajor Governmental Funds as Restated and Reclassified	Total Governmental Funds as Restated and Reclassified
<b>Revenues:</b>					
Taxes:					
Property	\$ 106,930	\$ 20,902	\$ -	\$ 89,090	\$ 216,922
Sales	51,072	-	-	2,072	53,144
Utility Users	39,240	-	-	-	39,240
Other Taxes	25,702	-	-	16,763	42,465
Franchise Fees	24,040	-	-	-	24,040
Licenses and Permits	15,563	75	64	9,162	24,864
Fines and Forfeitures	17,042	-	-	-	17,042
Use of Money and Property	42,428	474	1,737	2,887	47,526
From Other Agencies	5,956	777	351	188,856	195,940
Charges for Services	24,870	-	-	1,394	26,264
Other Contributions	-	-	-	2,898	2,898
Other	7,744	579	578	4,698	13,599
Total Revenues	<u>360,587</u>	<u>22,807</u>	<u>2,730</u>	<u>317,820</u>	<u>703,944</u>
<b>Expenditures:</b>					
Current:					
Legislative and Legal	10,806	-	-	-	10,806
General Government	14,772	62	379	267	15,480
Public Safety	272,905	-	-	18,713	291,618
Public Health	5,132	-	-	32,512	37,644
Community and Cultural	41,844	15,267	40,052	167,008	264,171
Public Works	28,517	-	-	17,485	46,002
Oil Operations	6,718	-	-	-	6,718
Total Current Expenditures	<u>380,694</u>	<u>15,329</u>	<u>40,431</u>	<u>235,985</u>	<u>672,439</u>
Capital Improvements	-	-	-	38,956	38,956
Loss on Disposition of Land Held for Resale	-	7,127	2,397	-	9,524
Debt Service:					
Principal	-	-	-	13,804	13,804
Interest	-	-	1,069	23,778	24,847
Fiscal Agent Fees	-	-	-	195	195
Total Expenditures	<u>380,694</u>	<u>22,456</u>	<u>43,897</u>	<u>312,718</u>	<u>759,765</u>
Excess of Revenues Over (Under) Expenditures	<u>(20,107)</u>	<u>351</u>	<u>(41,167)</u>	<u>5,102</u>	<u>(55,821)</u>
<b>Other Financing Sources (Uses):</b>					
Debt Issuance	988	-	-	33,429	34,417
Land Transfers	-	243	(284)	-	(41)
Transfers In	26,670	3,339	34,804	(8,407)	56,406
Transfers Out	(14,040)	(4,647)	(17,990)	371	(36,306)
Total Other Financing Sources (Uses)	<u>13,618</u>	<u>(1,065)</u>	<u>16,530</u>	<u>25,393</u>	<u>54,476</u>
Net Change in Fund Balances	<u>(6,489)</u>	<u>(714)</u>	<u>(24,637)</u>	<u>30,495</u>	<u>(1,345)</u>
Fund Balances (Deficit) - October 1	<u>170,191</u>	<u>79,234</u>	<u>(133,192)</u>	<u>228,896</u>	<u>345,129</u>
Fund Balances (Deficit) - September 30	<u>\$ 163,702</u>	<u>\$ 78,520</u>	<u>\$ (157,829)</u>	<u>\$ 259,391</u>	<u>\$ 343,784</u>



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## **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, 2011:

**City of Long Beach**  
**Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project**  
**Consolidated Schedule of Net Assets**  
**September 30, 2011**  
**(In Thousands)**

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit / (credit)	Consolidated Tidelands Total
<b>ASSETS</b>							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 112,105	\$ 15,230	\$ 1,644	\$ 5,131	\$ 134,110	\$ -	\$ 134,110
Non-Pooled Cash and Cash Equivalents	6,609	16	-	27	6,652	-	6,652
Non Performing Investments	265	16	-	7	288	-	288
Receivables:							
Interest Receivable	44	-	139	20	203	-	203
Accounts Receivable	3,487	416	-	277	4,180	-	4,180
Due from Other Governments	589	-	-	-	589	-	589
Due from Other Funds	23,803	-	-	-	23,803	(1,321)	22,482
Allowance for Receivables	(8)	(350)	-	(2)	(360)	-	(360)
Other Assets	-	-	-	59	59	-	59
Total Current Assets	146,894	15,328	1,783	5,519	169,524	(1,321)	168,203
Noncurrent Assets:							
Restricted Noncurrent assets							
Non-Pooled Investments	9,451	-	-	4,314	13,765	-	13,765
Capital Assets:							
Land and Other Assets not Being Depreciated	27,915	10,106	-	11,110	49,131	-	49,131
Property, Plant and Equipment net of Accumulated Depreciation	158,930	45,789	10,851	60,380	275,950	-	275,950
Total Noncurrent Assets	196,296	55,895	10,851	75,804	338,846	-	338,846
Total Assets	343,190	71,223	12,634	81,323	508,370	(1,321)	507,049
<b>LIABILITIES</b>							
Current Liabilities payable from Current Assets:							
Accounts Payable	2,262	1,766	-	1,007	5,035	-	5,035
Accrued Wages	186	121	-	15	322	-	322
Accrued Interest Payable	2,480	268	-	698	3,446	-	3,446
Due to Other Funds	1,023	815	-	1,328	3,166	1,321	1,845
Deferred Revenues	106	2,044	-	25	2,175	-	2,175
Collections Held in Trust	54	50	25	1	130	-	130
Obligations Under Capital Leases	26	-	-	-	26	-	26
Bonds Payable Due Within One Year	3,380	-	-	2,590	5,970	-	5,970
Other Long Term Obligation-Current	45	1,082	-	18	1,145	-	1,145
Total Current Liabilities	9,562	6,146	25	5,682	21,415	1,321	20,094
Current Liabilities Payable from Restricted Assets:							
Accounts Payable	-	-	3	-	3	-	3
Total Liabilities Payable from Restricted Asset	-	-	3	-	3	-	3
Noncurrent Liabilities:							
Advances from Other Funds	2,179	-	-	-	2,179	-	2,179
Deferred Revenues	5,183	-	-	-	5,183	-	5,183
Obligations Under Capital Leases-Current	490	-	-	-	490	-	490
Other Long Term Obligations	727	33,798	-	517	35,042	-	35,042
Bonds Payable	111,175	-	-	36,655	147,830	-	147,830
Unamortized Discount/Deferred cost	(8,651)	-	-	(995)	(9,646)	-	(9,646)
Total Noncurrent Liabilities	111,103	33,798	-	36,177	181,078	-	181,078
Total Liabilities	120,665	39,944	28	41,859	202,496	1,321	201,175
<b>NET ASSETS</b>							
Investment in Capital Assets, Net of Related Debt	88,976	21,015	10,851	36,960	157,802	-	157,802
Restricted for:							
Debt Service	9,548	-	-	4,359	13,907	-	13,907
Capital Projects	-	819	-	509	1,328	-	1,328
General Purpose	6,551	-	-	-	6,551	-	6,551
Unrestricted	117,450	9,445	1,755	(2,364)	126,286	-	126,286
Total Net Assets	\$ 222,525	\$ 31,279	\$ 12,606	\$ 39,464	\$ 305,874	\$ -	\$ 305,874

**City of Long Beach**  
**Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project**  
**Consolidated Schedule of Revenues, Expenses and Changes in Fund Net Assets**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit / (credit)	Consolidated Tidelands Total
Operating Revenues:							
Licenses and Permits	\$ 207	\$ 3	\$ -	\$ 33	\$ 243	\$ -	\$ 243
Fines and Forfeitures	327	-	-	-	327	-	327
Fees, Concessions and Rentals	8,577	19,753	189	8,707	37,226	1,321	35,905
From Other Agencies	36	164	-	-	200	-	200
Charges for Services	46,140	79	-	17	46,236	-	46,236
Other	-	-	-	23	23	-	23
Total Revenues	55,287	19,999	189	8,780	84,255	1,321	82,934
Operating Expenses:							
Personal Services	14,013	9,019	8	1,234	24,274	-	24,274
Maintenance and Other Operations	59,796	4,694	21	8,635	73,146	(1,321)	71,825
Amortization	692	-	-	582	1,274	-	1,274
Depreciation	10,341	3,676	428	3,592	18,037	-	18,037
Total Operating Expenses	84,842	17,389	457	14,043	116,731	(1,321)	115,410
Operating Income	(29,555)	2,610	(268)	(5,263)	(32,476)	-	(32,476)
Non-Operating Income (Expense):							
Interest Income	1,008	87	-	75	1,170	-	1,170
Interest Expense	(6,091)	(1,337)	-	(1,740)	(9,168)	-	(9,168)
Gain on Disposition of Fixed Assets	(38)	(113)	-	-	(151)	-	(151)
Capital Assets to/(from) Other Funds	-	-	-	(6)	(6)	-	(6)
Operating Grants	484	-	-	-	484	-	484
Other Income	70	14	-	-	84	-	84
Total Non-Operating Income (Expense)	(4,567)	(1,349)	-	(1,671)	(7,587)	-	(7,587)
Income (Loss) Before Contributions and Transfers	(34,122)	1,261	(268)	(6,934)	(40,063)	-	(40,063)
Capital Grants & Contributions	460	132	-	-	592	-	592
Operating Transfers:							
Operating Transfers In	101,550	-	-	5,850	107,400	5,850	101,550
Operating Transfers Out	(7,683)	-	-	-	(7,683)	(5,850)	(1,833)
Change in Net Assets	60,205	1,393	(268)	(1,084)	60,246	-	60,246
Net Assets, October 1	162,320	29,886	12,874	40,548	245,628	-	245,628
Net Assets, September 30	\$222,525	\$ 31,279	\$ 12,606	\$ 39,464	\$305,874	\$ -	\$ 305,874

**City of Long Beach**  
**Tideland Operating, Marina, Queen Mary and Rainbow Harbor Area**  
**Schedule of Cash Flows**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Tideland Operating</u>	<u>Marina</u>	<u>Queen Mary</u>	<u>Rainbow Harbor Area</u>	<u>Eliminations Increase (Decrease)</u>	<u>Consolidated Tidelands Total</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 54,282	\$ 19,678	\$ 73	\$ 9,018	\$ -	\$ 83,051
Receipts from Other Governments	3,610	355	-	-	-	3,965
Payments for Employee Salaries	(14,177)	(9,241)	(9)	(1,254)	-	(24,681)
Payments for Goods and Services	(60,292)	(3,301)	(30)	(8,113)	-	(71,736)
Other Expense	70	14	-	-	-	84
Net Cash Provided by (Used for) Operating Activities	(16,507)	7,505	34	(349)	-	(9,317)
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments						
Transfers In	106,457	-	-	5,850	(5,850)	106,457
Transfers Out	(30,983)	-	-	(26)	5,850	(25,159)
Net Cash Provided by Non-Capital Financing Activities	75,474	-	-	5,824	-	81,298
Cash Flows from Capital and Related Financing Activities:						
Proceeds from the Sale of Capital Assets	-	7	-	-	-	7
Proceeds from Issuance Of Long-Term Obligations	-	1,347	-	-	-	1,347
Changes Related to Capital Acquisitions	922	(4,992)	-	(99)	-	(4,169)
Payments of Principal on Bonds Payable	(3,240)	-	-	(2,500)	-	(5,740)
Payments of Principal on Other Long-Term Obligations	(68)	(1,310)	-	(18)	-	(1,396)
Payments of Interest	(6,151)	(1,631)	-	(1,786)	-	(9,568)
Net Cash Used for Capital and Related Financing Activities	(8,537)	(6,579)	-	(4,403)	-	(19,519)
Cash Flows from Investing Activities:						
Payments for Investments	(28)	-	-	(14)	-	(42)
Receipts of Interest	1,011	86	-	76	-	1,173
Net Cash Provided by (Used for) Investing Activities	983	86	-	62	-	1,131
Net Increase (Decrease) in Cash and Cash Equivalents	51,413	1,012	34	1,134	-	53,593
Cash and Cash Equivalents - October 1	67,301	14,234	1,610	4,024	-	87,169
Cash and Cash Equivalents - September 30	\$ 118,714	\$ 15,246	\$ 1,644	\$ 5,158	\$ -	\$ 140,762



**City of Long Beach**  
**Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project**  
**Schedule of Cash Flows**  
**For the Fiscal Year Ended September 30, 2011**  
**(In Thousands)**  
**(Continued)**

<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Total
Operating Income (Loss)	\$ (29,555)	\$ 2,610	\$ (268)	\$ (5,263)	\$ -	\$ (32,476)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	11,033	3,676	428	4,174	-	19,311
Other Expense	1,014	146	-	-	-	1,160
(Increase) Decrease in Accounts Receivable, Net	(764)	1,281	(117)	266	-	666
(Increase) Decrease in Amounts Due from Other Governments	2,630	59	-	-	-	2,689
Decrease (Increase) in Other Non-Operating Assets	-	-	-	(59)	-	(59)
Increase in Accounts Payable	(495)	1,516	(9)	581	-	1,593
Increase in Accrued Wages Payable	(220)	(222)	-	(26)	-	(468)
Increase in Amounts Due to Other Funds	56	(123)	-	6	-	(61)
Increase (Decrease) in Deferred Revenues	(232)	(1,438)	-	(28)	-	(1,698)
Decrease in Collections Held in Trust	26	-	-	-	-	26
Total Adjustments	13,048	4,895	302	4,914	-	23,159
Net Cash Provided by (Used for) Operating Activities	\$ (16,507)	\$ 7,505	\$ 34	\$ (349)	\$ -	\$ (9,317)
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u>						
Capitalized Interest	\$ 70	\$ 295	\$ -	\$ -	\$ -	\$ 365
Contribution of Capital Assets	-	-	-	(6)	-	(6)

# **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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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 informatior**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

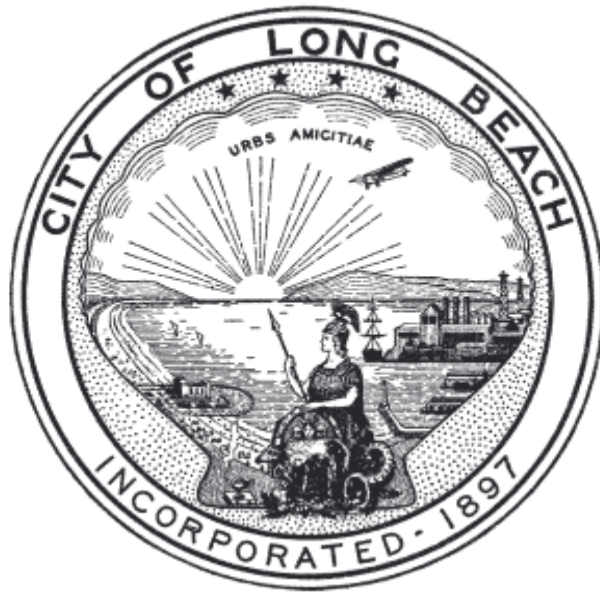
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Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.

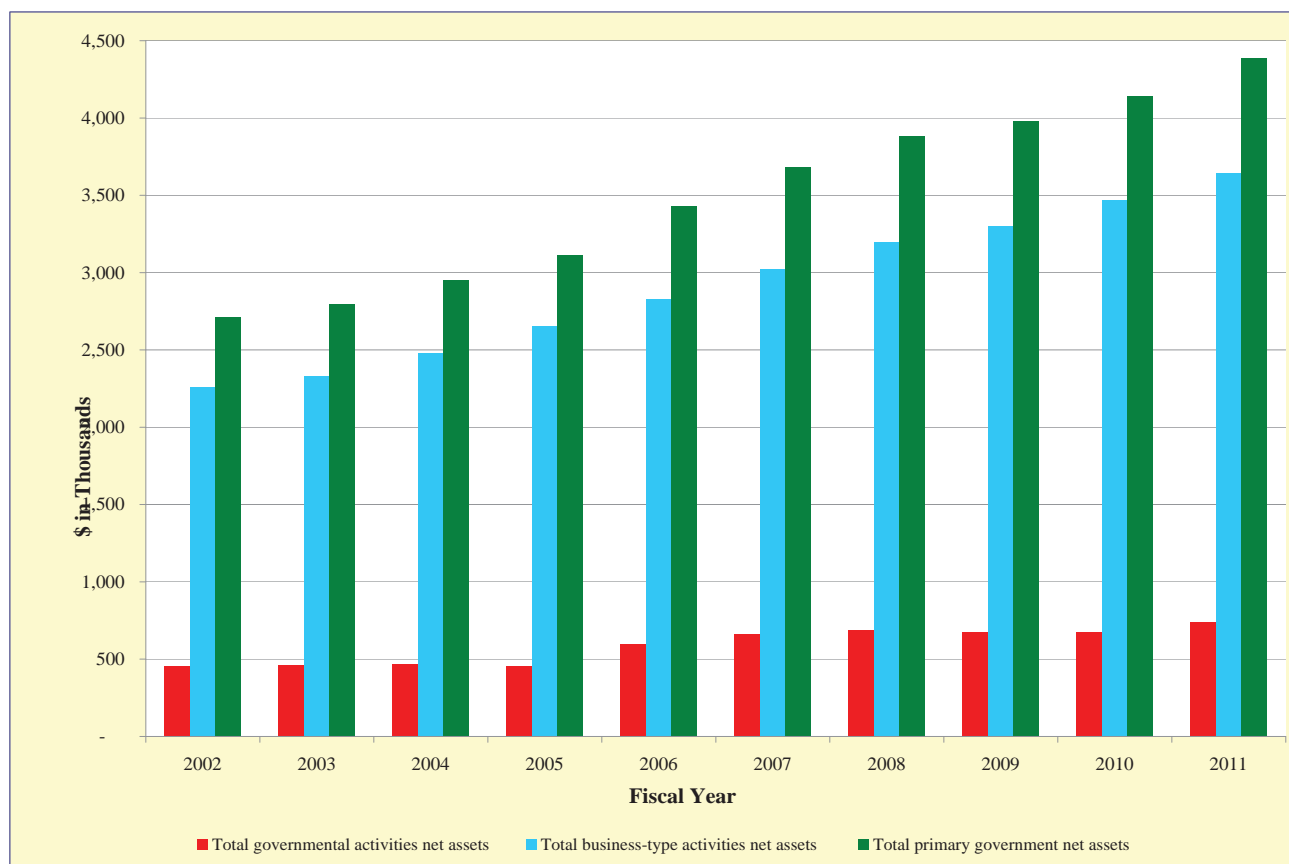


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**City of Long Beach**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(In Thousands)**

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities:										
Invested in capital assets, net of related debt	\$ 197,111	\$ 233,912	\$ 261,014	\$ 99,122	\$ 209,230	\$ 215,097	\$ 217,866	\$ 203,709	\$ 170,432	\$ 215,317
Restricted	313,119	313,047	286,745	474,313	496,094	291,468	285,937	289,658	346,412	631,729
Unrestricted	(56,298)	(85,689)	(78,179)	(118,328)	(106,380)	157,870	182,007	185,296	157,316	(104,327)
Total governmental activities net assets	453,932	461,270	469,580	455,107	598,944	664,435	685,810	678,663	674,160	742,719
Business-type activities:										
Invested in capital assets, net of related debt	1,399,761	1,484,399	1,534,595	1,564,750	1,572,117	1,684,580	1,875,911	1,954,565	2,184,850	2,547,605
Restricted	539,903	453,919	498,341	505,875	523,769	366,018	359,364	367,477	603,007	289,999
Unrestricted	321,924	396,157	446,833	586,327	733,495	969,574	964,333	982,105	683,114	809,277
Total business-type activities net assets	2,261,588	2,334,475	2,479,769	2,656,952	2,829,381	3,020,172	3,199,608	3,304,147	3,470,971	3,646,881
Primary government:										
Invested in capital assets, net of related debt	1,596,872	1,718,311	1,795,609	1,663,872	1,781,347	1,899,677	2,093,777	2,158,274	2,355,282	2,762,922
Restricted	853,022	766,966	785,086	980,188	1,019,863	657,486	645,301	657,135	949,419	921,728
Unrestricted	265,626	310,468	368,654	467,999	627,115	1,127,444	1,146,340	1,167,401	840,430	704,950
Total primary government net assets	\$2,715,520	\$2,795,745	\$2,949,349	\$3,112,059	\$3,428,325	\$3,684,607	\$3,885,418	\$3,982,810	\$4,145,131	\$4,389,600

**Note:** Unrestricted net asset amounts for fiscal year 2010 have been changed to reflect the effects of the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definition. See note 2 for further details.



See accompanying independent auditors' report

**City of Long Beach**  
**Change in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(In Thousands)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 10,471	\$ 9,457	\$ 9,721	\$ 10,313	\$ 12,003	\$ 12,911	\$ 13,210	\$ 12,866	\$ 11,527	\$ 10,106
General Government	28,564	24,635	23,179	25,808	13,988	13,376	16,871	16,292	19,792	22,653
Public Safety	228,214	231,514	227,601	280,415	255,188	276,391	294,916	302,025	291,399	284,986
Public Health	37,872	39,515	42,184	43,874	44,024	47,189	48,330	47,134	44,731	44,428
Community and Cultural	145,376	159,765	164,982	177,210	186,528	207,566	227,274	227,772	258,512	193,886
Public Works	54,352	56,545	67,425	58,783	55,009	67,794	83,232	95,354	91,375	89,942
Oil Operations	4,672	5,516	6,215	6,367	7,192	8,175	8,630	8,004	6,923	7,318
Interest on Long-Term Debt	23,660	24,761	22,652	30,831	34,554	36,187	38,418	35,831	32,744	35,273
Total Governmental Activities										
Expenses	533,181	551,708	563,959	633,601	608,486	669,589	730,881	745,278	757,003	688,592
Business-type Activities:										
Gas	55,334	68,728	76,408	89,463	99,656	89,021	137,263	90,364	77,531	84,003
Water	58,814	55,756	57,849	62,075	62,480	68,704	70,571	76,895	71,442	82,050
Sewer	7,858	8,748	7,787	7,337	7,612	11,486	11,989	13,224	14,607	15,357
Airport	18,666	18,747	19,476	22,465	24,816	27,994	31,698	32,113	37,762	39,530
Development Services	-	-	-	-	-	-	-	-	-	11,126
Solid Waste Management	71,202	71,027	70,658	70,493	73,679	78,305	82,590	83,245	71,632	71,330
Towing	5,845	5,427	6,762	6,858	8,520	8,838	9,863	7,883	8,916	6,670
Tidelands	81,261	80,880	83,501	94,033	105,671	111,156	123,258	124,711	117,071	124,830
Tideland Oil Revenue	36,451	70,376	102,098	188,250	264,355	199,542	486,759	178,636	276,850	393,317
Subsidence	3,187	2,401	441	4,054	4,061	-	-	-	-	5
Harbor	131,500	175,821	198,084	207,689	214,349	247,860	242,822	225,991	218,262	217,335
Total Business-Type Activities										
Expenses	470,118	557,911	623,064	752,717	865,199	842,906	1,196,813	833,062	894,073	1,045,553
Total Primary Government										
Expenses	1,003,299	1,109,619	1,187,023	1,386,318	1,473,685	1,512,495	1,927,694	1,578,340	1,651,076	1,734,145
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	524	400	415	98	1,256	119	801	264	862	104
General Government	23,572	24,893	26,952	27,289	20,174	13,406	14,049	14,679	14,968	16,501
Public Safety	32,742	34,120	36,678	39,768	36,694	40,326	42,516	37,078	40,072	35,110
Public Health	6,859	7,041	7,397	7,557	6,565	7,099	7,599	9,644	8,422	8,725
Community and Cultural	17,636	17,921	18,292	23,649	23,291	26,131	28,905	26,322	26,186	20,825
Public Works	17,035	14,966	15,179	16,878	17,840	17,722	19,382	25,803	25,985	21,072
Oil Operations	8,646	11,587	13,274	17,253	21,481	22,612	32,956	19,011	25,556	31,552
Operating Grants and Contributions	138,254	135,837	143,818	142,011	166,426	169,190	172,478	172,281	185,899	198,198
Capital Grants and Contributions	10,191	14,456	13,285	11,489	13,726	16,908	7,424	3,595	10,395	7,588
Total Governmental Activities										
Program Revenues	\$ 255,459	\$ 261,221	\$ 275,290	\$ 285,992	\$ 307,453	\$ 313,513	\$ 326,110	\$ 308,677	\$ 338,345	\$ 339,675

(continued)

See accompanying independent auditors' report



**City of Long Beach**  
**Change in Net Assets**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(In Thousands)**

(continued)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Business-Type activities:										
Charges for Services:										
Gas	\$ 62,642	\$ 75,610	\$ 88,717	\$ 104,450	\$ 113,053	\$ 100,421	\$ 123,580	\$ 113,910	\$ 80,605	\$ 88,240
Water	60,453	60,197	64,984	65,813	67,198	70,258	72,527	81,380	87,151	88,576
Sewer	8,050	9,056	9,283	9,729	9,245	10,812	11,785	12,707	15,186	16,447
Airport	13,357	23,540	27,905	29,121	29,086	30,985	35,080	35,004	38,820	40,395
Development Services	-	-	-	-	-	-	-	-	-	12,160
Solid Waste Management	69,500	69,441	71,198	70,128	80,015	83,865	85,958	87,032	78,772	74,019
Towing	5,448	5,640	6,770	7,622	7,846	8,126	8,816	8,516	8,529	7,297
Tidelands	46,860	50,870	53,887	55,436	73,013	83,085	81,511	83,245	82,948	83,018
Tideland Oil Revenue	44,521	85,839	131,035	208,488	266,992	214,157	522,956	143,336	295,680	449,819
Subsidence	-	-	-	-	-	500	500	492	496	-
Harbor	226,459	249,542	280,782	338,167	354,125	370,832	382,119	336,930	341,744	345,389
Operating Grants and Contributions	3,597	886	1,066	2,520	1,184	2,116	1,241	1,213	597	2,723
Capital Grants and Contributions	36,691	9,625	23,500	25,787	8,947	24,580	14,984	25,210	32,001	26,406
Total Business-Type Activities										
Program Revenues	577,578	640,246	759,127	917,261	1,010,704	999,737	1,341,057	928,975	1,062,529	1,234,489
Total Primary Government										
Program Revenues	833,037	901,467	1,034,417	1,203,253	1,318,157	1,313,250	1,667,167	1,237,652	1,400,874	1,574,164
Net Revenues (expenses):										
Governmental Activities	(277,722)	(290,487)	(288,669)	(347,609)	(301,033)	(356,076)	(404,771)	(436,601)	(418,658)	(348,917)
Business-Type Activities	107,460	82,335	136,063	164,544	145,505	156,831	144,244	95,913	168,456	188,936
Total Net Revenues (expenses)	(170,262)	(208,152)	(152,606)	(183,065)	(155,528)	(199,245)	(260,527)	(340,688)	(250,202)	(159,981)
General Revenues and Other Changes in Net Assets:										
Governmental Activities:										
Taxes:										
Property	79,814	87,285	107,796	123,924	141,335	162,342	173,184	196,402	180,262	218,570
Sales	41,246	44,863	42,383	48,216	51,557	55,848	55,261	51,585	53,144	60,159
Utility Users	55,838	50,883	45,339	39,216	40,637	41,694	41,028	39,901	39,240	38,739
Other	38,262	42,841	46,616	51,238	58,291	65,206	73,715	61,250	62,889	43,254
Franchise Fees	-	-	-	-	-	-	-	-	-	24,184
Grants and Contributions not										
Restricted to Specific Programs	35,621	27,917	28,693	39,205	115,668	44,086	46,330	48,364	46,058	-
Unrestricted Investment Earnings	17,175	13,369	12,325	16,213	23,520	23,374	24,357	14,712	7,837	10,291
Gain (Loss) on Sales of Capital Assets	(42)	977	317	810	806	649	(49)	(1,024)	8,539	-
Capital Asset Transfers	7,780	21,790	926	-	-	(257)	(1,142)	(1,337)	(101)	1,266
Transfers	5,317	-	12,584	14,314	13,056	28,625	13,462	19,601	16,287	21,601
Total Governmental Activities	281,011	289,925	296,979	333,136	444,870	421,567	426,146	429,454	414,155	418,064
Business-type Activities:										
Unrestricted Investment Earnings	32,279	24,378	25,280	27,599	42,021	62,329	47,512	26,890	14,554	9,253
Loss on Sales of Capital Assets	(11,393)	(12,036)	(2,539)	(665)	(2,041)	-	-	-	-	-
Capital Asset Transfers	-	(21,790)	(926)	19	-	257	1,142	1,337	101	(1,266)
Transfers	(5,317)	-	(12,584)	(14,314)	(13,056)	(28,625)	(13,462)	(19,601)	(16,287)	(21,601)
Total Business-type Activities	15,569	(9,448)	9,231	12,639	26,924	33,961	35,192	8,626	(1,632)	(13,614)
Total Primary Government	296,580	280,477	306,210	345,775	471,794	455,528	461,338	438,080	412,523	404,450
Change in Net Assets										
Government activities	3,289	(562)	8,310	(14,473)	143,837	65,491	21,375	(7,147)	(4,503)	69,147
Business-type Activities	123,029	72,887	145,294	177,183	172,429	190,792	179,436	104,539	166,824	175,322
Total Primary Government	\$ 126,318	\$ 72,325	\$ 153,604	\$ 162,710	\$ 316,266	\$ 256,283	\$ 200,811	\$ 97,392	\$ 162,321	\$ 244,469

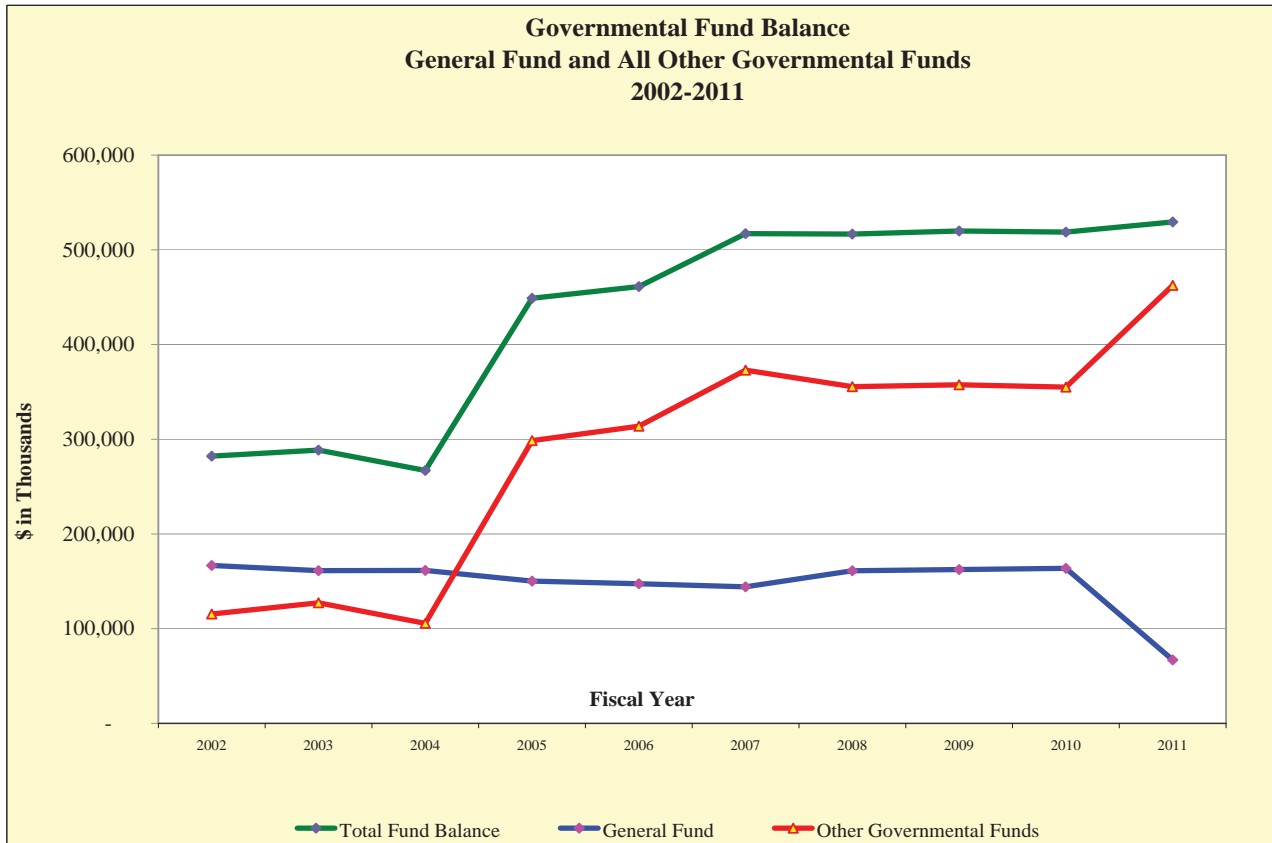
**Note:** Certain amounts for fiscal year 2010 have been changed to reflect the effects of the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definition. See pages 184 - 188 for further details.

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)

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund:										
Reserved	\$ 123,104	\$ 115,644	\$ 114,006	\$ 111,825	\$ 111,959	\$ 114,254	\$ 115,088	\$ 116,569	\$ -	\$ -
Unreserved	43,562	45,592	47,516	38,404	35,478	29,960	46,042	45,899	-	-
* Nonspendable	-	-	-	-	-	-	-	-	104,591	2,083
* Restricted	-	-	-	-	-	-	-	-	8,673	675
* Committed	-	-	-	-	-	-	-	-	1,486	4,108
* Assigned	-	-	-	-	-	-	-	-	3,798	59,445
* Unassigned	-	-	-	-	-	-	-	-	45,155	682
Total General Fund	166,666	161,236	161,522	150,229	147,437	144,214	161,130	162,468	163,703	66,993
Other Governmental Funds:										
Reserved	222,687	227,051	196,602	377,560	358,094	389,518	390,061	424,108	-	-
Unreserved, Reported in:										
Special Revenue Funds	20,446	20,154	18,227	30,346	40,843	57,974	56,166	56,848	-	-
Capital Project Funds	(127,645)	(119,856)	(109,292)	(109,326)	(85,187)	(74,598)	(90,741)	(123,512)	-	-
* Nonspendable	-	-	-	-	-	-	-	-	24,902	1,654
* Restricted	-	-	-	-	-	-	-	-	514,588	489,841
* Committed	-	-	-	-	-	-	-	-	2,594	161
* Assigned	-	-	-	-	-	-	-	-	41,581	10,664
* Unassigned	-	-	-	-	-	-	-	-	(228,576)	(39,867)
Total Other Governmental Funds	115,488	127,349	105,537	298,580	313,750	372,894	355,486	357,444	355,089	462,453
Total All Governmental Funds	\$ 282,154	\$ 288,585	\$ 267,059	\$ 448,809	\$ 461,187	\$ 517,108	\$ 516,616	\$ 519,912	\$ 518,792	\$ 529,446

\* Note: In accordance with GASB No. 54 the Fund Balance types for FY 2010 and FY 2011 were reclassified. The Development Services Fund was reclassified from a Special Revenue Fund to Proprietary Fund. The Upland Oil Fund was reclassified from a Special Revenue Fund to a subset of the General Fund.



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)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues:										
Taxes:										
Property	\$ 80,621	\$ 87,264	\$107,825	\$124,463	\$141,081	\$162,449	\$172,741	\$ 195,128	\$216,922	\$218,593
Sales	41,246	44,863	42,383	48,216	51,557	55,848	55,261	51,585	53,144	60,159
Utility Users	55,838	50,883	45,339	39,216	40,637	41,694	41,028	39,901	39,240	38,739
Other Taxes	38,263	42,842	46,616	51,237	58,292	65,205	73,715	61,250	42,465	43,254
Franchise Fees	-	-	-	-	-	-	-	-	24,040	24,184
Licenses and Permits	23,401	23,103	22,878	26,269	30,008	32,240	33,899	32,239	24,864	24,812
Fines and Forfeitures	11,448	11,017	13,581	14,744	16,387	17,644	18,509	19,501	17,042	16,193
Use of Money and Property	36,859	40,135	36,856	48,849	57,964	59,516	71,586	47,841	47,526	56,415
From Other Agencies	181,874	178,275	186,426	192,722	219,946	230,838	228,427	227,060	195,940	208,167
Charges for Services	41,277	44,282	45,948	46,633	29,071	26,168	27,609	30,742	26,264	28,549
Other Land Proceeds	3,448	-	-	-	716	-	-	-	-	-
Other Contributions									2,898	-
Other	9,687	13,922	13,106	15,987	13,892	13,711	17,587	11,667	13,599	25,256
<b>Total Revenues</b>	<b>523,962</b>	<b>536,586</b>	<b>560,958</b>	<b>608,336</b>	<b>659,551</b>	<b>705,313</b>	<b>740,362</b>	<b>716,914</b>	<b>703,944</b>	<b>744,321</b>
Expenditures:										
Legislative and Legal	10,985	9,588	10,359	10,037	12,464	13,602	12,481	11,649	10,806	9,683
General Government	30,444	24,655	23,407	25,209	15,123	15,765	16,081	11,993	15,480	20,035
Public Safety	230,112	236,341	227,176	257,869	266,057	279,382	285,366	290,615	291,618	289,538
Public Health	37,516	38,146	41,927	41,651	44,734	47,409	47,383	45,181	37,644	43,665
Community and Cultural	151,593	158,190	177,114	179,859	199,777	209,946	253,432	238,090	264,171	263,625
Public Works	43,565	42,751	43,589	42,885	42,647	42,586	50,221	53,358	46,002	44,178
Oil Operations	4,672	5,517	5,512	6,164	7,089	8,171	8,625	6,888	6,718	7,173
Capital Improvements	46,605	39,148	55,565	30,106	39,062	40,790	25,328	27,721	38,956	29,630
Loss on Disposition of Land										
Held for Resale	198	3,134	12	4,090	-	9,184	4,459	1,526	9,524	519
Debt Service:										
Principal	13,253	9,169	11,001	11,942	14,822	15,451	15,819	17,456	13,804	13,475
Interest	12,556	17,327	16,282	20,806	25,289	27,349	30,477	28,300	24,847	28,984
Debt Administration Fees	76	152	247	320	147	81	397	259	195	391
<b>Total Expenditures</b>	<b>581,575</b>	<b>584,118</b>	<b>612,191</b>	<b>630,938</b>	<b>667,211</b>	<b>709,716</b>	<b>750,069</b>	<b>733,036</b>	<b>759,765</b>	<b>750,896</b>
(Deficiency) of Revenues										
Over (Under) Expenditures	(57,613)	(47,532)	(51,233)	(22,602)	(7,660)	(4,403)	(9,707)	(16,122)	(55,821)	(6,575)
Other Financing Sources (Uses):										
Other Deferred Payments	513	159	229	221	220	291	-	-	-	-
Proceeds from other Long-Term Obligations	138,501	-	-	-	-	-	-	-	-	-
Debt Issuance		58,756	17,360	188,344	40,402	25,748	280	311	34,417	297
Discount on Debt Issuance	-	-	-	-	-	(122)	-	-	-	-
Payment to Refunded Bond Escrow Agent	(23,223)	(38,295)	(10,729)	(3,526)	(36,135)	-	-	-	-	-
Reconveyance of Land	1,733	-	-	-	-	-	(13,296)	(3,677)	(41)	-
Advances-Capitalized Interest	426	512	13	491	-	-	-	-	-	-
Land Transfers										(6,233)
Transfers In	49,106	74,534	73,563	52,782	55,900	91,967	84,353	60,163	56,406	271,094
Transfers Out	(36,513)	(41,703)	(50,729)	(33,960)	(40,349)	(57,560)	(62,122)	(37,379)	(36,306)	(247,930)
<b>Total Other Financing Sources</b>	<b>130,543</b>	<b>53,963</b>	<b>29,707</b>	<b>204,352</b>	<b>20,038</b>	<b>60,324</b>	<b>9,215</b>	<b>19,418</b>	<b>54,476</b>	<b>17,228</b>
<b>Net Change in Fund Balances</b>	<b>\$ 72,930</b>	<b>\$ 6,431</b>	<b>\$ (21,526)</b>	<b>\$181,750</b>	<b>\$ 12,378</b>	<b>\$ 55,921</b>	<b>\$ (492)</b>	<b>\$ 3,296</b>	<b>\$ (1,345)</b>	<b>\$ 10,653</b>
Debt Service as a Percentage of Noncapital Expenditures	4.8%	4.9%	5.0%	5.5%	6.4%	6.4%	6.4%	6.5%	5.4%	5.9%

As part of the implementation of GASB 54 - Fund Balance Reporting and Governmental Fund Type Definition, the City reviewed all governmental fund revenue streams. As a result, FY2010 and FY2011 financial data were reclassified. Details of the reclassification are shown on pages 184 -188.

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)

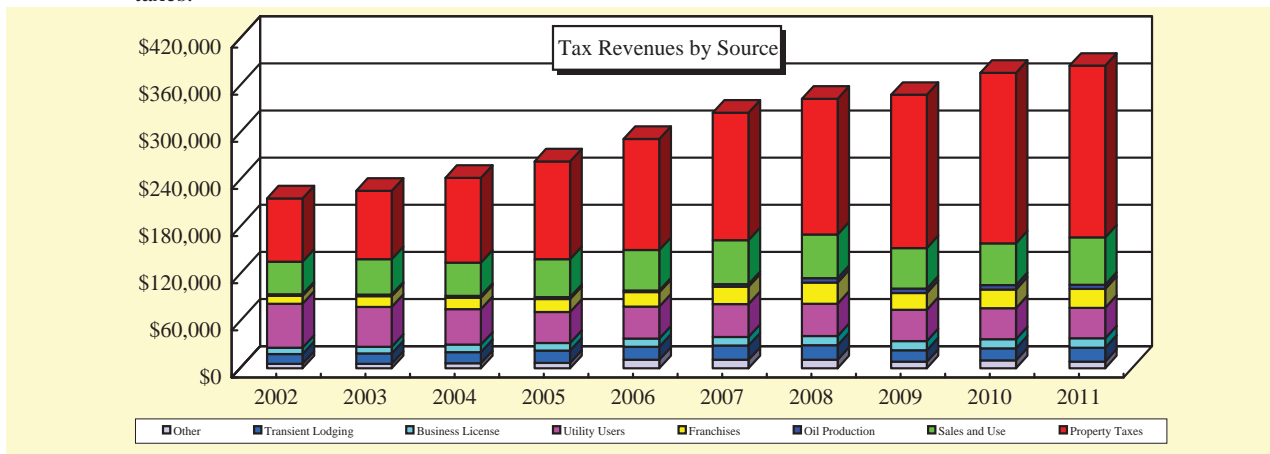
Fiscal Year-end (1)	Property Taxes	Sales and Use Taxes	Oil Production Taxes	Franchises Taxes	Utility Users Taxes	Business License Taxes	Transient Lodging Taxes	Other (2) Taxes	Totals
2002	\$ 80,621	\$ 41,246	\$ 2,257	\$ 9,976	\$ 55,838	\$ 8,067	\$ 12,447	\$ 5,516	\$215,968
2003	87,264	44,863	2,245	13,363	50,883	8,430	13,134	5,670	225,852
2004	107,825	42,383	2,306	14,460	45,339	9,284	14,089	6,478	242,164
2005	124,463	48,216	2,335	16,670	39,216	9,879	15,527	6,826	263,132
2006	141,081	51,557	2,245	18,501	40,637	10,345	16,548	10,653	291,567
2007	162,449	55,848	3,123	22,340	41,694	10,909	18,309	10,524	325,196
2008	172,741	55,261	5,767	27,147	41,028	11,681	18,324	10,796	342,745
2009	195,128	51,585	5,557	21,274	39,901	11,647	14,635	8,137	347,864
2010	216,922	53,144	5,517	24,040	39,240	11,686	15,461	9,801	375,811
2011	218,593	60,159	5,331	24,184	38,739	11,956	17,603	8,364	384,929

Notes:

- (1) Tax revenues by source include all Governmental Fund Types (General, Special Revenue, and Capital Projects Funds), including property tax and transient lodging tax for the Long Beach Redevelopment Agency as indicated below in accordance with generally accepted accounting principles. The Long Beach Housing Authority had no tax revenues in fiscal year 2002 through 2011.

Fiscal Year-end	Property Taxes	Transient Occupancy / Other
2002	\$ 18,917	\$ 2,832
2003	25,796	2,604
2004	27,475	2,778
2005	41,718	2,899
2006	50,977	3,261
2007	63,406	3,634
2008	73,011	4,033
2009	77,460	4,064
2010	92,762	3,495
2011	77,470	3,820

- (2) Includes Real Property Transfer, Special Parking, Miscellaneous Taxes, and transfers from funds in lieu of taxes.



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 Year-end</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less: Exemptions</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2002	\$ 23,195,257	\$ 1,794,736	\$ (608,486)	\$ 24,381,507	1.00%
2003	24,478,339	1,976,078	(722,421)	25,731,996	1.00%
2004	27,334,246	2,278,983	(783,201)	28,830,028	1.00%
2005	29,650,613	2,419,098	(678,462)	31,391,249	1.00%
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%

Assessed value and estimated actual value of taxable property for fiscal years 2002 through 2011 include redevelopment taxable property.

Redevelopment Agency

<u>Fiscal Year-end</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less: Exemptions</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
2002	\$ 7,363,069	\$ 1,034,477	\$ (468,103)	\$ 7,929,443	1.00%
2003	7,587,453	1,122,382	(574,849)	8,134,986	1.00%
2004	8,897,464	1,249,847	(627,772)	9,519,539	1.00%
2005	9,818,218	1,346,019	(500,416)	10,663,821	1.00%
2006	11,178,815	1,565,654	(678,515)	12,065,954	1.00%
2007	12,615,001	1,670,149	(694,550)	13,590,600	1.00%
2008	14,050,322	1,823,366	(794,893)	15,078,795	1.00%
2009	15,376,178	1,601,923	(713,974)	16,264,127	1.00%
2010	14,961,050	1,611,237	(919,270)	15,653,017	1.00%
2011	14,607,067	1,452,600	(1,242,576)	14,817,091	1.00%

In 1978, California voters passed Proposition 13 which sets 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 Year-end	City Direct Rate	Overlapping Rates				Total
		Los Angeles County	Unified Schools	Community College	Special Districts	
2002	1.000000	0.001128	0.028784	-	0.008773	1.038685
2003	1.000000	0.001000	0.035190	-	0.042800	1.078990
2004	1.000000	0.000992	0.042849	0.011705	0.006562	1.062108
2005	1.000000	0.000923	0.046671	0.012394	0.006045	1.066033
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

Note:

In 1978, California voters passed Proposition 13 which sets 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.

Sources: County of Los Angeles

**City of Long Beach**  
Principal Property Taxpayers  
Current Year and Nine Fiscal Years Ago  
(In Thousands)

Taxpayer	Fiscal Year 2011		Fiscal Year 2002	
	Assessed Valuation	Percent of Total Net Assessed Valuation	Assessed Valuation	Percent of Total Net Assessed Valuation
The Boeing Company	\$ 415,898	1.03 %	\$ 572,367	2.54 %
Macerich Lakewood LLC	286,656	0.71	-	-
AES Alamitos LLC	229,400	0.57	470,002	2.08
Legacy Partners II LB World Trade LLC	153,840	0.38	-	-
2009 CUSA Community Owner LLC	136,697	0.34	-	-
Trizechahn Colony Square GP LLC	114,069	0.28	-	-
GRE Shoreline Square LP	94,380	0.23	-	-
Noble Utah Long Beach LLC	90,933	0.23	-	-
Arco Terminal Services Corp.	84,573	0.21	103,515	0.46
200 Oceangate LLC	83,050	0.21	-	-
Advanced Group 05-86	81,616	0.20	-	-
HEI Long Beach LLC	62,988	0.16	-	-
City Place Long Beach LLC	60,870	0.15	-	-
Alamitos Bay Partnership	60,734	0.15	51,747	0.23
Sunstone Ocean LLC	54,396	0.14	-	-
Pacific Pipeline System LLC	52,138	0.13	-	-
Lyon West Gateway LLC	50,804	0.13	-	-
EQR Fresca 2009 LP	50,075	0.12	-	-
Los Altos Gateway LLC	47,901	0.12	-	-
Pacific Castle	46,812	0.12	-	-
Stevens Creek Associates			80,185	0.36
Hughes Aircraft Co.			68,492	0.30
Pacific Towers Associates			58,522	0.26
University Town Center Associates			58,377	0.26
Long Beach Renaissance Hotel LP			47,245	0.21
Atlantic Richfield Company			46,024	0.20
	<u>\$2,257,830</u>	<u>5.61 %</u>	<u>\$1,556,476</u>	<u>6.90 %</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 Year-end (1)	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Collections as Percent of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percent of Current Levy
2002	\$ 77,731	\$ 77,587	99.8%	\$ 3,682	\$ 81,269	104.6%	\$ 2,536	3.3%
2003 (3)	83,222	85,699	103.0%	2,245	87,944	105.7%	2,401	2.9%
2004	100,538	99,745	99.2%	8,634	108,379	107.8%	2,489	2.5%
2005	116,299	113,610	97.7%	11,388	124,998	107.5%	2,442	2.1%
2006	139,172	130,147	93.5%	12,093	142,240	102.2%	3,217	2.3%
2007	155,850	145,113	93.1%	17,819	162,932	104.5%	4,624	3.0%
2008	174,002	157,865	90.7%	14,877	172,742	99.3%	5,757	3.3%
2009	191,251	179,716	94.0%	15,412	195,128	102.0%	2,517	1.3%
2010	180,159	161,354	89.6%	9,542	170,896	94.9%	4,861	2.7%
2011	174,025	165,851	95.3%	7,468	173,319	99.6%	4,230	2.4%

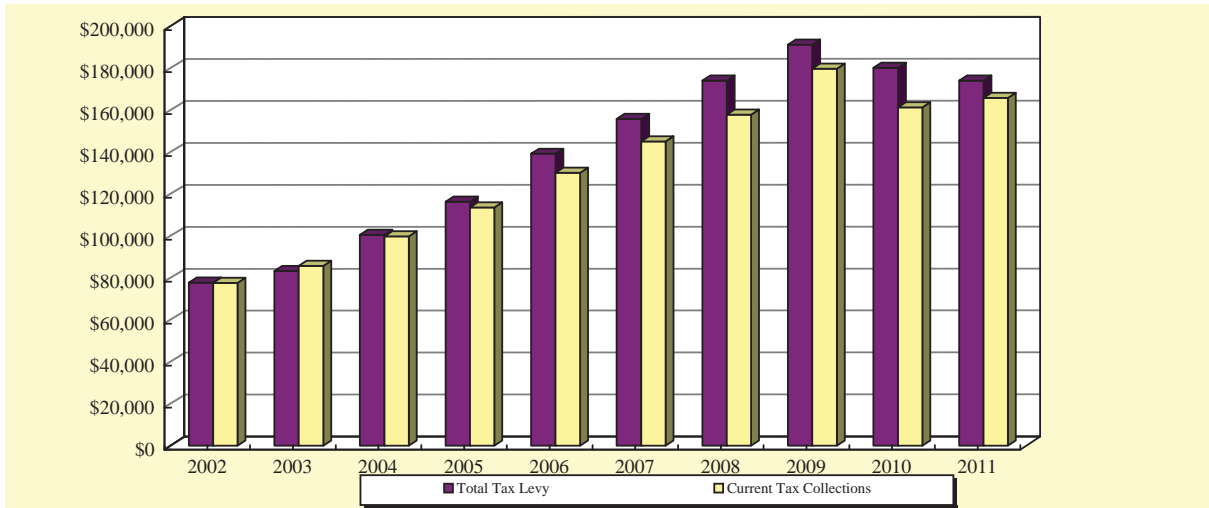
Notes:

(1) Total tax collections for fiscal years 2002 through 2011 include redevelopment tax increment collections in accordance with generally accepted accounting principles as follows:

Fiscal Year-end	Collections (in thousands)
2002	\$ 25,796
2003	27,475
2004	41,718
2005	50,977
2006	63,406
2007	73,011
2008	77,460
2009	92,762
2010	83,609
2011	77,470

(2) Excludes motor vehicle and vehicle license fees in-lieu taxes, interests, penalties, and Los Angeles County administrative cost.

(3) Fiscal year 2003 current tax collections includes approximately \$2,870,000 in unsecured redevelopment tax increment receipts which resulted from a secured parcel audit for the entire City and its redevelopment areas for the fiscal years 1998 through 2002. The audit resulted in the correction of misallocated tax rate areas.



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 Year-end	Governmental Activities					Total Governmental Activities
	Revenue Bonds	Tax Allocation Bonds	Notes Payable	Capital Leases	Other	
2002	\$ 243,375	\$ 174,060	\$ 17,609	\$ 45,679	\$ 52,156	\$ 532,879
2003	244,465	179,974	18,757	42,649	44,535	530,380
2004	249,290	175,292	9,269	40,682	42,400	516,933
2005	242,685	355,444	11,971	31,957	37,962	680,019
2006	231,470	348,626	11,146	35,131	34,996	661,369
2007	246,500	340,813	10,734	39,481	32,532	670,060
2008	236,535	332,562	8,888	32,992	29,875	640,852
2009	222,770	323,890	9,057	27,227	27,704	610,648
2010	178,895	347,740	8,415	54,159	25,448	614,657
2011	167,940	337,557	8,560	49,712	22,784	586,553

Fiscal Year-end	Business-type Activities					Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Notes Payable (1)	Capital Leases	Other (3)	
2002	\$ 1,582,180	\$ 17,785	\$ 82,527	\$ 12,805	\$ 267,613	\$ 1,962,910
2003	1,542,800	16,905	85,808	11,223	270,376	1,927,112
2004	1,491,930	15,985	89,581	9,484	316,100	1,923,080
2005	1,409,610	15,025	188,150	7,572	328,700	1,949,057
2006	1,367,640	9,960	104,958	6,119	343,100	1,831,777
2007	1,312,585	9,175	119,641	3,767	399,800	1,844,968
2008	2,012,545	8,350	132,395	1,237	450,170	2,604,697
2009	1,728,770	7,480	117,597	565	48,324	1,902,736
2010	1,714,810	-	73,797	541	38,615	1,827,763
2011	1,709,685	-	56,687	3,541	28,274	1,798,187

Fiscal Year-end	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
2002	\$ 2,495,789	2.204%	\$ 5,358
2003	2,457,492	2.279%	5,232
2004	2,440,013	2.392%	5,169
2005	2,629,076	2.536%	5,584
2006	2,493,146	2.749%	5,332
2007	2,515,028	2.843%	5,408
2008	3,245,549	2.897%	7,006
2009	2,513,384	2.784%	5,438
2010	2,442,420	2.763%	5,279
2011	2,384,740	2.808%	5,159

**Note:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

- (1) Notes payable in fiscal year 2005 included \$97,354,000 abandonment reserve payable to the California State Lands Commission.
- (2) See Schedule of Demographic and Economic Statistics for personal income and population data. Restated prior years due to the data's annual revision.
- (3) Includes Estimated Oil Field Abandonment Costs and starting with 2007 environmental remediation and site restoration are also included in this category.

See accompanying independent auditors' report

**City of Long Beach**  
Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years  
(In Thousands, except Per Capita)

Fiscal Year-end	Outstanding General Bonded Debt			Ratio of Net Bonded Debt to Assessed Value (2)	Per Capita (3)
	Tax Allocation Bonds	Less: Amounts Restricted for Debt Service (1)	Net Bonded Debt (1)		
2002	\$ 174,060	\$ 22,016	\$ 152,044	61%	\$ 321.61
2003	179,974	20,989	158,985	60%	331.14
2004	175,292	26,258	149,034	50%	306.78
2005	355,444	39,059	316,385	99%	647.84
2006	348,626	36,936	311,690	88%	636.53
2007	340,813	42,945	297,868	75%	609.33
2008	332,562	45,796	286,766	72%	585.40
2009	323,890	53,895	269,995	58%	548.01
2010	347,740	57,937	289,803	64%	588.22
2011	337,557	48,360	289,197	65%	625.04

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, 2011 (In Thousands)**

2010-11 Assessed Valuation: \$42,963,307  
 Redevelopment Incremental Valuation: 9,670,069  
 Adjusted Assessed Valuation: \$33,293,238

<u>DIRECT DEBT:</u>	<u>Outstanding</u>	<u>Exclusions</u>	<u>Outstanding</u>
City of Long Beach			
Lease Revenue Bonds	\$ 187,250	\$ 73,250 <sup>(1)</sup>	\$ 114,000
Marks-Roos Bonds (4)	29,110	-	29,110
Pension Obligations	54,520	-	54,520
Total Direct Debt	<u>\$ 270,880</u>	<u>\$ 73,250</u>	<u>\$ 197,630</u>

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>			
Cerritos Community College District	0.440 %	\$ 126,423	\$ 125,867	\$ 556
Compton Community College District	1.817	48,610	47,727	883
Long Beach Community College District	88.037	345,259	41,303	303,956
Los Angeles Community College District	0.039	3,504,910	3,503,543	1,367
ABC Unified School District	1.679	47,020	46,231	789
Compton Unified School District	0.023	61,523	61,509	14
Long Beach Unified School District	88.034	545,492	65,273	480,219
Los Angeles Unified School District	0.047	11,311,050	11,305,734	5,316
Paramount Unified School District	7.092	54,710	50,830	3,880
Los Angeles County Flood Control District	3.626	53,795	51,844	1,951
Metropolitan Water District	1.866	225,335	221,130	4,205
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT (1)		<u>\$ 16,324,127</u>	<u>\$ 15,520,991</u>	<u>\$ 803,136</u>

<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	3.642	\$ 1,466,730	\$ 1,413,312	\$ 53,418
Los Angeles County Pension Obligations	0.000	-	-	-
Los Angeles County Superintendent of Schools Certificates of Participation	3.642	11,270	10,860	410
Compton Unified School District Certificates of Participation	0.023	30,020	30,013	7
Los Angeles Unified School District Certificates of Participation	0.047	491,073	490,842	231
Paramount Unified School District Certificates of Participation	7.092	25,860	24,026	1,834
County Sanitation District No. 1 Certificates of Participation	0.906	20,975	20,785	190
County Sanitation District No. 2 Certificates of Participation	0.125	32,388	32,348	40
County Sanitation District No. 3 Certificates of Participation	84.283	16,226	2,550	13,676
County Sanitation District No. 8 Certificates of Participation	1.996	12,802	12,546	256
County Sanitation District No. 19 Certificates of Participation	38.084	5,834	3,612	2,222
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,113,178</u>	<u>\$ 2,040,894</u>	<u>\$ 72,284</u>
TOTAL GROSS OVERLAPPING COMBINED DEBT		\$ 18,437,305	\$ 17,561,885	\$ 875,420
Less: Los Angeles County General Fund Obligations supported by landfill revenues		29,910	29,262	648
Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts)		32,953	32,938	15
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 18,374,442</u>	<u>\$ 17,499,685</u>	<u>\$ 874,757</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT (2) (3)		<u>\$ 18,645,322</u>	<u>\$ 17,572,935</u>	<u>\$ 1,072,387</u>

**Notes:**

- (1) Supported Southeast Resource Recovery Facility issues.  
 (2) Excludes 1915 Act and Mello-Roos Act Bonds  
 (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations  
 (4) Principal payments made by the City of Long Beach on September 30, 2011, are not reflected on the schedule above. These payments were posted, by the trustee, on October 1, 2011.

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				
	2002	2003	2004	2005	2006
Assessed valuation	\$24,989,993	\$26,454,417	\$29,613,229	\$32,069,711	\$35,519,905
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	6,247,498	6,613,604	7,403,307	8,017,428	8,879,976
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	937,125	992,041	1,110,496	1,202,614	1,331,996
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 937,125</u>	<u>\$ 992,041</u>	<u>\$ 1,110,496</u>	<u>\$ 1,202,614</u>	<u>\$ 1,331,996</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2007	2008	2009	2010	2011
Assessed valuation	\$39,877,469	\$43,345,421	\$46,621,743	\$45,466,275	\$44,589,625
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	9,969,367	10,836,355	11,655,436	11,366,569	11,147,406
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,495,405	1,625,453	1,748,315	1,704,985	1,672,111
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,495,405</u>	<u>\$ 1,625,453</u>	<u>\$ 1,748,315</u>	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>
Total debt applicable to the limit 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**  
**(In Thousands)**

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non- Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements (4)			Times Coverage
						Principal	Interest	Total	
2002	\$ 62,301	\$ 51,289	\$ 11,012	\$ 1,004	\$ 12,016	\$ 575	\$ 478	\$ 1,053	11.4
2003	75,323	64,331	10,992	738	11,730	600	452	1,052	11.2
2004	83,752	73,059	10,693	5,360	16,053	625	424	1,049	15.3
2005	98,998	84,109	14,889	5,858	20,747	655	394	1,049	19.8
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

**Water Fund Revenue Bond Coverage**  
**Last Ten Fiscal Years (2)**  
**(In Thousands)**

2002	\$ 58,969	\$ 48,324	\$ 10,645	\$ 1,616	\$ 12,261	\$ 1,505	\$ 2,080	\$ 3,585	3.4
2003	58,944	44,653	14,291	1,162	15,453	1,570	2,019	3,589	4.3
2004	63,185	47,752	15,433	2,055	17,488	1,645	1,954	3,599	4.9
2005	64,522	50,146	14,376	1,710	16,086	1,110	1,884	2,994	5.4
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

**Solid Waste Management Fund**  
**SERRF Authority Revenue Bond Coverage**  
**Last Ten Fiscal Years (3)**  
**(In Thousands)**

2002	\$ 67,931	\$ 58,441	\$ 9,490	\$ 5,376	\$ 14,866	\$ 3,900	\$ 8,814	\$ 12,714	1.2
2003	69,441	55,073	14,368	(6,332)	8,036	4,200	5,088	9,288	0.9
2004	71,198	56,169	15,029	(2,424)	12,605	4,500	4,914	9,414	1.3
2005	70,128	58,046	12,082	1,819	13,901	6,185	4,985	11,170	1.2
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

**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.
- (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 (2)**  
**(In Thousands)**

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non- Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2002	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0
2003	-	-	-	-	-	-	-	-	0.0
2004	-	-	-	-	-	-	-	-	0.0
2005	-	-	-	-	-	-	-	-	0.0
2006	-	-	-	-	-	-	-	-	0.0
2007	-	-	-	-	-	-	-	-	0.0
2008	-	-	-	-	-	-	-	-	0.0
2009	-	-	-	-	-	-	-	-	0.0
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

**Fleet Services Fund**  
**Temple Willow Revenue Bond Coverage**  
**Last Ten Fiscal Years**  
**(In Thousands)**

2002	\$ 27,101	\$ 14,942	\$ 12,159	\$ 674	\$ 12,833	\$ 680	\$ 1,806	\$ 2,486	5.2
2003	26,382	14,258	12,124	52	12,176	710	1,778	2,488	4.9
2004	24,684	15,557	9,127	656	9,783	740	1,749	2,489	3.9
2005	25,900	17,399	8,501	1,809	10,310	770	1,717	2,487	4.1
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

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 Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non-Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2002	\$ 2,486	\$ 3,799	\$ (1,313)	\$ 384	\$ (929)	\$ 65	\$ 2,440	\$ 2,505	-
2003	2,672	3,740	(1,068)	596	(472)	80	2,437	2,517	-
2004	4,609	5,537	(928)	154	(774)	90	2,434	2,524	-
2005	5,386	8,897	(3,511)	337	(3,174)	1,455	2,430	3,885	-
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	-

**Tidelands Operating Segment**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years (3)**  
**(In Thousands)**

2002	\$ 27,783	\$ 37,623	\$ (9,840)	\$ 5,724	\$ (4,116)	\$ 1,000	\$ 2,761	\$ 3,761	-
2003	31,699	37,496	(5,797)	1,815	(3,982)	2,438	6,558	8,996	-
2004	32,390	37,600	(5,210)	1,679	(3,531)	2,434	6,558	8,992	-
2005	33,593	43,633	(10,040)	1,679	(8,361)	2,430	6,558	8,988	-
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	-

**Harbor Fund**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years (4)**  
**(In Thousands)**

2002	\$ 223,999	\$ 40,085	183,914	\$ 6,386	190,300	\$ 17,960	\$ 51,239	\$ 69,199	2.8
2003	249,542	44,450	205,092	(2,524)	202,568	30,145	60,757	90,902	2.2
2004	280,782	54,208	226,574	12,987	239,561	32,590	60,474	93,064	2.6
2005	329,208	62,016	267,192	26,524	293,716	34,215	58,444	92,659	3.2
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

**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.
- (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 2001 were issued to (1) refund the Long Beach Aquarium of the Pacific Revenue Bonds 1995 Series A and 1995 Series B, (2) to fund a reserve fund for the Series 2001 Bonds, and (3) to pay certain costs of issuance in connection with the Series 2001 Bonds. Fiscal year 2001 reflects final bond payment of \$1,000,000 for the Parking Authority Refunding 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 Year-end	Estimated Population (1)	Personal Income (in millions) (2) (5)	Per Capita Personal Income (2) (5)	Public School Enrollment (3)	Unemployment Rate (4)
2002	465,795	\$ 10,267	\$ 22,042	96,488	7.5
2003	469,713	10,703	22,787	97,212	7.7
2004	472,013	11,290	23,919	97,560	7.2
2005	470,781	11,939	23,266	96,319	5.9
2006	467,586	12,854	27,490	93,589	5.3
2007	465,017	13,222	28,434	90,663	5.6
2008	463,250	13,422	28,974	88,186	8.2
2009	462,211	12,866	27,880	87,509	12.8
2010	462,685	12,783	27,627	86,283	13.9
2011	462,257	12,981	28,081	84,812	13.4

Sources:

(1) California Department of Finance

(2) Bureau of Economic Analysis (BEA).

Personal income and per capita personal income with exception of 1999 and 2005 are based on percent change of per capita personal income for Los Angeles-Long Beach-Santa Ana, CA (Metropolitan Statistic Area). The BEA's report does not have personal income and per capita personal income available for 2010 and 2011, 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). Each rate from 2002 through 2011 is noted not adjusted, not preliminary.

(5) Restated prior years due to the data's annual revision.

See accompanying independent auditors' report

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

Ranking	Employer	Fiscal Year 2011		Fiscal Year 2002	
		Number of Employees (1)	Percentage of Total City Employment (2)	Number of Employees (1)	Percentage of Total City Employment (2)
1	Long Beach Unified School District	8,304	3.51%	15,000	6.51%
2	The Boeing Company	6,847	2.89%	14,000	6.08%
3	City of Long Beach	5,312	2.24%	6,740	2.93%
4	Long Beach Memorial Medical Center	5,805	2.45%	4,102	1.78%
5	California State University Long Beach	5,790	2.44%	2,755	1.20%
6	Veteran Affairs Medical Center	2,332	0.98%	1,985	0.86%
7	Long Beach City College	1,579	0.67%	1,800	0.78%
8	St. Mary Medical Center	1,556	0.66%	1,650	0.72%
9	United States Postal Service	1,257	0.53%	910	0.40%
10	California State Univ Long Beach Foundation	1,020	0.43%	680	0.30%

Sources:

(1) Economic Research Group, Department of Development Services

(2) State of California Employment Development Department Labor Market Info for 2002 and 2011.

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**  
City Employees  
Last Eight Fiscal Years

Function	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
Legislative and Legal	140	139	143	148	144	138	138	133
General Government	469	433	447	451	522	506	483	438
Public Safety	2,121	2,125	2,143	2,127	2,120	2,022	1,927	1,826
Public Health	435	414	399	405	390	337	322	311
Community and Cultural	1,103	1,119	1,100	1,194	1,219	1,107	1,131	1,094
Public Works	370	375	373	373	298	326	321	336
Gas	177	169	178	181	185	181	178	195
Water	230	215	217	229	212	208	219	216
Airport	71	85	90	98	88	61	60	57
Solid Waste Management	125	134	143	135	184	209	200	205
Towing	45	42	38	42	38	35	32	34
Tideland Oil Revenue	38	35	34	35	34	31	22	22
Harbor	335	327	337	345	378	409	433	445
Total	5,659	5,612	5,642	5,763	5,812	5,570	5,466	5,312

Source: City of Long Beach, Department of Financial Management as of September 30, 2011.

The City of Long Beach implemented GASB Statement No. 34 for the fiscal year ended September 30, 2002. Information prior to the implementation of GASB Statement No. 34 is not available.

See accompanying independent auditors' report



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**City of Long Beach**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

Function	Fiscal Year 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006
<b>Public Safety:</b>					
Police priority one calls response time in minutes	N/A	N/A	N/A	N/A	4.5
Violent crime rate - per 1,000 residents	N/A	N/A	N/A	N/A	6.99
Fire on-scene arrival for emergency calls within six minutes	N/A	N/A	N/A	N/A	73.60%
<b>Public Health:</b>					
Percentage of beach days that are safe for swimming in summer	N/A	N/A	N/A	N/A	94%
Homeless population ratio vs. total population (1)	N/A	N/A	N/A	N/A	0.91%
<b>Community and Cultural</b>					
Public library computer session log-ons	N/A	N/A	N/A	N/A	305,130
Parks, recreation programs - youth and teen attendance	N/A	N/A	N/A	N/A	647,705
<b>Public Works:</b>					
Number of trees trimmed	21,807	19,758	14,908	25,629	28,401
Curbs and alleys swept in miles	195,778	176,112	164,253	157,976	165,706
Sidewalk repaired in square feet	540,615	372,104	426,559	379,070	436,505
Storm drain catch basins cleaned	6,269	8,614	10,202	3,911	5,110
<b>Gas:</b>					
Gas consumption in sales dollars-total	\$ 56,367,000	\$ 69,592,000	\$ 79,665,000	\$ 91,575,000	\$ 100,336,000
Gas consumption in cubic feet ( In 000's)	10,937,205	10,579,739	11,982,873	11,792,301	10,659,740
Average daily gas consumption (MCF)	29,965	28,986	32,830	32,308	30,186
Gas mains replace/relocated in feet	28,324	51,444	10,388	52,813	60,496
Gas mains installed in feet	10,102	19,306	4,450	7,647	22,590
Gas meters installed/removed/replaced	5,697	4,846	4,716	5,482	6,880
<b>Water:</b>					
Water daily demand in thousand gallons	62,259	60,308	63,331	53,118	59,317
Water annual demand in thousand gallons	22,724,523	22,012,177	23,115,870	19,388,070	21,650,844
Available supply total in thousand gallons	24,514,423	23,683,176	25,071,954	22,960,765	23,607,579
<b>Sewer:</b>					
Sewer mains cleaned in miles	396	341	437	338	474
Sewer mains and laterals repaired in number of jobs	147	97	316	246	296
<b>Airport:</b>					
Number of commercial passengers enplaned	515,634	1,386,078	1,479,623	1,520,918	1,412,636
Number of commercial passengers deplaned	503,360	1,371,173	1,462,348	1,506,953	1,402,379
Number of aircraft landings and take offs	349,914	339,370	343,993	344,377	360,811
<b>Solid Waste Management:</b>					
Number of refuse tons collected	224,776	233,787	224,331	225,467	216,725
Number of recycling tons collected	N/A	N/A	N/A	N/A	31,413
SERRF tons of refuse received	504,626	495,542	490,196	463,956	495,794
SERRF energy sold to So Cal Edison megawatt-hours	236,730	230,619	233,062	206,640	236,384
<b>Harbor:</b>					
Number of container movements in twenty-foot equivalent units	4,694,432	4,388,815	5,355,972	6,644,080	7,166,771
Cargo in thousands of metric revenue tons	125,620	118,236	138,023	158,136	168,416
Number of ship calls	5,036	4,937	4,997	5,301	5,588

Sources: City Departments.

(1) The homeless population count is biannual.

See accompanying independent auditors' report

Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Function
					Public Safety:
4.3	4.4	4.07	4.00	4.20	Police priority one calls response time in minutes
6.82	6.53	6.51	6.42	5.90	Violent crime rate - per 1,000 residents
73.90%	71.60%	70.5%	67.7%	62.9%	Fire on-scene arrival for emergency calls within six minutes
					Public Health:
93%	87%	80%	83%	85%	Percentage of beach days that are safe for swimming in summer
0.93%	0.80%	0.80%	0.79%	0.93%	Homeless population ratio vs. total population (1)
					Community and Cultural
348,982	437,211	420,100	385,514	330,375	Public library computer session log-ons
646,035	726,812	652,953	699,391	744,103	Parks, recreation programs - youth and teen attendance
					Public Works:
34,342	25,682	19,300	21,618	19,986	Number of trees trimmed
176,542	163,298	154,152	142,000	151,743	Curbs and alleys swept in miles
363,089	260,742	203,805	348,394	179,641	Sidewalk repaired in square feet
4,744	5,800	3,122	3,800	3,550	Storm drain catch basins cleaned
					Gas:
\$ 92,323,000	\$ 101,834,000	\$ 71,294,000	\$ 67,674,000	\$ 78,663,000	Gas consumption in sales dollars-total
10,924,000	10,122,000	9,137,000	8,902,000	9,388,000	Gas consumption in cubic feet ( In 000's)
29,928	27,655	25,034	24,389	25,721	Average daily gas consumption (MCF)
80,898	88,000	92,945	55,665	80,000	Gas mains replace/relocated in feet
78,815	74,500	80,915	88,967	102,049	Gas mains installed in feet
7,352	7,416	7,290	8,713	7,150	Gas meters installed/removed/replaced
					Water:
60,969	55,302	50,688	50,653	50,910	Water daily demand in thousand gallons
22,253,636	20,185,133	18,501,135	18,488,492	18,581,979	Water annual demand in thousand gallons
24,253,546	22,346,927	20,523,106	20,687,237	20,604,243	Available supply total in thousand gallons
					Sewer:
361	365	424	547	470	Sewer mains cleaned in miles
270	278	215	182	259	Sewer mains and laterals repaired in number of jobs
					Airport:
1,446,120	1,439,598	1,466,499	1,460,041	1,532,442	Number of commercial passengers enplaned
1,434,463	1,438,407	1,464,412	1,461,890	1,549,164	Number of commercial passengers deplaned
399,622	354,727	302,672	317,328	302,763	Number of aircraft landings and take offs
					Solid Waste Management:
199,995	201,816	217,349	209,289	194,462	Number of refuse tons collected
178,773	195,291	197,104	193,820	180,160	Number of recycling tons collected
502,558	485,207	488,999	485,207	460,906	SERRF tons of refuse received
241,839	229,664	226,866	229,664	208,663	SERRF energy sold to So Cal Edison megawatt-hours
					Harbor:
7,361,881	6,736,756	5,282,385	5,936,066	6,298,840	Number of container movements in twenty-foot equivalent units
173,037	162,910	135,255	147,357	154,417	Cargo in thousands of metric revenue tons
5,653	5,140	4,933	4,826	4,758	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 2002	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006
Public Safety:					
Number of police stations	1	1	1	1	1
Number of police substations (full facility)	3	2	2	2	2
Number of police storefront stations	4	4	4	4	4
Number of fire stations	24	24	23	23	23
Community and Cultural:					
Number of parks	92	103	103	108	115
Parks and golf courses in acres	2,613	2,814	2,814	2,817	2,855
Number of libraries	12	12	12	12	12
Number of library holdings (books, videos, tapes)	967,500	997,509	1,013,730	998,330	984,727
Number of library circulations	1,797,505	1,721,269	1,536,968	1,467,069	1,396,443
Public Works:					
Street in miles	815	815	815	815	815
Storm drain lines in miles	180	180	180	180	180
Number of street lights (1)	27,281	27,281	30,839	31,582	31,582
Gas:					
Gas mains in miles	921	920	920	922	922
Water:					
Water mains in miles	911	915	907	907	907
Number of fire hydrants	6,964	6,421	6,640	6,501	6,505
Number of water services	88,928	89,139	94,730	94,860	N/A
Sewer:					
Sanitary sewers in miles	705	765	712	712	712
Number of manholes	15,595	15,595	16,031	16,041	16,044
Sanitary sewer pump stations	28	27	28	28	28
Storm drain pump stations	23	23	23	23	23
Harbor:					
Sanitary sewer pump stations	N/A	N/A	N/A	N/A	N/A
Storm drain pump stations	N/A	N/A	N/A	N/A	N/A
Solid Waste Management:					
Number of waste-to-energy facilities	N/A	N/A	N/A	N/A	1

(1) In 2008 the number of street lights changed from 34,000 to 31,000 due to updated reports.

Sources: City Departments.

Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Function
					Public Safety:
1	1	1	1	1	Number of police stations
3	3	3	3	3	Number of police substations (full facility)
4	4	3	3	3	Number of police storefront stations
23	23	23	23	23	Number of fire stations
					Community and Cultural:
116	150	155	159	160	Number of parks
2,873	3,061	3,063	3,120	3,120	Parks and golf courses in acres
12	12	12	12	12	Number of libraries
972,499	977,197	916,504	889,669	888,975	Number of library holdings (books, videos, tapes)
1,458,862	1,695,540	1,562,913	1,644,125	1,561,713	Number of library circulations
					Public Works:
815	815	815	815	823	Street in miles
180	181	181	180	180	Storm drain lines in miles
31,582	31,000	31,000	31,000	31,000	Number of street lights
					Gas:
921	920	918	921	928	Gas mains in miles
					Water:
905	904	908	909	911	Water mains in miles
6,489	6,507	6,525	6,529	6,603	Number of fire hydrants
N/A	95,432	95,424	95,398	95,629	Number of water services
					Sewer:
711	711	712	712	712	Sanitary sewers in miles
16,055	16,078	16,129	16,135	16,147	Number of manholes
28	28	28	28	28	Sanitary sewer pump stations
23	23	23	23	23	Storm drain pump stations
					Harbor:
N/A	N/A	32	34	36	Sanitary sewer pump stations
N/A	N/A	20	20	20	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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