

City of Long Beach

California



Comprehensive Annual

Financial Report

Fiscal Year Ended September 30, 2013

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City of Long Beach, California



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

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, 2013

John Gross
Director of Financial Management

Stephen W. Hannah
City Controller

Francine Wiegelman
Assistant City Controller

Marcie Medina
Assistant City Controller

Olivia Valero
Accounting Operations Officer

Michael Carrigg
Senior Accountant

Cathy Pingol
Senior Accountant

Mary Hebert
Senior Accountant

Lucy Hong
Senior Accountant

Kalpna Desai
Senior Accountant

Angie Tran
Accountant

Kim-Hang Nguyen
Accountant

Glenda Pakingan
Accountant

Amanda Johnson
Accountant

Alex Powers
Accountant

Georgia Will
Accountant

Maggie Hong
Accountant

Jim Sugita
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, 2013

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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

March 28, 2014

Honorable Mayor and City Council
City of Long Beach

In accordance with Section 302(e) of the City Charter, we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Long Beach (City) for the fiscal year ended September 30, 2013. This report was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and was audited in accordance with generally accepted auditing standards and government auditing standards by a firm of licensed certified public accountants.

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

The City's basic financial statements have been audited by KPMG LLP, an international public accounting firm fully licensed and qualified to perform audits of the State of California (State) and local governments within the State. The goal of the independent audit was to provide reasonable assurance that the City's financial statements for the fiscal year ended September 30, 2013 are free of material misstatement. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion that the City's basic financial statements for the fiscal year ended September 30, 2013 are fairly presented in conformity with accounting principles generally accepted in the United States. The independent auditors' report is presented as the first component of the financial section of this report.

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

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, 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 over 467 thousand, 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 Latino, Caucasian, African-American, and Asian residents. City Council members are elected from nine distinct 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 district 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, Long Beach Housing Development Company, 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 3rd and the Mayor must present that proposed budget along with recommendations to the City Council on or before August 2nd. 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 2013 budget prior to September 15, 2012 for all 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.

Local Economy

With the nation's economy expected to grow at a modest pace over the next two years, uncertainties resulting from federal policies, tax increases, and a sluggish labor market will continue to create a mild drag on the local economy.

The City, anchored by an economically healthy port and airport, energy production, and a growing healthcare industry, is projected to experience slightly stronger economic growth than the rest of the region.

The Port of Long Beach (Harbor), the second busiest seaport in the U.S. and the 18th busiest seaport in the world, along with the Port of Los Angeles (POLA) maintained their top two rankings in the U.S. with over 40 percent of the nation's imported containers transiting through the twin ports. Growth in the housing and labor markets have translated into an increase in imported household and consumer goods. This translated into a 12 percent increase in the number of containers that transited into and out of the facility.

The Harbor is a critical part of local, regional and national economies impacting transportation, logistics, warehousing, distribution, rail and trucking businesses. About 1.4 million jobs throughout the U.S. are related to Long Beach-generated trade.

To align with its effort to remain a leader in the goods movement and logistics industry, the Harbor has embarked on a more than \$4 billion capital improvement program over the next decade. This represents the largest construction program in its history. This includes the \$1.23 billion Middle Harbor Terminal and the \$1.1 billion Gerald Desmond Bridge Replacement. The remaining projects involve environmental programs, such as the \$84 million Green Port Gateway project, that will improve air and water quality and protect wildlife habitat.

Like the Harbor, but in smaller terms, the Long Beach Airport is a driver of local economic growth. The Long Beach Airport is a self-supporting enterprise of the City generating its revenues via user fees and tariffs and operating with no taxpayer support. In terms of average airfare, the Long Beach Airport is ranked by the U.S. Department of Transportation as the second lowest-cost airport in the U.S. and lowest-cost in California; a benefit that is received by more than 3 million passengers annually.

Financial Condition

The City closed the current fiscal year with a better fiscal picture than many cities. During the year, primarily as a result of the dissolution of redevelopment agencies, the City received \$51 million in one-time general fund revenues. These one-time revenues have been earmarked to fund infrastructure, technology, unfunded liabilities, and other purposes. Also, a new financial policy was enacted that will provide for setting aside 5 percent of surpluses to pay down unfunded liabilities such as employee retiree healthcare programs and sick leave reserves.

The City has successfully navigated through the challenges of past few years avoiding the reduction to service levels so common in other cities. In October 2013, the City achieved full pension reform with all its employees paying their full share of pension costs and with lower and more sustainable benefits for new employees. This major accomplishment makes Long Beach the largest CalPERS Member City to achieve this milestone. With pension reform in place, the City expects to save a minimum of \$250 million in all funds, including over \$130 million in the General Fund, between fiscal years 2014 and 2024. The City's financial stability has been recognized by independent bond rating agencies.

State of the City, Beginning Fiscal Year 2014:

The fiscal discipline enforced by the collective leadership of the current mayor, council members, the city manager and his department heads has contributed to the City's financial stability. The City has improved its finances, reformed its long-term obligations, cleaned the environment, created a safer city, and expanded opportunities. Moreover, for the first time in ten years, the City is expected to have a \$3.5 million surplus that will aid in potentially eliminating structural deficits projected in fiscal years 2015 and 2016 without any additional reductions in services.

The Fiscal Year 2014 Adopted Budget allowed the City to take advantage of a rare opportunity to make significant investments in City assets, while still being able to make a down payment on future deficits. It also provided structural funding for the restoration of services funded in fiscal year 2013 with one-time funds, funded back-to-back police and fire academies, and funded additional overtime to meet priority community safety needs.

With signs that the economic recovery is positively impacting the City's revenues, as evidenced with the reduction in delinquent property taxes, there are still reminders that revenue growth is tentative and largely subject to market and economic factors that are beyond the City's control.

The City faces several challenges in terms of future spending costs. CalPERS rate increases, starting in fiscal year 2016, could increase General Fund costs significantly. Expiring employee agreements whose renewals are not reflected in projections for fiscal year 2016 and beyond, workers' compensation and health care costs that continue to outpace inflation, and unfunded liabilities will continue to impact the City's budget. The City will need to maintain its fiscal discipline to address budget uncertainties in the future, and expects to do so.

Many Accomplishments:

With the economy emerging from a prolonged recession, there were many significant accomplishments over the fiscal year.

Sustainability:

- The City saved more than 360 thousand kilowatt hours through efficiency projects.

- The SERRF waste-to-energy facility diverted 471 thousand tons of refuse from landfills while generating \$25 million in electricity sales.
- Completed the Gray Water Pilot Program with 33 installations citywide, diverting over 200 thousand gallons annually.

Housing and Community Improvements:

- Completed 11 parks and open space projects, including: Craftsman Village Park; Harvey Milk Promenade Park; Shoreline Marina Fuel Dock; Clippers Playground at McBride Park; DeForest Park Futsal Courts; Baker Park; Alamitos Bay Marina Basin 1; Rosie's Dog Beach Expansion; Ramona Park Restroom Remodel; Marina Vista Shade Structure; and, 18 more projects under construction or in development.
- The City assisted 1,675 persons through homeless prevention programs and 1,163 homeless persons with housing placement, provided more than \$71 million in rental assistance to 6,700 families through the Housing Choice Voucher Program, and over 350 families through the Veterans Affairs Supportive Housing (VASH) Program.
- Completed rehabilitation of 81 family units in the Evergreen Apartments, 34 family units within the Bellwood Apartments, and 19-single family homes occupied by lower income families and seniors. Completed construction of the 200-unit Long Beach Senior Arts Colony.

Economic and Workforce Development:

- Received more than \$8 million in Workforce Development grants, and presented 2,900 job seekers to employers through the 99 Pacific Gateway recruitment program. Placed 200 young adults in paid summer work experience opportunities.
- Molina Healthcare expanded its Long Beach operations resulting in the creation of hundreds of new jobs.
- Mercedes Benz leased the 1.1 million square foot former Boeing 717 production site.

Public Safety:

- The Police Department responded to 149,000 calls for service and the Fire Department responded to 66,000 calls for service.
- For the year, response time to police priority calls was 4.5 minutes; one of the fastest for any large city in the nation.
- The City reached a 40-year low in the number of violent crimes and made 200 arrests for gang injunction violations.
- The City's Community Emergency Response Team (CERT) Program completed training for 240 residents bolstering the City's ability to react to large-scale emergencies.
- The Gas and Oil Department responded to 5,518 emergency calls for service.

Infrastructure and New Development:

- The City completed Fire Station 12, a LEED Gold certification recipient.
- The Public Works Department resurfaced 36 lane miles of major and secondary streets, repaired or slurry sealed 79 lane miles of residential streets, painted nearly 122 thousand linear feet of curbs, and installed 6 traffic signals, 7,836 traffic signs, and 1,097 street name signs.

- The Gas and Oil Department installed more than 110,000 feet of new gas lines, nearly 3,000 new gas service pipelines, and relocated 6,500 feet of large diameter natural gas pipeline for the Gerald Desmond Bridge Replacement Project.
- The City received California Coastal Commission approval for the Naples Seawall Project, an important hurdle in moving this project forward.

Technology and Financial Matters:

- The City completed pension reform negotiations with all nine employee associations resulting in projected savings of \$250 million over the next ten (10) years
- The City launched the “Go LBPD” mobile app for residents enhancing the public’s ability to communicate with the Police Department, implemented wireless internet in all City libraries and in many parks, and responded to 19,200 “Go Long Beach” app requests.
- The City refunded General Fund backed bonds for a savings of \$16.5 million in debt service while maintaining its excellent bond ratings from Standard & Poor’s (AA-1), Moody’s (AA2) and Fitch (AA) rating agencies.

Citywide Awards and Distinctions:

- The City received the Gold Medal (Best in the Nation) award for Excellence in Parks and Recreation Management from the National Parks and Recreation Association.
- The California Parks and Recreation Society bestowed to the City both the Excellence in Facility Design Award for the Rancho Los Alamitos and Rancho Los Cerritos Historic Site Renovations and the Creating Community Award of Excellence for the Homeland Cultural Center.
- The City received from the American Institute of Architects the Excellence in Design Award for the Long Beach Senior Arts Colony.
- The Airport was awarded the Aviation Project of the Year award for the new passenger concourse from the California Transportation Foundation.
- For the third consecutive year, the City was named a Top 10 “Digital City” in America.
- Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA)
- Achieved a perfect score in the Human Rights Campaign’s Municipal Equality Index (MEI) for Lesbian, Gay, Bisexual and Transgender (LGBT) inclusion in municipal law and policy.

Pension and Other Post-Employment Benefits

The City provides to full-time employees retirement and disability benefits through the California Public Employees’ Retirement System (CalPERS), a 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 both State statute and City ordinance. On an annual basis, CalPERS recalculates the City’s pension contribution requirements and, consistent with City policy, the City adheres to the prescribed requirements.

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.

Through the City's Personnel Ordinance, the City provides post-retirement health care benefits 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.

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, 2013. The Independent Auditors' report has been included in this report.

Certificate of Achievement

For the sixth 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, 2012. 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 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, 2013

Bob Foster
Mayor

Dr. Robert Garcia
Vice-Mayor
1st District

Dr. Suja Lowenthal
Councilmember
2nd 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

Al Austin
Councilmember
8th District

Steven Neal
Councilmember
9th District

Elected Department Heads

City Attorney
City Auditor
City Prosecutor

Charles Parkin
Laura Doud
Douglas P. Haubert

Appointed by Council or Commission

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

Larry Herrera
Mario R. Beas
Al Moro
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
Acting Director of Public Works
Director of Technology Services
Fire Chief
Chief of Police

John Gross
Kelly Colopy
Amy J. Bodek
Mario Rodriguez
Deborah Mills
Glenda Williams
Christopher J. Garner
George Chapjian
Ara Maloyan
Curtis Tani
Michael A. DuRee
Jim McDonnell



Council District 1
Robert Garcia



Council District 2
Suja Lowenthal



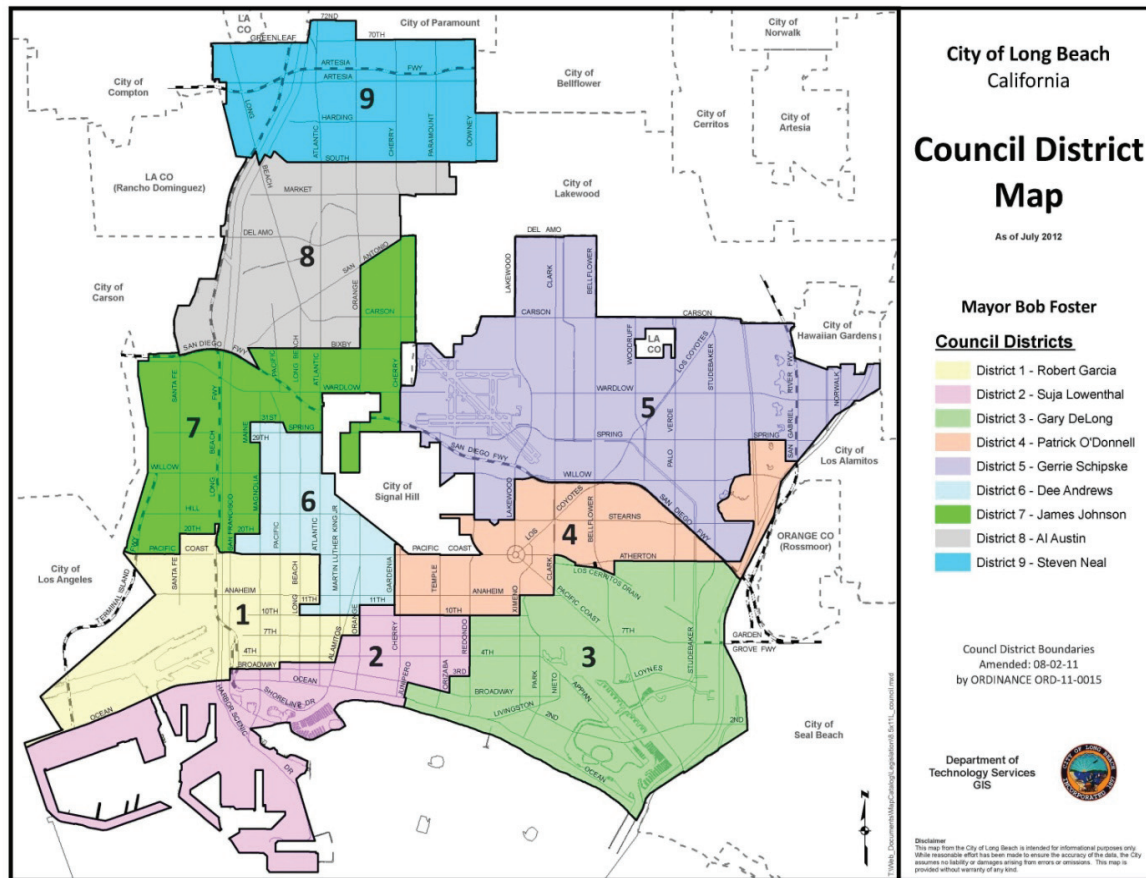
Mayor
Bob Foster



Council District 3
Gary DeLong



Council District 4
Patrick O'Donnell



Council District 5
Gerrie Schipske



Council District 6
Dee Andrews



Council District 7
James Johnson



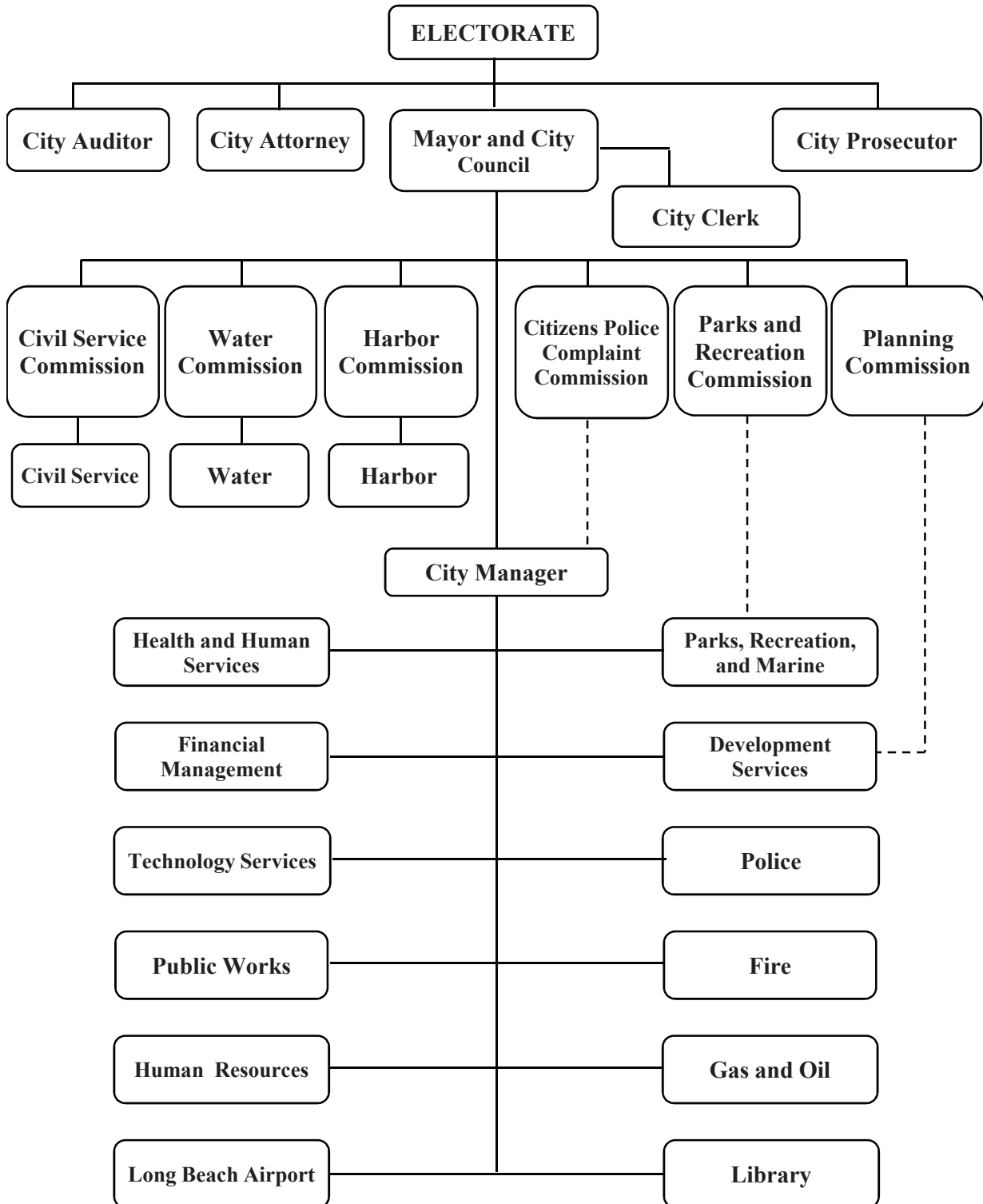
Council District 8
Al Austin



Council District 9
Steven Neal

LONG BEACH CITY GOVERNMENT ORGANIZATIONAL CHART

As of September 30, 2013





Government Finance Officers Association

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

Presented to

**City of Long Beach
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

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:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California, as of September 30, 2013, and the respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparisons for the General Fund for the year then ended in accordance with U.S. generally accepted accounting principles.



Emphasis of Matter

As discussed in note 2 to the basic financial statements, the City adopted Government Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Application of the statement was effective as of October 1, 2012.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 23 and the schedules of funding progress on pages 125 and 126 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying information identified in the table of contents as the introductory section, the additional financial section, the 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 accompanying additional financial section and the other supplementary information section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of the other auditor, the information in the additional financial section and the other supplementary information section is fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the statistical section are presented for the purposes of additional analysis, and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us or the other auditor in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California
March 28, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013

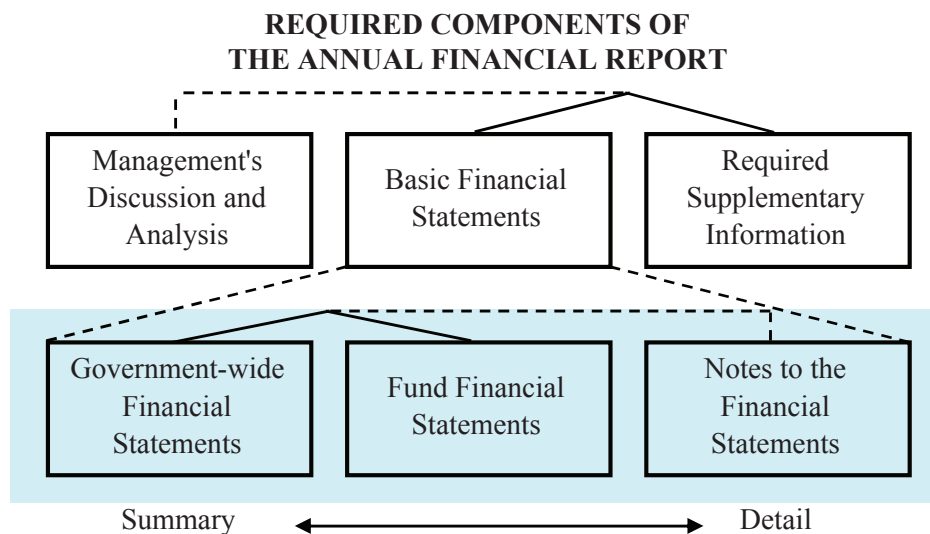
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2013. We encourage readers to consider this information in conjunction with the information found in the letter of transmittal.

Financial Highlights

- The assets of the City exceeded its liabilities as of September 30, 2013 by \$4.9 billion (*net position*). Of this amount, \$3.8 billion represents net investment in capital assets, and \$755.9 million represents resources that are subject to restrictions on how they may be used (*restricted net position*). The remaining \$338.4 million may be used to meet the City's ongoing governmental and business-type activity obligations to citizens and creditors.
- The City's financial activities during the fiscal year resulted in a 9.6 percent increase in total net position. The City's governmental activities net position increased \$30.4 million, or 5.0 percent, and the City's business-type activities net position increased \$397.4 million, or 10.3 percent.
- The aggregate ending fund balance of the City's governmental funds was \$435.0 million, an increase of \$58.0 million or 15.4 percent, from the prior fiscal year end. Of these balances, \$10.1 million are nonspendable, \$295.9 million are restricted, \$7.0 million are committed, \$144.0 million are assigned, and a deficit balance of \$22.0 million is unassigned.
- The fund balance of the General Fund as of September 30, 2013 was \$137.7 million. This represents a \$60.6 million, or 78.6 percent, increase over the prior fiscal year end. Of this balance, \$2.0 million is nonspendable, \$2.3 million is restricted, \$5.7 million is committed, \$119.6 million is assigned, and \$8.1 million is unassigned.

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.



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

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

The *statement of activities* presents information on how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. 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 *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 (Company), the Successor Agency to the Redevelopment Agency of the City of Long Beach (Agency), the Long Beach Financing Authority, and a portion of the Long Beach Bond Finance Authority (LBBFA).

The business-type activities portion of the government-wide financial statements also includes the Southeast Resource Recovery Facility, a portion of LBBFA, 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*.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

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 and the aggregate of all non-major governmental funds. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements*, located in the Additional Financial Information section of this report.

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

Proprietary funds: *Proprietary funds* are generally used to account for operations that provide services to the general public on a continuing basis or to internal City departments. 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 utility, 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 and water utilities, airport, solid waste management operations, development services, 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; the City's risk-management and self-insurance programs, including workers' compensation and general liability, and employee benefits including 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

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

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 and post-employment healthcare benefits to its employees. The combining statements referred to above in connection with non-major governmental funds and internal service funds are presented in the Required Supplementary Information and Other Supplementary Information section, along with information regarding capital assets. The 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:

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
Scope	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.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus; except agency funds do not have a measurement focus.
Type of asset and liability information	All assets and liabilities, both financial and capital, short-term and long-term.	Current assets and liabilities that come due during the year or soon thereafter. Excludes capital assets and long-term debt.	All assets and liabilities, both financial and capital, short and long-term.	All assets held in trustee or agency capacity for others.
Type of inflow and outflow information	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.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Government-Wide Financial Analysis

Analysis of Net Position

As noted earlier, *net position* may serve over time as a useful indicator of a government's financial position. As of September 30, 2013, the City's assets exceeded liabilities by \$4.9 billion, an increase of \$427.8 million, or 9.6 percent, over the prior fiscal year.

Net investment in capital assets accounted for \$3.8 billion, or 77.6 percent, of the City's total net position. This component of net position consists of capital assets (land, structures and improvements, equipment, infrastructure, and construction-in-progress) net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased \$781.8 million, or 26.0 percent, from the prior fiscal year. The increase is attributable to activity within business-type activities, notably Harbor's continued investment in the Middle Harbor and Gerald Desmond Bridge projects.

Restricted net position amounted to \$755.9 million, representing 15.5 percent of total net position. This component of net position represents resources that are subject to external restrictions imposed by creditors and grantors, laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation. This component of the City's net position decreased less than one percent from the prior fiscal year.

The remaining balance of \$338.3 million, or 6.9 percent, is the net amount of the \$61.5 million governmental activities unrestricted net position deficit and the \$399.8 million business-type activities unrestricted net position balance that may be used to meet the City's obligations for business-type activities. This component of net position decreased \$349.2 million, 50.8 percent, from the prior fiscal year. The change is attributable to aforementioned Harbor construction projects.

Net Position
September 30, 2013 and 2012
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and Other Assets	\$ 983,289	\$ 1,032,444	\$ 1,812,623	\$ 2,193,300	\$ 2,795,912	\$ 3,225,744
Capital Assets	687,620	696,529	4,551,387	3,729,323	5,239,007	4,425,852
Deferred Outflows	4,433	-	295,412	226,006	299,845	226,006
Total Assets and Deferred Outflows	1,675,342	1,728,973	6,659,422	6,148,629	8,334,764	7,877,602
Liabilities:						
Current Liabilities	173,760	339,197	374,629	378,133	548,389	717,330
Noncurrent Liabilities, Net	784,220	781,392	1,766,925	1,697,239	2,551,145	2,478,631
Deferred Inflows	78,618	-	273,174	226,006	351,792	226,006
Total Liabilities and Deferred Inflows	1,036,598	1,120,589	2,414,728	2,301,378	3,451,326	3,421,967
Net Position:						
Net Investment in Capital Assets	242,105	237,998	3,547,110	2,769,461	3,789,215	3,007,459
Restricted	458,167	470,723	297,694	289,864	755,861	760,587
Unrestricted	(61,528)	(100,337)	399,890	787,926	338,362	687,589
Total Net Position	\$ 638,744	\$ 608,384	\$ 4,244,694	\$ 3,847,251	\$ 4,883,438	\$ 4,455,635

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Key changes in the statement of net position are as follows:

The City's current and other assets decreased \$429.8 million, or 13.3 percent, from the prior fiscal year. The decrease for governmental activities and business-type activities was \$49.2 million and \$380.7 million, respectively. For governmental activities, the decrease was primarily due to a \$38.0 million reduction of deferred charges related to the elimination of a non-GAAP presentation of a pension related asset. Business-type decreases reflect investments in capital assets.

Citywide, capital assets increased \$813.2 million or 18.4 percent. The decrease in governmental activities capital assets of \$8.9 million, or 1.3 percent, is attributable to routine depreciation charges. Business-type activities increase of \$822 million, or 22.0 percent, is attributable to ongoing construction and improvements to airport facilities, utility infrastructure, and the Middle Harbor and Gerald Desmond Bridge projects.

Deferred outflows increased \$73.8 million or 32.7 percent. The \$4.4 million change in governmental activities deferred outflows is attributable to the implementation of GASB Statement No. 65 - *Items Previously Reported as Assets and Liabilities* (GASB 65). Business-type activities \$69.4 million increase is attributable to changes in the fair value for derivatives, and to the implementation of GASB 65. Additional information on derivative instruments may be found in Note 13 of the Basic Financial Statements.

The City's current liabilities decreased \$168.9 million, or 23.6 percent. Governmental activities decreased \$165.4 million, or 48.8 percent, and business-type activities decreased \$3.5 million or 0.9 percent. Significant factors contributing the governmental activities decrease include the Agency's transfer of \$72.9 million unencumbered redevelopment funds to the State of California, recognition of \$18.5 million previously unearned revenue for Agency, and the implementation of GASB 65, whereby \$78.0 million was reported as deferred revenue in the prior fiscal year are now presented as deferred inflows in the current fiscal year. The \$72.5 million, or 2.9 percent, increase in noncurrent liabilities is predominantly related to the business-type activities' \$80 million draw of funds on Harbor's revolving line of credit. This was offset by annual principal payments and the affects of GASB 65.

Deferred inflows increased \$125.8 million, or 55.7 percent. The \$78.6 million change in governmental activities deferred inflows is attributable to the implementation of GASB 65. The increase in business-type activities of \$47.2 million is attributable to changes in the fair value for derivatives, and to the implementation of GASB 65. Additional information on derivative instruments may be found in Note 13 of the Basic Financial Statements.

Analysis of Changes in Net Position

The following table presents condensed information from the Statement of Activities for the fiscal years 2013 and 2012. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Specific factors related the change in net position for governmental and business-type activities can be found on pages 10 through 13.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Changes in Net Position
September 30, 2013 and 2012
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for Services	\$ 139,917	\$ 142,400	\$ 1,148,312	\$ 1,174,408	\$ 1,288,229	\$ 1,316,808
Operating Grants and Contributions	171,937	175,647	1,105	1,413	173,042	177,060
Capital Grants and Contributions	10,778	6,147	259,188	26,552	269,966	32,699
Taxes:						
Property	203,770	179,746	-	-	203,770	179,746
Sales	63,443	60,414	-	-	63,443	60,414
Utility Users	38,026	37,097	-	-	38,026	37,097
Other	46,446	43,360	-	-	46,446	43,360
Franchise Fees	25,243	23,143	-	-	25,243	23,143
Grants and Contributions Not Restricted to Specific Programs	150	-	-	-	150	-
Unrestricted Investment Earnings	3,417	4,349	5,557	6,903	8,974	11,252
Total Revenues	703,127	672,303	1,414,162	1,209,276	2,117,289	1,881,579
Expenses:						
Legislative and Legal	10,957	10,998	-	-	10,957	10,998
General Government	23,342	22,128	-	-	23,342	22,128
Public Safety	303,872	290,542	-	-	303,872	290,542
Public Health	41,966	42,712	-	-	41,966	42,712
Community & Cultural	173,239	331,170	-	-	173,239	331,170
Public Works	102,979	92,058	-	-	102,979	92,058
Oil Operations	7,101	9,256	-	-	7,101	9,256
Interest on Long-Term Debt	26,941	28,492	-	-	26,941	28,492
Gas	-	-	82,693	77,157	82,693	77,157
Water	-	-	89,767	81,377	89,767	81,377
Sewer	-	-	15,542	15,042	15,542	15,042
Airport	-	-	41,616	41,764	41,616	41,764
Development Services	-	-	15,404	11,617	15,404	11,617
Solid Waste Management	-	-	71,708	69,506	71,708	69,506
Towing	-	-	5,915	6,743	5,915	6,743
Tidelands	-	-	96,881	100,602	96,881	100,602
Tideland Oil Revenue	-	-	362,144	390,602	362,144	390,602
Subsidence	-	-	3	5	3	5
Harbor	-	-	195,335	193,773	195,335	193,773
Total Expenses	690,397	827,356	977,008	988,188	1,667,405	1,815,544
Increase (Decrease) in Net Position before Transfers	12,730	(155,053)	437,154	221,088	449,884	66,035
Capital Assets Transfers	4,786	5,090	(4,786)	(5,090)	-	-
Transfers	21,490	15,628	(21,490)	(15,628)	-	-
Total Change in Net Position	39,006	(134,335)	410,878	200,370	449,884	66,035
Net Position, Beginning of Year	608,384	742,719	3,847,251	3,646,881	4,455,635	4,389,600
Adjustments for GASB 65 Implementation	(8,646)	-	(13,435)	-	(22,081)	-
Net Position, End of Year	\$ 638,744	\$ 608,384	\$ 4,244,694	\$ 3,847,251	\$ 4,883,438	\$ 4,455,635

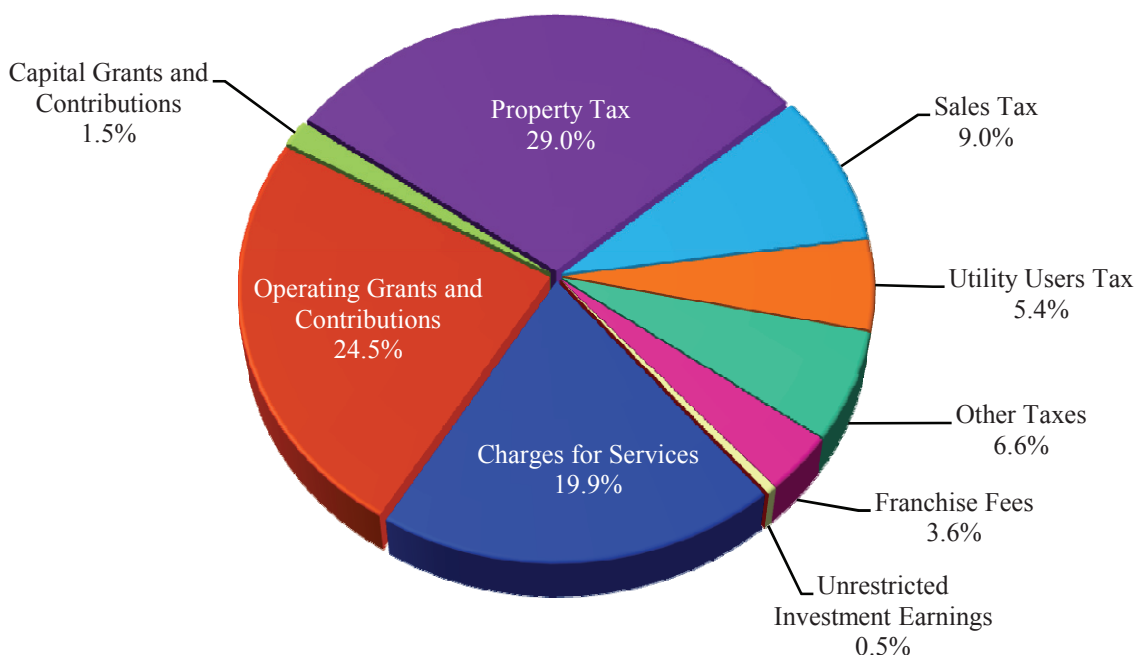
The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Governmental activities

Governmental activities net position increased \$30.4 million. Total revenues (excluding transfers) increased \$28.7 million, or 4.3 percent, most notably property and sales tax revenues, which increased 13.4 percent and 5.0 percent, respectively. Expenses decreased \$137.0 million, or 16.6 percent. The change is primarily attributable to decreased community and cultural expenses, \$157.9 million less than the prior fiscal year. These changes are further discussed in the paragraphs that follow. Capital asset transfers of \$4.7 million from business-type activities pertain to a new utility customer billing system.

The following charts illustrate governmental activities revenues by source and program expenses and revenues by function.

**Governmental Activities - Revenues by Source
For the Year Ended September 30, 2013**



The three largest revenue sources for governmental activities are property taxes, operating grants and contributions, and charges for services. Together, these sources accounted for 73.3 percent of total revenues, an increase of 3.6 percent, or \$17.8 million, from the prior fiscal year. Elements contributing to the change are a \$24.0 million increase in property tax revenues that mostly resulted from the dissolution of redevelopment agencies in California, and decreases in both operating grants and contributions (\$2.1 percent or \$3.7 million) and charges for services (1.7 percent or \$2.5 million).

The increase in property tax revenues can be traced to two activities. With the dissolution of redevelopment agencies, the former tax increment revenues were redistributed through the normal allocation as property tax. In addition, the City received its representative portion resulting from redevelopment agencies throughout Los Angeles County being required to remit unencumbered amounts retained by successor agencies for redistribution Countywide.

Capital grants and contributions increased 75.3 percent, or \$4.6 million, due to reimbursements from grantor agencies that include the County of Los Angeles, the State, and the Metropolitan Transportation Authority. These revenue sources help fund park development and traffic mitigation projects.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Sales tax revenues increased 5.0 percent or \$3.0 million. Of this amount, \$1.6 million is attributable to receipt of a prior year "true up" distribution of in-lieu sales taxes.

Other taxes increased 7.1 percent or \$3.1 million. These include business license taxes, which experienced rate increases in fiscal year 2013.

Governmental activities expenses decreased 16.6 percent, or \$137.0 million. The change is primarily attributable to decreased community and cultural expenses, \$157.9 million less than the prior fiscal year, when expenses related to the dissolution of the former Redevelopment Agency were recorded.

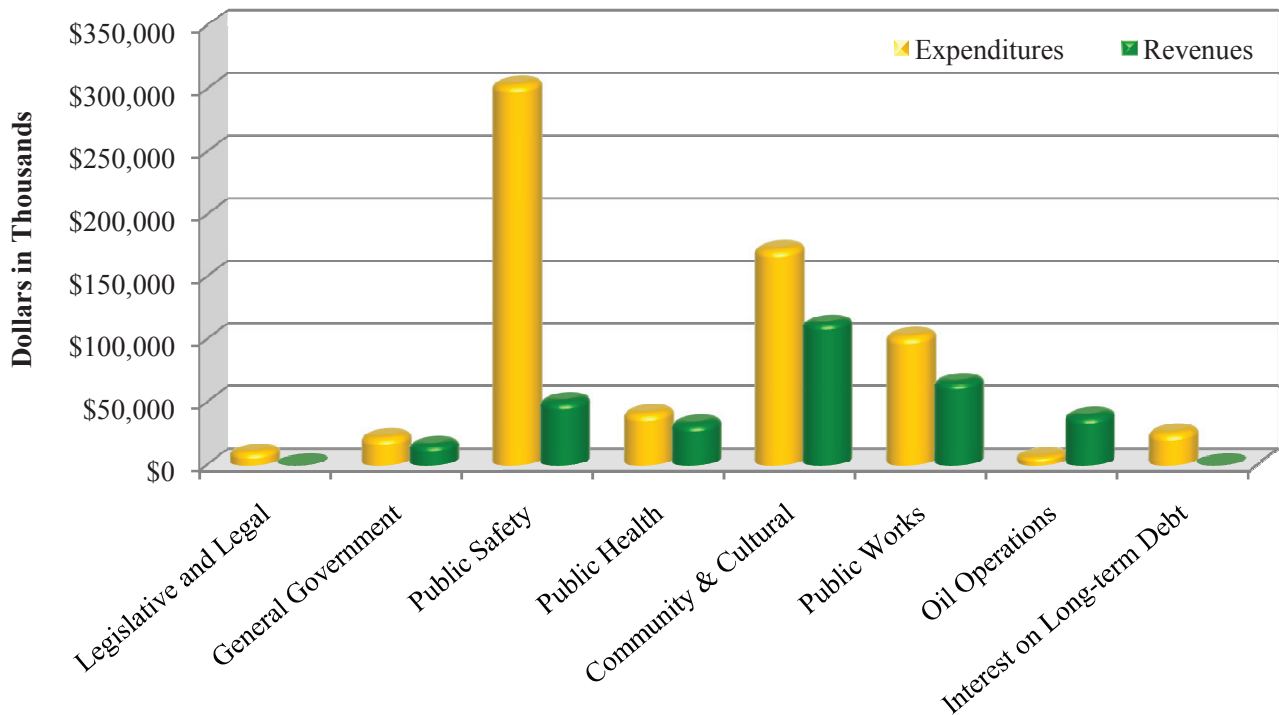
General government expenses increased \$1.2 million, or 5.5 percent. Notable factors contributing to the change include Memorandum of Understanding mandated salary increases, software acquisition, and an increased allocation of technology service charges.

Oil operations expenses decreased 23.3 percent, or \$2.2 million, as a result of efficiencies created by changes to operating contracts with oil producers.

Public safety expenses increased 4.6 percent, or \$13.3 million. The change is primarily attributable to the allocation of \$8.3 million in costs from internal service funds and \$3.9 million in expenses related to public safety grants.

Public works expenses increased 11.9 percent, or \$10.9 million. The increase is related to repairs and maintenance of city streets, fire facility modernization, and public park development.

Governmental Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2013

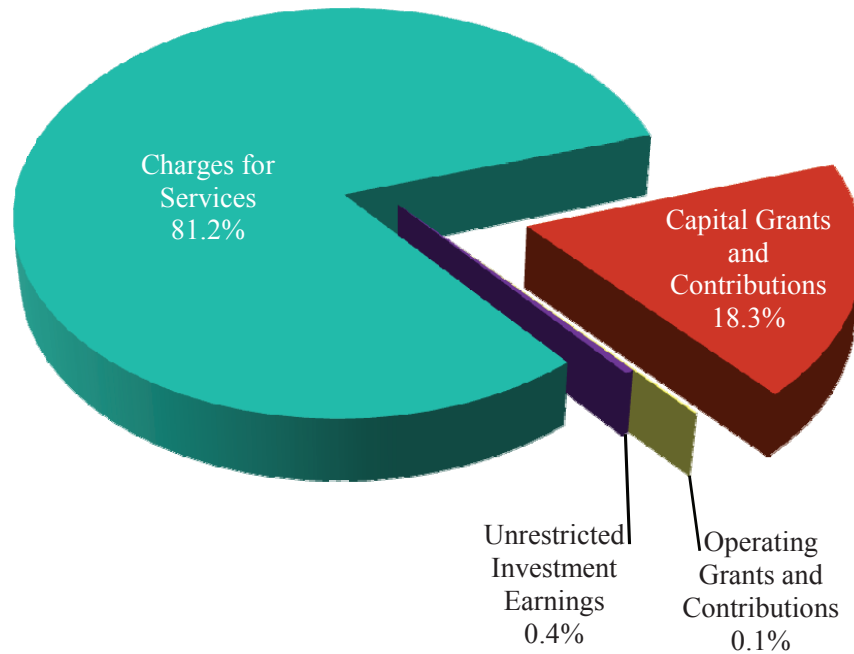


The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

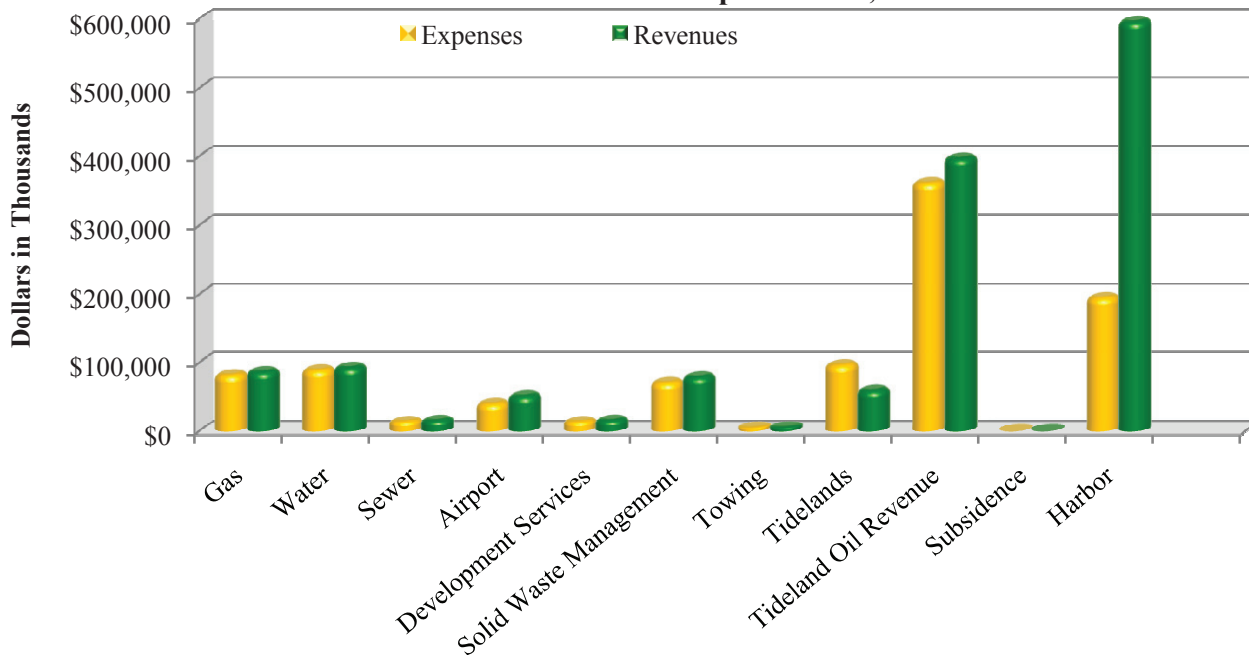
Business-type activities

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

Business-type Activities - Revenues by Source
For the Year Ended September 30, 2013



Business-type Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2013



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Business-type activities increased net position \$397.4 million or 10.3 percent. Key elements in the current year's change in net position for various funds include:

- Gas Utility net position at fiscal year end amounted to \$22.8 million, a 34.9 percent, or \$12.3 million decrease from the prior fiscal year. Of this amount, \$3.9 million is attributable to adjustments related to the implementation of GASB 65. The balance of the change is the result of transfers. Income before transfers totaled \$4.7 million, a \$1.4 million, or 23.4 percent, decrease.
- Tidelands net position increased \$28.6 million, or 8.2 percent, totaling \$376.7 million at fiscal year end. Net loss before contributions and transfers amounted to \$34.4 million. Transfers from Tidelands Oil and Harbor amounted to \$64.2 million. Harbor transferred \$17.3 million, consistent with City Charter mandated revenue sharing; Tidelands Oil transferred \$46.9 million, comprising \$23.5 million per the revenue sharing agreement for the optimized water flood program and \$23.4 million from the West Wilmington Oil field. Net position was further impacted by a \$1.3 million charge related to the implementation of GASB 65.
- The Tidelands Oil Revenue Fund posted a deficit net position of \$17.6 million, a deficit increase of \$11.5 million from the prior year. Operating net income in the amount of \$46.9 million was transferred to the tidelands fund. Non-operating expenditures, \$13.8 million of which were related to oil field abandonment cost, exceeded non-operating revenue by \$11.9 million, contributing to the net deficit position.
- Harbor's net position increased \$385.4 million, or 13.8 percent, amounting to \$3.2 billion at fiscal year end. Operating revenues increased \$12.4 million, or 3.7 percent. Operating expenses increased \$12.4 million or 7.0 percent. Key components of this change include infrastructure maintenance, port security, and administrative expenses. Non-operating expenses decreased \$12.0 million. The change is largely attributable to a \$10.3 million decrease in interest expense due to the capitalization of interest to major Harbor projects. Capital grants and contributions totaled \$250.5 million, an increase of \$236.9 million from the prior fiscal year as funding was received from CalTRANS for the Gerald Desmond Bridge. Transfers to the City amounted to \$17.3 million, a \$618 thousand, or 3.7 percent, increase from fiscal year 2012.
- Total net position for non-major business-type activities increased \$177.0 million, or 32.5 percent. \$11.6 million of this increase comes from the Airport, a fund listed as a major fund in the prior fiscal year.

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.

As of September 30, 2013, the City's governmental funds reported combined fund balances of \$435.0 million, an increase of \$58.0 million, 15.4 percent, from the prior year. Further information can be found in *Note 17 – Government Activities Fund Balance*.

Governmental funds assets decreased \$49.0 million, or 5.7 percent, from the prior fiscal year. The decrease is primarily due to the transfer of \$72.9 million of unencumbered redevelopment funds from the Agency to the State of California following the dissolution of the redevelopment agencies.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Governmental fund liabilities decreased \$379.7 million, or 77.7 percent. Of this amount, \$287.7 million relates to changes in unearned revenue, primarily the recognition as revenue of \$18.5 million of the Agency's Redevelopment Property Tax Trust Fund receipts and the implementation of GASB 65, whereby \$272.7 million of items reported as unearned revenues in the prior fiscal year are presented as deferred inflows in the current fiscal year. Additionally, payment of \$75.0 unencumbered redevelopment funds by the Agency to the State eliminated amounts due to other governments. Amounts advanced to other funds decreased \$18.4 million. Activities contributing to the change include \$10.7 million repayment by the General Fund to the Subsidence Fund for 2010 borrowing related to State withholding of property taxes, Agency repayment of \$4.1 million to the Housing Fund for 2010 borrowing by the former Redevelopment Agency, and Housing Authority repayment of \$2.9 million borrowed from Community Development Grants Fund.

Of the \$435.0 million total fund balances, \$295.9 million or 68.0 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include the following:

Restricted for Debt Service

Amounts restricted for debt service totaled \$34.3 million. Of this, \$33.4 is restricted for payment of Agency related debt and the balance for various debt issuances of other governmental funds.

Restricted for Public Safety

Amounts restricted for public safety totaled \$3.3 million. Restrictions include the following:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$2.3 at the end of the fiscal year.
- The citizens of Long Beach approved Proposition H (Prop H), the Police and Fire Public Safety Oil Production Tax, in 2007. These proceeds may be used only for police officers, fire fighters, and related costs, including but not limited to equipment, facilities, and training in order to ensure timely responses to public needs. As of September 30, 2013, Prop H funds for police and fire amounted to \$322 thousand and \$238 thousand, respectively.
- State impact fees restricted for police and fire amounted to \$160 thousand and \$226 thousand, respectively.

Restricted for Public Health

Fund balance restricted for public health amounted to \$5.4 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$200.5 million. Restrictions include the following:

- Fund balance restricted within the Housing Fund for the provision of low-and-moderate-income housing amounted to \$41.1 million. Of this, \$25.7 million offsets advances to other funds and \$4.2 million is for land held for resale.
- Fund balance restricted within the Housing Assistance Fund for programs to assist very low-income families, the elderly, and the disabled amounted to \$8.0 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$136.5 million. Of this, \$25.7 million offsets advances from other funds (specifically the Housing Fund) and \$95.2 million is land held for resale.
- The Belmont Shore Parking Meter Fund has restricted \$962 thousand as the first pledge of revenue for special assessment debt that benefited the Belmont Shore area of Long Beach.
- Fund balance restricted within the Community Development Grant Fund amounted to \$6.6 million. Of this, \$3.8 million offsets advances to other funds and \$2.0 is related to land held for

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

resale. Amounts restricted for Department of Employment Development grants amounted to \$795 thousand.

- Fund balance restricted within the Business Assistance Fund for economic development totaled \$1.5 million at the close of the fiscal year.
- Fund balance restricted for special advertising and promotion totaled \$4.8 million. Capital Projects Fund balance restricted for parks development amounted to \$705 thousand.

Restricted for Public Works

As of September 30, 2013, fund balance restricted for public works amounted to \$52.5 million. Restrictions include the following:

- General Capital Projects Fund balance restricted in relation to traffic mitigation impact fees, unused opens space bond proceeds, and special assessment bond proceeds amounted to \$12.0 million at the close of the fiscal year.
- Gas Tax Fund balance restricted for the research, planning, construction, improvement, maintenance and operation of public street and highways, including the mitigation of their environmental effects, totaled \$18.8 million.
- Transportation Fund balance restrictions totaled \$21.6 million and include: \$3.9 million pursuant to the provisions of Proposition A; \$12.2 million pursuant to the provisions of Proposition C; \$2.3 million pursuant to Measure R; and \$3.2 million pursuant to Air Quality Management District AB2766 requirements. Proposition A funds are to be used exclusively to benefit public transit and may be traded with other jurisdiction in exchange for general or other funds. Proposition C also benefits public transit, but has a wider range of uses including congestion management programs, bikeways and bike lanes, street improvement supporting public transit and pavement management projects. Measure R is a one-half cent sales tax approved by Los Angeles County voters in November 2008 and is restricted for transportation purposes, including bus and highway corridor projects, streets and roads, and traffic control management. AB2766 funding is used to assist the City in meeting federal and state Clean Air Acts.

General Fund Revenues and Other Financing Sources

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

General Fund Revenues and Other Financing Sources
September 30, 2013 and 2012
(In Thousands)

Revenues and Other Financing Sources	Fiscal Year 2012-13	Percent of Total	Fiscal Year 2011-12	Percent of Total
Taxes	\$ 299,719	63.7%	\$ 238,654	57.9%
Franchise Fees	25,243	5.4%	23,143	5.6%
Licenses and Permits	13,889	3.0%	16,050	3.9%
Fines and Forfeitures	16,394	3.5%	17,762	4.3%
Use of Money and Property	54,239	11.5%	53,282	12.9%
From Other Agencies	1,767	0.4%	4,065	1.0%
Charges for Services	26,295	5.6%	27,006	6.6%
Other Revenue	8,337	1.8%	8,576	2.1%
Other Financing Sources	24,269	5.1%	23,412	5.7%
	<u>\$ 470,152</u>	<u>100%</u>	<u>\$ 411,950</u>	<u>100%</u>

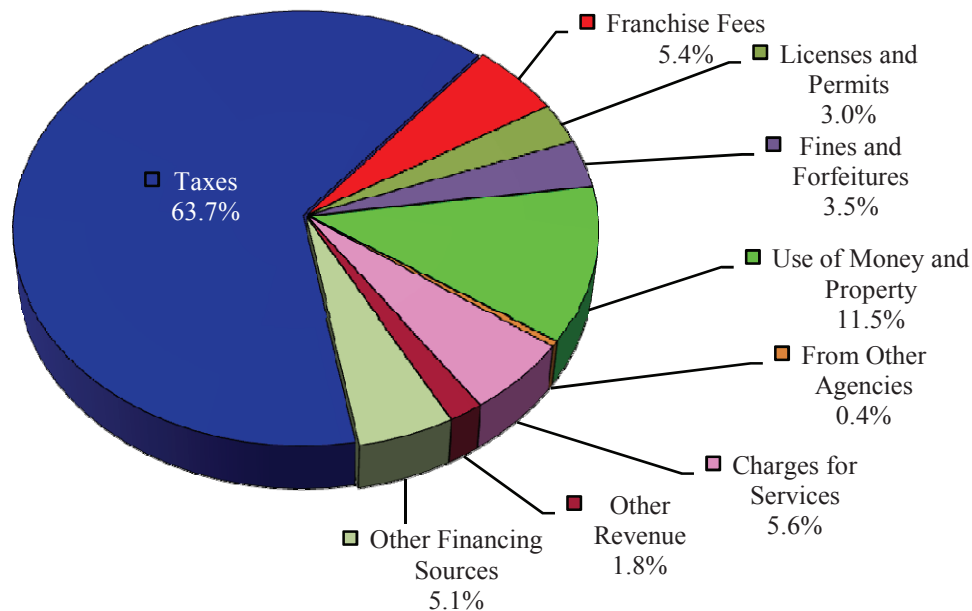
The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

General Fund revenues and other financing sources increased \$58.2 million or 14.1 percent from the prior fiscal year. The change is attributable to taxes, particularly property tax revenue, which benefited from additional receipts following the dissolution of redevelopment agencies in the State. Property tax revenue increased \$54.1 million or 46.8 percent over the prior fiscal year.

Franchise fees increased \$2.1 million or 9.1 percent, mainly due to short-term rate increase by Southern California Edison for the recapture of capital expenditures, which was approved by the Public Utilities Commission.

Sources of revenue showing decreases include licenses and permits (\$2.2 million or 13.5 percent), fines and forfeitures (\$1.4 million or 7.7 percent), and revenues from other agencies (\$2.3 million or 56.5 percent). Licenses and permits decreased due to certain plan check fees being accounted for in business-type activities beginning in the current fiscal year. In the prior fiscal year, new approaches and efficiencies in revenue collection for outstanding parking citations were employed, producing a notable spike in fines and forfeiture revenue. The decrease in the current year reflects a normalization of this revenue source. The decrease in revenues from other agencies is due to the dissolution of the former Redevelopment Agency.

**General Fund Revenues and Other Financing Sources
For the Year Ended September 30, 2013**



General Fund Expenditures

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

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

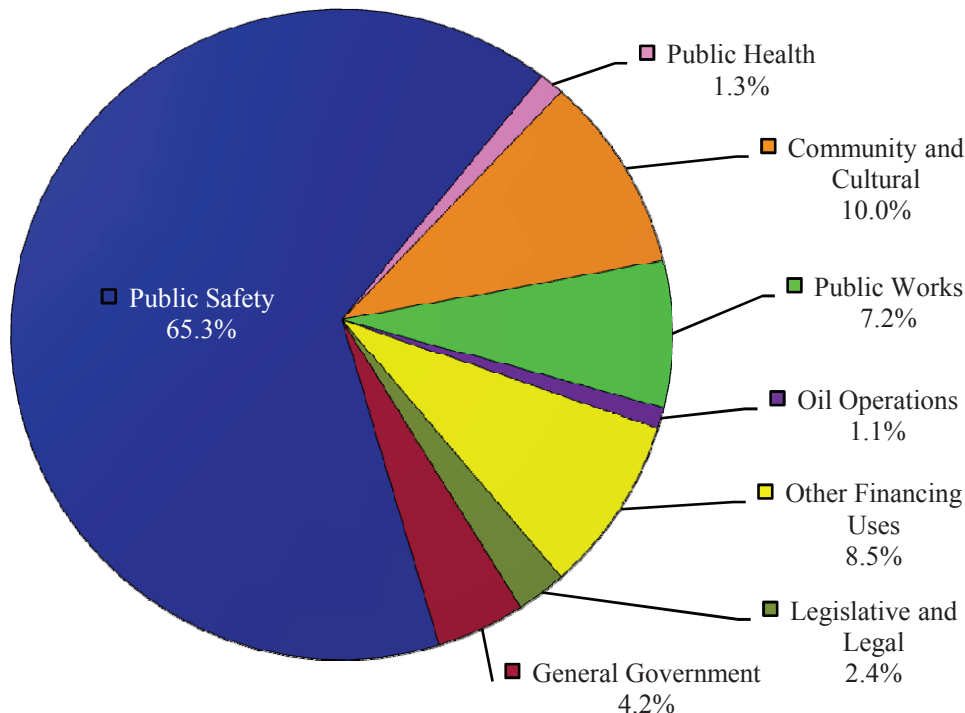
General Fund Expenditures and Other Financing Uses
September 30, 2013 and 2012
(In Thousands)

Expenditures and Other Financing Uses	Fiscal Year 2012-13	Percent of Total	Fiscal Year 2011-2012	Percent of Total
Legislative and Legal	\$ 9,673	2.4%	\$ 10,316	2.6%
General Government	17,050	4.2%	16,046	4.0%
Public Safety	267,430	65.3%	269,085	67.0%
Public Health	5,383	1.3%	5,248	1.2%
Community and Cultural	40,750	10.0%	40,958	10.2%
Public Works	29,679	7.2%	28,667	7.1%
Oil Operations	4,722	1.1%	9,146	2.3%
Other Financing Uses	34,851	8.5%	22,354	5.6%
	<u>\$ 409,538</u>	<u>100%</u>	<u>\$ 401,820</u>	<u>100%</u>

Expenditures decreased \$4.8 million, or 1.3 percent, from fiscal year 2012. Notable changes include public safety expenditures, which decreased \$1.7 million or less than 1 percent. The decrease is primarily due to salary savings, resulting from vacancies and pension reform. Increased efficiencies related to processes used in revenue collection and billing resulted in \$4.4 million, or 48.4 percent, decrease in oil operations expenditures.

The net of other financing sources and uses increased \$11.6 million from fiscal year 2012. The change is attributable to a \$10.7 million transfer to the Subsidence Fund for a borrowing in 2010 related to the State's withholding of property taxes.

General Fund Expenditures and Other Financing Uses
For the Year Ended September 30, 2013



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Proprietary Funds Financial Analysis

Enterprise Funds: The combined net position of enterprise funds totaled \$4.3 billion at the close of the fiscal year. Total unrestricted net position amounted to \$438.0 million before the allocation of internal service fund activities. The total growth in net position was \$397.4 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.

Tidelands and Harbor funds reported unrestricted net position of \$189.8 million and \$268.6 million, respectively. Tidelands Oil Fund had a deficit unrestricted net position of \$30.1 million as result of future oil field abandonment liability exceeding net book value of the West Wilmington oil field. The Gas Utility Fund reported a deficit unrestricted net position of \$96.7 million, an increase of \$18.9 million from the prior fiscal year, primarily as result of interest paid during the fiscal year on debt service. Other Proprietary funds reported unrestricted net position of \$106.5 million, a decrease of \$3.8 million, or 3.4 percent, over the prior fiscal year. This change is primarily the result of the Airport's investment in capital facilities.

Internal Service Funds: Internal service funds are used to finance and account for goods and services provided internally to City departments. As of September 30, 2013, internal service funds reported a \$167.0 million deficit net position. This is attributable to the deficit unrestricted net positions of the Insurance Fund and Employee Benefits fund, which reported deficit balances of \$92.9 million and \$167.3 million, respectively. It is the City's practice to bill City departments on a pay-as-you-go basis for functions performed by both funds, therefore, the long-term portion of related liabilities associated with these funds are not fully funded. City management believes that, over the long-term, current and future billing rates are sufficient to remediate any net asset deficit. In addition, City management believes that the cash position of each fund is sufficient to cover the current costs related to health insurance, workers' compensation, and general liability claims. The Civic Center, General Services, and Fleet Services funds reported net positions of \$26.6 million, \$23.8 million, and \$42.7 million respectively.

Fiduciary Funds

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

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

General Fund Budgetary Highlights

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

- The General Fund's final budgets for revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$30.2 million. The change between original and final budgeted amounts was \$19.5 million and consisted of additional appropriation for expenditures and other financing uses of \$31.3 million offset by an increase in revenue and other financing sources of \$11.8 million.

Significant changes in revenue forecasts include the following:

- A \$13.6 million increase in projected property tax revenues primarily resulting from the dissolution of redevelopment agencies. This was offset by a \$2.7 million decrease in revenues from other agencies resulting from the denial of certain expected redevelopment related reimbursements.

Significant changes in the appropriations budget include the following:

- A \$29.8 million increase in transfers to other funds. These increases were primarily funded through the use of one-time revenue sources such as the additional property tax revenues that resulted from the dissolution the redevelopment agencies.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$90.2 million. This consists of favorable variances in both revenues and other financing sources of \$65.6 million and expenditures and other financing uses of \$24.6 million.

General Fund revenues and other financing sources reflect a positive budget to actual variance of \$65.6 million. For the year, the General Fund received 116.2 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include \$42.0 million and in property tax revenues due to the dissolution of redevelopment agencies statewide; use of money and property revenues of \$17.0 million, due to favorable oil prices; \$3.7 million in Franchise fees as a result of increases in Pipeline franchises and a new refuse hauler franchise fee; \$2.9 million in other tax revenues; and \$2.0 million in other revenues as a result of the sale of City Hall East. Significant less than favorable variances include a \$6.2 million shortfall in licenses and permits revenue related to shortfalls in Emergency Ambulance Fees and AB 939 fees, the latter being reclassified as a franchise fees without a matching budgetary action.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$24.6 million. Of the total appropriations and other financing uses of \$434.9 million, approximately 5.7% went unspent. There were \$19.0 million in savings related to General Government functions and transfers to other funds. General Government had savings of \$7.2 million primarily related to lower than expected sales tax rebate expenditures while planned transfers to other funds of \$11.8 million were not executed. Additionally, \$2.2 million in Oil Operations and \$2.3 million in Public Safety Functions completed the year under budget.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

Capital Assets and Debt Administration

Capital assets: As of September 30, 2013, the City's investment in capital assets for governmental and business-type activities amounted to \$5.2 billion (net of accumulated depreciation). There was an overall increase of \$813.2 million, or 18.4 percent, in the City's investment in capital assets over the prior fiscal year.

Capital Assets, Net of Depreciation
September 30, 2013 and 2012
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 163,668	\$ 161,711	\$ 965,578	\$ 966,561	\$ 1,129,246	\$ 1,128,272
Rights-of-way	81,334	81,334	213,243	213,243	294,577	294,577
Water Rights	-	-	40	40	40	40
Construction in Progress	28,433	33,528	1,428,854	685,113	1,457,287	718,641
Buildings	165,037	161,220	1,216,213	1,165,653	1,381,250	1,326,873
Improvements Other than Buildings	55,599	56,705	233,708	221,171	289,307	277,876
Infrastructure	151,355	154,789	469,341	455,026	620,696	609,815
Machinery and Equipment	14,232	15,577	15,564	15,192	29,796	30,769
Vehicles & Aircrafts	27,962	31,665	8,316	6,755	36,278	38,420
Patents	-	-	530	569	530	569
Total Net Capital Assets	\$ 687,620	\$ 696,529	\$ 4,551,387	\$ 3,729,323	\$ 5,239,007	\$ 4,425,852

Governmental activities' net capital assets decreased \$8.9 million, or 1.3 percent, during the fiscal year. The decrease is attributable to routine depreciation charges, which amounted to \$37.3 million at the close of the fiscal year, offset by significant capital assets activities during the year include the following:

- Completed building construction and various improvements, including transfers from construction in progress, amounted to \$14.4 million. Of this amount, \$10.3 million is attributable to the completion of Fire Station No. 12.
- Capitalized infrastructure assets totaled \$9.4 million. Of this amount, \$9.0 million is attributable to the Westside Storm Drain Project.

Business-type activities' net capital assets increased \$822.1 million, or 22.0 percent, over the prior fiscal year. Significant capital asset activities during the year include the following:

- Repair and replacement of aging gas pipelines increased Gas Utility capitals assets \$9.3 million over the prior fiscal.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$9.3 million.
- Sewer capital assets increased \$3.4 million over the prior fiscal year. The increase is attributable to ongoing investment in a sewer pipeline rehabilitation program.
- Routine depreciation charges decreased Solid Waste Management capital assets \$3.5 million.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

- Tidelands capital assets increased \$11.8 million. The increase is attributable to purchases of machinery and equipment for the Convention Center complex parking operation refurbishment and capitalization of land improvements associated with the Alamitos Bay Marina Rehabilitation project.
- Harbor capital assets increased \$777.7 million. Of this, \$764.0 million is construction in progress associated with the Middle Harbor and Gerald Desmond Bridge projects.
- Airport capitalized assets associated with the new passenger concourse, increasing capital assets \$14.1 million.

Additional information on the City's capital assets can be found in Note 7 of the Basic Financial Statements, and information related to commitments for future capital asset acquisitions can be found in Note 24.

Long-Term Indebtedness: As of September 30, 2013, the City's net long-term obligations outstanding totaled \$2.7 billion. Of this amount, \$2.3 billion relates to notes, bonds, and capital leases. The remainder pertains to estimated oil field abandonment costs, environmental remediation, self-insurance, employee benefit obligations, and amounts due to the State of California.

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

Moody's Investors Services: Aa2, stable outlook

Fitch Ratings: AA, stable outlook

Standard & Poor's: AA-1, stable outlook

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

Outstanding Debt Obligations
September 30, 2013 and 2012
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Notes Payable	\$ 7,102	\$ 8,118	\$ 147,017	\$ 54,349	\$ 154,119	\$ 62,467
Bonds Payable	467,008	484,152	1,610,898	1,678,836	2,077,906	2,162,988
Capital Leases	40,789	44,624	2,667	3,109	43,456	47,733
Total Outstanding	\$ 514,899	\$ 536,894	\$ 1,760,582	\$ 1,736,294	\$ 2,275,481	\$ 2,273,188

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

Governmental Activities

- Revenue bonds principal payable decreased \$22.5 million during the current fiscal year. Of this amount, \$15 million is attributable to 2012 LBBFA debt-refunding activities, and the remainder is the result of scheduled principal payments. Annual principal payments decreased tax allocation bonds payable by \$11.5 million.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

- Unamortized amounts related to bonds payable increased \$16.8 million. Of this amount, \$10.1 million is attributable to the aforementioned 2012 LBBFA refundings, which increased the unamortized balance of bond premium. This was offset by an increase in the loss on refunding as result of the 2012 LBBFA bond issue and normal amortization of premium, discounts, and gains or losses on refunding of \$1.6 million. Finally, in accordance with GASB 65, \$8.6 million of bond issuance costs were expensed.

Business-Type Activities

- Notes payable increased \$92.7 million. Of this amount, \$80.0 million is attributable to Harbor drawing on lines of credit; \$9.5 million pertains to loans from the California Department of Boating and Waterways for the Tidelands' Alamitos Bay Marina rehabilitation project.
- Annual principal payments decreased bonds payable by \$67.9 million.

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

Economic Factors and Next Year's Budget and Rates

As of September 30, 2013, the unemployment rate, not seasonally adjusted, for the City was 10.6 percent and reflects a decrease from a rate of 11.4 percent a year ago. This compares to the State and national unemployment rates of 8.8 percent and 7.2 percent, respectively.

Over the past several years, the City has reviewed the City's department structure and has made necessary changes to ensure Long Beach is a 21st century organization. In order to continue to provide efficient and effective services to the community, City government must adapt its structure. These changes are paramount to its ability to provide the best services possible with the resources available. While not all government reform ideas will generate immediate savings, they are a part of a greater strategy of cost avoidance, improved customer service, and improved efficiency. The general objectives for government reform are:

- Strengthen efforts to improve the City's corridors and neighborhoods;
- Maximize all available funding sources and create symbiotic connections between many of the City's enterprise funds and General Fund departments;
- Strengthen and support public safety by streamlining many of the services that support the City's public safety mission; minimize redundancies, align services with common goals, and reduce administrative overhead; and
- Continue to seek ways of reducing the costs of providing services.

Fiscal year 2014 represents the culmination of the efforts made to sustain and enhance City services despite the worst recession in decades. Over the last ten years, the City has had to reduce its General Fund workforce by 1016 positions and mitigated structural deficits, the amount by which the City's spending exceeded its revenues. Highlights of the fiscal year 2014 budget are as follows:

- First projected surplus in 10 years
- Makes major investment in City assets
- Positions the City to avoid deficits over next three years
- Adds back-to-back Police and Fire Academies
- Structurally restores \$2.3 million in recreational and Police programs

The City of Long Beach
Managements' Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2013 (Continued)

In compliance with City Council's Financial Policy to achieve and maintain a structurally balanced budget, the proposed fiscal year 2014 General Fund budget reflects a structural surplus. This accomplishment, which is dependent on departments operating within their approved spending limits, will continue to be a focus of the City.

The fiscal year 2014 adopted General Fund revenue budget projected a decrease of 7.5 percent, or \$32.9 million, as compared to the pre-audit fiscal year 2013 results. Operating transfers from other funds make up \$8.4 million of the \$402.4 million fiscal year 2014 budgeted revenue. Appropriations for 2014 are budgeted at \$448.3 million. The budget projects a decrease in fund balance of \$45.9 million as the City appropriates prior year one-time revenues for needed one-time projects.

The final fiscal year 2013 budget showed a decrease of \$30.2 million in fund balance as compared to a \$60.6 million increase from actual results for the year.

The largest structural revenue sources for fiscal year 2014 are property tax, sales and use tax, and property tax in-lieu. These revenue sources comprise 47.9 percent of total General Fund budgeted revenues. Below is a closer look at some of these key General Fund resources.

- Approximately 22.9 percent or \$92.2 million of the City's General Fund revenue is derived from local property taxes, which includes secured real property tax and unsecured personal property tax, net of refunds. This reflects an increase of \$3.9 million from the final fiscal year 2013 budget. This 4.5 percent increase is based on the belief that property values countywide will climb over the next year.
- Sales and use tax revenue is budgeted to account for \$58.8 million, or 14.6 percent of General Fund revenues. In fiscal year 2014, a 2 percent decrease in revenue is anticipated due to a negative true-up payment, which will be withheld by the State, as a result of an overpayment of estimated revenue made to Long Beach in fiscal year 2013.
- Property tax in-lieu is budgeted to account for \$41.9 million, or 10.4 percent of General Fund revenues. This reflects an increase of \$2.6 million from the final fiscal year 2013 budget.

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 2014 adopted General Fund appropriations budget is \$448.3 million. This reflects an increase of \$13.3 million from the final fiscal year 2013 budget as the City appropriates one-time revenues received in the prior year to fund much needed one-time projects.

Requests for Information

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



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BASIC FINANCIAL STATEMENTS

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City of Long Beach
Statement of Net Position
September 30, 2013
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Long Beach Public Transportation Company
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 142,926	\$ 286,529	\$ 429,455	\$ -
Non-Pooled Cash and Cash Equivalents	35,346	18,017	53,363	35,810
Pooled Investments	113,044	226,624	339,668	-
Non Performing Investments	86	341	427	-
Non-Pooled Investments	-	2,574	2,574	-
Interest Receivable	174	384	558	-
Property Tax Receivable, Net	79,753	-	79,753	-
Accounts and Loans Receivables, Net	18,731	117,364	136,095	3,997
Due from Other Governments	44,683	132,614	177,297	-
Internal Balances	34,488	(34,488)	-	-
Inventory	1,980	5,034	7,014	1,218
Other Assets	8,674	25,616	34,290	356
Land Held for Resale	101,412	-	101,412	-
Total Current Assets:	581,297	780,609	1,361,906	41,381
Noncurrent Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	259	259	21,430
Non-Pooled Investments	-	118,902	118,902	-
Total Noncurrent Restricted Assets:	-	119,161	119,161	21,430
Other Noncurrent Assets:				
Pooled Investments	180,695	362,249	542,944	-
Non-Pooled Investments	31,376	-	31,376	-
Other Noncurrent Receivables	189,921	4,906	194,827	-
Land and Other Capital Assets not being Depreciated	273,435	2,607,715	2,881,150	9,442
Capital Assets, net of Accumulated Depreciation	414,185	1,943,672	2,357,857	88,886
Other Assets	-	545,698	545,698	-
Total Other Noncurrent Assets:	1,089,612	5,464,240	6,553,852	98,328
Total Assets	1,670,909	6,364,010	8,034,919	161,139
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows (Note 25)	4,433	295,412	299,845	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	40,386	154,029	194,415	2,553
Accrued Wages and Benefits Payable	44,035	11,507	55,542	4,081
Accrued Interest Payable	8,963	29,577	38,540	-
Unearned Revenue, Credits, and Other Payables	21,589	35,183	56,772	17,280
Employee Benefits and Accrued Long-Term Obligations	33,468	4,000	37,468	10,977
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	25,319	140,333	165,652	-
Total Current Liabilities	173,760	374,629	548,389	34,891
Noncurrent Liabilities:				
Unearned Revenue, Credits, and Other Payables	-	10,255	10,255	21,621
Employee Benefits and Accrued Long-Term Obligations	290,512	52,200	342,712	2,694
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	493,708	1,704,470	2,198,178	-
Total Noncurrent Liabilities:	784,220	1,766,925	2,551,145	24,315
Total Liabilities	957,980	2,141,554	3,099,534	59,206
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows (Note 25)	78,618	273,174	351,792	-
NET POSITION				
Net Investment in Capital Assets	242,105	3,547,110	3,789,215	98,328
Restricted for:				
Debt Service	14,456	38,476	52,932	-
Capital Projects	54,150	70,312	124,462	30
Public Safety	3,257	-	3,257	-
Public Health	5,403	-	5,403	-
Community and Cultural	364,318	-	364,318	-
Healthcare Insurance	16,583	-	16,583	-
Tidelands	-	9,173	9,173	-
Airport	-	7,354	7,354	-
Subsidence	-	172,379	172,379	-
Unrestricted	(61,528)	399,890	338,362	3,575
Total Net Position	\$ 638,744	\$ 4,244,694	\$ 4,883,438	\$ 101,933

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, 2013
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES:				
Legislative and Legal	\$ 10,957	\$ 61	\$ -	\$ -
General Government	23,342	16,093	88	1,007
Public Safety	303,872	32,371	18,733	-
Public Health	41,966	11,856	21,984	-
Community and Cultural	173,239	14,656	98,412	819
Public Works	102,979	25,011	32,720	8,952
Oil Operations	7,101	39,869	-	-
Interest on Long-Term Debt	26,941	-	-	-
Total Governmental Activities	<u>690,397</u>	<u>139,917</u>	<u>171,937</u>	<u>10,778</u>
BUSINESS-TYPE ACTIVITIES				
Gas	82,693	87,141	-	-
Water	89,767	93,036	-	131
Sewer	15,542	17,311	-	-
Airport	41,616	43,817	325	8,362
Development Services	15,404	17,546	-	-
Solid Waste Management	71,708	79,542	287	-
Towing	5,915	6,445	-	-
Tidelands	96,881	59,929	493	152
Tideland Oil Revenue	362,144	397,301	-	-
Subsidence	3	-	-	-
Harbor	195,335	346,244	-	250,543
Total Business-Type Activities	<u>977,008</u>	<u>1,148,312</u>	<u>1,105</u>	<u>259,188</u>
Total Primary Government	<u>\$ 1,667,405</u>	<u>\$ 1,288,229</u>	<u>\$ 173,042</u>	<u>\$ 269,966</u>
COMPONENT UNIT				
Long Beach Public Transportation Company	<u>\$ 96,704</u>	<u>\$ 18,627</u>	<u>\$ 57,672</u>	<u>\$ 39,295</u>

Taxes:

Property

Sales

Utility Users

Other

Franchise Fees

Grants and Contributions Not Restricted to Specific Programs

Unrestricted Investment Earnings

Capital Asset Transfers

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Adjustments for GASB 65 Implementation

Net Position, End of Year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Long Beach Public Transpor- tation Company
\$ (10,896)	\$ -	\$ (10,896)	\$ -
(6,154)	-	(6,154)	-
(252,768)	-	(252,768)	-
(8,126)	-	(8,126)	-
(59,352)	-	(59,352)	-
(36,296)	-	(36,296)	-
32,768	-	32,768	-
(26,941)	-	(26,941)	-
(367,765)	-	(367,765)	-
-	4,448	4,448	-
-	3,400	3,400	-
-	1,769	1,769	-
-	10,888	10,888	-
-	2,142	2,142	-
-	8,121	8,121	-
-	530	530	-
-	(36,307)	(36,307)	-
-	35,157	35,157	-
-	(3)	(3)	-
-	401,452	401,452	-
-	431,597	431,597	-
(367,765)	431,597	63,832	-
-	-	-	18,890
203,770	-	203,770	-
63,443	-	63,443	-
38,026	-	38,026	-
46,446	-	46,446	-
25,243	-	25,243	-
150	-	150	-
3,417	5,557	8,974	156
4,786	(4,786)	-	-
21,490	(21,490)	-	-
406,771	(20,719)	386,052	156
39,006	410,878	449,884	19,046
608,384	3,847,251	4,455,635	82,887
(8,646)	(13,435)	(22,081)	-
\$ 638,744	\$ 4,244,694	\$ 4,883,438	\$ 101,933

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

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2013
(In Thousands)

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total September 30, 2013</u>
ASSETS			
Pooled Cash and Cash Equivalents	\$ 135,357	\$ 132,050	\$ 267,407
Non-Pooled Cash and Cash Equivalents	374	34,959	35,333
Non Performing Investments	20	40	60
Non-Pooled Investments	-	31,376	31,376
Receivables:			
Property Taxes	88,147	94	88,241
Accounts Receivable	38,749	3,467	42,216
Notes and Loans Receivable	1,861	-	1,861
Due from Other Governments	15,252	29,431	44,683
Due from Other Funds	7,079	3,028	10,107
Allowance for Receivables	(34,231)	(1,101)	(35,332)
Other Assets	43	8,008	8,051
Advances to Other Funds	2,000	29,507	31,507
Land Held for Resale	-	101,412	101,412
Other Noncurrent Receivables	-	189,911	189,911
Total Assets	<u><u>\$ 254,651</u></u>	<u><u>\$ 562,182</u></u>	<u><u>\$ 816,833</u></u>
LIABILITIES			
Accounts Payable	\$ 11,064	\$ 24,831	\$ 35,895
Accrued Wages and Benefits Payable	4,984	770	5,754
Due to Other Funds	7,569	6,666	14,235
Unearned Revenues	4,324	7,078	11,402
Deposits and Collections Held in Trust	2,789	3,416	6,205
Advances from Other Funds	4,114	31,507	35,621
Total Liabilities	<u><u>34,844</u></u>	<u><u>74,268</u></u>	<u><u>109,112</u></u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows (Note 25)	<u>82,070</u>	<u>190,655</u>	<u>272,725</u>
FUND BALANCES (DEFICIT)			
Nonspendable	2,043	8,009	10,052
Restricted	2,311	293,567	295,878
Committed	5,711	1,362	7,073
Assigned	119,542	24,433	143,975
Unassigned	8,130	(30,112)	(21,982)
Total Fund Balances	<u><u>137,737</u></u>	<u><u>297,259</u></u>	<u><u>434,996</u></u>
Total Liabilities, Deferred Inflows and Fund Balances	<u><u>\$ 254,651</u></u>	<u><u>\$ 562,182</u></u>	<u><u>\$ 816,833</u></u>

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

City of Long Beach
Reconciliation of the Governmental Funds Balance Sheet to
Governmental Activities in the Statement of Net Position
September 30, 2013
(In Thousands)

Total governmental fund balances	\$ 434,996
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in the governmental activities, which are not included in the internal service funds, are not financial resources and, therefore, are not reported in the funds.	588,264
Certain property taxes receivable are not available to pay current period expenditures and, therefore, are deferred inflows in the funds.	1,795
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.	189,860
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.	(447,224)
Internal service funds are used by management to charge the cost of operations and financing related to the Civic Center complex; operations, maintenance, financing, timely replacement of information technology assets and vehicles; and to account for the City's risk management, self-insurance, and employee benefits programs to individual user funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(128,947)</u>
Net position of governmental activities	<u><u>\$ 638,744</u></u>

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

City of Long Beach
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2013
Revenues:			
Taxes:			
Property	\$ 169,590	\$ 45,226	\$ 214,816
Sales	61,474	1,969	63,443
Utility Users	38,026	-	38,026
Other Taxes	30,629	15,817	46,446
Franchise Fees	25,243	-	25,243
Licenses and Permits	13,889	6,052	19,941
Fines and Forfeitures	16,394	-	16,394
Use of Money and Property	54,239	4,202	58,441
From Other Agencies	1,767	179,272	181,039
Charges for Services	26,295	1,997	28,292
Contributions and Donations	-	1,385	1,385
Other	8,337	10,240	18,577
Total Revenues	<u>445,883</u>	<u>266,160</u>	<u>712,043</u>
Expenditures:			
Current:			
Legislative and Legal	9,673	-	9,673
General Government	17,050	735	17,785
Public Safety	267,430	21,549	288,979
Public Health	5,383	33,914	39,297
Community and Cultural	40,750	144,628	185,378
Public Works	29,679	35,805	65,484
Oil Operations	4,722	-	4,722
Total Current Expenditures	<u>374,687</u>	<u>236,631</u>	<u>611,318</u>
Capital Improvements	-	26,199	26,199
Debt Service:			
Principal	-	16,358	16,358
Interest	-	23,776	23,776
Debt Administration Fees	-	542	542
Total Expenditures	<u>374,687</u>	<u>303,506</u>	<u>678,193</u>
Excess of Revenues over (under) Expenditures	<u>71,196</u>	<u>(37,346)</u>	<u>33,850</u>
Other Financing Sources (Uses):			
Debt Issuance	-	54,186	54,186
Payment to Refunded Bond Escrow Agent	-	(57,611)	(57,611)
Transfers In	24,269	90,346	114,615
Transfers Out	(34,851)	(52,181)	(87,032)
Total Other Financing Sources (Uses)	<u>(10,582)</u>	<u>34,740</u>	<u>24,158</u>
Net Change in Fund Balances	<u>60,614</u>	<u>(2,606)</u>	<u>58,008</u>
Fund Balances - October 1	<u>77,123</u>	<u>299,865</u>	<u>376,988</u>
Fund Balances - September 30	<u>\$ 137,737</u>	<u>\$ 297,259</u>	<u>\$ 434,996</u>

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, 2013
(In Thousands)

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$ 58,008
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 (\$22,675) plus contributed assets (\$161) is less than depreciation (\$25,301) in the current period.	(2,465)
Net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) is a decrease to net position.	(1,894)
Under the modified accrual basis of accounting, revenue cannot be recognized until it is available to liquidate liabilities of the current period; under accrual accounting, revenue is recognized when it is earned regardless of its availability. In addition, governmental funds report expenditures pertaining to the establishment of certain long-term loans. Payments on these long-term receivables are recorded as revenue in the governmental funds. These deferred credits are not reported on the statement of net position and, therefore, the corresponding net expense is not reported on the statement of activities.	(1,623)
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 position. 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.	21,409
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.	(4,536)
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.	(29,893)
Change in net position of governmental activities	\$ 39,006

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, 2013
(In Thousands)

	Budgeted Amounts		Actual on	Variance with
	Original	Final	Budgetary	Final Budget -
			Basis	Favorable
				(Unfavorable)
Sources:				
Property Taxes	\$ 114,014	\$ 127,628	\$ 169,590	\$ 41,962
Sales Taxes	60,872	60,872	61,474	602
Utility Users Taxes	36,846	36,846	38,026	1,180
Other Taxes	27,710	27,710	30,629	2,919
Franchise Fees	21,507	21,507	25,243	3,736
Licenses and Permits	20,084	20,084	13,889	(6,195)
Fines and Forfeitures	15,797	15,797	16,394	597
Use of Money and Property	37,893	37,379	54,398	17,019
From Other Agencies	3,861	1,206	1,767	561
Charges for Services	23,539	24,897	26,295	1,398
Other	4,923	6,263	8,337	2,074
Transfers In	25,889	24,546	24,269	(277)
Total Sources	392,935	404,735	470,311	65,576
Uses:				
Current:				
Legislative and Legal				
Mayor and City Council	4,954	4,880	4,768	112
City Attorney	1,982	1,962	1,828	134
City Clerk	3,420	3,387	3,079	308
General Government				
City Auditor	2,383	2,385	2,330	55
City Manager	2,204	2,194	2,638	(444)
Civil Service	2,719	2,723	2,315	408
Financial Management	17,401	15,916	9,018	6,898
Planning and Building	876	1,377	1,073	304
Public Safety				
Police	187,755	188,946	185,167	3,779
Fire	72,283	72,728	71,415	1,313
City Prosecutor	5,023	4,970	4,832	138
Planning and Building - Code Enforcement	3,155	3,140	2,950	190
Police and Fire Annuity	-	-	3,067	(3,067)
Public Health	5,265	5,348	5,383	(35)
Community and Cultural				
Community Development	1,053	1,567	1,525	42
Library	14,164	14,046	13,996	50
Parks and Recreation	25,293	25,359	25,246	113
Public Works	30,132	30,475	30,059	416
Oil Operations	6,750	6,887	4,722	2,165
Transfers Out	16,771	46,618	34,851	11,767
Total Uses	403,583	434,908	410,262	24,646
Net Change in Budgetary Fund Balance:	\$ (10,648)	\$ (30,173)	\$ 60,049	\$ 90,222

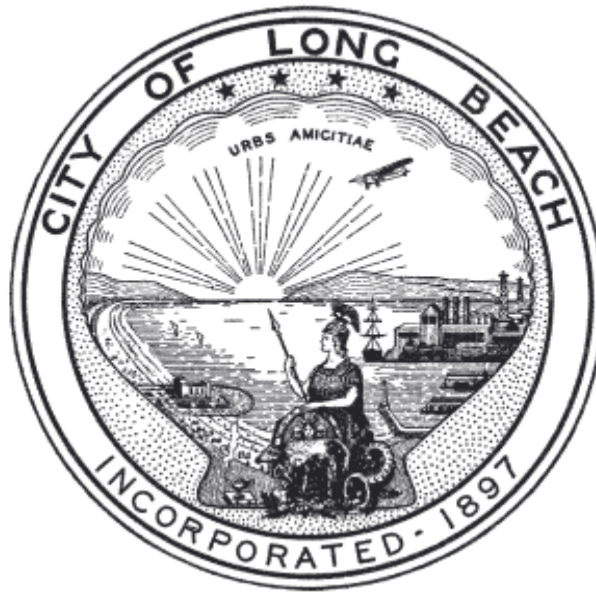
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 60,049
Add: Encumbrances	724
Less: Change in Mark-to-Market and Other Adjustments	(159)
Change in Fund Balance - September 30, GAAP Basis	60,614
Fund Balance, October 1, GAAP Basis	77,123
Fund Balance, September 30, GAAP Basis	\$ 137,737

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

Fund Balance, September 30, GAAP Basis	\$ 137,737
Less: Nonspendable Fund Balance	(2,043)
Restricted for Public Safety	(2,311)
Committed for Public Safety	(1,000)
Committed for Oil Field Abandonment	(4,711)
Assigned for Emergencies	(42,858)
Assigned for Operations	(12,986)
Assigned for Future Infrastructure	(1,000)
Assigned for Subsequent Year's Appropriations	(62,698)
Total Adjustments	(129,607)
Budgetary Funds Available - September 30	\$ 8,130

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



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City of Long Beach
Proprietary Funds
Statement of Net Position (Deficit)
September 30, 2013
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Gas Utility</u>	<u>Tidelands</u>	<u>Tideland Oil Revenue</u>
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 7,776	\$ 193,517	\$ 52,813
Non-Pooled Cash and Cash Equivalents	43	8,094	-
Non Performing Investments	11	32	-
Non-Pooled Investments	-	-	-
Receivables:			
Interest Receivable	14	89	-
Accounts Receivable	4,704	3,263	53,629
Due from Other Governments	-	624	-
Due from Other Funds	738	22,248	-
Other Receivables	-	-	-
Allowance for Receivables	(463)	(368)	-
Deposits	-	-	-
Inventory	1,933	-	-
Prepaid Gas - Current	22,811	-	-
Other Assets - Current	401	1	-
Total Current Asset	<u>37,968</u>	<u>227,500</u>	<u>106,442</u>
Noncurrent Assets:			
Restricted Noncurrent assets			
Non-Pooled Cash and Cash Equivalents	-	-	-
Non-Pooled Investments	20,635	12,351	-
Noncurrent Receivables:			
Other Noncurrent Receivables (net)	-	-	-
Advances to Other Funds	-	-	-
Capital Assets:			
Land and Other Capital Assets not being Depreciated	4,345	57,691	-
Capital Assets net of Accumulated Depreciation	120,436	287,023	12,531
Prepaid Gas - Long Term	496,015	-	-
Other Assets - Long-Term	-	-	-
Total Noncurrent Assets	<u>641,431</u>	<u>357,065</u>	<u>12,531</u>
Total Assets	<u>679,399</u>	<u>584,565</u>	<u>118,973</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows (Note 25)	<u>273,174</u>	<u>8,391</u>	<u>-</u>

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

Business-type Activities - Enterprise Funds			Governmental
Harbor	Other Proprietary Funds	Total Proprietary Funds September 30, 2013	Activities - Internal Service Funds September 30, 2013
\$ 287,355	\$ 333,941	\$ 875,402	\$ 169,258
35	9,845	18,017	13
242	56	341	26
-	2,574	2,574	-
203	78	384	-
41,003	18,293	120,892	1,638
129,171	2,819	132,614	-
-	671	23,657	5,168
-	77	77	-
(1,748)	(1,026)	(3,605)	(140)
-	-	-	617
520	2,581	5,034	1,980
-	-	22,811	-
1,726	677	2,805	6
458,507	370,586	1,201,003	178,566
259	-	259	-
63,237	22,679	118,902	-
3,217	1,689	4,906	10
1,300	4,114	5,414	-
2,478,815	66,864	2,607,715	14,527
997,979	525,703	1,943,672	84,829
-	-	496,015	-
49,464	219	49,683	-
3,594,271	621,268	5,226,566	99,366
4,052,778	991,854	6,427,569	277,932
11,404	2,443	295,412	2,518

(Continued)

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

(Continued)

	Business-type Activities - Enterprise Funds		
	Gas Utility	Tidelands	Tideland Oil Revenue
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	2,248	8,250	24,340
Accrued Wages	280	392	54
Accrued Interest Payable	11,249	2,918	-
Due to Other Funds	850	192	4,962
Unearned Revenues	126	1,652	-
Collections Held in Trust	-	130	4,001
Customers Deposits	1,833	-	-
Advances from Developers	-	-	-
Employee Benefits	-	-	-
Accrued Self-Insurance Claims - Current	-	-	-
Environmental Remediation - Current	-	-	-
Due to State of California	-	-	61,983
Obligations Under Capital Leases - Current	423	29	-
Bonds Payable Due Within One Year	7,305	6,465	-
Other Long-Term Obligations - Current	-	1,878	-
Total Current Liabilities	24,314	21,906	95,340
Noncurrent Liabilities:			
Advances from Other Funds	-	1,300	-
Unearned Revenues	-	5,010	-
Employee Benefits	-	-	-
Accrued Self-Insurance Claims	-	-	-
Accrued Oil Field Abandonment Costs	-	-	41,200
Site Restoration	-	-	-
Due to State of California	-	-	-
Obligations Under Capital Leases	1,782	433	-
Other Long-Term Obligations	3,000	52,389	-
Unamortized Discount	-	-	-
Bonds Payable	613,775	124,533	-
Unamortized Discount (Premium)	13,681	10,683	-
Total Noncurrent Liabilities	632,238	194,348	41,200
Total Liabilities	656,552	216,254	136,540
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows (Note 25)	273,174	-	-
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	119,576	169,176	12,531
Restricted for:			
Debt Service	-	8,335	-
Capital Projects	-	246	-
Healthcare Insurance	-	-	-
Tidelands	-	9,173	-
Airport	-	-	-
Subsidence	-	-	-
Unrestricted	(96,729)	189,772	(30,098)
Total Net Position (Deficit)	\$ 22,847	\$ 376,702	\$ (17,567)
Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds			
Net Position of Business-type Activities			

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

Business-type Activities - Enterprise Funds			Governmental
Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2013	Activities - Internal Service Funds September 30, 2013
97,919	21,272	154,029	4,491
9,918	863	11,507	38,281
11,484	3,926	29,577	2,316
17,705	425	24,134	563
13,633	5,046	20,457	-
-	5,534	9,665	1,225
-	2,780	4,613	-
-	448	448	-
-	-	-	8,119
4,000	-	4,000	24,549
-	-	-	182
-	-	61,983	-
-	-	452	3,352
49,115	13,135	76,020	4,760
-	-	1,878	-
203,774	53,429	398,763	87,838
-	-	1,300	-
-	5,245	10,255	-
-	-	-	160,446
10,000	-	10,000	103,623
-	-	41,200	-
-	1,000	1,000	-
-	-	-	2,829
-	-	2,215	26,530
80,000	9,750	145,139	-
-	-	-	3,793
552,590	197,130	1,488,028	62,576
39,132	5,592	69,088	(109)
681,722	218,717	1,768,225	359,688
885,496	272,146	2,166,988	447,526
-	-	273,174	-
2,848,456	397,371	3,547,110	46,550
18,418	11,723	38,476	59
43,236	26,830	70,312	1,646
-	-	-	16,583
-	-	9,173	-
-	7,354	7,354	-
-	172,379	172,379	-
268,576	106,494	438,015	(231,914)
<u>\$ 3,178,686</u>	<u>\$ 722,151</u>	<u>4,282,819</u>	<u>\$ (167,076)</u>
		(38,125)	
		<u>\$ 4,244,694</u>	

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

City of Long Beach
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Business-type Activities - Enterprise Funds		
	Gas Utility	Tidelands	Tideland Oil Revenue
Operating Revenues:			
Licenses and Permits	\$ -	\$ 261	\$ -
Fines and Forfeitures	-	308	-
Fees, Concessions, and Rentals	-	36,044	390,944
From Other Agencies	-	164	-
Charges for Services	80,215	22,956	4,425
Other	-	178	-
Total Operating Revenues	80,215	59,911	395,369
Operating Expenses:			
Personnel Services	15,286	26,754	3,002
Purchases of Gas and Water	10,597	-	-
Maintenance and Other Operations	11,391	42,521	4,875
Insurance Premiums	-	-	-
Self-Insured Losses	-	-	-
Compensated Absences	-	-	-
Employee Benefits	-	-	-
Payments to Other Entities	-	-	340,174
Amortization	(5)	514	-
Depreciation	5,207	18,848	-
Total Operating Expenses	42,476	88,637	348,051
Operating Income (Loss)	37,739	(28,726)	47,318
Non-Operating Income (Expenses):			
Interest Income	647	319	-
Interest Expense	(31,977)	(6,529)	-
Gain (Loss) on Disposition of Capital Assets	(874)	-	-
Capital Assets to / (from) Other Funds	(1,844)	-	-
Oil Field Abandonment Costs	-	-	(13,800)
Operating Grants	-	493	-
Other Income	6,926	18	1,933
Other Expense	(5,922)	-	-
Total Non-Operating Income (Expenses)	(33,044)	(5,699)	(11,867)
Income (Loss) Before Contributions and Transfers	4,695	(34,425)	35,451
Capital Grants and Contributions	-	153	-
Transfers:			
Transfers In	-	64,221	-
Transfers Out	(13,023)	-	(46,909)
Change in Net Position	(8,328)	29,949	(11,458)
Net Position (Deficit) - October 1	35,109	348,097	(6,109)
Adjustments for GASB 65 Implementation	(3,934)	(1,344)	-
Net Position (Deficit) - September 30	\$ 22,847	\$ 376,702	\$ (17,567)

Change in Net Position of Business - Enterprise Funds

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds

Change in Net Position of Business-type Activities

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

Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds	
Harbor	Other Proprietary Funds	Totals	September 30, 2013	September 30, 2013
		Proprietary Funds		
		September 30, 2013		
\$ -	\$ 15,831	\$ 16,092	\$ -	
-	2	310	-	
345,244	34,760	806,992	-	
-	-	164	-	
-	196,720	304,316	314,401	
1,000	25	1,203	6,042	
346,244	247,338	1,129,077	320,443	
54,333	57,707	157,082	38,171	
-	29,753	40,350	-	
43,363	114,088	216,238	43,665	
-	-	-	2,973	
-	-	-	22,749	
-	-	-	48,484	
-	-	-	151,913	
-	-	340,174	-	
-	159	668	38,036	
90,850	23,660	138,565	11,966	
188,546	225,367	893,077	357,957	
157,698	21,971	236,000	(37,514)	
2,789	1,802	5,557	40	
(65)	(7,180)	(45,751)	(4,722)	
5	(1,205)	(2,074)	91	
(11)	(2,930)	(4,785)	4,775	
-	-	(13,800)	-	
-	612	1,105	-	
-	10,359	19,236	1,986	
(3,601)	(2,317)	(11,840)	(283)	
(883)	(859)	(52,352)	1,887	
156,815	21,112	183,648	(35,627)	
250,543	8,493	259,189	1,358	
-	24	64,245	1,332	
(17,312)	(8,491)	(85,735)	(7,425)	
390,046	21,138	421,347	(40,362)	
2,793,318	704,492	3,874,907	(125,267)	
(4,678)	(3,479)	(13,435)	(1,447)	
\$ 3,178,686	\$ 722,151	4,282,819	\$ (167,076)	
		421,347		
		(10,469)		
		\$ 410,878		

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, 2013
(In Thousands)

	Business-Type Activities - Enterprise Funds		
	Gas Utility	Tidelands	Tideland Oil Revenue
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>			
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 79,411	\$ 60,801	\$ -
Receipts from Oil Companies	-	-	402,115
Receipts from Other Governments	-	5,534	-
Receipts from Other Funds	-	-	-
Payments for Employee Salaries	(15,231)	(27,375)	(2,993)
Payments for Goods and Services	(22,872)	(42,932)	(4,805)
Payments for Compensated Absences	-	-	-
Payments for Employee Benefits	-	-	-
Payments for Liability Claims	-	-	-
Payments to Other Entities	-	(1)	(367,118)
Payments in Lieu of Taxes	-	-	-
Other Income	29,795	18	(11,867)
Other Expense	(5,889)	-	-
Net Cash Provided by (Used for) Operating Activities	65,214	(3,955)	15,332
Cash Flows from Non-Capital Financing Activities:			
Operating Grants Received from Other Governments	31	-	-
Receipts for Oil Well Abandonment Reserve	-	-	13,800
Clean Air Action Plan	-	-	-
ACTA shortfall advance	-	-	-
Receipts from Prepayment of Gas Supply	(568)	-	-
Payments of Principal on Bonds Payable	(8,290)	-	-
Payments of Interest	(32,468)	-	-
Transfers In	-	69,235	-
Transfers Out	(13,023)	(803)	(51,054)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(54,318)	68,432	(37,254)
Cash Flows from Capital and Related Financing Activities:			
Receipt of Capital Grants	-	-	-
Proceeds from the Sale of Capital Assets	-	-	-
Proceeds from Issuance of Long-Term Obligations	-	9,653	-
Payment of Cost of Issuance	-	-	-
Receipts of Contributed Capital	-	-	-
Receipts from Passenger Facility Charges	-	-	-
Payments to Developers	-	-	-
Proceeds from Capital Leases Receivable from Other Funds	879	-	-
Principal Received on Other Long term Receivable	-	-	-
Payments for Capital Acquisitions	(15,866)	(29,544)	-
Payments of Principal on Bonds Payable	(750)	(8,240)	-
Payments of Principal on Other Long-Term Obligations	(414)	(910)	-
Payments to Defeas Bonds	-	-	-
Payments of Interest, Net of Amounts Capitalized	(79)	(8,327)	-
Receipt of Federal Subsidy	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	(16,230)	(37,368)	-
Cash Flows from Investing Activities:			
Proceeds from the Sale of Investments	1,114	-	-
Payments for Investments	650	109	-
Payments from Other Government Entities	-	-	-
Payment to Joint Venture	-	-	-
Receipts of Interest	691	421	-
Net Cash Provided by (Used for) Investing Activities	2,455	530	-
Net Increase (Decrease) in Cash and Cash Equivalents	(2,879)	27,639	(21,922)
Cash and Cash Equivalents - October 1	10,698	173,972	74,735
Cash and Cash Equivalents - September 30	\$ 7,819	\$ 201,611	\$ 52,813

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

Business-Type Activities - Enterprise Funds			Governmental
Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2013	Activities - Internal Service Funds September 30, 2013
\$ 355,528	\$ 258,661	\$ 754,401	\$ 6,129
-	-	402,115	-
-	-	5,534	-
-	-	-	313,721
(44,666)	(57,462)	(147,727)	(37,928)
(41,119)	(138,796)	(250,524)	(47,987)
-	-	-	(62,416)
-	-	-	(140,729)
-	-	-	(2,553)
-	-	(367,119)	-
-	(11,551)	(11,551)	-
-	(1,088)	16,858	2,015
-	(106)	(5,995)	(427)
269,743	49,658	395,992	29,825
-	612	643	-
-	-	13,800	-
(3,420)	-	(3,420)	-
702	-	702	-
-	-	(568)	-
-	-	(8,290)	-
-	-	(32,468)	-
-	10,824	80,059	3,844
(16,694)	(8,491)	(90,065)	(7,425)
(19,412)	2,945	(39,607)	(3,581)
188,327	8,571	196,898	1,185
129	410	539	220
80,000	3,750	93,403	21,661
-	-	-	(20)
-	(1,235)	(1,235)	173
-	5,897	5,897	-
-	115	115	4,006
-	-	879	-
-	76	76	-
(820,993)	(44,167)	(910,570)	(1,658)
(46,965)	(12,375)	(68,330)	(1,510)
-	-	(1,324)	(8,047)
-	-	-	(27,917)
(33,670)	(11,709)	(53,785)	(5,456)
-	1,119	1,119	-
(633,172)	(49,548)	(736,318)	(17,363)
-	9,452	10,566	-
-	-	759	2,707
-	(3)	(3)	-
2,000	-	2,000	-
2,000	2,080	5,192	72
4,000	11,529	18,514	2,779
(378,841)	14,584	(361,419)	11,660
666,490	329,202	1,255,097	157,611
\$ 287,649	\$ 343,786	\$ 893,678	\$ 169,271

(continued)

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

(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>Tidelands</u>	<u>Tideland Oil Revenue</u>
	<u>Utility</u>		
Operating Income (Loss)	\$ 37,739	\$ (28,726)	\$ 47,318
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation and Amortization Expense	5,202	19,362	-
Other Income	29,628	663	(11,867)
Other Expense	(5,922)	-	-
(Increase) Decrease in Accounts Receivable, Net	264	69	6,558
Decrease in Amounts Due to Other Governments	-	-	(26,944)
(Increase) Decrease in Amounts Due from Other Governments	(31)	4,725	-
(Increase) Decrease in Amounts Due from Other Funds	199	-	-
(Increase) Decrease in Inventory	(43)	-	21
(Increase) Decrease in Other Assets	619	-	-
(Increase) Decrease in Environmental Liabilities	-	-	-
Increase (Decrease) in Accounts Payable	(2,203)	1,087	48
Increase in Accrued Wages Payable	43	105	9
Increase (Decrease) in Amounts Due to Other Funds	(58)	(725)	-
Increase in Accrued Claims Payable	-	-	-
Increase (Decrease) in Unearned Revenues	(228)	(478)	-
Decrease in Deferred Credits	-	-	-
Increase (Decrease) in Collections Held in Trust	5	(37)	189
Total Adjustments	27,475	24,771	(31,986)
Net Cash Provided by (Used for) Operating Activities	\$ 65,214	\$ (3,955)	\$ 15,332
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</u>			
Capitalized Interest	\$ 75	\$ 1,139	\$ -
Accrued Capital Asset Costs	-	-	-
Amortization of Bond Premium, Net	-	-	-
Accrued Cost of Water Purchases	-	-	-
Accrued Oilfield Abandonment Costs	-	-	13,800

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

Business-Type Activities - Enterprise Funds			Governmental
Harbor	Other Proprietary Funds	Totals Proprietary Funds September 30, 2013	Activities - Internal Service Funds September 30, 2013
\$ 157,698	\$ 21,971	\$ 236,000	\$ (37,514)

90,850	23,819	139,233	50,002
96	(1,088)	17,432	2,015
-	(106)	(6,028)	(283)
9,376	2,938	19,205	(75)
-	-	(26,944)	-
-	(334)	4,360	(1)
-	60	259	(513)
84	(60)	2	(369)
-	(26)	593	19
10,000	(28)	9,972	(144)
4,163	1,218	4,313	(1,004)
-	147	304	14,825
(2,336)	108	(3,011)	28
-	-	-	4,856
(188)	853	(41)	-
-	(80)	(80)	-
-	266	423	(2,017)
112,045	27,687	159,992	67,339
\$ 269,743	\$ 49,658	\$ 395,992	\$ 29,825

\$ 29,054	\$ 3,950	\$ 34,218	\$ -
18,231	2,090	20,321	-
3,650	87	3,737	-
-	5,740	-	-
-	-	13,800	-

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

City of Long Beach
Statement of Fiduciary Net Position
Fiduciary Funds
September 30, 2013
(In Thousands)

	Private Purpose Trust	Agency Funds
ASSETS:		
Pooled Cash and Cash Equivalents	\$ 896	\$ 9,539
Non Performing Investments	-	2
Non-pooled Investments	-	2,175
Non-Pooled Cash and Cash Equivalents	-	6,224
Property Taxes Receivable	-	73
Interest Receivable	-	8
Accounts Receivable	-	28
Prepaid Expense	-	1
Land	-	11,000
Total Assets	<u>\$ 896</u>	<u>\$ 29,050</u>
LIABILITIES:		
Accounts Payable	-	308
Due to Special Assessment Bondholders	-	3,339
Collections Held in Trust	-	25,403
Total Liabilities	<u>-</u>	<u>\$ 29,050</u>
NET POSITION:		
Held in Trust for Private Purpose Trust Funds	<u>\$ 896</u>	

City of Long Beach
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Private Purpose Trust
ADDITIONS:	
Interest Income	\$ 1
Contributions from Citizens	24
Total Additions	<u>25</u>
DEDUCTIONS:	
Community and Cultural	<u>40</u>
Change in Net Position	(15)
Net Position, October 1	<u>911</u>
Net Position, September 30	<u>\$ 896</u>

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

NOTES TO THE FINANCIAL STATEMENTS

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The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

NOTE 1 – REPORTING ENTITY

Organization

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

Financial Reporting Entity

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

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

Blended Component Entities

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

Successor Agency to the Redevelopment Agency of the City of Long Beach (Agency) The Redevelopment Agency ceased operation in accordance with Assembly Bill (AB) 1X26 effective February 1, 2012. Consistent with the legislation, the City exercised its option to become the Successor Agency for the former Redevelopment Agency and the Housing Successor Agency (HSA) for the Low and Moderate Income Housing function. Under the requirements of the legislation, as the Agency for the former Redevelopment Agency, the City is responsible for the winding down of Agency business to include the completion of ongoing projects and the disposition of assets. As the

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

HSA, the City is responsible for executing the former mission of the Low and Moderate Income Housing function as long as funding permits. Like its predecessor, the Agency is considered a blended component unit of the City. The financial activities of the Agency were blended with those of the City in the accompanying basic financial statements and are reported as the Agency's Capital Projects and Debt Service Funds.

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 responsibility to provide adequate housing to low-and-moderate-income residents, senior citizens, and disabled persons. 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 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, 2013

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

There is no requirement to separately issue financial statements for these component units.

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, 2013

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

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

The statement of activities 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.

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 that are recognized when earned, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.

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- 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.
- Expenditures are presented in functional categories such as general government and public safety. For the City, the amounts presented include an allocation of indirect costs.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing sources.

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

The City reports the following major governmental and enterprise funds:

Major Governmental Funds

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

Major Enterprise Funds

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

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

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

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

Other Fund Types

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

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

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

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

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

Pooled Cash and Cash Equivalents

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

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

The pool investments are based on three investment strategies designed to meet any demand for funding by using a combination of short-term on demand accounts and highly liquid investments. In addition, several individual funds maintain specific investments over and above any pooled cash balances. Interest income arising from pooled cash and investments is apportioned to the participating funds based on the relationship of their respective daily cash balances to the total of pooled cash and investments. Investments are stated at fair value as of September 30, 2013.

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Receivables and Payables

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

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

Inventories

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

Capital Assets

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

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

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

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

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

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

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Long-Term Obligations

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

In the 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 Position and Fund Balance

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

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

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

Consistent with the City's adopted Fund Balance Policy, assignments may be designated for a purpose by the City Council or, if delegated, the Council's designee who, for the purpose of this disclosure, is the City Manager.

It is a policy goal of the City to maintain an overall unrestricted fund balance of no less than two months or 16.7 percent of General Fund expenditures. This percentage includes committed, assigned, and unassigned balances.

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

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

<i>Classification</i>	<i>Definition</i>	<i>Examples</i>
Nonspendable	“Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.”	1. Inventories, prepaid items, long-term receivables, and permanent principal of endowment funds.
Restricted	“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.
Unrestricted	Committed	“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.
	Assigned	“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 or positive residual balances in governmental funds other than the general fund.
	Unassigned	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.

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 1st and delinquent with penalties after December 10th; the second is due February 1st and delinquent with penalties after April 10th. The City recognizes property tax receivable when levied and defers the portion that is neither intended nor available to finance current year expenditures.

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Revenue Recognition for Utility Funds

Utility revenues are recorded as billed to customers on a cyclical monthly basis. 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, may 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 1st 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 (Postemployment Medical Benefits) for police officers. This third-party administered trust provides reimbursements for postretirement 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. The sick leave provision of the benefit was effective through fiscal year 2003. The excess vacation benefit was effective through fiscal year 2005.

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 2013 budget prior to September 30, 2012 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.

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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.

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.

Implementation of New Accounting Pronouncements

The following summarizes implemented GASB pronouncements and their impact, if any, on the financial 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 was effective for the City's fiscal year ended September 30, 2013 and did not materially impact the City's Financial Statements.

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 was effective for the City's fiscal year ended September 30, 2013 and did not materially impact the City's Financial Statements.

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 governments 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 was effective for the City's fiscal year ended September 30, 2013 and did not materially impact the City's Financial Statements.

In March of 2012, GASB issued Statement No. 65, *Items Previously Reported as Assets and Liabilities*. The Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The requirements of this Statement will improve financial reporting by clarifying the appropriate use of the financial statement elements, deferred outflows of resources, and deferred inflows of resources to ensure consistency in financial reporting.

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Application of this Statement was effective for the City's fiscal year ended September 30, 2013. The implementation of this Statement changed the financial statements by requiring the presentation of deferred outflows and deferred inflows and mandated an adjustment to beginning fund balance or net position. Adjustments to beginning fund balance or net position resulting from the write off of all remaining unamortized issuance costs and had the following affects: \$3.9 million for the Gas Fund; \$1.3 million for the Tidelands Fund; \$4.7 million for the Harbor; \$3.5 million for nonmajor enterprise funds; and \$1.4 million for Internal Service Funds. The implementation also lead to an adjustment of \$8.6 million to Governmental Activities Net Position.

In March of 2012, GASB issued Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*. The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Application of this Statement was effective for the City's fiscal year ended September 30, 2013 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 June of 2012, GASB issued Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*. The objective of this Statement is to improve financial reporting by state and local governmental pension plans. As such, the statement applies to CalPERS and not the City. The Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

In June of 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, it identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. The requirements of this Statement will improve the decision-usefulness of information in employer financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. The City believes that the implementation of this statement will have a material impact on the City's financial statements. The provisions of Statement 68 are effective for fiscal years beginning after December 15, 2014.

In January of 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. This Statement provides specific accounting and financial reporting guidance for combinations in the governmental environment and improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The provisions of Statement 69 are effective for fiscal years beginning after June 15, 2013.

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In April of 2013, GASB issued Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. This Statement enhances comparability of financial statements among governments by requiring consistent reporting for governments who extend or receive nonexchange financial guarantees and expands the information disclosed about obligations and risk exposure from extending nonexchange financial guarantees. The provisions of Statement 70 are effective for fiscal years beginning after June 15, 2013.

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.

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

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

	Total Governmental Funds (Page 28)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 25)
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 267,407	\$ -	\$ 169,258	\$ (293,739)	\$ 142,926
Non-Pooled Cash and Cash Equivalents	35,333	-	13	-	35,346
Pooled Investments	-	-	-	113,044	113,044
Non Performing Investments	60	-	26	-	86
Interest Receivable	-	174	-	-	174
Property Taxes Receivable, Net	88,241	-	-	(8,488)	79,753
Accounts Receivable	42,216	-	1,638	(43,854)	-
Notes and Loans Receivable	1,861	-	-	(1,861)	-
Due from Other Governments	44,683	-	-	-	44,683
Due from Other Funds	10,107	-	5,168	(15,275)	-
Allowance for Receivables	(35,332)	-	(140)	35,472	-
Accounts and Loans Receivables, Net	-	-	-	18,731	18,731
Internal Balances	-	-	-	34,488	34,488
Deposits	-	-	617	(617)	-
Inventory	-	-	1,980	-	1,980
Other Assets	8,051	-	6	617	8,674
Advances to Other Funds	31,507	-	-	(31,507)	-
Land Held for Resale	101,412	-	-	-	101,412
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	180,695	180,695
Noncurrent Non-Pooled Investments	31,376	-	-	-	31,376
Other Noncurrent Receivables	189,911	-	10	-	189,921
Capital Assets:					
Nondepreciable	-	258,908	14,527	-	273,435
Depreciable, Net	-	329,356	84,829	-	414,185
Total Assets	816,833	588,438	277,932	(12,294)	1,670,909
Deferred Outflows of Resources	-	1,915	2,518	-	4,433
Total Assets and Deferred Outflows of Resources	\$ 816,833	\$ 590,353	\$ 280,450	\$ (12,294)	\$ 1,675,342

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	Total Governmental Funds (Page 28)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 25)
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 35,895	\$ -	\$ 4,491	\$ -	\$ 40,386
Accrued Wages and Benefits Payable	5,754	-	38,281	-	44,035
Accrued Interest Payable	-	6,647	2,316	-	8,963
Due to Other Funds	14,235	-	563	(14,798)	-
Unearned Revenue	11,402	-	-	10,187	21,589
Deposits and Collections Held in Trust	6,205	-	1,225	(7,430)	-
Advances from Other Funds	35,621	-	-	(35,621)	-
Bonds Payable	-	15,155	4,760	(19,915)	-
Notes Payable	-	426	-	(426)	-
Capital Leases Payable	-	1,626	3,352	(4,978)	-
Environmental Remediation	-	618	182	(800)	-
Accrued Self Insurance Claims Payable	-	-	24,549	(24,549)	-
Employee Benefits Payable	-	-	8,119	(8,119)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	33,468	33,468
Total LT Debt and Other LT Obligations	-	-	-	25,319	25,319
Long-term Liabilities Due Beyond One Year					
Bonds Payable	-	383,881	66,260	(450,141)	-
Notes Payable	-	6,676	-	(6,676)	-
Capital Leases Payable	-	10,361	26,530	(36,891)	-
Police and Fire Annuities Payable	-	14,183	-	(14,183)	-
Estimated Oil Field Abandonment Costs Payable	-	9,040	-	(9,040)	-
Environmental Remediation	-	391	2,829	(3,220)	-
Accrued Self Insurance Claims Payable	-	-	103,623	(103,623)	-
Employee Benefits Payable	-	-	160,446	(160,446)	-
Total Employee Benefits and Accrued LT Obligations	-	-	-	290,512	290,512
Total LT Debt and Other LT Obligations	-	-	-	493,708	493,708
Total Liabilities	109,112	449,004	447,526	(47,662)	957,980
Deferred Inflows of Resources	272,725	-	-	(194,107)	78,618
Fund Balance / Net Position					
Total Fund Balance / Net Position	434,996	141,349	(167,076)	229,475	638,744
Total Liabilities, Deferred Inflows and					
Fund Balance / Net Position	\$ 816,833	\$ 590,353	\$ 280,450	\$ (12,294)	\$ 1,675,342

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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 30)	Debt and Capital Related Transactions	Internal Service Funds	Reclass and Adjust- ments	Statement of Activities (Pages 26 - 27)
Revenues:					
Taxes	\$ 362,731	\$ -	\$ -	\$ (11,046)	\$ 351,685
Franchise Fees	25,243	-	-	-	25,243
Licenses and Permits	19,941	-	-	(19,941)	-
Fines and Forfeitures	16,394	-	-	(16,394)	-
Use of Money and Property /					
Unrestricted Investment Earnings	58,441	-	(97)	(54,927)	3,417
From Other Agencies	181,039	-	-	(181,039)	-
Charges for Services	28,292	-	-	(28,292)	-
Other Contributions	1,385	-	-	(1,385)	-
Other	18,577	-	-	(18,577)	-
Program Revenue:					
Charges for Services	-	-	6,042	133,875	139,917
Operating Grants and Contributions	-	-	-	171,937	171,937
Capital Grants and Contributions	-	-	-	10,778	10,778
Other Financing Sources :					
Issuance of Long-term Debt	54,186	-	-	(54,186)	-
Grants and Contributions Not					
Restricted to Specific Programs	-	150	-	-	150
Gain on Sale of Capital Assets	-	-	-	-	-
Capital Asset Transfers, Net	-	11	4,775	-	4,786
Transfers, Net	27,583	-	(6,093)	-	21,490
Total Revenues	793,812	161	4,627	(69,197)	729,403
Expenditures / Expenses:					
Current:					
Legislative and Legal	9,673	8	1,276	-	10,957
General Government	17,785	590	4,967	-	23,342
Public Safety	288,979	(1,839)	16,732	-	303,872
Public Health	39,297	421	2,248	-	41,966
Community and Cultural	185,378	(880)	2,121	(13,380)	173,239
Public Works	65,484	34,907	2,588	-	102,979
Oil Operations	4,722	2,379	-	-	7,101
Capital Improvements	26,199	(26,199)	-	-	-
Debt Service:					
Principal	16,358	(16,358)	-	-	-
Interest on Long-Term Debt	23,776	(1,420)	4,585	-	26,941
Debt Administration Fees	542	(542)	-	-	-
Payment to Refunded Bond Escrow Agent	57,611	-	-	(57,611)	-
Total Expenditures / Expenses	735,804	(8,933)	34,517	(70,991)	690,397
Net Change in Fund Balances	\$ 58,008	\$ 9,094	\$ (29,890)	\$ 1,794	\$ 39,006

The City of Long Beach
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NOTE 4 – CASH AND INVESTMENTS

Cash and Investments as of September 30, 2013 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Cash and investments in City pool	\$ 1,322,502
Non-performing short-term investment	429
Non-pooled cash and investments	214,873
Total cash and investments	<u>\$ 1,537,804</u>

Cash and investments as of September 30, 2013 consist of the following:

Cash and deposits	\$ 220,941
Outstanding checks	(21,507)
Investments	1,338,370
Total cash and investments	<u>\$ 1,537,804</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, 2013 is as follows (in thousands):

	<u>Primary Government</u>			
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Pooled Cash and Cash Equivalents	\$ 142,926	\$ 286,529	\$ 10,435	\$ 439,890
Non-Pooled Cash and Cash Equivalents	35,346	18,017	6,224	59,587
Pooled Investments	113,044	226,624	-	339,668
Non Performing Investments	86	341	2	429
Non-Pooled Investments	-	2,574	-	2,574
Noncurrent Pooled Investments	180,695	362,249	-	542,944
Noncurrent Non-Pooled Investments	31,376	-	2,175	33,551
Restricted Assets:				
Non-Pooled Cash and Cash Equivalents	-	259	-	259
Non-Pooled Investments	-	118,902	-	118,902
Total Deposits and Investments	<u>\$ 503,473</u>	<u>\$ 1,015,495</u>	<u>\$ 18,836</u>	<u>\$ 1,537,804</u>

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

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

The City of Long Beach
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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 per account
Asset-backed Securities	5 years	20%	None
Mortgage-backed Securities	5 years	20%	None

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

Investments Authorized by Debt Agreements

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

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and timing cash flows from maturities so that a near-level portion of the portfolio is maturing or coming closer to maturity over time to provide the cash flow and liquidity needed for operations.

The City of Long Beach
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The following schedule indicates the interest rate risk of the City's investments as of September 30, 2013 (in thousands):

Investment Type	Fair Value	Weighted Average Maturity (in years)
Cash and investments in City pool		
Inter-department loan (Health SAVRS) ¹	\$ 1,555	5.562
U.S. Treasury bills	36,996	0.361
U.S. Treasury notes	226,158	0.759
Federal agency securities	738,293	1.544
Money market account	232	0.003
Local Agency Investment Fund (LAIF)	120,399	0.003
Subtotal City pool	1,123,633	
Cash and deposits	220,376	
Outstanding checks	(21,507)	
Total City pool	<u>\$ 1,322,502</u>	
Non performing investment - short term	<u>\$ 429</u>	-
Non-pooled cash and investments		
Guaranteed Investment Contracts	\$ 45,116	19.31
Money market funds	49,283	-
U.S. Treasury notes	70,305	1.79
Federal agency securities	37,602	3.09
Time certificates of deposit	10,000	0.97
City bonds	2,002	5.68
Cash and deposits	565	-
Total non-pooled cash and investments	<u>\$ 214,873</u>	

¹Loan 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, 2013. Highly sensitive investments are investments whose sensitivity to market interest rate fluctuations are not fully addressed by use of one of the five methods for reporting interest rate risk.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The minimum rating requirements for commercial paper, asset-backed securities, and medium-term notes is an A rating. Mortgage-backed security issuers must have a minimum AAA rating. State warrants, state treasury notes, or bonds of the State are to be rated at a minimum of A1 / Sp-1 for short-term investments and Aa/AA for long-term investments.

The City of Long Beach
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The following are the actual ratings as of September 30, 2013 for each investment type (in thousands):

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	\$ 1,555	\$ 1,555	\$ -	\$ -	\$ -
U.S. Treasury bills	N/A	36,996	36,996	-	-	-
U.S. Treasury notes	N/A	226,158	226,158	-	-	-
Federal agency securities	N/A	738,293	-	-	738,293	-
Money market account	N/A	232	-	-	232	-
Local Agency Investment Fund (LAIF)	N/A	120,399	-	-	-	120,399
Subtotal City pool		1,123,633	264,709	-	738,525	120,399
Cash and deposits		220,376	-	-	-	220,376
Outstanding checks		(21,507)	-	-	-	(21,507)
Total City pool		<u>\$ 1,322,502</u>	<u>\$ 264,709</u>	<u>\$ -</u>	<u>\$ 738,525</u>	<u>\$ 319,268</u>
Non-performing investment - short term	N/A	\$ 429	\$ -	\$ -	\$ -	\$ 429
Non-pooled cash and investments						
Guaranteed Investment Contracts	N/A	\$ 45,116	\$ 45,116	\$ -	\$ -	\$ -
Money market funds	N/A	49,283	49,283	-	-	-
U.S. Treasury notes	N/A	70,305	-	70,305	-	-
Federal agency securities	N/A	37,602	-	-	37,602	-
Time Certificates of Deposit	N/A	10,000	-	-	-	10,000
City bonds	N/A	2,002	-	-	-	2,002
Cash and deposits	N/A	565	-	-	-	565
Total non-pooled cash and investments		<u>\$ 214,873</u>	<u>\$ 94,399</u>	<u>\$ 70,305</u>	<u>\$ 37,602</u>	<u>\$ 12,567</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	\$ 58,349
Federal Home Loan Bank	Federal agency securities	155,034
Federal Home Loan Mortgage Corporation	Federal agency securities	276,248
Federal National Mortgage Association	Federal agency securities	248,664
Local Agency Investment Fund (LAIF)	Local Agency Investment Fund (LAIF)	120,399
U.S. Treasuries	U.S. Treasury bills and notes	263,154

The City of Long Beach
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Custodial Credit Risk

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

As of September 30, 2013, the City reported deposits of \$220.0 million, collateralized in compliance with California Government Code, less \$21.5 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.

The City of Long Beach
The Notes to the Basic Financial Statements
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NOTE 5 – RECEIVABLES

Receivables at September 30, 2013 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	Nonmajor Governmental Funds	Internal Service Funds	Total
Governmental Activities:				
Receivables:				
Taxes	\$ 88,147	\$ 94	\$ -	\$ 88,241
Accounts, Unrestricted	38,749	3,467	1,638	43,854
Notes and Loans	1,861	-	-	1,861
Due from Other Governments	15,252	29,431	-	44,683
Total Receivables	144,009	32,992	1,638	178,639
Less Allowance for Receivables	(34,231)	(1,101)	(140)	(35,472)
Net Receivables	<u>\$ 109,778</u>	<u>\$ 31,891</u>	<u>\$ 1,498</u>	<u>\$ 143,167</u>

	Gas Utility	Tidelands	Tideland Oil Revenue	Harbor	Nonmajor Proprietary Funds	Total
Business-Type Activities:						
Receivables:						
Interest, Unrestricted	\$ 14	\$ 89	\$ -	\$ 203	\$ 78	\$ 384
Accounts, Unrestricted	4,704	3,263	53,629	41,003	18,293	120,892
Other Receivables	-	-	-	-	77	77
Due from Other Governments	-	624	-	129,171	2,819	132,614
Total Receivables	4,718	3,976	53,629	170,377	21,267	253,967
Less Allowance for Receivables	(463)	(368)	-	(1,748)	(1,026)	(3,605)
Net Receivables	<u>\$ 4,255</u>	<u>\$ 3,608</u>	<u>\$ 53,629</u>	<u>\$ 168,629</u>	<u>\$ 20,241</u>	<u>\$ 250,362</u>

1) Governmental activities interest receivable in the Statement of Net Assets differs from total interest receivable listed above by \$175 thousand due to the federal subsidy receivable for the Agency's Build America and Recovery Zone Economic Development Bonds.

The City of Long Beach
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NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2013 is as follows (in thousands):

		Receivable - Due to:						
		General	Nonmajor Govern- mental	Gas Utility	Tidelands	Nonmajor Proprietary Funds	Internal Service Funds	Total Due from
Payable- Due from:								
General	\$ -	\$ 3,000	\$ 738	\$ -	\$ 505	\$ 3,326	\$ 7,569	
Nonmajor Governmental	6,242	28	-	-	-	396	6,666	
Gas Utility	546	-	-	-	166	138	850	
Tidelands	-	-	-	-	-	192	192	
Tidelands Oil Revenue	-	-	-	4,935	-	27	4,962	
Harbor	-	-	-	17,313	-	392	17,705	
Nonmajor Proprietary	-	-	-	-	-	425	425	
Internal Service	291	-	-	-	-	272	563	
Total Due to	\$ 7,079	\$ 3,028	\$ 738	\$ 22,248	\$ 671	\$ 5,168	\$ 38,932	

		Receivable - Advances from:			
		Nonmajor Govern- mental	Harbor	Nonmajor Proprietary Funds	Total Advances to
Payable - Advances to:		General			
General	\$ -	\$ -	\$ -	\$ 4,114	\$ 4,114
Nonmajor Governmental	2,000	29,507	-	-	31,507
Tidelands	-	-	1,300	-	1,300
Total Advances from	\$ 2,000	\$ 29,507	\$ 1,300	\$ 4,114	\$ 36,921

Due to / Due from Other Funds

The General Fund has provided \$6.2 million to non-major governmental funds. \$1.4 million was provided to the Community Development Grants Fund to cover operating expenses prior to receipt of grant funds from the Home Investment Partnership Act, Community Development Block Grant, and Workforce Investment Act. In addition, the General Fund provided the General Grants Fund \$4.8 million for temporary cash flow in order to cover expenses for the Urban Area Security Initiative Grant.

The General Fund has \$3 million payable to the General Capital Projects Fund, a non-major governmental fund, for pollution remediation and legal settlement related to the San Francisco Yard (SFY) as discussed in Note 21 – Pollution Remediation Obligations.

As of September 30, 2013, \$4.9 million is payable from the Tidelands Oil Revenue Fund to the Tidelands Fund. At fiscal year-end, \$2.9 million of the net oil profits and \$2.0 million, through the 1992 Optimized Waterflood Program Agreement whereby Tidelands Fund receives 8.5 percent of the incremental oil revenue generated by the injection of water into the Tidelands area oil fields, was due to the Tidelands Fund.

The City, under authority of the City Charter Chapter XII, Section 1209(c)(4), and with the approval of the Board of Harbor Commissioners, adopted a resolution to transfer 5 percent of the Harbor operating revenues to the Tidelands Fund. The amount accrued for the Harbor's 2013 operating revenues is \$17.3 million and will be paid in fiscal year 2014.

The City of Long Beach
The Notes to the Basic Financial Statements
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Advances from Other Funds

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

The 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, 2013 is \$4.6 million, of which \$4.1 million is long-term and \$500 thousand is current.

During the period from 1986 through 2010, the Housing Development Fund through the deferral of housing set-aside funds made a series of advances to the former Redevelopment Agency. With the dissolution of the former Redevelopment Agency, the Agency, a non-major governmental fund, became responsible for the repayment of the advances. At September 30, 2013, inclusive of fiscal year 2013 payments of \$4.2 million, the remaining balance was \$25.7 million.

In fiscal year 2001, The Company, a subset of the Housing Development Fund, entered into a \$4.0 million zero interest loan agreement with the City for the acquisition of 26 parcels of land, each containing a four-plex apartment building for affordable rental housing for low and very low-income residents. The Company is required to make the principal payments to the City using 25 percent of the proceeds from repayments of promissory notes from the developer. Any remaining balance of the promissory note owed on April 1, 2034 shall be immediately due and payable. The Company's outstanding loan balance with Community Development Grants Fund is \$3.8 million at September 30, 2013.

Interfund Transfers

The City regularly transfers current financial resources from one fund to another. At September 30, 2013, interfund transfers are as follows (in thousands):

Transfers To:						
	General	Nonmajor Government Funds	Tidelands	Nonmajor Proprietary Funds	Internal Service Funds	Total Transfers Out
Transfers Out of:						
General	\$ -	\$ 33,521	\$ -	\$ -	\$ 1,330	\$ 34,851
Nonmajor Governmental	830	51,325	-	24	2	52,181
Gas	11,173	1,850	-	-	-	13,023
Nonmajor Proprietary	7,041	1,450	-	-	-	8,491
Tideland Oil Revenue	-	-	46,909	-	-	46,909
Harbor	-	-	17,312	-	-	17,312
Internal Service Funds	5,225	2,200	-	-	-	7,425
Total Transfers In	<u>\$ 24,269</u>	<u>\$ 90,346</u>	<u>\$ 64,221</u>	<u>\$ 24</u>	<u>\$ 1,332</u>	<u>\$ 180,192</u>

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Significant transfers include the following:

The General Fund transferred a total of \$33.5 million to non-major governmental funds in fiscal year 2013. Of this \$6.8 million was transferred to the General Debt Service Fund for the payment of principal, interest, and fiscal agent fees; \$22.0 million was transferred to the General Capital Projects Fund for ongoing projects such as street and sidewalk construction and City building improvements, maintenance, and repair; \$4.7 million was transferred to the Agency to cover the administrative and other non-reimbursed costs associated with the wind down of the former Redevelopment Agency. Finally, the General Fund transferred \$1.3 million to General Services Fund to fund the acquisition of new software programs.

Non-major governmental funds transferred \$51.3 million to other non-major governmental funds. Significant transfers include the Agency Capital Projects Fund transferring \$28.8 million and \$16.7 to the Agency Debt Service Fund and the Housing Development Fund, respectively, for debt service payments.

The Gas Utility Fund transferred \$11.2 million to the General Fund as allowed by City Charter.

The Solid Waste Management Fund, a non-major proprietary fund, transferred \$2.8 million and \$2.4 million to the General Fund based on a Joint Powers Agreement between the City and the Los Angeles County Sanitation District Number 2 (District) and for the reimbursement of the over-collection of Refuse Disposal Fees paid by the City, respectively. Under the Joint Powers Agreement, net remaining retained earnings over the required amount as stipulated in the agreement can be distributed equally between the District and the City. In addition, \$1.8 million was transferred in fiscal year 2013 for support of street sweeping operations in accordance with a Street Sweeping Nexus Study.

The Tidelands Oil Revenue Fund shares revenue from tidelands oil operations under an optimized water flood program. In fiscal year 2013, \$23.5 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 \$23.4 million from the West Wilmington Oilfield net profits, bringing total fiscal year 2013 transfers to \$46.9 million.

The Harbor accrued an operating transfer of \$17.3 million and due to the Tidelands Fund as allowed by the City Charter.

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for governmental activity for the year ended September 30, 2013 is as follows (in thousands):

Governmental Activities:	Balance at October 1, 2012	Increase	Decrease	Transfers	Balance at September 30, 2013
Capital Assets not being Depreciated:					
Land	\$ 161,711	\$ 573	\$ (145)	\$ 1,529	\$ 163,668
Rights-of-way	81,334	-	-	-	81,334
Construction In Progress	33,528	28,066	(5,858)	(27,303)	28,433
Total Capital Assets not being Depreciated	<u>276,573</u>	<u>28,639</u>	<u>(6,003)</u>	<u>(25,774)</u>	<u>273,435</u>
Capital Assets being Depreciated:					
Buildings	281,218	299	(1,491)	11,690	291,716
Improvements Other than Buildings	102,136		(2,310)	4,551	104,377
Infrastructure	415,933	150	-	9,299	425,382
Machinery and Equipment	69,107	3,696	(3,279)	247	69,771
Vehicles and Aircraft	99,832	3,661	(9,123)	-	94,370
Other Assets	48	-	-	-	48
Total Capital Assets being Depreciated	<u>968,274</u>	<u>7,806</u>	<u>(16,203)</u>	<u>25,787</u>	<u>985,664</u>
Less Accumulated Depreciation for:					
Buildings	(119,998)	(7,759)	1,078	-	(126,679)
Improvements Other than Buildings	(45,431)	(4,858)	1,511	-	(48,778)
Infrastructure	(261,144)	(12,883)	-	-	(274,027)
Machinery and Equipment	(53,530)	(5,068)	3,061	(2)	(55,539)
Vehicles and Aircraft	(68,167)	(6,699)	8,458	-	(66,408)
Other Assets	(48)	-	-	-	(48)
Total Accumulated Depreciation	<u>(548,318)</u>	<u>(37,267)</u>	<u>14,108</u>	<u>(2)</u>	<u>(571,479)</u>
Total Capital Assets being Depreciated, Net	<u>419,956</u>	<u>(29,461)</u>	<u>(2,095)</u>	<u>25,785</u>	<u>414,185</u>
Governmental Activities Capital Assets, Net	<u>\$ 696,529</u>	<u>\$ (822)</u>	<u>\$ (8,098)</u>	<u>\$ 11</u>	<u>\$ 687,620</u>

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	\$ 8
General Government	309
Public Safety	4,200
Public Health	430
Community and Cultural	5,815
Public Works	14,539
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	11,966
Total governmental activities depreciation	<u>\$ 37,267</u>

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Capital asset activity for business-type activities for the year ended September 30, 2013 is as follows (in thousands):

Business-type Activities:	Balance at October 1, 2012	Increase	Decrease	Transfers	Balance at September 30, 2013
Capital Assets not being Depreciated:					
Land	\$ 966,561	\$ -	\$ (983)	\$ -	\$ 965,578
Rights-of-way	213,243	-	-	-	213,243
Water Rights	40	-	-	-	40
Construction In Progress	685,113	963,040	(7,396)	(211,903)	1,428,854
Total Capital Assets not being Depreciated	1,864,957	963,040	(8,379)	(211,903)	2,607,715
Capital Assets being Depreciated:					
Buildings	2,472,488	-	(4,862)	144,385	2,612,011
Improvements Other than Buildings	458,892	-	(1,655)	28,113	485,350
Infrastructure	1,130,862	-	(3,319)	39,405	1,166,948
Machinery and Equipment	54,653	5,474	(110)	(13)	60,004
Vehicles and Aircraft	27,261	3,087	(1,390)	-	28,958
Patents	815	-	-	-	815
Total Capital Assets being Depreciated	4,144,971	8,561	(11,336)	211,890	4,354,086
Less Accumulated Depreciation for:					
Buildings	(1,306,835)	(92,756)	3,793	-	(1,395,798)
Improvements Other than Buildings	(237,721)	(15,092)	1,171	-	(251,642)
Infrastructure	(675,836)	(24,082)	2,311	-	(697,607)
Machinery and Equipment	(39,461)	(5,088)	107	2	(44,440)
Vehicles and Aircraft	(20,506)	(1,508)	1,372	-	(20,642)
Patents	(246)	(39)	-	-	(285)
Total Accumulated Depreciation	(2,280,605)	(138,565)	8,754	2	(2,410,414)
Total Capital Assets being Depreciated, Net	1,864,366	(130,004)	(2,582)	211,892	1,943,672
Business-type Activities Capital Assets, Net	\$ 3,729,323	\$ 833,036	\$ (10,961)	\$ (11)	\$ 4,551,387

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

Gas	\$ 5,207
Tidelands	18,848
Harbor	90,850
Non-major Business-type Funds	
Water	9,566
Sewer	1,797
Solid Waste Management	3,539
Airport	8,758
Total Business-type Activities Depreciation	\$ 138,565

Capitalized Interest

The Harbor, Airport, Tidelands, Gas Fund, and Water Fund capitalized interest of \$29.1 million, \$2.8 million, \$1.1 million, \$75 thousand, \$1.1 million, respectively, in capital assets.

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NOTE 8 – SHORT-TERM NOTES PAYABLE

In October 2012, the City issued Tax Revenue Anticipation Notes for \$22.8 million. The short-term notes carried a 1.3 percent coupon rate. The notes are a general obligation of the City, payable from taxes, income, revenue, and other moneys attributable to its 2012-2013 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 2013.

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NOTE 9 – CHANGE IN LONG -TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2013 is as follows (in thousands):

	Balance at October 1, 2012	Additions	Reductions	Balance at September 30, 2013	Due Within One Year
<u>Governmental Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 161,620	\$ 69,750	\$ (92,285)	\$ 139,085	\$ 7,915
Tax Allocation Bonds	326,852	-	(11,453)	315,399	12,000
Plus (Less) Unamortized Amounts:					
Premium	7,536	10,104	(1,395)	16,245	-
Discount	(1,178)	-	505	(673)	-
Refunding	(2,312)	(1,411)	675	(3,048)	-
Issuance Costs	(8,366)	-	8,366	-	-
Total Bonds Payable	484,152	78,443	(95,587)	467,008	19,915
Notes Payable	8,118	130	(1,146)	7,102	426
Capital Leases	46,064	1,442	(5,637)	41,869	4,978
Refunding	(1,160)	-	80	(1,080)	-
Issuance Costs	(280)	-	280	-	-
Total Capital Leases Payable	44,624	1,442	(5,277)	40,789	4,978
Police and Fire Annuities	14,224	3,026	(3,067)	14,183	-
Estimated Oil Field Abandonment Costs	6,660	2,398	-	9,058	-
Environmental Remediation	3,616	582	(196)	4,002	800
Accrued Self-Insured Claims	123,317	22,750	(17,895)	128,172	24,549
Employee Benefits	154,548	21,404	(7,387)	168,565	8,119
Governmental Activities Long-Term Liabilities	<u>\$ 839,259</u>	<u>\$130,175</u>	<u>\$(130,555)</u>	<u>\$ 838,879</u>	<u>\$ 58,787</u>
<u>Business-Type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 1,640,665	\$ -	\$ (76,620)	\$ 1,564,045	\$ 76,020
Plus (Less) Unamortized Amounts:					
Premium	76,295	-	(7,046)	69,249	-
Discount	(197)	-	39	(158)	-
Refunding	(24,627)	-	2,389	(22,238)	-
Issuance Cost	(13,300)	-	13,300	-	-
Total Bonds Payable	1,678,836	-	(67,938)	1,610,898	76,020
Notes Payable	54,488	94,413	(1,881)	147,020	1,878
Discount and Issuance Costs	(139)	(1)	137	(3)	-
Total Notes Payable	54,349	94,412	(1,744)	147,017	1,878
Capital Leases	3,109	-	(442)	2,667	452
Due to State of California	88,927	313,230	(340,174)	61,983	61,983
Estimated Oil Field Abandonment Costs	27,400	13,800	-	41,200	-
Accrued Claims Liability	4,000	10,000	-	14,000	4,000
Site Restoration	1,000	-	-	1,000	-
Business-Type Activities Long-Term Liabilities	<u>\$ 1,857,621</u>	<u>\$431,442</u>	<u>\$(410,298)</u>	<u>\$ 1,878,765</u>	<u>\$144,333</u>

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NOTE 10 – BONDS PAYABLE

At September 30, 2013, bonded indebtedness consisted of the following (in thousands):

Description	Date Issued	Final Maturity	Range of Interest Rates	Authorized and Issued	Outstanding September 30, 2013
GOVERNMENTAL ACTIVITIES					
GENERAL CITY BONDS:					
LB Bond Finance Auth LBBFA 2012A	11/28/12	08/01/31	4.0% - 5.0%	\$ 32,969	\$ 32,969
LB Bond Finance Auth LBBFA 2012B	11/28/12	08/01/18	0.95% - 2.45%	15,120	14,460
Parks and Open Spaces	11/07/06	05/01/31	4.0% - 5.0%	24,320	24,320
Total General City Bonds				<u>72,409</u>	<u>71,749</u>
TAX ALLOCATION BONDS:					
1992 Multiple Series -					
Downtown Project Refunding	12/01/92	11/01/17	2.9% - 6.0%	81,020	18,325
West Long Beach Industrial	12/01/92	11/01/17	2.9% - 6.0%	36,470	8,255
2002A West Beach	06/25/02	08/01/18	5.15%	8,895	3,588
2002A Downtown Project	06/25/02	08/01/24	5.25% - 7.1%	26,820	12,281
2002A North Long Beach	06/25/02	08/01/31	6.10%	40,290	6,383
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.0% - 5.5%	21,860	18,720
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	50,815
2005A Los Altos	03/02/05	08/01/20	2.2% - 4.0%	4,685	2,450
2005A & B North Long Beach	03/02/05	08/01/35	3.52% - 5.16%	64,080	54,605
2005A Poly High	03/02/05	08/01/24	3.79% - 4.9%	2,558	2,273
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	49,725
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	7,290
2005C North Long Beach Project	02/01/06	08/01/31	3.70% - 5.50%	27,145	26,049
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	8,950
Total Tax Allocation Bonds				<u>494,058</u>	<u>315,399</u>
INTERNAL SERVICE BONDS:					
Fleet Services:					
2012A LB Bond Finance Authority	11/28/12	08/01/31	4.0% - 5.0%	21,661	21,661
Total Fleet Services				<u>21,661</u>	<u>21,661</u>
Employee Benefits Fund:					
2002 Pension Obligation Refunding Bonds	09/01/02	09/01/21	4.73% - 5.18%	76,550	45,675
Total Internal Service Funds				<u>98,211</u>	<u>67,336</u>
Total Governmental Activities Bonds Payable				<u>\$ 664,678</u>	<u>\$ 454,484</u>

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(continued)

Description	Date Issued	Final Maturity	Range of Interest Rates*	Authorized and Issued	Outstanding September 30, 2013
<u>BUSINESS-TYPE ACTIVITIES:</u>					
ENTERPRISE BONDS:					
Gas Utility Fund:					
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.5%	\$ 635,665	\$ 552,075
2007B Natural Gas Purchase	10/18/07	11/15/33	4.9% - 5.07%	251,695	69,005
Total Gas Utility Fund				<u>887,360</u>	<u>621,080</u>
Water Fund:					
1997A Water	10/01/97	05/01/24	4.0% - 5.75%	46,945	3,545
2010A Water	09/15/10	05/01/24	4.0% - 5.75%	22,740	22,125
2012 Water	08/30/12	05/01/27	2.0% - 5.0%	9,850	9,495
Total Water Fund				<u>79,535</u>	<u>35,165</u>
Solid Waste Management Fund:					
2003 SERRF	12/01/03	12/01/18	2.0% - 5.375%	120,235	57,610
Tidelands Fund:					
2006 Rainbow Harbor Refinancing	04/04/06	05/01/24	3.375% - 5.0%	50,785	33,975
2012 Aquarium Bonds	03/14/12	11/01/30	1.0% - 5.0%	102,580	97,020
Total Tidelands Fund				<u>153,365</u>	<u>130,995</u>
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	5.0% - 6.0%	206,330	86,515
2002B Harbor	06/19/02	05/15/27	3.0% - 5.5%	150,000	43,405
2004 Harbor	05/15/04	05/15/18	2.5% - 5.0%	113,410	45,185
2005 Harbor	05/15/05	05/15/25	3.5% - 5.0%	257,975	117,200
2010A Harbor	05/15/10	05/15/25	0.4% - 5.0%	200,835	170,900
2010B Harbor	05/15/10	05/15/27	3.0% - 5.0%	158,085	138,500
Total Harbor Fund				<u>1,086,635</u>	<u>601,705</u>
Airport Fund:					
2009A Airport	12/08/09	06/01/22	4.0% - 5.0%	9,795	9,465
2009B Airport	12/08/09	06/01/16	3.0% - 5.0%	6,755	3,110
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	47,550
2010B Airport	11/02/10	06/01/40	2.5% - 5.0%	12,965	12,475
Total Airport Fund				<u>122,840</u>	<u>117,490</u>
Total Business-Type Activities Bonds Payable				<u>2,449,970</u>	<u>1,564,045</u>
Total Primary Government Bonded Indebtedness				<u>\$ 3,114,648</u>	<u>\$ 2,018,529</u>

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

Year-Ending	Principal Payments Governmental Activities						Total Annual Debt Service Requirements		
	Parks Open Space	LBFFA 2012A	LBBFA 2012B	Tax Allocation	Fleet	Employee Benefits	Principal	Interest	Total
2014	\$ -	\$ -	\$ 3,155	\$ 12,000	\$ -	\$ 4,760	\$ 19,915	\$ 23,305	\$ 43,220
2015	-	-	3,210	12,583	-	5,000	20,793	22,429	43,222
2016	-	-	3,265	13,197	-	5,255	21,717	21,501	43,218
2017	-	-	3,345	13,866	-	5,530	22,741	20,501	43,242
2018	1,300	1,177	1,485	14,567	773	5,815	25,117	19,430	44,547
2019 - 2023	7,330	11,750	-	79,623	7,720	19,315	125,738	79,298	205,036
2024 - 2028	9,130	14,677	-	57,600	9,643	-	91,050	49,723	140,773
2029 - 2033	6,560	5,365	-	51,904	3,525	-	67,354	27,731	95,085
2034 - 2038	-	-	-	43,215	-	-	43,215	12,101	55,316
2039 - 2043	-	-	-	16,844	-	-	16,844	1,511	18,355
Totals	\$ 24,320	\$ 32,969	\$ 14,460	\$ 315,399	\$ 21,661	\$ 45,675	\$ 454,484	\$ 277,530	\$ 732,014

In November 2006, the City issued \$24.3 million in Long Beach Bond Finance Authority (LBFFA) Leases Revenue Bonds. The bonds were issued (a) 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 LBBFA Bonds 2005 Series A Revenue Bonds and Series B Taxable Revenue Bonds. \$184.8 million of the bonds were issued (a) to provide funds to finance certain projects of the Agency, (b) to finance certain housing projects of the Authority, refinance certain indebtedness of the Agency, (c) to fund reserve accounts, and (d) to pay costs of issuance of the Series 2005 Bonds. The interest rates range from 2.2 percent to 5.4 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 2013 with interest rates ranging from 2.0 percent to 3.1 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.

In April 2010, the City issued \$33.0 million in LBBFA Bonds 2010 Series A Taxable Recovery Zone Economic Development Bonds and Series B Taxable Build America Bonds. The bonds were issued (a) to finance Agency activities within or of benefit to the North Long Beach Redevelopment area, (b) to fund reserve requirements, and (c) to pay for issuance costs of the bonds. Interest rates on Series A range from 7.9 percent to 8.4 percent and Series B ranges from 2.4 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.

In November 2012, the City issued \$69.7 million in LBBFA bonds consisting of \$54.6 million in 2012 Series A Lease Revenue Refunding bonds and \$15.1 million Series B Taxable Lease Revenue Refunding Bonds.

The 2012 Series A Bonds were issued to (a) refinance the costs of the acquisition, construction, installation and equipping of certain public capital improvements, (b) refund the outstanding 1998 Series B Temple and Willow Facility Bonds, (c) refund the 2001 Plaza Parking Facility Lease Revenue Bonds, (c) refund the outstanding 2002 Public Safety Facilities Projects Lease Revenue

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Bonds, and (d) advance refund the outstanding 2005 Temple and Willow Facility Refinancing Project Lease Revenue Bonds, and (e) pay a portion of the costs of issuance of the Bonds.

The Series B Bonds were issued to (a) refinance the costs of the acquisition, construction, installation and equipping of certain public capital improvements, (a) refund the outstanding 2003 Skylinks Golf Course Project Lease Revenue Bonds, (b) refund the outstanding 2004 Long Beach Towne Center Site Refinancing Project Taxable Variable Rate Demand Revenue Bonds, and (c) pay a portion of the costs of issuance of the bonds.

The Series A Bonds have fixed interest rates ranging from 4.0 percent to 5.0 percent with an average of 4.8 percent. The bonds are secured by a pledge of and lien on the Revenues consisting primarily of Lease Payments. The Series B Bonds have fixed interest rates ranging from 0.9 percent to 2.5 percent with an average of 1.9 percent. The bonds are secured by a pledge of and lien on the Revenues consisting primarily of Lease Payments. Aggregate debt service decreased by \$16.5 million resulting in an economic gain of \$14.7 million.

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-Ending	Gas Utility	Water	Solid Waste Management	Tidelands	Harbor	Airport	Principal	Interest	Total
2014	\$ 7,305	\$ 2,385	\$ 8,410	\$ 6,465	\$ 49,115	\$ 2,340	\$ 76,020	\$ 79,841	\$ 155,861
2015	6,840	2,510	8,860	6,680	51,920	2,420	79,230	76,081	155,311
2016	7,150	2,630	9,320	6,930	54,610	2,515	83,155	72,103	155,258
2017	8,120	2,730	9,805	7,200	57,360	2,625	87,840	68,022	155,862
2018	8,925	2,815	10,330	7,020	60,355	2,740	92,185	63,596	155,781
2019 - 2023	70,870	15,900	10,885	39,985	212,770	15,830	366,240	257,523	623,763
2024 - 2028	120,905	6,195	-	34,330	115,575	19,910	296,915	164,916	461,831
2029 - 2033	106,510	-	-	22,385	-	25,355	154,250	106,056	260,306
2034 - 2038	284,455	-	-	-	-	32,395	316,850	56,207	373,057
2039 - 2043	-	-	-	-	-	11,360	11,360	867	12,227
Totals	\$621,080	\$35,165	\$ 57,610	\$130,995	\$601,705	\$117,490	\$1,564,045	\$ 945,212	\$2,509,257

In October 2007, the LBBFA issued fixed and variable rate Natural Gas Purchase Revenue Bonds 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 LBBFA 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 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).

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The 2007 Series A bonds have fixed interest rates ranging from 4.3 percent to 5.5 percent with an average of 4.7 percent. Series B are indexed at 67 percent of the three-month London Interbank Offered Rate (LIBOR), plus a spread between 1.4 percent to 1.6 percent.

In March of 2010, \$200.8 million Harbor 2010A Bonds were issued (a) to finance certain capital improvements at the Harbor, (b) to fund a reserve fund, and (c) to pay the costs of issuing the 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 5.0 percent. The City of Long Beach Harbor Revenue Bonds Series 2010A are 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 were used (a) to refund \$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 were used (b) to fund 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 used (a) to partially fund the construction of a new passenger concourse at the Airport and (b) to refund \$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.

In August of 2012, the City issued \$9.9 million Water Revenue Bonds Series 2012A. The proceeds of the 2012A bonds, along with certain other available moneys, were issued (a) to pay at maturity all of the outstanding Series A Subordinate Water Commercial Paper Notes and (b) to pay the costs of issuance of the Series 2012A Bonds.

Advance Refundings

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 (a) 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 6.0 percent, (b) to repay certain amounts owed by the Agency to the Harbor, (c) to make a deposit to the reserve account and (d) to pay certain issuance costs for the 2002 Series B bonds. The 2002 Series B interest rates range from 2.0 percent to 5.5 percent for the West Long Beach Industrial Project and 2.3 percent to 5.5 percent for Downtown Project.

In February 2006, the Agency issued \$35.0 million in 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 (a) purchase a portion of the outstanding Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation

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Bonds (Downtown Redevelopment Project) and (b) the outstanding Redevelopment Agency of the City of Long Beach 2002 Tax Allocation bonds (North Long Beach Redevelopment Project) in order to advance refund a portion of the outstanding 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 3.3 percent to 5.5 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) (a) to refinance the cost of new fleet services, towing, and lien sales operations and integrated resource operations facility, (b) to purchase a reserve surety bond, and (c) to 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 2.8 percent to 4.5 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

In December 2003, The Southeast Resource Recovery Facility Authority (SERRF) issued \$120.2 million in lease revenue bonds Series A and Series B (Series 2003) (a) to refund the SERRF's Lease Revenue Refunding Bonds, Series 1995A and Series 1995B (Series 1995), (b) to finance certain public improvement projects in the City, (c) to fund a reserve fund for the Series 2003 Bonds, and (d) to 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) (a) to refund Long Beach Bond Finance Authority Lease Revenue Bonds (Rainbow Harbor Refinancing Project) 1999 Series A, (b) to refund to the 1997 Certificates of Participation (Queensway Bay Parking Facility), (c) to fund a reserve fund and (d) to 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.

Tidelands Aquarium of the Pacific Refunding Bonds

In March of 2012, the Long Beach Financing Authority issued \$102.6 million of Aquarium of the Pacific Project Refunding Revenue Bonds. Proceeds from the sale of the Series 2012 Bonds, along with certain other available moneys, were used to (a) refund all the Long Beach Bond Finance Authority Lease Revenue Refunding Bonds (Aquarium of the Pacific Project) Series 2001, which were outstanding in the aggregate principal amount of \$111.2 million, (b) fund a reserve fund for the Series 2012 Bonds, and (c) pay the costs of issuance of the Series 2012 Bonds. Aggregate debt service decreased by \$19.6 million, thereby resulting in an economic gain of \$13.6 million.

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Harbor Revenue Refunding Bonds

In May 2004, the City issued \$113.4 million of Harbor Revenue Refunding Bonds 2004 Series A and Series B bonds (a) to refund and defease all of the City's Harbor Revenue Bonds Series 1993, (b) to pay a bond insurance premium, (c) to fund a reserve fund, and (d) 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.

In May 2005, the City issued \$258.0 million of Harbor Revenue Refunding Bonds Series 2005A and B (the 2006 Bonds), (a) to current refund and to defease all of the City's Harbor Revenue Bonds Series 1995, (b) to pay the premium for the Bond Insurance Policies, (c) to fund a reserve for the Series 2005 Bonds, and (d) 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.

In April of 2009, the City issued \$158.1 million of Harbor Revenue Refunding Bonds Series 2010B (the 2010B Bonds). The bonds are secured by the Harbor Department's gross revenues. The 2010B Bonds, together with a Harbor contribution of \$5.3 million, were used (a) to purchase \$63.1 million aggregate principal amount of the City's Harbor Revenue Bonds, Series 2002B, (b) \$12.1 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2004A, and (c) \$78.4 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds, Series 2005A, (d) to fund a reserve fund for the Series 2010B Bonds; and (e) 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.

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.

Water Revenue Refunding Bonds

In September 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 2.0 percent over par value, (b) to fund a reserve fund for the 2010 Bonds, and (c) to 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.

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 being amortized using the straight-line method over the life of the Series 2010A Bonds. 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

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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 are secured by a pledge of all revenues of the Water Fund. 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 1.1 times the aggregate annual amount of principal and interest due on the Bonds and any parity obligations (including the Series 1997A Bonds).

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, 2013, aggregate special assessment debt issued through the City consisted of eight issues and is summarized as follows:

• Dates Issued:	7/01/02 – 6/15/10
• Final Maturities:	9/02/15 – 10/1/40
• Range of Interest Rates:	2.0% – 6.30%
• Amounts Authorized and Issued:	\$1,060,000 – \$43,000,000
• Range of Amounts Outstanding:	\$955,000 – \$36,460,000
• Aggregate Outstanding at September 30, 2013:	\$64,949,234

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 used to repay these debt issues are accounted for in Agency Funds.

Pike Public Improvements

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

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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 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 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.

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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, 2013, the City's Conduit Debt outstanding consisted of the following (in thousands):

Description	Final Maturity	Amount Authorized	Outstanding at September 30, 2013
Carnival Bonds	2022	\$ 30,000	\$ 28,200
Grisham Housing Bonds Series A	2035	10,245	1,381
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 29,581</u>

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

At September 30, 2013, 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 at September 30, 2013
<u>GOVERNMENTAL ACTIVITIES</u>					
<u>NOTES PAYABLE:</u>					
Health Fund:					
Health Facility	04/22/05	04/22/19	Variable	\$ 3,586	\$ 1,554
Housing Development Fund:					
State of California	01/23/92	01/23/22	3%	1,016	1,015
Successor Agency Fund:					
Los Angeles County	01/21/92	12/10/31	3.75%	4,257	4,387
Cal-Can Holding, LLC	12/02/09	09/30/13	0.0%	146	146
Total Successor Agency Fund				4,403	4,533
<u>ANNUITY OBLIGATION:</u>					
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	14,183
Governmental Activities Notes and Annuity Obligation				\$ 46,605	\$ 21,285
<u>BUSINESS-TYPE ACTIVITIES</u>					
<u>NOTES PAYABLE:</u>					
Gas Utility Fund:					
Commercial Paper Notes	07/01/05	N/A	0.2-4.6%	\$ 17,259	\$ 3,000
Tidelands Fund:					
State of Calif DBAW/Seawalls	09/12/94	08/01/24	4.5%	1,151	680
State of Calif DBAW/Shoreline Marina	04/17/02	08/01/37	4.5%	31,718	26,926
State of Calif DBAW/Basin 8	02/20/98	08/01/28	4.5%	2,650	1,901
State of Calif DBAW/Basin 4	12/17/07	08/01/37	4.5%	13,477	14,268
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.5%	700	498
State of Calif DBAW - Basin 1	01/25/11	08/01/41	4.5%	1,277	9,236
State of Calif DBAW - Basin 20& 3	01/25/11	08/01/41	4.5%	70	641
Southern Calif Edison On-Bill Financing Proj 2417	04/06/12	10/20/21	0.0%	13	12
Southern Calif Edison On-Bill Financing Proj 2457	04/06/12	07/15/15	0.0%	95	56
Southern Calif Edison On-Bill Financing Proj 2419	08/15/13	06/15/16	0.0%	56	52
Total Tidelands Fund				51,207	54,270
Harbor Fund:					
Line of Credit	07/16/13	07/29/16	Variable	80,000	80,000
Sewer Fund:					
Revolving Line of Credit	05/05/11	05/26/17	0.88-0.92%	9,750	9,750
Business-type Activities Notes and Certificates of Participation				\$ 158,216	\$ 147,020

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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 3.0 percent. As of September 30, 2013, the outstanding balance of the loan was \$1.0 million.

Successor Agency Fund Loans

The Agency has an agreement with the Los Angeles County Office of Education and the County of Los Angeles (County Entities) whereby the County Entities' share of the net tax increment revenue generated by the Los Altos Project area shall be deferred through 2020. The deferral accrues simple interest at a rate of 3.8%. The outstanding balance of the deferral and any interest accrued thereon are due prior to the termination of the project area, which is 2031. The balance of the deferral at September 30, 2013 totaled \$4.5 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. This note was 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. Pursuant to California Assembly Bill 1484 (AB1484), the Agency is prohibited from disposing of properties until such time as it has received an approved Long Range Property Management Plan (LRPMP) from the California Department of Finance. The Agency anticipates receiving approval during fiscal year 2014, at which time sale of the parcel to Cal-Can Holdings, LLC can move forward and the obligation will be retired.

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

Year-ending	Governmental Activities					
	Principal Payments by Fund			Annual Debt Service Requirements		
	Health Fund	Housing Development Fund	Successor Agency Fund	Principal	Interest	Total
2014	\$ 280	\$ -	\$ 146	\$ 426	\$ 7	\$ 433
2015	281	-	-	281	6	287
2016	282	-	-	282	4	286
2017	283	-	-	283	3	286
2018	285	-	-	285	1	286
2019 - 2023	143	1,015	-	1,158	881	2,039
2024 - 2028	-	-	-	-	-	-
2029 - 2033	-	-	4,387	4,387	2,470	6,857
Totals	<u>\$ 1,554</u>	<u>\$ 1,015</u>	<u>\$ 4,533</u>	<u>\$ 7,102</u>	<u>\$ 3,372</u>	<u>\$ 10,474</u>

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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, 2013, there were 43 participants in this program.

Total expenditures to this closed group of individuals amounted to \$3.1 million for the fiscal year ended September 30, 2013. The City's accrued program liability was \$14.2 million at September 30, 2013. 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, 2012	\$ 14,224
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(3,067)
Estimated Change in Annualized Value of Benefits	<u>3,026</u>
Accrued Program Liability at September 30, 2013	<u><u>\$ 14,183</u></u>

The number of Program participants diminishes each year. Since 2004, the number of program participants has been reduced by 85 individuals. The following table presents additional information for the Program (dollars in thousands):

<u>Year-ending</u>	<u>Number of Participants</u>	<u>Annuity Benefits Paid</u>	<u>Accrued Program Liability</u>
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
2012	49	3,260	14,224
2013	43	3,067	14,183

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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-ending	Business-Type Activities						
	Principal Payments by Fund				Annual Debt Service Requirements		
	Gas Utility	Tidelands	Harbor	Sewer	Principal	Interest	Total
2014	\$ -	\$ 1,878	\$ -	\$ -	\$ 1,878	2,489	\$ 4,367
2015	-	1,960	-	-	1,960	2,405	4,365
2016	-	2,012	80,000	-	82,012	2,322	84,334
2017	-	2,094	-	9,750	11,844	2,226	14,070
2018	-	2,190	-	-	2,190	2,130	4,320
2019 - 2023	-	12,547	-	-	12,547	9,047	21,594
2024 - 2028	-	8,480	-	-	8,480	6,518	14,998
2029 - 2033	-	9,420	-	-	9,420	4,485	13,905
2034 - 2038	-	9,822	-	-	9,822	2,122	11,944
2039 - 2043	-	3,867	-	-	3,867	548	4,415
Indeterminant	3,000	-	-	-	3,000	-	3,000
Totals	\$ 3,000	\$ 54,270	\$ 80,000	\$ 9,750	\$ 147,020	\$ 34,292	\$ 181,312

Gas Commercial Paper

In July of 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, 2011, and 2012 repayment of \$11.8 million, \$2.0 million, and \$500 thousand, respectively, for a balance outstanding of \$3.0 million as of September 30, 2013. Interest rates have ranged from 0.11 percent to 4.6 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) 12.0 percent per annum and (b) the maximum rate of interest permitted by law. The Gas Department has the ability and intent to refinance on a long-term basis by renewal of Commercial Paper Notes and the future issuance of revenue bonds; accordingly, the \$3.0 million has been classified as a long-term obligation.

Tidelands Loans

The Tidelands Fund entered into various loan agreements with Department of Boating and Waterways between September 1994 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 \$69.3 million as of September 30, 2013. The amount outstanding at September 30, 2013 is \$54.1 million. Principal payments in the amount of \$821 thousand were paid in fiscal year 2013 at an interest rate of 4.5 percent.

On April 6, 2012, the City entered into a loan agreement with Southern California Edison (SCE) totaling \$142 thousand to fund municipal energy efficiency projects. On August 2, 2013, SCE loan was increased by \$56 thousand. The amount outstanding at September 30, 2013 is \$120 thousand. Principal payments of \$61 thousand were paid in fiscal year 2013.

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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 \$20.0 million at any time. Obligations under the Revolving Line of Credit (LOC) 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. Effective July 8, 2013, the Commitment Expiration Date was extended by an additional three years to May 26, 2017. The LOC 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 LOC.

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

Interest rates are based on 70 percent 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 0.9 percent to 1.0 percent. At September 30, 2013, the total outstanding balance for the line of credit was \$9.8 million.

Harbor Revolving Lines of Credit

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

Bank of America will provide a tax-exempt revolving line of credit that will allow the Harbor to borrow up to \$78.0 million at any one time. The interest rate for the Subordinate Harbor Revenue Revolving Obligations Series A (Tax Exempt) will be based on the Harbor choice of a percentage of the daily, one-month, two-month, three-month, or six-month London Interbank Offered Rate (LIBOR). At September 30, 2013, the outstanding balance on this LOC was \$40.0 million.

Union Bank will provide two revolving lines of credit (a tax-exempt revolving LOC and a taxable revolving LOC) that will allow the Harbor to borrow up to \$122.0 million at any one time. Interest rates for both the Subordinate Harbor Revenue Revolving Obligation Series B (Tax Exempt) and the Subordinate Harbor Revenue Revolving Obligation Series C (Taxable) will be based on a percentage of the one-month LIBOR rate. At September 30, 2013, the outstanding balance on this LOC was \$40.0 million.

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

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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, 2013
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Fund:					
City Light and Power (a)	05/01/96	10/03/19	8.73%	\$ 20,968	\$ 11,110
Ambulances (b)	03/24/10	03/24/16	3.08%	988	434
Modular Trailers (c)	11/15/11	11/15/16	1.94%	302	195
Digital X-Ray (d)	03/30/12	03/15/19	2.06%	311	248
Total General Fund				<u>22,569</u>	<u>11,987</u>
Internal Service Funds:					
Civic Center Fund:					
Parking System (e)	10/24/08	10/24/13	4.99%	421	8
Civic Center Projects (f)	08/01/10	04/01/27	4.30%	31,450	26,375
Total Civic Center Fund				<u>31,871</u>	<u>26,383</u>
Fleet Services Fund:					
Fire Equipment Lease (g)	10/01/05	09/30/15	3.50%	<u>5,279</u>	<u>1,209</u>
General Services Fund:					
Software (h)	03/15/07	03/15/14	3.93%	4,400	356
Disaster Recovery Hardware (i)	08/20/10	08/20/15	2.64%	470	188
Personal Computers and Server (j)	03/11/11	03/31/15	2.44%	1,250	381
Telecommunication Equipment (k)	07/15/11	07/15/15	1.96%	811	379
Virtual Storage Platform (l)	06/06/12	06/15/17	1.89%	261	198
Personal Computers (m)	07/20/12	07/15/16	1.85%	1,100	788
Total General Services Fund				<u>8,292</u>	<u>2,290</u>
Total Governmental Activities Leases				<u>\$ 68,011</u>	<u>\$ 41,869</u>
<u>BUSINESS-TYPE ACTIVITIES:</u>					
Gas Utility Fund:					
Utility Customer Information Software (o)	09/15/11	09/15/18	2.06%	<u>\$ 3,025</u>	<u>\$ 2,205</u>
Tidelands Fund:					
Convention Center (p)	10/01/05	10/01/26	4.99%	<u>649</u>	<u>462</u>
Total Business-type Activities Leases				<u>\$ 3,674</u>	<u>\$ 2,667</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) In March 2010, the City financed the purchase of ambulances through a capital lease with monthly installments of \$15 thousand through March 2016.
- (c) In November 2011, the City entered into a capital lease agreement to finance the acquisition of five modular trailers to provide office and meeting space in several City parks. The lease is payable in monthly installments of \$5 thousand through November 2016.

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- (d) The City entered into capital lease agreement in March 2012 to finance the acquisition of a digital x-ray system for use by the Health and Human Services Department. Monthly installments of \$4 thousand are due through March 2019.
- (e) The City entered into a capital lease agreement in October 2008 to finance the purchase and installation of parking equipment in the Civic Center parking structure. Monthly installments of \$8 thousand are due through October 2013.
- (f) The City entered into a private placement capital lease to redeem the 1997 Series A Lease Revenue and Refunding Bonds. The 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 of approximately \$2.6 million per annum through 2027.
- (g) 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.
- (h) 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.
- (i) 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 2015.
- (j) 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.
- (k) The City entered into a capital lease agreement to upgrade the City's telephone and voice mail system in July 2011. Lease payments are \$18 thousand a month through July 2015.
- (l) In June 2012, the City entered into a capital lease agreement to replace computer servers that support the City's business information systems. Lease payments are \$5 thousand a month through June 2017.
- (m) The City entered into a capital lease agreement for the purchase of personal computers in July 2012. The lease is payable in monthly installments of \$24 thousand through July 2016.
- (n) The City entered into a capital lease agreement for the purchase and implementation of a utility customer information system in September 2011. The lease is payable in monthly installments of \$39 thousand through September 2018.
- (o) The City entered into a capital lease agreement to finance the installation of a surface membrane to the Convention Center roof. The lease is payable in annual installments of \$52 thousand through October 2026.

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

Year-ending	Principal Payments by Fund - Governmental Activities				Annual Debt Service Requirements		
	General	Civic Center	Fleet Services	General Services	Principal	Interest	Total
2014	\$ 1,626	\$ 1,453	\$ 594	\$ 1,305	\$ 4,978	\$ 2,105	\$ 7,083
2015	1,804	1,505	615	655	4,579	1,864	6,443
2016	1,812	1,570	-	289	3,671	1,638	5,309
2017	1,866	1,645	-	41	3,552	1,414	4,966
2018	1,987	1,730	-	-	3,717	1,178	4,895
2019 - 2023	2,892	9,970	-	-	12,862	3,210	16,072
2024 - 2028	-	8,510	-	-	8,510	748	9,258
Totals	<u>\$ 11,987</u>	<u>\$ 26,383</u>	<u>\$ 1,209</u>	<u>\$ 2,290</u>	<u>\$ 41,869</u>	<u>\$ 12,157</u>	<u>\$ 54,026</u>

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

Year-ending	Principal Payments by Fund Business-type Activities		Annual Debt Service Requirements		
	Gas Utility	Tidelands	Principal	Interest	Total
2014	\$ 423	\$ 29	\$ 452	\$ 65	\$ 517
2015	432	30	462	54	516
2016	441	32	473	44	517
2017	450	34	484	33	517
2018	459	35	494	22	516
2019 - 2023	-	205	205	56	261
2024 - 2028	-	97	97	7	104
Totals	<u>\$ 2,205</u>	<u>\$ 462</u>	<u>\$ 2,667</u>	<u>\$ 281</u>	<u>\$ 2,948</u>

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

<u>Year-ending</u>	<u>Total</u>
2014	\$ 290,238
2015	293,845
2016	294,567
2017	291,176
2018	292,055
2019 - 2023	1,430,660
2024 - 2028	993,467
2029 - 2033	345,016
2034 - 2038	1,036,416
2039 - 2043	61,261
2044 - 2048	61,519
2049 - 2053	52,662
2054 - 2058	25,494
2059 - 2063	25,434
2064 - 2068	23,743
2069 - 2073	6,191
2074 - 2078	5,829
2079 - 2083	5,641
2084 - 2088	741
Total	<u>\$ 5,535,955</u>

NOTE 13 – DERIVATIVE INSTRUMENTS

At September 30, 2013, the City had the following hedging derivative instruments outstanding within business-type activities:

Type	Objective	Notional Amount	Effective Date	Various Maturity Dates to:	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 4.931%
Commodity Forward Contract	To hedge against a reduction in revenues resulting from changes in monthly commodity prices.	139.3 million MMBtu ¹	11/18/2007	9/30/2037	Pay variable receive fixed for scheduled notional quantities.

¹ 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:

Maturity Date	Notional Amounts (in thousands)	Synthetic Fixed Rate	Variable Rate	Spread
11/15/2025	\$ 19,195	4.903%	1.577%	1.410%
11/15/2026	25,175	4.930%	1.597%	1.430%
11/15/2027	24,630	4.955%	1.617%	1.450%
11/15/2033	5	5.067%	1.717%	1.550%
	<u>\$ 69,005</u>	<u>4.931%²</u>	<u>1.598%³</u>	<u>1.432%²</u>

² Percentages are weighted average.

³ The weighted average floating rate is based on the present value of 67% of the forward three-month LIBOR rate curve at 9/30/13, plus the indicative spread.

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

Starting in fiscal year 2008-09, under the swap agreement, LBBFA paid Merrill Lynch Capital Services, Inc. (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 September 30, 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 \$18.5 million at October 1, 2012. During the current period, the fair value increased \$7.0 million to a negative fair value of \$11.5 million as of September 30, 2013.

The commodity swap, with the market price quoted by the RBC, had a fair value of \$244.5 million at October 1, 2012. During the current period, fair value increased \$17.2 million to a fair value of \$261.7 million as of September 30, 2013.

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, 2012	Change in Fair Value	Fair Value, September 30, 2013
Governmental Activities			
<i>Interest Rate Swap</i>			
11/15/2025	\$ (4,951)	\$ 1,828	\$ (3,123)
11/15/2026	(6,740)	2,554	(4,186)
11/15/2027	(6,831)	2,651	(4,180)
11/15/2033	(2)	1	(1)
	(18,524)	7,034	(11,490)
<i>Commodity Swap</i>			
11/1/2037	244,530	17,154	261,684
Total	\$ 226,006	\$ 24,188	\$ 250,194

Information on the affects of these transactions on the financial statement presentation can be found in Note 25 – Deferred outflows and Deferred Inflows of Resources.

Credit Risks: As of September 30, 2013, the interest rate swap counterparty was rated A- by Standard & Poor's and Baa2 by Moody's Investor Services. As of September 30, 2013, the commodity swap counterparty was rated AA- by Standard & Poor's and Aa3 by Moody's.

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

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

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Interest Rate Swap Payment and Associated Debt: Using rates as of September 30, 2013, debt service requirements of the variable-rate debt and net swap payments, assuming the current interest rate remains the same for their term, were as follows (in thousands):

Fiscal Year Ending September 30	Variable-Rate Bonds		Net Swap Payments	Total Interest
	Principal	Interest		
2014	\$ -	\$ 3,403	\$ 521	\$ 3,924
2015	-	3,403	394	3,797
2016	-	3,403	336	3,739
2017	-	3,403	305	3,708
2018	-	3,403	290	3,693
2019 - 2023	-	17,015	1,109	18,124
2024 - 2028	69,000	7,937	698	8,635
2029 - 2033	5	-	-	-
Total	<u>\$ 69,005</u>	<u>\$ 41,967</u>	<u>\$ 3,653</u>	<u>\$ 45,620</u>

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

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

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NOTE 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 30, all actuarial calculations for the City’s retirement plan are made on a fiscal year consistent with CalPERS, which differs from the City’s September 30 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.

“Classic” 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 3.0 percent of the employee’s highest paid year of employment for each year of credited service. Third-tier police and fire employees are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.0 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 5.0 percent cost-of-living increase while those under the second tier are eligible to receive a maximum annual 2.0 percent cost-of-living increase.

“New” Safety: Effective January 1, 2013, safety employees who are either new to CalPERS or who have had a break in CalPERS service of at least 6 months, and who retire at age 57, are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.7 percent of their highest average annual pensionable compensation earned during a period of at least 36 consecutive months for each year of credited service. For fiscal year 2013, salaries are capped at \$113.7 thousand. The salary cap is permitted to be adjusted based on changes in the CPI for all urban areas.

“Classic” 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 5.0 percent cost-of-living increase while those under the second and third tier are eligible to receive a maximum annual 2.0 percent cost-of-living increase.

“New” Miscellaneous: Effective January 1, 2013, miscellaneous non-safety employees who are either new to CalPERS or who have had a break in CalPERS service of at least 6 months, and who retire at age 62, are entitled to receive an annual retirement benefit, payable monthly for life, in an amount equal to 2.0 percent of their highest average annual pensionable compensation earned during a period of at least 36 consecutive months for each year of credited service. For fiscal year 2013, salaries are capped at \$113.7 thousand. The salary cap is permitted to be adjusted based on changes in the CPI for all urban areas.

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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, 2013, 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, 2013.

Bargaining Unit	City Contributes	Employee Contributes	New Hires
Unrepresented Management within the City Auditor's office	4.0%	4.0%	8.0%
City Attorney's Association	0.0%	8.0%	8.0%
City Prosecutor's Association	0.0%	8.0%	8.0%
Elected Officials and City Clerk:			
City Attorney	2.0%	6.0%	8.0%
City Prosecutor	2.0%	6.0%	8.0%
City Auditor	2.0%	6.0%	8.0%
City Clerk	2.0%	6.0%	8.0%
Mayor	0.0%	8.0%	8.0%
Council Districts 1 - 7 and 9	0.0%	8.0%	8.0%
Council District 8	0.0%	8.0%	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	6.0%	2.0%	8.0%
International Association of Machinists	0.0%	8.0%	8.0%
Safety Managers	7.0%	2.0%	9.0%
Long Beach Firefighters' Association	0.0%	9.0%	9.0%
Long Beach Police Officers' Association	0.0%	9.0%	9.0%
Long Beach Lifeguard Association	7.0%	2.0%	9.0%

In addition, the City is required to contribute at an actuarially determined rate applied to annual covered payroll; the current rates are 15.159 percent for miscellaneous employees and 22.315 percent for safety employees. For fiscal year 2014, the contribution rates will be 15.324 percent for miscellaneous employees and 22.623 percent for safety employees. The contribution requirements of plan members and the City are established and may be amended by CalPERS.

Annual Pension Cost

For fiscal year 2013, the City's annual pension cost (APC) of \$67.5 million for CalPERS was equal to the City's annual required contribution (ARC) of \$89.5 million less employee contributions of \$22.0 million. The ARC was determined as a part of the June 30, 2010 actuarial valuations.

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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, 2011, 2012, and 2013 are as follows (dollars in thousands):

Fiscal Year	Miscellaneous Annual Pension Cost	Safety Annual Pension Cost	Annual Pension Cost (APC)	Percentage Contribution
2011	41,953	\$ 33,087	\$ 75,040	100%
2012	47,436	29,441	76,877	100%
2013	38,483	29,014	67,497	100%

Actuarial Methods and Assumptions

A summary of principal assumptions and methods used to determine the annual required contribution rate for fiscal year 2013 for miscellaneous and safety employees is shown below:

	Assumptions
Valuation Date	June 30, 2010
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Amortization Period	Closed
Average Remaining Period	26 Years for Miscellaneous and 25 Years for Safety 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, provided 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, 2012, 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	\$ 1,825,592	\$ 2,057,068	\$ 231,476	88.7%	\$ 220,939	104.8%
Safety	1,834,547	1,936,904	102,357	94.7%	124,868	82.0%

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 provided 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 (Plans). During fiscal year 2003, the Plans were reported under a combined plan (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 1.5 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 6.2 percent of earnings (Contractors Special Status) and 3.0 percent of earnings (Seasonal and Temporary Employees). All employees enter the Plan upon hire and all benefits are vested after five years of service (Contractors Special Status) or immediately (Seasonal and Temporary Employees) and employees are always vested in their employee 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.

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Funding Policy and Annual Pension Cost

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

- The Plan's APC for the fiscal year ended September 30, 2013 is based on the period from October 1, 2011 to September 30, 2012. The APC for fiscal year ended September 30, 2013, is \$161 thousand, the same amount contributed for this period.
- The actuarial liabilities and assets are valued as of September 30, 2012.
- 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 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:

<u>Fiscal Year</u>	<u>Annual Pension Costs</u>	<u>Actual Contribution</u>	<u>Percentage Contribution</u>	<u>Net Pension Obligation</u>
2011	\$ 105,141	\$ 105,141	100%	\$ -
2012	113,320	113,320	100%	-
2013	161,072	161,072	100%	-

Funded Status and Funding Progress

As of the most recent actuarial valuation date, September 30, 2012, the Plan's funding status was (dollars in thousands):

<u>Plan</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) - Entry Age (b)</u>	<u>Unfunded AAL (UAAL) (Excess of Assets over AAL) (b-a)</u>	<u>Funded Ratio Actuarial Value Basis (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u>
PARS	\$ 903	\$ 1,489	\$ 586	60.6%	\$ 8,526	6.9%

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Actuarial Methods and Assumptions

The following is a summary of September 30, 2012 actuarial assumptions:

Interest Rate:	4.75%
Actuarial Cost Method:	Entry Age Normal Cost Method
Mortality:	1983 Group Annuity Mortality (GAM83) table.
Turnover:	Sample rates are:

<u>Age</u>	<u>Turnover</u>
30	15%
40	15%
50	10%
60	5%

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

Years of Service	Turnover
0	50%
1	35%
2	30%
3	25%
4	20%

Salary Scale:	5.0%
Inflation	3.0%
Amortization Period	Closed
Average Remaining Period	10 years
Retirement Age:	Age 65 or attained age, if older.
Form of Benefit:	Participants are assumed to receive a lump sum upon termination.

NOTE 15 – POSTEMPLOYMENT HEALTHCARE BENEFITS

General Plan Description

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

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

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

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At September 30, 2013, there were 586 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 \$20.6 million. Total premiums and actual claims paid by the City under the Retired Employees Health Insurance Program for the fiscal year ended September 30, 2013 were \$7.4 million and are included as an expense of the Employee Benefits Internal Service Fund.

Termination Benefits

As of September 30, 2013, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$123.3 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's Association agreed to defer an October 1, 2009 general salary adjustment to October 1, 2010 and to extend all other adjustments by one year. The supplement eligibility is limited to Fire employees retiring on or before December 31, 2009. The benefit formula is equal to the difference between CalPERS retirement had the October 1, 2009 general salary adjustment been made for a full year and actual retirement benefits received by CalPERS. The supplement is credited annually to retirees Health account and is adjusted by CalPERS cost-of-living adjustment (COLA). Each account will be adjusted as long as retirees or beneficiaries are receiving CalPERS.

Police Retirement Supplement Benefit

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

The actuarial study assumes an investment return of 4.3 percent; wage increases of 3.3 percent per year for both miscellaneous and safety employees, and insurance premium increases of 4.5 percent. The estimated current portion of such obligation of \$8.1 million has been fully funded and the long-term portion of the liability of \$115.2 million is being funded, over time, through burden rates charged to the various City funds, applied as a percentage of current productive salaries.

Other Postemployment Benefits

As of September 30, 2013, the City has also recorded a liability in the Employee Benefits Internal Service Fund of \$45.2 million based on an actuarial study of the "implicit subsidy" as defined by GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* (GASB 45). While the City does not directly contribute any funding toward the cost of premiums for retirees, the ability to obtain coverage at an active employees rate constitutes an economic benefit to the retirees. The inclusion of the retirees in

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the City's healthcare benefit plans increases the overall health plan rates. The economic benefit is defined as an "implicit subsidy" under GASB 45.

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

Funding Policy

The contribution requirement of plan members and the City are established and may be amended by the City. The required contribution is based on projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the City Council. As of September 30, 2013, 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	\$ 15,405
Interest on net OPEB obligation	1,776
Adjustment to annual required contribution	<u>(2,744)</u>
Annual OPEB cost	14,437
Contribution made	<u>(4,709)</u>
Increase in net OPEB obligation	9,728
Net OPEB obligation - beginning of year	<u>35,514</u>
Net OPEB obligation - end of year	<u><u>\$ 45,242</u></u>

The ARC was determined as part of the September 2012 actuarial valuation. For the year ended September 30, 2013, 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
9/30/2011	\$ 12,289	34.0%	\$ 26,139
9/30/2012	13,486	30.5%	35,514
9/30/2013	14,437	32.6%	45,242

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Funded Status and Funding Progress

The funded status of the plan as of September 30, 2013 as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 238,683
Actuarial value of Plan assets	-
Unfunded actuarial accrued liability (UAAL)	<u>\$ 238,683</u>
Funded ratio (actuarial value of Plan assets / AAL)	0.0%
Covered payroll	\$ 331,504
UAAL as a percentage of covered payroll	72.0%

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

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

Actuarial Methods and Assumption

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

The September 30, 2012 actuarial valuation used the Entry Age Normal Cost method. The actuarial assumptions included a 4.3 percent investment rate of return (net of administrative expenses), an annual healthcare trend rate that begins at 8.5 percent for non-Medicare plans and 8.9 percent for Medicare plans with both decreasing to 5.0 percent for all plans by September 30, 2021, and an inflation assumption of 3.0 percent. The Entry Age Normal (EAN) cost method spreads plan costs for each participant from entry date to the expected retirement date. Under the EAN cost method, the plan's normal cost is developed as a level amount over the participants' working lifetime. The actuarial value of plan assets was \$0. The plan's unfunded actuarial accrued liability is being amortized using the level percentage of payroll method on an open basis over 30 years.

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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, 2013, the City accrued non-discounted estimates totaling \$128.1 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 \$24.5 million and a long-term liability of \$103.6 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2013 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, 2013 and 2012 is as follows (in thousands):

	Workers' Compensation Claims	General Liability Claims	Total
Balance at October 1, 2011	\$ 102,137	\$ 12,264	\$ 114,401
Additions (Reductions)	21,261	3,609	24,870
Payments	(12,345)	(3,609)	(15,954)
Balance at September 30, 2012	111,053	12,264	123,317
Additions	15,719	7,031	22,750
Payments	(15,342)	(2,553)	(17,895)
Balance at September 30, 2013	<u>\$ 111,430</u>	<u>\$ 16,742</u>	<u>\$ 128,172</u>

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NOTE 17 – GOVERNMENTAL ACTIVITIES FUND BALANCE

As of September 30, 2013, total fund balances for the City's major and non-major governmental funds are as follows (in thousands):

	General	Other Governmental Funds	Total Governmental Funds
Nonspendable			
Prepaid Expense and Deposits	\$ 43	\$ 8,009	\$ 8,052
Advances to Other Funds	2,000	-	2,000
Subtotal	2,043	8,009	10,052
Restricted for:			
Debt Service	-	34,266	34,266
Public Safety	2,311	946	3,257
Public Health	-	5,403	5,403
Community and Cultural	-	200,493	200,493
Public Works	-	52,459	52,459
Subtotal	2,311	293,567	295,878
Committed to:			
Public Safety	1,000	-	1,000
Community and Cultural	-	1,362	1,362
Oil Abandonment	4,711	-	4,711
Subtotal	5,711	1,362	7,073
Assigned to:			
Emergency Reserve	54,940	-	54,940
Operating Reserve	12,986	-	12,986
Subsequent Year's Appropriations	50,616	-	50,616
Infrastructure Reserve	1,000	-	1,000
Community and Cultural	-	258	258
Debt Service	-	917	917
Public Health	-	364	364
Public Works	-	22,894	22,894
Subtotal	119,542	24,433	143,975
Unassigned	8,130	(30,112)	(21,982)
Total Fund Balances	\$ 137,737	\$ 297,259	\$ 434,996

Fund Deficits

The Internal Service Funds include accumulated deficits in the Insurance and Employee Benefits Internal Service Funds, which aggregate \$92.9 million and \$167.3 million, respectively. The City's management believes the cash position is sufficient to cover the current costs related to retired health insurance, workers' compensation, general liability claims, and current operating costs in the Insurance and Employee Benefits Internal Service Funds. The City's management intends to make reasonable adjustments to amounts charged to City departments to ensure that adequate cash positions are maintained.

The Tidelands Oil Revenue Fund, a proprietary fund, reported a deficit net assets of \$17.6 million as of September 30, 2013. 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 General Grants special revenue fund has an accumulated deficit fund balance of \$778 thousand. The deficit is the result of delayed submission of reimbursement claims for several parks-related grants.

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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 Position
September 30, 2013
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (Credit)	Gas Utility Fund
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 7,508	\$ 268	\$ 7,776	\$ -	\$ 7,776
Non-Pooled Cash and Cash Equivalents	6	37	43	-	43
Non Performing Investments	11	-	11	-	11
Receivables:					
Interest Receivable	-	14	14	-	14
Accounts Receivable	3,362	2,496	5,858	(1,154)	4,704
Due from Other Funds	1,371	-	1,371	(633)	738
Allowance for Receivables	(463)	-	(463)	-	(463)
Inventory	1,933	-	1,933	-	1,933
Prepaid Gas - Current	-	22,811	22,811	-	22,811
Other Assets	401	-	401	-	401
Total Current Assets	14,129	25,626	39,755	(1,787)	37,968
Noncurrent Assets:					
Restricted Noncurrent assets					
Non-Pooled Investments	-	20,635	20,635	-	20,635
Capital Assets:					
Land and Other Assets Not Being Depreciated	4,345	-	4,345	-	4,345
Capital Assets Net of Accumulated Depreciation	120,436	-	120,436	-	120,436
Prepaid Gas - Long-term	-	496,015	496,015	-	496,015
Total Noncurrent Assets	124,781	516,650	641,431	-	641,431
Total Assets	138,910	542,276	681,186	(1,787)	679,399
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows	-	273,174	273,174	-	273,174
LIABILITIES					
Current Liabilities Payable from Current Assets					
Accounts Payable	3,402	-	3,402	1,154	2,248
Accrued Wages	280	-	280	-	280
Accrued Interest Payable	2	11,247	11,249	-	11,249
Due to Other Funds	850	633	1,483	633	850
Unearned Revenues	126	-	126	-	126
Customers Deposits	1,833	-	1,833	-	1,833
Obligations under Capital Leases - Current	423	-	423	-	423
Bonds Payable Due within One Year	-	7,305	7,305	-	7,305
Total Current Liabilities	6,916	19,185	26,101	1,787	24,314
Noncurrent Liabilities:					
Obligations under Capital Leases	1,782	-	1,782	-	1,782
Other Long-Term Obligations	3,000	-	3,000	-	3,000
Bonds Payable	-	613,775	613,775	-	613,775
Unamortized Discount	-	13,681	13,681	-	13,681
Total Noncurrent Liabilities	4,782	627,456	632,238	-	632,238
Total Liabilities	11,698	646,641	658,339	1,787	656,552
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows	-	273,174	273,174	-	273,174
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	119,576	-	119,576	-	119,576
Unrestricted	7,636	(104,365)	(96,729)	-	(96,729)
Total Net Position (Deficit)	\$ 127,212	\$ (104,365)	\$ 22,847	\$ -	\$ 22,847

The City of Long Beach
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September 30, 2013

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Revenues, Expenses, and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Gas Operating Function	LBBFA Gas Prepay Function	Total Before Elimination	Elimination Debit (credit)	Gas Utility Fund
Operating Revenues:					
Charges for Services	\$ 80,215	\$ 17,732	\$ 97,947	\$ 17,732	\$ 80,215
Total Revenues	80,215	17,732	97,947	17,732	80,215
Operating Expenses:					
Personnel Services	15,284	2	15,286	-	15,286
Purchases of Gas	27,341	988	28,329	(17,732)	10,597
Maintenance and Other Operations	11,384	7	11,391	-	11,391
Amortization	(5)	-	(5)	-	(5)
Depreciation	5,207	-	5,207	-	5,207
Total Operating Expenses	59,211	997	60,208	(17,732)	42,476
Operating Income	21,004	16,735	37,739	-	37,739
Non-Operating Income (Expense):					
Interest Income	(9)	656	647	-	647
Interest Expense	(4)	(31,973)	(31,977)	-	(31,977)
Loss on Disposition of Capital Assets	(874)	-	(874)	-	(874)
Capital Assets to / (from) Other Funds	(1,844)	-	(1,844)	-	(1,844)
Other Income	6,926	-	6,926	-	6,926
Other Expense	(5,245)	(677)	(5,922)	-	(5,922)
Total Non-Operating Income (Expense)	(1,050)	(31,994)	(33,044)	-	(33,044)
Income before Contributions and Transfers	19,954	(15,259)	4,695	-	4,695
Operating Transfers:					
Operating Transfers Out	(13,023)	-	(13,023)	-	(13,023)
Change in Net Position	6,931	(15,259)	(8,328)	-	(8,328)
Net Position (Deficit), October 1	120,296	(85,187)	35,109	-	35,109
Residual Equity Transfers, Net	(15)	(3,919)	(3,934)	-	(3,934)
Net Position (Deficit), September 30	\$ 127,212	\$ (104,365)	\$ 22,847	\$ -	\$ 22,847

The City of Long Beach
The Notes to the Basic Financial Statements
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City of Long Beach
Gas Utility Fund
Consolidated Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2013
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Gas Operating Function	LBBFA Gas Prepay Function	Eliminations Increase (decrease)	Gas Utility Fund
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 79,411	\$ 17,391	\$ (17,391)	\$ 79,411
Payments for Employee Salaries	(15,231)	-	-	(15,231)
Payments for Goods and Services	(40,228)	(35)	17,391	(22,872)
Other Income	6,894	22,901	-	29,795
Other Expense	(5,411)	(478)	-	(5,889)
Net Cash Provided by Operating Activities	25,435	39,779	-	65,214
Cash Flows from Non-Capital Financing Activities:				
Operating Grants Received from Other Governments	31	-	-	31
Receipts from Prepayment of Gas Supply	-	(568)	-	(568)
Payments of Principal on Bonds Payable	-	(8,290)	-	(8,290)
Payments of Interest	-	(32,468)	-	(32,468)
Transfers Out	(13,023)	-	-	(13,023)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(12,992)	(41,326)	-	(54,318)
Cash Flows from Capital and Related Financing Activities:				
Principal Received on Capital Leases from other funds	879	-	-	879
Payments for Capital Acquisitions	(15,866)	-	-	(15,866)
Payments of Principal on Bonds Payable	(750)	-	-	(750)
Payments of Principal on Other Long-Term Obligations	(414)	-	-	(414)
Payments of Interest, Net of Amounts Capitalized	(79)	-	-	(79)
Net Cash Used for Capital and Related Financing Activities	(16,230)	-	-	(16,230)
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	1,114	-	1,114
Payments for Investments	650	-	-	650
Receipts of Interest	37	654	-	691
Net Cash Provided by Investing Activities	687	1,768	-	2,455
Net Increase (Decrease) in Cash and Cash Equivalents	(3,100)	221	-	(2,879)
Cash and Cash Equivalents - October 1	10,614	84	-	10,698
Cash and Cash Equivalents - September 30	<u>\$ 7,514</u>	<u>\$ 305</u>	<u>\$ -</u>	<u>\$ 7,819</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	Gas Operating Function	LBBFA Gas Prepay Function	Eliminations Increase (decrease)	Gas Utility Fund
Operating Income	\$ 21,004	\$ 16,735	\$ -	\$ 37,739
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:				
Depreciation and Amortization Expense	5,202	-	-	5,202
Other Income	6,727	22,901	-	29,628
Other Expense	(5,245)	(677)	-	(5,922)
(Increase) Decrease in Accounts Receivable, Net	(549)	(341)	1,154	264
Increase in Amounts Due from Other Governments	(31)	-	-	(31)
Decrease in Amounts Due from Other Funds	-	199	-	199
Increase in Inventory	(43)	-	-	(43)
(Increase) Decrease in Other Operating Assets/Gas Prepay	(371)	990	-	619
Decrease in Accounts Payable	(1,021)	(28)	(1,154)	(2,203)
Increase in Accrued Wages Payable	43	-	-	43
Decrease in Amounts Due to Other Funds	(58)	-	-	(58)
Decrease in Unearned Revenues	(228)	-	-	(228)
Increase in Collections Held in Trust	5	-	-	5
Total Adjustments	4,431	23,044	-	27,475
Net Cash Provided by Operating Activities	<u>\$ 25,435</u>	<u>\$ 39,779</u>	<u>\$ -</u>	<u>\$ 65,214</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 purchased.

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

NOTE 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 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, 2013 of \$1.7 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.

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September 30, 2013

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Net Position (Deficit)
September 30, 2013
(In Thousands)

	Solid Waste Management			Total Before Elimination	Eliminations Debit (Credit)	Solid Waste Management Fund
	Refuse Function	SERRF Function	SERRF Authority			
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 15,825	\$ 31,077	\$ -	\$ 46,902	\$ -	\$ 46,902
Non-Pooled Cash and Cash Equivalents	3	-	174	177	-	177
Non Performing Investments	7	-	-	7	-	7
Receivables:						
Interest Receivable	-	-	37	37	-	37
Accounts Receivable	2,520	4,490	991	8,001	(991)	7,010
Due from Other Governments	-	620	-	620	-	620
Due from Other Funds	166	-	-	166	-	166
Capital Leases Receivable - Current	-	-	8,410	8,410	(8,410)	-
Allowance for Receivables	(302)	(10)	-	(312)	-	(312)
Total Current Assets	18,219	36,177	9,612	64,008	(9,401)	54,607
Noncurrent Assets:						
Restricted Noncurrent assets						
Non-Pooled Investments	-	-	11,418	11,418	-	11,418
Noncurrent Receivables:						
Capital Lease Receivable	-	-	49,200	49,200	(49,200)	-
Other Noncurrent Receivables	-	1,689	413	2,102	(413)	1,689
Capital Assets:						
Land and Other Capital Assets not being Depreciated						
	102	6,520	-	6,622	-	6,622
Capital Assets Net of Accumulated Depreciation	71	16,738	-	16,809	-	16,809
Total Noncurrent Assets	173	24,947	61,031	86,151	(49,613)	36,538
Total Assets	18,392	61,124	70,643	150,159	(59,014)	91,145
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	937	4,434	-	5,371	991	4,380
Accrued Wages	162	8	-	170	-	170
Accrued Interest Payable	-	-	991	991	-	991
Due to Other Funds	79	4	-	83	-	83
Collections Held in Trust	589	64	-	653	-	653
Obligations under Capital Leases - Current	-	8,410	-	8,410	8,410	-
Bonds Payable Due within One Year	-	-	8,410	8,410	-	8,410
Total Current Liabilities	1,767	12,920	9,401	24,088	9,401	14,687
Noncurrent Liabilities:						
Deferred Credits and Other Deferred Liabilities	-	413	-	413	413	-
Obligations under Capital Leases	-	49,200	-	49,200	49,200	-
Bonds Payable	-	-	49,200	49,200	-	49,200
Unamortized Discount	-	-	2,136	2,136	-	2,136
Total Noncurrent Liabilities	-	49,613	51,336	100,949	49,613	51,336
Total Liabilities	1,767	62,533	60,737	125,037	59,014	66,023
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	173	(34,765)	-	(34,592)	(9,869)	(24,723)
Restricted for:						
Debt Service	-	-	9,905	9,905	-	9,905
Capital Projects	-	-	1	1	-	1
Unrestricted	16,452	33,356	-	49,808	9,869	39,939
Total Net Position (Deficit)	\$ 16,625	\$ (1,409)	\$ 9,906	\$ 25,122	\$ -	\$ 25,122

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City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Revenues, Expenses, and
Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2013
(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	\$ -	\$ -	\$ 3,044	\$ 3,044	\$ 3,044	\$ -
Charges for Services	40,160	46,725	-	86,885	7,558	79,327
Total Operating Revenues	40,160	46,725	3,044	89,929	10,602	79,327
Operating Expenses:						
Personnel Services	14,262	471	-	14,733	-	14,733
Maintenance and Other Operations	25,583	32,252	-	57,835	(7,558)	50,277
Rental Expense	-	3,044	-	3,044	(3,044)	-
Amortization	-	-	80	80	-	80
Depreciation	12	3,527	-	3,539	-	3,539
Total Operating Expenses	39,857	39,294	80	79,231	(10,602)	68,629
Operating Income (Loss)	303	7,431	2,964	10,698	-	10,698
Non-Operating Income (Expenses):						
Interest Income	23	80	20	123	-	123
Interest Expense	-	-	(2,625)	(2,625)	-	(2,625)
Capital Assets from Other Funds	(1,235)	-	-	(1,235)	-	(1,235)
Operating Grants	287	-	-	287	-	287
Other Income	3	212	-	215	-	215
Other Expenses	-	-	(106)	(106)	-	(106)
Total Non-Operating Income (Expenses)	(922)	292	(2,711)	(3,341)	-	(3,341)
Income (Loss) before Contributions and Transfers	(619)	7,723	253	7,357	-	7,357
Transfers:						
Transfers Out	(2,287)	(5,204)	-	(7,491)	-	(7,491)
Change in Net Position	(2,906)	2,519	253	(134)	-	(134)
Net Position (Deficit) - October 1	19,531	(3,928)	10,793	26,396	-	26,396
Adjustments for GASB 65 Implementation	-	-	(1,140)	(1,140)	-	(1,140)
Net Position (Deficit) - September 30	\$16,625	\$ (1,409)	\$ 9,906	\$ 25,122	\$ -	\$ 25,122

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2013
(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	\$ 40,134	\$ 49,829	\$ -	\$ 89,963	\$ -	\$ 89,963
Receipts from Capital Lease	-	-	3,171	3,171	(3,171)	-
Payments for Employee Salaries	(14,224)	(468)	-	(14,692)	-	(14,692)
Payments for Goods and Services	(25,160)	(35,289)	-	(60,449)	3,171	(57,278)
Other Income	3	212	-	215	-	215
Other Expense	-	-	(106)	(106)	-	(106)
Net Cash Provided by Operating Activities	753	14,284	3,065	18,102	-	18,102
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	287	-	-	287	-	287
Transfers Out	(2,287)	(5,204)	-	(7,491)	-	(7,491)
Net Cash Used for Non-Capital Financing Activities	(2,000)	(5,204)	-	(7,204)	-	(7,204)
Cash Flows from Capital and Related Financing Activities:						
Payment of Contributed Capital	(1,235)	-	-	(1,235)	-	(1,235)
Payments of Principal on Bonds Payable	-	-	(8,005)	(8,005)	-	(8,005)
Payments of Principal on Other Long-Term Obligations	-	(8,005)	-	(8,005)	8,005	-
Payments of Interest	-	-	(3,165)	(3,165)	-	(3,165)
Net Cash Used for Capital and Related Financing Activities	(1,235)	(8,005)	(11,170)	(20,410)	8,005	(12,405)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	70	70	-	70
Principal Received under Capital Lease	-	-	8,005	8,005	(8,005)	-
Receipts of Interest	51	80	48	179	-	179
Net Cash Provided by Investing Activities	51	80	8,123	8,254	(8,005)	249
Net Increase (Decrease) in Cash and Cash Equivalents	(2,431)	1,155	18	(1,258)	-	(1,258)
Cash and Cash Equivalents - October 1	18,259	29,922	156	48,337	-	48,337
Cash and Cash Equivalents - September 30	\$ 15,828	\$ 31,077	\$ 174	\$ 47,079	\$ -	\$ 47,079

(Continued)

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

City of Long Beach
Solid Waste Management Fund
Consolidating Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2013
(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)	\$ 303	\$ 7,431	\$ 2,964	\$ 10,698	\$ -	\$ 10,698
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	12	3,527	80	3,619	-	3,619
Other Income	3	212	-	215	-	215
Other Expense	-	-	(106)	(106)	-	(106)
(Increase) Decrease in Accounts Receivable, Net	121	3,440	127	3,688	(128)	3,560
Increase in Amounts Due from Other Governments	-	(334)	-	(334)	-	(334)
(Increase) in Amounts Due from Other Funds	(166)	-	-	(166)	-	(166)
Decrease (Increase) in Deferred Charges	-	-	-	-	(80)	(80)
Increase (Decrease) in Accounts Payable	423	85	-	508	128	636
Increase (Decrease) in Accrued Wages Payable	(41)	2	-	(39)	-	(39)
Increase in Amounts Due to Other Funds	79	1	-	80	-	80
Increase (Decrease) in Deferred Credits	-	(80)	-	(80)	80	-
Increase in Collections Held in Trust	19	-	-	19	-	19
Total Adjustments	450	6,853	101	7,404	-	7,404
Net Cash Provided by Operating Activities	<u>\$ 753</u>	<u>\$ 14,284</u>	<u>\$ 3,065</u>	<u>\$ 18,102</u>	<u>\$ -</u>	<u>\$ 18,102</u>

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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

Annually, the City estimates the State's share in the costs of future abandonment and site clearance of the oil properties. At September 30, 2013, the State's total estimated abandonment cost liability is \$474.7 million increasing by \$65.6 million from fiscal year 2012. This estimate is based on the number and life of productive wells, general changes in the life of the oil field, and changes in oil prices. As of September 30, 2013, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$290 million of the \$474.7 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve.

At September 30, 2013, the Tidelands Fund recorded an estimated oil field abandonment cost liability of \$41.2 million increasing by \$13.8 million from fiscal year 2012. This estimate is based on the number and life of productive wells, general changes in the life of the oil field, and changes in oil prices.

The City's proprietary ownership interests in the Wilmington Oil Field bear a proportionate share of oil field abandonment costs. Such share is presently estimated at \$9.1 million of which \$4.7 million has been funded in the Upland Oil Properties Special Revenue Fund as of September 30, 2013.

Subsidence

In accordance with State legislation, the City established a Reserve for Subsidence Contingencies to indemnify the City, State, and contractors for claims or costs arising from subsidence alleged to have resulted from oil operations. A maximum of \$40.0 million, plus accrued interest, was originally set aside for this purpose. Under provisions of State law that allowed the State's contractors to substantially increase oil production, and for a period of eight years that ended December 31, 1999, the City's Tidelands Fund received 50 percent of the interest earnings on the Reserve for Subsidence Contingencies while the other 50 percent accrued to the Subsidence Fund. For a period of four years beginning January 1, 2000, 50 percent of the interest earnings were paid to the State of California while the other 50 percent accrued to the Subsidence Fund. After the expiration of the above provisions, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2013, the reserve balance within the Subsidence Fund is \$166.8 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund, with repayment commencing in fiscal year 2008, without interest, in equal annual installments of \$500 thousand for up to 20 years. This action was taken to assist the City in making \$5 million contributions to the State in fiscal years 2005 and 2006. At September 30, 2013, total loan to the City's General Fund and interest retained amounts to \$4.6 million.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

NOTE 21 – POLLUTION REMEDIATION OBLIGATIONS

BKK Sites

Victoria Golf Course: Between 1947 and 1949, the City disposed of municipal waste in a landfill owned by BKK Corp located in Carson, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control has identified the City as a potentially responsible party (PRP) under the Resources Conservation and Recovery Act and has threatened enforcement action. The County of Los Angeles has threatened a cross-claim against the City for contribution. As of September 30, 2013, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

West Covina: From the mid 1960s through 1987, the City disposed of municipal waste in a landfill owned by BKK Corp located in West Covina, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control has a cleanup order to PRPs under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA). The primary PRPs have entered into a consent decree. Those parties in turn have threatened to compel the City to contribute part of the clean-up costs. As of September 30, 2013, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

National Resources Defense Council

The County of Los Angeles filed a claim with the City, and more than 80 other cities in Los Angeles County, for contribution/indemnification in the lawsuit brought by the National Resources Defense Council (NRDC) against the County in 2009. The NRDC lawsuit was related to violations of the federal Clean Water Act that were allegedly caused by or contributed to by cities, including Long Beach. One or more of the sites is located in Long Beach. The Ninth Circuit has ruled against the County. That decision has been appealed to the U.S. Supreme Court. The County's claim for contribution against Long Beach has been stayed pending the outcome of the appeal. As of September 30, 2013, 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, 2013, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

Long Beach Oil Development Company

In 2003, LBOD, a contractor for the City responsible for managing oil operations, was named in a lawsuit. During the period from 1939 to February 1989, LBOD deposited oil operations materials at three approved disposal sites. LBOD was named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the California Department of Toxic Substance Control) for these sites and has sued the City seeking reimbursement

The City of Long Beach
The Notes to the Basic Financial Statements
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for costs expended. As of September 30, 2013, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City acts as a trustee for the State for the impacted lands and the funds for defense and settlement shall come from State of California Oil Revenue.

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. In 2013, the Regional Board indicated that the case is a candidate for closure, pending review and has requested that annual monitoring continue until closure is received. The original estimated liability for the monitoring, based on a cost estimate from the monitoring service provider, was \$50 thousand. As of September 30, 2013, the remaining liability for the monitoring was \$9 thousand. There is no reasonable expectation of any recovery associated with these remediation efforts.

Paramount Landfill

The City operated the Paramount Landfill from 1945 to 1948. After closure, the landfill was partitioned and all but one parcel has been sold. The remaining parcel was developed into Davenport Park. In 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, 2013, the remaining liability for the monitoring was \$14 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.

El Cortez (formerly El Ranchito)

In 2009, the Agency purchased property at 5301 Long Beach Blvd. In fiscal year 2012, the Agency initiated a voluntary remediation project at the site. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$485 thousand. As of September 30, 2013, the remaining liability for the monitoring was \$401 thousand. There is a possibility that the cost of monitoring may increase. There is no reasonable expectation of any recovery associated with these remediation efforts.

Cowelco

On November 8, 2012, the Los Angeles Regional Water Quality Control Board (Control Board) notified the Agency of the that additional groundwater monitoring was necessary at 1669 W. Anaheim Street based on the Control Board's review of the Site Assessment Report dated May 7, 2004. Compliance with the Control Board's current request is anticipated to cost approximately \$25 thousand. At this point in time it is not known if additional monitoring or remediation will be required. There is no reasonable expectation of any recovery associated with these remediation efforts.

The City of Long Beach
The Notes to the Basic Financial Statements
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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, 2013, the site is still being evaluated and the City is waiting for final determination from the Regional Board as to the extent of, if any, additional monitoring activities that may be required.

Leaking Underground Storage Tanks (LUST)

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, 2013, the State approved the City's remediation efforts. The City remains under a Board order to continue monitoring the sites, with a suspended penalty of \$2.5 million, which could be imposed if the order is violated. The estimated related liability for the future remediation was \$3 million. Successful completion of the probationary term, to end in 2015, may decrease this liability.

San Francisco Yard

In June of 2010, the City exchanged land, known as the San Francisco Yard (SFY), to a developer in exchange for wetlands areas. As part of this transaction, the City agreed to financially support any potential pollution remediation that became necessary to allow further development within specified areas of the SFY. In 2013, the City was notified that contaminated soil remediation would be required. To help determine the potential remediation costs, the City requested and received proposals to remediate the soil contamination. Based on these estimates, the estimated related liability for the future remediation was \$557 thousand. There is no reasonable expectation of any recovery associated with these 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 ICTF for the purposes of financing and constructing an intermodal container transfer facility (the facility) to transfer cargo containers between trucks and railroad cars. The facility has been leased to Southern Pacific, now merged with Union Pacific (the Tenant). The facility was developed by the Tenant who assumed operational responsibility for the facility. The Venturers' share net income and equity distributions from ICTF equally. The ICTF financial statements for the year ended June 30, 2013 can be obtained from the Harbor.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

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.

NOTE 24 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2013, 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	\$ 724
Other Governmental funds	
Special Revenue Funds	2,609
Capital Projects Funds	5,636
Total	<u>\$ 8,969</u>

Business-Type Activities:

Gas Utility	\$ 326
Tidelands	10,905
Tidelands Oil Revenue	22
Harbor	82,583
Non-major business-type funds	10,441
Total	<u>\$ 104,277</u>

At September 30, 2013, the City's commitments for Internal Service Fund activity construction projects and for the purchase of goods and services aggregated to \$690 thousand.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013

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.

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 within the basic financial statements.

Potential Obligations Related to the Alameda Corridor Transportation Authority

The Alameda Corridor Use and Operating Agreement was executed by the Harbor, the Harbor Department of the City of Los Angeles (Port of Los Angeles), the Alameda Corridor Transportation Authority (ACTA), and the Burlington Northern Santa Fe and Union Pacific Railroads. 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.

ACTA's latest Notice of Estimated Shortfall Advances and Reserve Accounting Funding (Notice) was transmitted to the Department on August 8, 2013. Estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. The projected shortfall for ACTA's fiscal year ended June 30, 2013, based on the Notice submitted by ACTA was negligible leaving the cumulative shortfall at \$5.9 million. Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. Reimbursement could begin as soon as 2018. The Harbor has funded, in prior years, a cash reserve to satisfy claims related to the shortfall advance potential obligation.

The City of Long Beach
The Notes to the Basic Financial Statements
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New Gerald Desmond Bridge Matching Contribution

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

Environmental Mitigation Credits

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

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

During fiscal year 2007, the Department completed landfills that required the utilization of \$6.5 million of the available credits. No acquisitions or utilization of credits occurred during fiscal year 2011. During fiscal year 2012, the Harbor utilized \$1.0 million of the available credits. The balance of the Environmental Mitigation Credits was \$43.3 million as of September 30, 2013.

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, 2013

NOTE 25 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources

At September 30, 2013, Deferred Outflows of Resources and Deferred Inflows of Resources are as follows:

City of Long Beach
Governmental Funds
Schedule of Deferred Outflows and Deferred Inflows
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	General	Nonmajor Governmental Funds	Total Governmental Funds	GASB 34 Conversion Adjustments	Total Government- wide Statements
Deferred Outflows of Resources					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	\$ 1,915	\$ 1,915
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,915</u>	<u>\$ 1,915</u>
Deferred Inflows of Resources					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 305	\$ 305
Unavailable revenue and property taxes	\$ 82,070	\$ 190,655	\$ 272,725	\$ (194,412)	\$ 78,313
Total deferred inflows of resources	<u>\$ 82,070</u>	<u>\$ 190,655</u>	<u>\$ 272,725</u>	<u>\$ (194,107)</u>	<u>\$ 78,618</u>

City of Long Beach
Internal Service Funds
Schedule of Deferred Outflows and Deferred Inflows
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Civic Center	Fleet Services	Employee Benefits	Total Internal Service Funds
Deferred Outflows of Resources				
Economic loss from the refunding of debt	\$ 1,080	\$ 1,438	\$ -	\$ 2,518
Total deferred outflows of resources	<u>\$ 1,080</u>	<u>\$ 1,438</u>	<u>\$ -</u>	<u>\$ 2,518</u>

The City of Long Beach
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City of Long Beach
Enterprise Funds
Schedule of Deferred Outflows and Deferred Inflows
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Gas Utility	Tidelands	Harbor	Nonmajor Enterprise Funds	Total Enterprise Funds
Deferred Outflows of Resources					
Economic loss from the refunding of debt	\$ -	\$ 8,391	\$ 11,404	\$ 2,443	\$ 22,238
Negative fair value of derivative instrument					
Interest rate swap	11,490	-	-	-	11,490
Derivative instrument					
Commodity swap	261,684	-	-	-	261,684
Total deferred outflows of resources	<u>\$ 273,174</u>	<u>\$ 8,391</u>	<u>\$ 11,404</u>	<u>\$ 2,443</u>	<u>\$ 295,412</u>
Deferred Inflows of Resources					
Positive fair value of derivative instrument					
Commodity swap	\$ 261,684	\$ -	\$ -	\$ -	\$ 261,684
Derivative instrument					
Interest rate swap	11,490	-	-	-	11,490
Total deferred inflows of resources	<u>\$ 273,174</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 273,174</u>

NOTE 26 – SUBSEQUENT EVENTS

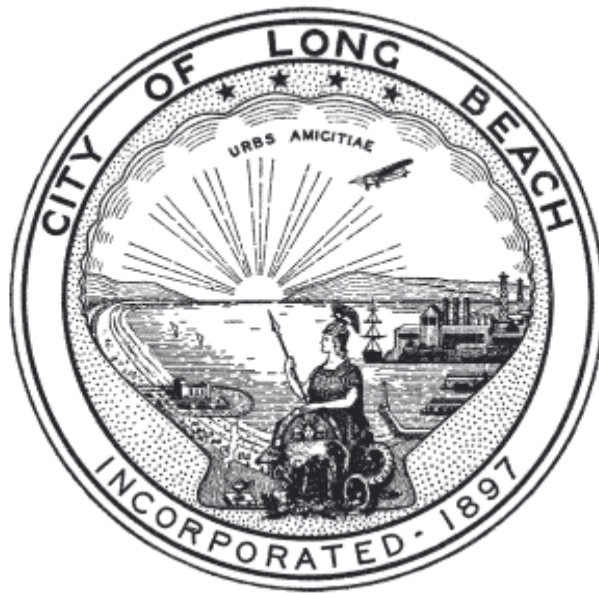
City of Long Beach Pension Reform

On November 5, 2013, the City approved amendments to all remaining bargaining group Memorandum of Understanding. The result of these amendments was that all City employee bargaining groups will pay the employee's portion of pension contributions at rates consistent with those established by CalPERS. Effective with the Pay period that began on November 16, 2013, all remaining Miscellaneous and Safety group members were required to contribute eight percent and nine percent of their pay, respectively, to CalPERS.

Long Beach Redevelopment Agency Asset Transfer Review

On February 27, 2014, the City received from the State the final report on "Assets Transfers" related to the disposition of the City's Former Redevelopment Agency. The report contains language that may result in the City transferring \$23.1 million from the Tidelands Trust to the Successor Agency. The City does not believe that this action is consistent with either the dissolution act or existing State law governing the Tidelands Trust and has not recorded a liability.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2013



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REQUIRED SUP- PLEMENTARY INFORMATION

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

June 30 Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Normal Accrued Liability (b)	Excess Funded (Deficit / Unfunded) Assets (a) – (b)	<u>Funded Status</u>		Annual Covered Payroll (c)	Excess Funded (Deficit / Unfunded) Assets as a % of Covered Payroll [(a) - (b)] / (c)
				(AVA) (a) / (b)	Market Value		
<u>Miscellaneous Employees</u>							
2010	\$ 1,692,444	\$ 1,888,325	\$ (195,881)	89.6%	70.1%	\$ 221,420	-88.5%
2011	1,765,236	1,971,682	(206,446)	89.5%	79.4%	222,312	-92.9%
2012	1,825,592	2,057,068	(231,476)	88.7%	79.4%	220,939	-104.8%
<u>Safety Employees</u>							
2010	\$ 1,713,418	\$ 1,786,693	\$ (73,275)	95.9%	75.0%	\$ 133,770	-54.8%
2011	1,783,951	1,868,031	(84,080)	95.5%	84.7%	132,176	-63.6%
2012	1,834,547	1,936,904	(102,357)	94.7%	84.7%	124,868	-82.0%

See accompanying independent auditors' report

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

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liabilities	Funded (Excess Assets)	Funded Ratio	Annual Covered Payroll	Rate of Funded Liability to Annual Covered Payroll
2003	\$1,704	\$517	\$1,187	329%	\$8,505	13.95%
2004	1,537	545	992	282%	8,266	12.00%
2005	1,388	675	713	206%	7,697	9.27%
2006	1,308	790	518	166%	7,928	6.53%
2007	1,421	860	561	165%	8,461	6.63%
2008	1,102	1,047	55	105%	9,178	0.60%
2009	889	1,123	(234)	79%	8,376	-2.79%
2010	966	1,176	(210)	82%	8,369	-2.51%
2011	879	1,354	(475)	65%	8,653	-5.49%
2012	903	1,486	(583)	61%	8,526	-6.84%

Postemployment Healthcare Benefits
Analysis of Funding Progress
(Unaudited)

Actuarial 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)
9/30/2008	\$ 110,324	\$ -	\$ 110,324	0.0%	\$ 328,205	33.6%
9/30/2010	120,714	-	120,714	0.0%	321,931	37.5%
9/30/2012	219,785	-	219,785	0.0%	321,013	68.5%

See accompanying independent auditors' report

ADDITIONAL FINANCIAL SECTION

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City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2013
(In Thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
ASSETS				
Pooled Cash and Cash Equivalents	\$ 80,630	\$ 48,984	\$ 2,436	\$ 132,050
Non-Pooled Cash and Cash Equivalents	149	31,655	3,155	34,959
Non Performing Investments	22	18	-	40
Non-Pooled Investments	-	-	31,376	31,376
Receivables:				
Property Taxes	94	-	-	94
Accounts Receivable	3,244	223	-	3,467
Due from Other Governments	19,930	9,501	-	29,431
Due from Other Funds	28	3,000	-	3,028
Allowance for Receivables	(1,101)	-	-	(1,101)
Other Assets	6,492	1,516	-	8,008
Advances to Other Funds	29,507	-	-	29,507
Land Held for Resale	6,223	95,189	-	101,412
Other Noncurrent Receivables	183,379	6,532	-	189,911
Total Assets	<u>\$328,597</u>	<u>\$196,618</u>	<u>\$ 36,967</u>	<u>\$ 562,182</u>
LIABILITIES				
Accounts Payable	\$ 12,696	\$ 11,642	\$ 493	\$ 24,831
Accrued Wages and Benefits Payable	641	129	-	770
Due to Other Funds	6,583	63	20	6,666
Unearned Revenues	3,443	3,635	-	7,078
Deposits and Collections Held in Trust	2,017	127	1,272	3,416
Advances from Other Funds	5,809	25,698	-	31,507
Total Liabilities	<u>31,189</u>	<u>41,294</u>	<u>1,785</u>	<u>74,268</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows (Note 25)	<u>184,047</u>	<u>6,608</u>	<u>-</u>	<u>190,655</u>
FUND BALANCES				
Nonspendable	6,493	1,516	-	8,009
Restricted	109,662	149,639	34,266	293,567
Committed	1,362	-	-	1,362
Assigned	258	23,259	916	24,433
Unassigned	(4,414)	(25,698)	-	(30,112)
Total Fund Balance	<u>113,361</u>	<u>148,716</u>	<u>35,182</u>	<u>297,259</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$328,597</u>	<u>\$196,618</u>	<u>\$ 36,967</u>	<u>\$ 562,182</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, 2013
(In Thousands)

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total
Revenues:				
Taxes:				
Property	\$ 4,932	\$ 40,294	\$ -	\$ 45,226
Sales	1,969	-	-	1,969
Other Taxes	15,817	-	-	15,817
Licenses and Permits	5,518	534	-	6,052
Use of Money and Property	1,764	989	1,449	4,202
From Other Agencies	169,706	8,559	1,007	179,272
Charges for Services	1,997	-	-	1,997
Other Contributions	-	1,385	-	1,385
Other	9,728	512	-	10,240
Total Revenues	<u>211,431</u>	<u>52,273</u>	<u>2,456</u>	<u>266,160</u>
Expenditures:				
Current:				
General Government	522	213	-	735
Public Safety	21,549	-	-	21,549
Public Health	33,914	-	-	33,914
Community and Cultural	129,992	14,636	-	144,628
Public Works	35,805	-	-	35,805
Total Current Expenditures	<u>221,782</u>	<u>14,849</u>	<u>-</u>	<u>236,631</u>
Capital Improvements	-	26,199	-	26,199
Debt Service:				
Principal	-	-	16,358	16,358
Interest	-	-	23,776	23,776
Debt Administration Fees	-	10	532	542
Total Expenditures	<u>221,782</u>	<u>41,058</u>	<u>40,666</u>	<u>303,506</u>
Excess of Revenues over (under) Expenditures	<u>(10,351)</u>	<u>11,215</u>	<u>(38,210)</u>	<u>(37,346)</u>
Other Financing Sources (Uses):				
Debt Issuance	-	-	54,186	54,186
Payment to Refunded Bond Escrow Agent	-	-	(57,611)	(57,611)
Transfers In	19,067	33,568	37,711	90,346
Transfers Out	(4,396)	(47,255)	(530)	(52,181)
Total Other Financing Sources (Uses)	<u>14,671</u>	<u>(13,687)</u>	<u>33,756</u>	<u>34,740</u>
Net Change in Fund Balances	<u>4,320</u>	<u>(2,472)</u>	<u>(4,454)</u>	<u>(2,606)</u>
Fund Balances - October 1	<u>109,041</u>	<u>151,188</u>	<u>39,636</u>	<u>299,865</u>
Fund Balances - September 30	<u>\$ 113,361</u>	<u>\$ 148,716</u>	<u>\$ 35,182</u>	<u>\$ 297,259</u>

See accompanying independent auditors' report

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

The Other Special Revenue Fund consists of the *Certified Unified Program Agency Fund*, a fund established by the City to account for services relating to hazardous waste material, the *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, and 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. The *Business Assistance Fund* is used to account for Agency monies used to fund commercial rehabilitation loans and rebates, business outreach, and commercial and retail services, including business attraction, retention, and expansion.

City of Long Beach
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2013
(In Thousands)

	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue	Housing Assistance
ASSETS						
Pooled Cash and Cash Equivalents	\$ 1,152	\$ 598	\$ 208	\$ 912	\$ 991	\$ 8,572
Non-Pooled Cash and Cash Equivalents	-	-	19	16	72	33
Non Performing Investments	-	-	-	-	-	-
Receivables:						
Property Taxes	-	-	-	-	-	-
Accounts Receivable	9	304	6	682	-	601
Due from Other Governments	7,250	-	3,186	6,713	-	394
Due from Other Funds	-	-	-	-	-	-
Allowance for Receivables	-	-	-	(495)	-	(247)
Other Assets-Current	-	-	46	-	-	-
Advances to Other Funds	-	-	3,809	-	-	-
Land Held for Resale	-	-	2,017	-	-	-
Other Noncurrent Receivables (net)	-	-	57,222	-	-	-
Total Assets	<u>\$ 8,411</u>	<u>\$ 902</u>	<u>\$ 66,513</u>	<u>\$ 7,828</u>	<u>\$ 1,063</u>	<u>\$ 9,353</u>
LIABILITIES						
Accounts Payable	\$ 526	\$ -	\$ 805	\$ 2,308	\$ 101	\$ 110
Accrued Wages	50	32	110	340	-	70
Due to Other Funds	4,608	15	1,504	403	-	34
Unearned Revenues	3,264	-	32	120	-	-
Deposits and Collections Held in Trust	741	-	5	79	-	938
Advances from Other Funds	-	-	-	2,000	-	-
Total Liabilities	<u>9,189</u>	<u>47</u>	<u>2,456</u>	<u>5,250</u>	<u>101</u>	<u>1,152</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows (Note 25)	-	296	57,390	13	-	127
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	46	1	-	-
Restricted	-	559	6,621	4,564	962	8,074
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	(778)	-	-	(2,000)	-	-
Total Fund Balances	<u>(778)</u>	<u>559</u>	<u>6,667</u>	<u>2,565</u>	<u>962</u>	<u>8,074</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 8,411</u>	<u>\$ 902</u>	<u>\$ 66,513</u>	<u>\$ 7,828</u>	<u>\$ 1,063</u>	<u>\$ 9,353</u>

See accompanying independent auditors' report

Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total September 30, 2013	
ASSETS					
\$ 13,754	\$ 18,086	\$ 26,925	\$ 9,432	\$ 80,630	Pooled Cash and Cash Equivalents
9	-	-	-	149	Non-Pooled Cash and Cash Equivalents
9	2	10	1	22	Non Performing Investments
-	-	-	94	94	Receivables:
4	-	-	1,638	3,244	Property Taxes
68	1,732	587	-	19,930	Accounts Receivable
-	-	-	28	28	Due from Other Governments
-	-	-	(359)	(1,101)	Due from Other Funds
6,400	-	45	1	6,492	Allowance for Receivables
25,698	-	-	-	29,507	Other Assets-Current
4,206	-	-	-	6,223	Advances to Other Funds
125,285	-	-	872	183,379	Land Held for Resale
\$ 175,433	\$ 19,820	\$ 27,567	\$ 11,707	\$ 328,597	Other Noncurrent Receivables
					Total Assets
LIABILITIES AND FUND BALANCES					
\$ 39	\$ 1,000	\$ 5,901	\$ 1,906	\$ 12,696	Accounts Payable
12	-	-	27	641	Accrued Wages
6	-	-	13	6,583	Due to Other Funds
-	27	-	-	3,443	Unearned Revenues
16	-	-	238	2,017	Deposits and Collections Held in Trust
3,809	-	-	-	5,809	Advances from Other Funds
3,882	1,027	5,901	2,184	31,189	Total Liabilities
DEFERRED INFLOWS OF RESOURCE					
125,285	-	1	935	184,047	Deferred Inflows (Note 25)
Fund Balances:					
6,400	-	45	1	6,493	Nonspendable
41,082	18,793	21,620	7,387	109,662	Restricted
162	-	-	1,200	1,362	Committed
258	-	-	-	258	Assigned
(1,636)	-	-	-	(4,414)	Unassigned
46,266	18,793	21,665	8,588	113,361	Total Fund Balances
\$ 175,433	\$ 19,820	\$ 27,567	\$ 11,707	\$ 328,597	Total Liabilities, Deferred Inflows and Fund Balances

City of Long Beach
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue	Housing Assistance
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 4,932	\$ -	\$ -
Sales	-	-	-	1,969	-	-
Other Taxes	-	3,563	-	-	-	-
Licenses and Permits	-	-	-	2,801	-	-
Use of Money and Property	8	-	371	29	574	16
From Other Agencies	18,731	-	22,706	21,842	-	74,202
Charges for Services	102	-	-	1,895	-	-
Other	710	-	1,111	27	-	4,165
Total Revenues	<u>19,551</u>	<u>3,563</u>	<u>24,188</u>	<u>33,495</u>	<u>574</u>	<u>78,383</u>
Expenditures:						
Current:						
General Government	-	-	295	-	-	11
Public Safety	17,586	3,963	-	-	-	-
Public Health	57	-	-	32,244	-	-
Community and Cultural	2,910	-	23,634	-	587	77,670
Public Works	276	-	-	-	-	-
Total Current Expenditures	<u>20,829</u>	<u>3,963</u>	<u>23,929</u>	<u>32,244</u>	<u>587</u>	<u>77,681</u>
Excess of Revenues over (under) Expenditures	<u>(1,278)</u>	<u>(400)</u>	<u>259</u>	<u>1,251</u>	<u>(13)</u>	<u>702</u>
Other Financing Sources (Uses)						
Transfers In	98	-	218	-	-	-
Transfers Out	<u>(24)</u>	<u>-</u>	<u>(3,110)</u>	<u>(48)</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>74</u>	<u>-</u>	<u>(2,892)</u>	<u>(48)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,204)	(400)	(2,633)	1,203	(13)	702
Fund Balances - October 1	<u>426</u>	<u>959</u>	<u>9,300</u>	<u>1,362</u>	<u>975</u>	<u>7,372</u>
Fund Balances - September 30	<u>\$ (778)</u>	<u>\$ 559</u>	<u>\$ 6,667</u>	<u>\$ 2,565</u>	<u>\$ 962</u>	<u>\$ 8,074</u>

See accompanying independent auditors' report

<u>Housing Development</u>	<u>Gasoline Tax</u>	<u>Transportation</u>	<u>Other Special Revenue Funds</u>	<u>Totals September 30, 2013</u>	
					Revenues:
\$ -	\$ -	\$ -	\$ -	\$ 4,932	Taxes:
-	-	-	-	1,969	Property
-	-	-	12,254	15,817	Sales
70	-	-	2,647	5,518	Other Taxes
620	22	59	65	1,764	Licenses and Permits
88	12,483	19,568	86	169,706	Use of Money and Property
-	-	-	-	1,997	From Other Agencies
3,278	-	-	437	9,728	Charges for Services
4,056	12,505	19,627	15,489	211,431	Other
					Total Revenues
					Expenditures:
					Current:
216	-	-	-	522	General Government
-	-	-	-	21,549	Public Safety
-	-	-	1,613	33,914	Public Health
13,403	-	-	11,788	129,992	Community and Cultural
-	11,520	24,009	-	35,805	Public Works
13,619	11,520	24,009	13,401	221,782	Total Current Expenditures
					Excess of Revenues Over
(9,563)	985	(4,382)	2,088	(10,351)	(Under) Expenditures
					Other Financing Sources (Uses)
18,630	-	-	121	19,067	Transfers In
(1,201)	-	-	(13)	(4,396)	Transfers Out
17,429	-	-	108	14,671	Total Other Financing Sources (Uses)
7,866	985	(4,382)	2,196	4,320	Net Change in Fund Balances
38,400	17,808	26,047	6,392	109,041	Fund Balances - October 1
\$ 46,266	\$ 18,793	\$ 21,665	\$ 8,588	\$ 113,361	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, 2013
(In Thousands)

	General Grants			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Fines and Forfeitures	\$ 15	\$ 15	\$ -	\$ (15)
Use of Money and Property	1	1	8	7
From Other Agencies	26,300	37,153	18,731	(18,422)
Charges for Services	150	1,054	102	(952)
Other Revenues	324	324	710	386
Transfers In	1,803	3,929	98	(3,831)
Total Sources	28,593	42,476	19,649	(22,827)
Uses:				
General Government	509	509	-	509
Public Safety	22,470	30,954	19,392	11,562
Public Health	272	537	57	480
Community and Cultural	5,288	10,388	2,910	7,478
Public Works	-	-	295	(295)
Transfers Out	-	-	24	(24)
Total Uses	28,539	42,388	22,678	19,710
Net Change in Budgetary Fund Balance	\$ 54	\$ 88	\$ (3,029)	\$ (3,117)

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (3,029)</u>
Add: Encumbrances	<u>1,825</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(1,204)</u>
Fund Balance, October 1, GAAP Basis	<u>426</u>
Fund Balance, September 30, GAAP Basis	<u>\$ (778)</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ (778)</u>
Less: Commitments to Grant Funded Programs	<u>(18,647)</u>
Add: Future Grant Funding	<u>18,529</u>
Total Adjustments	<u>(118)</u>
Budgetary Funds Available - September 30	<u>\$ (896)</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, 2013
(In Thousands)

Police and Fire Public Safety Oil Production Tax			
	<u>Budgeted Amounts</u>		Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual on Budgetary Basis</u>
Sources:			
Other Taxes	\$ 3,217	\$ 3,217	\$ 3,563
Use of Money and Property	-	-	3
Total Sources	<u>3,217</u>	<u>3,217</u>	<u>3,566</u>
Uses:			
Public Safety	<u>3,990</u>	<u>3,990</u>	<u>3,963</u>
Total Uses	<u>3,990</u>	<u>3,990</u>	<u>3,963</u>
Net Change in Budgetary Fund Balance	<u>\$ (773)</u>	<u>\$ (773)</u>	<u>\$ (397)</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (397)</u>
Less: Change in Mark-to-Market and Other Adjustments	<u>(3)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(400)</u>
Fund Balance, October 1, GAAP Basis	<u>959</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 559</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 559</u>
Total Adjustments	<u>-</u>
Budgetary Funds Available - September 30	<u>\$ 559</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, 2013
(In Thousands)

Community Development Grants				
	<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:				
Use of Money and Property	\$ 243	\$ 243	\$ 371	\$ 128
From Other Agencies	39,235	40,056	22,706	(17,350)
Other Revenues	6,919	6,948	1,111	(5,837)
Transfers In	-	671	218	(453)
Total Sources	<u>46,397</u>	<u>47,918</u>	<u>24,406</u>	<u>(23,512)</u>
Uses:				
General Government	739	729	295	434
Community and Cultural	25,163	26,409	23,636	2,773
Transfers Out	<u>2,200</u>	<u>2,200</u>	<u>3,110</u>	<u>(910)</u>
Total Uses	<u>28,102</u>	<u>29,338</u>	<u>27,041</u>	<u>2,297</u>
Net Change in Budgetary Fund Balance	<u>\$ 18,295</u>	<u>\$ 18,580</u>	<u>\$ (2,635)</u>	<u>\$ (21,215)</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (2,635)</u>
Add: Encumbrances	<u>2</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(2,633)</u>
Fund Balance, October 1, GAAP Basis	<u>9,300</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 6,667</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 6,667</u>
Less: Nonspendable Fund Balance	(46)
Amounts Restricted by Long-term Advances	(3,809)
Commitments to Grant Funded Programs	(23,631)
Add: Future Grant Funding	<u>22,015</u>
Total Adjustments	<u>(5,471)</u>
Budgetary Funds Available - September 30	<u>\$ 1,196</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, 2013
(In Thousands)

	Health			
	<u>Budgeted Amounts</u>		Actual on	Variance
	<u>Original</u>	<u>Final</u>	Budgetary	with Final
			Basis	Budget -
				Favorable
				(unfavorable)
Sources				
Property Taxes	\$ 5,759	\$ 5,759	\$ 4,932	\$ (827)
Sales Taxes	2,151	2,151	1,969	(182)
Licenses and Permits	3,199	3,199	2,801	(398)
Use of Money and Property	30	30	33	3
From Other Agencies	48,582	50,284	21,842	(28,442)
Charges for Services	1,992	1,992	1,895	(97)
Other Revenues	47	47	27	(20)
Transfers In	1,307	1,331	-	(1,331)
Total Sources	<u>63,067</u>	<u>64,793</u>	<u>33,499</u>	<u>(31,294)</u>
Uses				
Public Health	76,692	77,531	32,267	45,264
Transfers Out	-	-	48	(48)
Total Uses	<u>76,692</u>	<u>77,531</u>	<u>32,315</u>	<u>45,216</u>
Net Change in Budgetary Fund Balance	<u>\$ (13,625)</u>	<u>\$ (12,738)</u>	<u>\$ 1,184</u>	<u>\$ 13,922</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 1,184</u>
Add: Encumbrances	23
Less: Change in Mark-to-Market and Other Adjustments	<u>(4)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>1,203</u>
Fund Balance, October 1, GAAP Basis	<u>1,362</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 2,565</u></u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 2,565</u>
Less: Nonspendable Fund Balance	(1)
Commitments to Grant Funded Programs	(29,149)
Add: Future Grant Funding	<u>28,277</u>
Total Adjustments	<u>(873)</u>
Budgetary Funds Available - September 30	<u><u>\$ 1,692</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, 2013
(In Thousands)

	Belmont Shore Parking Meter Revenues			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 527	\$ 527	\$ 576	\$ 49
Total Sources	527	527	576	49
Uses				
Community and Cultural	456	711	587	124
Transfers Out	200	-	-	-
Total Uses	656	711	587	124
Net Change in Budgetary Fund Balance	\$ (129)	\$ (184)	\$ (11)	\$ 173

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (11)
Less: Change in Mark-to-Market and Other Adjustments	(2)
Change in Fund Balance - September 30, GAAP Basis	(13)
Fund Balance, October 1, GAAP Basis	975
Fund Balance, September 30, GAAP Basis	\$ 962

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

Fund Balance, September 30, GAAP Basis	\$ 962
Total Adjustments	-
Budgetary Funds Available - September 30	\$ 962

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, 2013
(In Thousands)

	Housing Assistance			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 48	\$ 48	\$ 16	\$ (32)
From Other Agencies	79,836	79,836	74,202	(5,634)
Other Revenues	241	241	4,165	3,924
Total Sources	80,125	80,125	78,383	(1,742)
Uses				
General Government	176	176	11	165
Community and Cultural	79,908	79,569	77,670	1,899
Total Uses	80,084	79,745	77,681	2,064
Net Change in Budgetary Fund Balance	\$ 41	\$ 380	\$ 702	\$ 322

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 702</u>
Change in Fund Balance - September 30, GAAP Basis	<u>702</u>
Fund Balance, October 1, GAAP Basis	<u>7,372</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 8,074</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 8,074</u>
Less: Commitments to Grant Funded Programs	<u>(807)</u>
Total Adjustments	<u>(807)</u>
Budgetary Funds Available - September 30	<u>\$ 7,267</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, 2013
(In Thousands)

	Housing Development			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Licenses and Permits	\$ 50	\$ 50	\$ 70	\$ 20
Use of Money and Property	7,434	2,034	635	(1,399)
From Other Agencies	2,437	4,156	88	(4,068)
Other Revenues	6,278	9,130	3,278	(5,852)
Debt Issuance	10,848	1,538	-	(1,538)
Transfers In	3,420	24,041	18,630	(5,411)
Total Sources	30,467	40,949	22,701	(18,248)
Uses				
General Government	-	-	216	(216)
Community and Cultural	59,584	60,309	13,403	46,906
Transfers Out	6,536	5,811	1,201	4,610
Total Uses	66,120	66,120	14,820	51,300
Net Change in Budgetary Fund Balance	\$ (35,653)	\$ (25,171)	\$ 7,881	\$ 33,052

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 7,881
Less: Change in Mark-to-Market and Other Adjustments	(15)
Change in Fund Balance - September 30, GAAP Basis	7,866
Fund Balance, October 1, GAAP Basis	38,400
Fund Balance, September 30, GAAP Basis	\$ 46,266

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

Fund Balance, September 30, GAAP Basis	\$ 46,266
Less: Nonspendable Fund Balance	(6,400)
Land Held for Resale	(3,948)
Amounts Restricted by Long-term Advances	(30,191)
Commitments to Grant Funded Programs	(4,337)
Add: Future Grant Funding	4,992
Total Adjustments	(39,884)
Budgetary Funds Available - September 30	\$ 6,382

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, 2013
(In Thousands)

	Gasoline Tax			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources				
Licenses and Permits	\$ 211	\$ -	\$ -	\$ -
Use of Money and Property	28	28	53	25
From Other Agencies	25,811	32,014	12,483	(19,531)
Total Sources	26,050	32,042	12,536	(19,506)
Uses				
Public Works	36,551	42,804	11,382	31,422
Transfers Out	6,309	6,309	-	6,309
Total Uses	42,860	49,113	11,382	37,731
Net Change in Budgetary Fund Balance	\$ (16,810)	\$ (17,071)	\$ 1,154	\$ 18,225
Fund Balances - October 1, Budgetary Basis	-	-	17,808	
Fund Balances - September 30, Budgetary Basis	\$ (16,810)	\$ (17,071)	\$ 18,962	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ 1,154
Less: Encumbrances	(138)
Change in Mark-to-Market and Other Adjustments	(31)
Change in Fund Balance - September 30, GAAP Basis	985
Fund Balance, October 1, GAAP Basis	17,808
Fund Balance, September 30, GAAP Basis	\$ 18,793

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

Fund Balance, September 30, GAAP Basis	\$ 18,793
Less: Commitments to Grant Funded Programs	(14,330)
Add: Future Grant Funding	14,330
Total Adjustments	-
Budgetary Funds Available - September 30	\$ 18,793

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, 2013
(In Thousands)

	Transportation			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 173	\$ 269	\$ 114	\$ (155)
From Other Agencies	17,311	17,311	19,568	2,257
Charges for Services	2	2	-	(2)
Other Revenues	2	2	-	(2)
Transfers In	900	900	-	(900)
Total Sources	18,388	18,484	19,682	1,198
Uses				
Public Works	36,756	36,853	24,824	12,029
Transfers Out	-	-	-	-
Total Uses	36,756	36,853	24,824	12,029
Net Change in Budgetary Fund Balance	\$ (18,368)	\$ (18,369)	\$ (5,142)	\$ 13,227

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (5,142)</u>
Add: Encumbrances	815
Less: Change in Mark-to-Market and Other Adjustments	<u>(55)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(4,382)</u>
Fund Balance, October 1, GAAP Basis	<u>26,047</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 21,665</u></u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 21,665</u>
Less: Nonspendable Fund Balance	(45)
Commitments to Projects	<u>(12,376)</u>
Total Adjustments	<u>(12,421)</u>
Budgetary Funds Available - September 30	<u><u>\$ 9,244</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, 2013
(In Thousands)

	Other Special Revenue Funds			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Other Taxes	\$ 12,028	\$ 12,043	\$ 12,254	\$ 211
Licenses and Permits	2,563	2,563	2,647	84
Use of Money and Property	108	108	76	(32)
From Other Agencies	400	486	86	(400)
Other Revenues	827	829	437	(392)
Transfers In	121	121	121	-
Total Sources	16,047	16,150	15,621	(529)
Uses				
Public Health	1,539	1,612	1,613	(1)
Community and Cultural	14,106	14,109	11,788	2,321
Transfers Out	-	-	13	(13)
Total Uses	15,645	15,721	13,414	2,307
Net Change in Budgetary Fund Balance	\$ 402	\$ 429	\$ 2,207	\$ 1,778

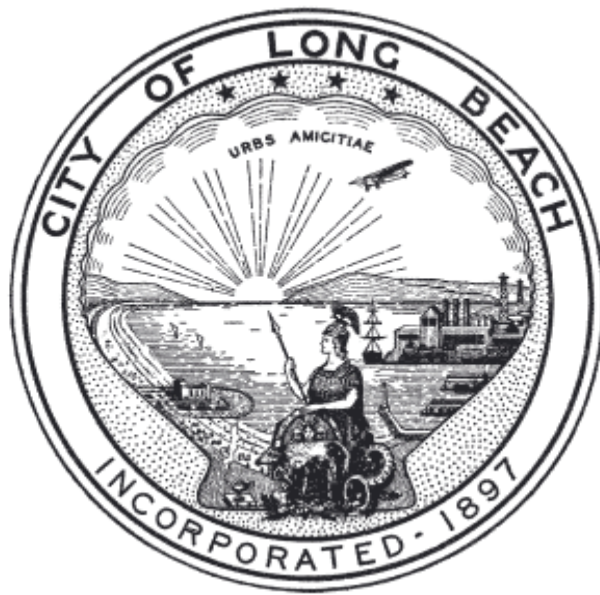
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 2,207</u>
Less: Change in Mark-to-Market and Other Adjustments	<u>(11)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>2,196</u>
Fund Balance, October 1, GAAP Basis	<u>6,392</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 8,588</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 8,588</u>
Less: Nonspendable Fund Balance	<u>(1)</u>
Total Adjustments	<u>(1)</u>
Budgetary Funds Available - September 30	<u>\$ 8,587</u>

See accompanying independent auditors' report



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NONMAJOR DEBT SERVICE FUND

Governmental fund type used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest and to account for financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

The Successor Agency Debt Service Fund was established to account for financial resources that are restricted to expenditure for principal and interest of Successor Agency long-term debt.

City of Long Beach
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2013
(In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total September 30, 2013
ASSETS			
Pooled Cash and Cash Equivalents	\$ 1,429	\$ 1,007	\$ 2,436
Non-Pooled Cash and Cash Equivalents	2,163	992	3,155
Non-Pooled Investments	-	31,376	31,376
Total Assets	<u>\$ 3,592</u>	<u>\$ 33,375</u>	<u>\$ 36,967</u>
LIABILITIES			
Accounts Payable	\$ 493	\$ -	\$ 493
Due to Other Funds	20	-	20
Deposits and Collections Held in Trust	1,272	-	1,272
Total Liabilities	<u>1,785</u>	<u>-</u>	<u>1,785</u>
FUND BALANCES			
Restricted	891	33,375	34,266
Assigned	916	-	916
Total Fund Balance	<u>1,807</u>	<u>33,375</u>	<u>35,182</u>
Total Liabilities and Fund Balances	<u>\$ 3,592</u>	<u>\$ 33,375</u>	<u>\$ 36,967</u>

See accompanying independent auditors' report

City of Long Beach
Nonmajor Debt Service Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total September 30, 2013
Revenues:			
Use of Money and Property	\$ 27	\$ 1,422	\$ 1,449
From Other Agencies	-	1,007	1,007
Total Revenues	<u>27</u>	<u>2,429</u>	<u>2,456</u>
Expenditures:			
Debt Service:			
Principal	4,906	11,452	16,358
Interest	5,332	18,444	23,776
Debt Administration Fees	465	67	532
Total Expenditures	<u>10,703</u>	<u>29,963</u>	<u>40,666</u>
Excess of Revenues over (under) Expenditures	<u>(10,676)</u>	<u>(27,534)</u>	<u>(38,210)</u>
Other Financing Sources (Uses):			
Debt Issuance	54,186	-	54,186
Payment to Refunded Bond Escrow Agent	(57,611)	-	(57,611)
Transfers In	8,888	28,823	37,711
Transfers Out	-	(530)	(530)
Total Other Financing Sources	<u>5,463</u>	<u>28,293</u>	<u>33,756</u>
Net Change in Fund Balances	<u>(5,213)</u>	<u>759</u>	<u>(4,454)</u>
Fund Balances - October 1	<u>7,020</u>	<u>32,616</u>	<u>39,636</u>
Fund Balances - September 30	<u><u>\$ 1,807</u></u>	<u><u>\$ 33,375</u></u>	<u><u>\$ 35,182</u></u>

See accompanying independent auditors' report

City of Long Beach
Nonmajor Debt Service Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2013
(In Thousands)

General Debt Service Fund				
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Use of Money and Property	\$ 609	\$ 609	\$ 27	\$ (582)
Debt Issuance	-	54,194	54,186	(8)
Transfers In	10,217	10,513	8,888	(1,625)
Total Sources	10,826	65,316	63,101	(2,215)
Uses:				
Debt Service	10,466	11,189	10,703	486
Payment to Refunded Bond Escrow Agent	-	58,037	57,611	426
Total Uses	10,466	69,226	68,314	912
Net Change in Budgetary Fund Balance	\$ 360	\$ (3,910)	\$ (5,213)	\$ (1,303)

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	\$ (5,213)
Change in Fund Balance - September 30, GAAP Basis	(5,213)
Fund Balance, October 1, GAAP Basis	7,020
Fund Balance, September 30, GAAP Basis	\$ 1,807

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

Fund Balance, September 30, GAAP Basis	\$ 1,807
Less: Mandated Bond Reserve Funds	(891)
Total Deductions	(891)
Budgetary Funds Available - September 30	\$ 916

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, 2013
(In Thousands)

	Successor Agency Debt Service Fund			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Use of Money and Property	\$ -	\$ -	\$ 1,422	\$ 1,422
From Other Agencies	-	-	1,007	1,007
Transfers In	-	-	28,823	28,823
Total Sources	-	-	31,252	31,252
Uses:				
Debt Service	31,834	31,834	29,963	1,871
Transfers Out	-	-	530	(530)
Total Uses	31,834	31,834	30,493	1,341
Net Change in Budgetary Fund Balance	\$ (31,834)	\$ (31,834)	\$ 759	\$ 32,593

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 759</u>
Change in Fund Balance - September 30, GAAP Basis	<u>759</u>
Fund Balance, October 1, GAAP Basis	<u>32,616</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 33,375</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 33,375</u>
Less: Mandated Bond Reserve Funds	<u>(33,375)</u>
Total Adjustments	<u>(33,375)</u>
Budgetary Funds Available - September 30	<u>\$ -</u>

See accompanying independent auditors' report



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NONMAJOR CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The General Capital Projects Fund was established to account for the acquisition, construction, and improvement of facilities and infrastructure financed by grants, bond proceeds, and operating transfers from other City funds.

The Special Assessment Capital Projects Fund was established to account for the acquisition, construction, and improvement of capital facilities financed through special assessments.

The Successor Agency Capital Projects Fund was established to account for the wind-down of Redevelopment Agency operations. This includes the completion of authorized projects and the disposition of properties owned by the former Redevelopment Agency. The activities of this fund are primarily financed through remaining bond proceeds and Redevelopment Property Tax Trust Fund allocations provided through the County for this purpose.

City of Long Beach
Nonmajor Capital Project Funds
Combining Balance Sheet
September 30, 2013
(In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
ASSETS				
Pooled Cash and Cash Equivalents	\$ 24,507	\$ 1,553	\$ 22,924	\$ 48,984
Non-Pooled Cash and Cash Equivalents	7,198	689	23,768	31,655
Non Performing Investments	6	-	12	18
Receivables:				
Accounts Receivable	-	-	223	223
Due from Other Governments	9,501	-	-	9,501
Due from Other Funds	3,000	-	-	3,000
Other Assets	-	-	1,516	1,516
Land Held for Resale	-	-	95,189	95,189
Other Noncurrent Receivables	-	-	6,532	6,532
Total Assets	<u>\$ 44,212</u>	<u>\$ 2,242</u>	<u>\$ 150,164</u>	<u>\$ 196,618</u>
LIABILITIES				
Accounts Payable	\$ 6,469	\$ -	\$ 5,173	\$ 11,642
Accrued Wages and Benefits Payable	118	-	11	129
Due to Other Funds	58	-	5	63
Unearned Revenues	3,411	-	224	3,635
Deposits and Collections Held in Trust	1	-	126	127
Advances from Other Funds	-	-	25,698	25,698
Total Liabilities	<u>10,057</u>	<u>-</u>	<u>31,237</u>	<u>41,294</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows (Note 25)	<u>-</u>	<u>-</u>	<u>6,608</u>	<u>6,608</u>
FUND BALANCES				
Nonspendable	-	-	1,516	1,516
Restricted	10,896	2,242	136,501	149,639
Assigned	23,259	-	-	23,259
Unassigned	-	-	(25,698)	(25,698)
Total Fund Balance	<u>34,155</u>	<u>2,242</u>	<u>112,319</u>	<u>148,716</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 44,212</u>	<u>\$ 2,242</u>	<u>\$ 150,164</u>	<u>\$ 196,618</u>

See accompanying independent auditors' report

City of Long Beach
Nonmajor Capital Project Funds
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 40,294	\$ 40,294
Licenses and Permits	512	-	22	534
Use of Money and Property	18	4	967	989
From Other Agencies	8,559	-	-	8,559
Other Contributions	1,385	-	-	1,385
Other	56	-	456	512
Total Revenues	<u>10,530</u>	<u>4</u>	<u>41,739</u>	<u>52,273</u>
Expenditures:				
Current:				
General Government	-	-	213	213
Community and Cultural	119	-	14,517	14,636
Total Current Expenditures	<u>119</u>	<u>-</u>	<u>14,730</u>	<u>14,849</u>
Capital Improvements	26,196	3	-	26,199
Debt Service:				
Debt Administration Fees	-	-	10	10
Total Expenditures	<u>26,315</u>	<u>3</u>	<u>14,740</u>	<u>41,058</u>
Excess of Revenues oOver (under) Expenditures	<u>(15,785)</u>	<u>1</u>	<u>26,999</u>	<u>11,215</u>
Other Financing Sources (Uses):				
Transfers In	27,899	-	5,669	33,568
Transfers Out	(988)	-	(46,267)	(47,255)
Total Other Financing Sources (Uses)	<u>26,911</u>	<u>-</u>	<u>(40,598)</u>	<u>(13,687)</u>
Net Change in Fund Balances	11,126	1	(13,599)	(2,472)
Fund Balances - October 1	23,029	2,241	125,918	151,188
Fund Balances - September 30	<u>\$ 34,155</u>	<u>\$ 2,242</u>	<u>\$ 112,319</u>	<u>\$ 148,716</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, 2013
(In Thousands)

	General Capital Projects Fund			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
Sources:				
Licenses and Permits	\$ 2,808	\$ 2,808	\$ 512	\$ (2,296)
Use of Money and Property	1,239	1,239	32	(1,207)
From Other Agencies	30,093	38,358	8,559	(29,799)
Other Contributions	-	-	1,385	1,385
Other Revenues	8,059	(241)	56	297
Transfers In	(10,889)	6,360	27,899	21,539
Total Sources	31,310	48,524	38,443	(10,081)
Uses:				
Community and Cultural	-	237	119	118
Capital Improvements	50,813	71,679	31,832	39,847
Transfers Out	24,633	24,579	988	23,591
Total Uses	75,446	96,495	32,939	63,556
Net Change in Budgetary Fund Balance	\$ (44,136)	\$ (47,971)	\$ 5,504	\$ 53,475
Fund Balances - October 1, Budgetary Basis	16,603	16,603	23,029	
Fund Balances - September 30, Budgetary Basis	\$ (27,533)	\$ (31,368)	\$ 28,533	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 5,504</u>
Add: Encumbrances	5,636
Less: Change in Mark-to-Market and Other Adjustments	(14)
Change in Fund Balance - September 30, GAAP Basis	<u>11,126</u>
Fund Balance, October 1, GAAP Basis	<u>23,029</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 34,155</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 34,155</u>
Less: Commitments to Ongoing Projects	(52,966)
Add: Future Grant Funding	28,431
Total Adjustments	<u>(24,535)</u>
Budgetary Funds Available - September 30	<u>\$ 9,620</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, 2013
(In Thousands)

Special Assessment Capital Projects Fund				
	<u>Budgeted Amounts</u>		<u>Actual on</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>with Final</u>
			<u>Basis</u>	<u>Budget -</u>
				<u>Favorable</u>
				<u>(unfavorable)</u>
Sources:				
Use of Money and Property	\$ 1,005	\$ 1,005	\$ 7	\$ (998)
Other Revenues	(735)	(735)	-	735
Transfers In	1,174	1,174	-	(1,174)
Total Sources	1,444	1,444	7	(1,437)
Uses:				
Capital Improvements	2,163	2,163	15	2,148
Total Uses	2,163	2,163	15	2,148
Net Change in Budgetary Fund Balance	\$ (719)	\$ (719)	\$ (8)	\$ 711
Fund Balances - October 1, Budgetary Basis	2,229	2,229	2,241	
Fund Balances - September 30, Budgetary Basis	\$ 1,510	\$ 1,510	\$ 2,233	
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (8)	
Add: Encumbrances			12	
Less: Change in Mark-to-Market and Other Adjustments			(3)	
Change in Fund Balance - September 30, GAAP Basis			1	
Fund Balance, October 1, GAAP Basis			2,241	
Fund Balance, September 30, GAAP Basis			\$ 2,242	
Reconciliation from GAAP Basis Fund Balance to Funds Available, Budgetary Basis				
Fund Balance, September 30, GAAP Basis			\$ 2,242	
Total Adjustments			-	
Budgetary Funds Available - September 30			\$ 2,242	

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, 2013
(In Thousands)

	Succesor Agency Capital Projects Fund			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources:				
Property Taxes	\$ 40,468	\$ 40,468	\$ 40,294	\$ (174)
Licenses and Permits	-	-	22	22
Use of Money and Property	-	-	1,245	1,245
Other Revenues	-	-	456	456
Transfers In	135,498	141,946	5,669	(136,277)
	-	-	-	-
Total Sources	175,966	182,414	47,686	(134,728)
Uses:				
General Government	\$ 275	\$ 269	213	56
Community and Cultural	202,329	189,950	14,517	175,433
Debt Service:	-	-	10	(10)
Transfers Out	36,321	55,142	46,267	8,875
Total Uses	238,925	245,361	61,007	184,354
Net Change in Budgetary Fund Balance	\$ (62,959)	\$ (62,947)	\$ (13,321)	\$ 49,626
Fund Balances - October 1, Budgetary Basis	(125,918)	(125,918)	125,918	
Fund Balances - September 30, Budgetary Basis	\$ (188,877)	\$ (188,865)	\$ 112,597	

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (13,321)</u>
Less: Change in Mark-to-Market and Other Adjustments	<u>(278)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(13,599)</u>
Fund Balance, October 1, GAAP Basis	<u>125,918</u>
Fund Balance, September 30, GAAP Basis	<u>\$ 112,319</u>

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

Fund Balance, September 30, GAAP Basis	<u>\$ 112,319</u>
Less: Nonspendable Fund Balance	<u>(1,516)</u>
Land Held for Resale	<u>(95,189)</u>
Total Adjustments	<u>(96,705)</u>
Budgetary Funds Available - September 30	<u>\$ 15,614</u>

See accompanying independent auditors' report

NONMAJOR ENTERPRISE FUNDS

Enterprise Funds are used to account for City operations that are financed and operated in a manner similar to private business enterprises. The intent of the City in using this type of fund is to determine that the costs (expenses, including depreciation) of providing these services to the general public on a continuing basis are financed or recovered primarily through user charges.

The Water Fund is used to account for the activities associated with the pumping, purchasing, treatment, transmission, and distribution of potable and reclaimed water by the City to its customers.

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

The Solid Waste Management Fund is used to account for the City's refuse collection and resource recovery operations. The SERRF Authority Function is combined with the City's Solid Waste Management Function for the purpose of financial statement presentation.

The Towing Fund is used to account for the City's towing services, which are used primarily by the Police and Public Works Departments to remove vehicles that have been abandoned or parked illegally on the City's streets.

The Subsidence Fund is used to account for the accumulation of resources to minimize and remedy future land sinkage due to oil operations in the tidelands area.

The Development Services Fund was established to segregate long-range planning and property use and development services and give visibility of the City's planning, building, and inspection fees and the associated cost the City incurs to provide these services.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Net Position
September 30, 2013
(In Thousands)

	Water Utility	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Totals September 30, 2013
ASSETS								
Current Assets:								
Pooled Cash and Cash Equivalents	\$ 43,375	\$ 9,076	\$ 49,216	\$ 46,902	\$ 646	\$ 170,337	\$ 14,389	\$ 333,941
Non-Pooled Cash and Cash Equivalents	576	-	9,088	177	4	-	-	9,845
Non Performing Investments	3	1	5	7	-	40	-	56
Non-Pooled Investments	2,574	-	-	-	-	-	-	2,574
Receivables:								
Interest Receivable	9	-	32	37	-	-	-	78
Accounts Receivable	6,667	920	2,878	7,010	588	-	230	18,293
Due from Other Governments	-	-	2,199	620	-	-	-	2,819
Due from Other Funds	-	-	5	166	-	500	-	671
Other Receivables	-	-	77	-	-	-	-	77
Allowance for Receivables	(333)	(58)	(22)	(312)	(214)	-	(87)	(1,026)
Inventory	2,518	63	-	-	-	-	-	2,581
Other Assets - Current	629	-	48	-	-	-	-	677
Total Current Assets	56,018	10,002	63,526	54,607	1,024	170,877	14,532	370,586
Noncurrent Assets:								
Restricted Noncurrent Assets								
Non-Pooled Investments	-	-	9,259	11,418	-	2,002	-	22,679
Noncurrent Receivables								
Other Noncurrent Receivables	-	-	-	1,689	-	-	-	1,689
Advances to Other Funds	-	-	-	-	-	4,114	-	4,114
Capital Assets:								
Land and Other Capital Assets Not Being Depreciated	32,142	5,187	22,913	6,622	-	-	-	66,864
Capital Assets Net of Accumulated Depreciation	250,440	56,714	201,740	16,809	-	-	-	525,703
Other Assets - Long-Term	219	-	-	-	-	-	-	219
Total Noncurrent Assets	282,801	61,901	233,912	36,538	-	6,116	-	621,268
Total Assets	338,819	71,903	297,438	91,145	1,024	176,993	14,532	991,854
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows (Note 25)	2,232	-	211	-	-	-	-	2,443
LIABILITIES								
Current Liabilities Payable from Current Assets:								
Accounts Payable	11,479	2,357	2,622	4,380	60	-	374	21,272
Accrued Wages	311	94	122	170	30	-	136	863
Accrued Interest Payable	626	-	2,309	991	-	-	-	3,926
Due to Other Funds	154	46	60	83	15	-	67	425
Unearned Revenues	45	-	381	-	-	4,614	6	5,046
Collections Held in Trust	-	-	122	653	-	-	4,759	5,534
Customers Deposits	706	-	-	-	-	-	2,074	2,780
Advances from Developers	355	93	-	-	-	-	-	448
Bonds Payable Due within One Year	2,385	-	2,340	8,410	-	-	-	13,135
Total Current Liabilities	16,061	2,590	7,956	14,687	105	4,614	7,416	53,429
Noncurrent Liabilities:								
Unearned Revenues	-	-	5,245	-	-	-	-	5,245
Site Restoration	1,000	-	-	-	-	-	-	1,000
Other Long-Term Obligations	-	9,750	-	-	-	-	-	9,750
Bonds Payable	32,780	-	115,150	49,200	-	-	-	197,130
Unamortized Discount / Deferred cost	3,486	-	(30)	2,136	-	-	-	5,592
Total Noncurrent Liabilities	37,266	9,750	120,365	51,336	-	-	-	218,717
Total Liabilities	53,327	12,340	128,321	66,023	105	4,614	7,416	272,146
NET POSITION								
Net Investment in Capital Assets	249,254	52,601	120,239	(24,723)	-	-	-	397,371
Restricted for:								
Debt Service	1,656	-	162	9,905	-	-	-	11,723
Capital Projects	-	-	26,829	1	-	-	-	26,830
Airport	-	-	7,354	-	-	-	-	7,354
Subsidence	-	-	-	-	-	172,379	-	172,379
Unrestricted	36,814	6,962	14,744	39,939	919	-	7,116	106,494
Total Net Position	\$ 287,724	\$ 59,563	\$ 169,328	\$ 25,122	\$ 919	\$ 172,379	\$ 7,116	\$ 722,151

See accompanying independent auditors' report

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Water Utility	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Totals September 30, 2013
Operating Revenues:								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,831	\$ 15,831
Fines and Forfeitures	-	-	-	-	-	-	2	2
Fees, Concessions and Rentals	-	-	34,760	-	-	-	-	34,760
Charges for Services	91,949	17,311	-	79,327	6,445	-	1,688	196,720
Other	-	-	-	-	-	-	25	25
Total Operating Revenues	91,949	17,311	34,760	79,327	6,445	-	17,546	247,338
Operating Expenses:								
Personnel Services	18,309	4,122	9,443	14,733	2,148	-	8,952	57,707
Purchases of Gas and Water	29,753	-	-	-	-	-	-	29,753
Maintenance and Other Operations	28,155	9,246	17,070	50,277	3,640	-	5,700	114,088
Amortization	-	-	79	80	-	-	-	159
Depreciation	9,566	1,797	8,758	3,539	-	-	-	23,660
Total Operating Expenses	85,783	15,165	35,350	68,629	5,788	-	14,652	225,367
Operating Income (Loss)	6,166	2,146	(590)	10,698	657	-	2,894	21,971
Non-Operating Income (Expenses):								
Interest Income	58	11	81	123	2	1,505	22	1,802
Interest Expense	(363)	(2)	(4,190)	(2,625)	-	-	-	(7,180)
Gain (Loss) on Disposition of Capital Asset	196	2	(1,403)	-	-	-	-	(1,205)
Capital Assets from Other Funds	(977)	(718)	-	(1,235)	-	-	-	(2,930)
Operating Grants	-	-	325	287	-	-	-	612
Other Income	1,087	-	9,057	215	-	-	-	10,359
Other Expense	(2,153)	(54)	-	(106)	-	(4)	-	(2,317)
Total Non-Operating Income (Expenses)	(2,152)	(761)	3,870	(3,341)	2	1,501	22	(859)
Income Before Contributions	4,014	1,385	3,280	7,357	659	1,501	2,916	21,112
Capital Grants and Contributions	131	-	8,362	-	-	-	-	8,493
Operating Transfers:								
Operating Transfers In	-	-	-	-	-	-	24	24
Operating Transfers Out	-	-	-	(7,491)	(1,000)	-	-	(8,491)
Change in Net Position	4,145	1,385	11,642	(134)	(341)	1,501	2,940	21,138
Net Position - October 1	284,119	58,314	159,349	26,396	1,260	170,878	4,176	704,492
Adjustments for GASB 65 Implementation	(540)	(136)	(1,663)	(1,140)	-	-	-	(3,479)
Net Position - September 30	\$ 287,724	\$ 59,563	\$ 169,328	\$ 25,122	\$ 919	\$ 172,379	\$ 7,116	\$ 722,151

See accompanying independent auditors' report

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2013
(In Thousands)

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	Water Utility	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Totals September 30, 2013
Cash Flows from Operating Activities:								
Receipts from Customers	\$ 91,798	\$ 17,427	\$ 34,459	\$ 89,963	\$ 6,273	\$ -	\$ 18,741	\$ 258,661
Payments for Employee Salaries	(18,222)	(4,089)	(9,428)	(14,692)	(2,142)	-	(8,889)	(57,462)
Payments for Goods and Services	(50,669)	(4,365)	(18,965)	(57,278)	(1,932)	-	(5,587)	(138,796)
Payments in Lieu of Taxes	(5,567)	(4,284)	-	-	(1,700)	-	-	(11,551)
Other Income	(2,223)	(804)	1,724	215	-	-	-	(1,088)
Other Expense	-	-	-	(106)	-	-	-	(106)
Net Cash Provided by (Used for) Operating Activities	15,117	3,885	7,790	18,102	499	-	4,265	49,658
Cash Flows from Non-Capital Financing Activities:								
Operating Grants Received from Other Governments	-	-	325	287	-	-	-	612
Transfers In	-	-	-	-	-	10,800	24	10,824
Transfers Out	-	-	-	(7,491)	(1,000)	-	-	(8,491)
Net Cash Provided by (Used for) Non-Capital Financing Activities	-	-	325	(7,204)	(1,000)	10,800	24	2,945
Cash Flows from Capital and Related Financing Activities:								
Receipt of Capital Grants	-	-	8,571	-	-	-	-	8,571
Proceeds from the Sale of Capital Assets	377	33	-	-	-	-	-	410
Proceeds from Issuance of Long-Term Obligations	-	3,750	-	-	-	-	-	3,750
Receipts of Contributed Capital	-	-	-	(1,235)	-	-	-	(1,235)
Payments to Developers	115	-	-	-	-	-	-	115
Principal Received on Other Long-term Receivable	-	-	76	-	-	-	-	76
Payments for Capital Acquisitions	(17,547)	(5,174)	(21,446)	-	-	-	-	(44,167)
Payments of Principal on Bonds Payable	(2,110)	-	(2,260)	(8,005)	-	-	-	(12,375)
Receipts from Passenger Facility Charges	-	-	5,897	-	-	-	-	5,897
Payments of Interest, Net of Amounts Capitalized	(1,484)	(55)	(7,005)	(3,165)	-	-	-	(11,709)
Receipt of Federal Subsidy	-	-	1,119	-	-	-	-	1,119
Net Cash Used for Capital and Related Financing Activities	(20,649)	(1,446)	(15,048)	(12,405)	-	-	-	(49,548)
Cash Flows from Investing Activities:								
Proceeds from the Sale of Investments	21	-	9,361	70	-	-	-	9,452
Proceeds from Other Government Entities	-	-	-	-	-	(3)	-	(3)
Receipts of Interest	65	12	219	179	1	1,578	26	2,080
Net Cash Provided by Investing Activities	86	12	9,580	249	1	1,575	26	11,529
Net Increase (Decrease) in Cash and Cash Equivalents	(5,446)	2,451	2,647	(1,258)	(500)	12,375	4,315	14,584
Cash and Cash Equivalents - October 1	49,397	6,625	55,657	48,337	1,150	157,962	10,074	329,202
Cash and Cash Equivalents - September 30	\$ 43,951	\$ 9,076	\$ 58,304	\$ 47,079	\$ 650	\$ 170,337	\$ 14,389	\$ 343,786
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:								
Operating Income (Loss)	\$ 6,166	\$ 2,146	(590)	\$ 10,698	\$ 657	\$ -	\$ 2,894	\$ 21,971
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Operating Activities:								
Depreciation and Amortization Expense	9,566	1,797	8,837	3,619	-	-	-	23,819
Other Income	(2,223)	(804)	1,724	215	-	-	-	(1,088)
Other Expense	-	-	-	(106)	-	-	-	(106)
(Increase) Decrease in Accounts Receivable, Net	(417)	102	(97)	3,560	(173)	-	(37)	2,938
Increase in Amounts Due from Other Governments	-	-	-	(334)	-	-	-	(334)
(Increase) Decrease in Amounts Due from Other Funds	226	-	-	(166)	-	-	-	60
(Increase) Decrease in Inventory	(105)	45	-	-	-	-	-	(60)
Decrease in Other Operating Assets	(26)	-	-	-	-	-	-	(26)
Decrease in Environmental Liabilities:	-	-	(28)	-	-	-	-	(28)
Increase (Decrease) in Accounts Payable	1,802	552	(1,894)	636	9	-	113	1,218
Increase (Decrease) in Accrued Wages Payable	87	33	16	(39)	5	-	45	147
Increase (Decrease) in Amounts Due to Other Funds	-	14	(5)	80	1	-	18	108
Increase in Unearned Revenues	45	-	3	-	-	-	805	853
Decrease in Deferred Credits	-	-	-	(80)	-	-	-	(80)
Increase (Decrease) in Collections Held in Trust	(4)	-	(176)	19	-	-	427	266
Total Adjustments	8,951	1,739	8,380	7,404	(158)	-	1,371	27,687
Net Cash Provided by Operating Activities	\$ 15,117	\$ 3,885	\$ 7,790	\$ 18,102	\$ 499	\$ -	\$ 4,265	\$ 49,658
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:								
Capitalized Interest	\$ 1,114	\$ 53	2,783	\$ -	\$ -	\$ -	\$ -	\$ 3,950
Accrued Capital Asset Costs	1,492	598	-	-	-	-	-	2,090
Amortization of Bond Premium, Net	87	-	-	-	-	-	-	87
Accrued Cost of Water Purchases	5,740	-	-	-	-	-	-	5,740

See accompanying independent auditors' report

INTERNAL SERVICE FUNDS

Internal Service Funds are established to finance and account for goods and services provided by one City department to other City departments on a cost-reimbursement basis, including depreciation.

The Civic Center Fund is used to account for the operation and maintenance of the City Hall and Main Library Complex.

The General Services Fund is used to account for the operation, maintenance, and replacement of the City's electronic data processing equipment and software, radio systems, telephone, mailing and reprographics services.

The Fleet Services Fund is used to account for the operation, maintenance, and replacement of the City's fleet of vehicles and equipment.

The Insurance Fund is used to finance and account for the City's risk management and self-insurance programs.

The Employee Benefits Fund is used to finance and account for compensated absences, employer payroll taxes, and health and retirement benefits.

City of Long Beach
Internal Service Funds
Combining Statement of Net Position (Deficit)
September 30, 2013
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30 2013
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 7,064	\$ 10,022	\$ 32,701	\$ 36,422	\$ 83,049	\$ 169,258
Non-Pooled Cash and Cash Equivalents	-	5	8	-	-	13
Non Performing Investments	2	1	2	4	17	26
Receivables:						
Accounts Receivable	9	1,483	145	1	-	1,638
Due from Other Funds	-	-	20	-	5,148	5,168
Allowance for Receivables	-	-	(140)	-	-	(140)
Deposits	-	-	-	-	617	617
Inventory	-	203	1,777	-	-	1,980
Other Assets - Current	-	6	-	-	-	6
Total Current Assets	<u>7,075</u>	<u>11,720</u>	<u>34,513</u>	<u>36,427</u>	<u>88,831</u>	<u>178,566</u>
Noncurrent Assets:						
Noncurrent Receivables:						
Other Noncurrent Receivables	-	10	-	-	-	10
Capital Assets:						
Land and Other Capital Assets Not Being Depreciated	3,442	11,085	-	-	-	14,527
Capital Assets Net of Accumulated Depreciation	42,040	4,784	37,981	24	-	84,829
Total Noncurrent Assets	<u>45,482</u>	<u>15,879</u>	<u>37,981</u>	<u>24</u>	<u>-</u>	<u>99,366</u>
Total Assets	<u>52,557</u>	<u>27,599</u>	<u>72,494</u>	<u>36,451</u>	<u>88,831</u>	<u>277,932</u>
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows (Note 25)	<u>1,080</u>	<u>-</u>	<u>1,438</u>	<u>-</u>	<u>-</u>	<u>2,518</u>
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	631	802	1,273	893	892	4,491
Accrued Wages and Benefits	34	258	103	161	37,725	38,281
Accrued Interest Payable	-	2	152	-	2,162	2,316
Due to Other Funds	17	417	50	79	-	563
Collections Held in Trust	-	-	-	-	1,225	1,225
Employee Benefits - Current	-	-	-	-	8,119	8,119
Accrued Claims - Current	-	-	-	24,549	-	24,549
Environmental Remediation - Current	-	-	182	-	-	182
Obligations under Capital Leases - Current	1,453	1,305	594	-	-	3,352
Bonds Payable Due within One Year	-	-	-	-	4,760	4,760
Total Current Liabilities	<u>2,135</u>	<u>2,784</u>	<u>2,354</u>	<u>25,682</u>	<u>54,883</u>	<u>87,838</u>
Noncurrent Liabilities:						
Employee Benefits	-	-	-	-	160,446	160,446
Accrued Self-Insurance Claims	-	-	-	103,623	-	103,623
Environmental Remediation	-	-	2,829	-	-	2,829
Obligations under Capital Lease	24,930	985	615	-	-	26,530
Unamortized Premium	-	-	3,793	-	-	3,793
Bonds Payable	-	-	21,661	-	40,915	62,576
Unamortized Discount / Deferred Cost	-	-	-	-	(109)	(109)
Total Noncurrent Liabilities	<u>24,930</u>	<u>985</u>	<u>28,898</u>	<u>103,623</u>	<u>201,252</u>	<u>359,688</u>
Total Liabilities	<u>27,065</u>	<u>3,769</u>	<u>31,252</u>	<u>129,305</u>	<u>256,135</u>	<u>447,526</u>
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	20,179	13,590	12,757	24	-	46,550
Restricted for:						
Debt Service	-	-	-	-	59	59
Capital Projects	-	1,646	-	-	-	1,646
Healthcare Insurance	-	-	-	-	16,583	16,583
Unrestricted	<u>6,393</u>	<u>8,594</u>	<u>29,923</u>	<u>(92,878)</u>	<u>(183,946)</u>	<u>(231,914)</u>
Total Net Position (Deficit)	<u>\$ 26,572</u>	<u>\$ 23,830</u>	<u>\$ 42,680</u>	<u>\$ (92,854)</u>	<u>\$ (167,304)</u>	<u>\$ (167,076)</u>

See accompanying independent auditors' report

City of Long Beach
Internal Service Funds
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Totals September 30, 2013
Operating Revenues:						
Billing to Other Departments	\$ 9,514	\$ 35,689	\$ 29,080	\$ 39,211	\$ 200,907	\$ 314,401
Other	391	4,716	935	-	-	6,042
Total Operating Revenues	9,905	40,405	30,015	39,211	200,907	320,443
Operating Expenses:						
Personnel Services	2,398	16,707	7,831	7,662	3,573	38,171
Maintenance and Other Operations	4,850	18,150	12,012	6,256	2,397	43,665
Insurance Premiums	-	-	-	2,973	-	2,973
Self-Insured Losses	-	-	-	22,749	-	22,749
Compensated Absences	-	-	-	3,863	44,621	48,484
Employee Benefits	-	-	-	-	151,913	151,913
Amortization	80	-	-	-	37,956	38,036
Depreciation	2,701	2,461	6,801	3	-	11,966
Total Operating Expenses	10,029	37,318	26,644	43,506	240,460	357,957
Operating Income (Loss)	(124)	3,087	3,371	(4,295)	(39,553)	(37,514)
Non-Operating Income (Expenses):						
Interest Income	-	-	-	40	-	40
Interest Expense	(1,195)	(101)	(969)	-	(2,457)	(4,722)
Gain on Disposition of Capital Assets	-	17	74	-	-	91
Capital Assets to Other Funds	-	4,775	-	-	-	4,775
Other Income	1	31	583	1,340	31	1,986
Other Expense	-	(1)	(248)	(24)	(10)	(283)
Total Non-Operating Income (Expenses)	(1,194)	4,721	(560)	1,356	(2,436)	1,887
Income (Loss) before Contributions and Transfers	(1,318)	7,808	2,811	(2,939)	(41,989)	(35,627)
Capital Grants and Contributions	173	1,185	-	-	-	1,358
Transfers:						
Transfers In	-	1,330	-	-	2	1,332
Transfers Out	-	(6,425)	(1,000)	-	-	(7,425)
Change in Net Position	(1,145)	3,898	1,811	(2,939)	(41,987)	(40,362)
Net Position (Deficit) - October 1	27,997	19,932	41,354	(89,915)	(124,635)	(125,267)
Adjustments for GASB 65 Implementation	(280)	-	(485)	-	(682)	(1,447)
Net Position (Deficit) - September 30	\$ 26,572	\$ 23,830	\$ 42,680	\$ (92,854)	\$ (167,304)	\$ (167,076)

See accompanying independent auditors' report

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2013
(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, 2013</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 388	\$ 4,716	\$ 1,025	\$ -	\$ -	\$ 6,129
Receipts from Other Funds	9,514	35,548	29,100	39,211	200,348	313,721
Payments for Employee Salaries	(2,393)	(16,631)	(7,813)	(7,635)	(3,456)	(37,928)
Payments for Goods and Services	(4,656)	(18,321)	(11,875)	(10,872)	(2,263)	(47,987)
Payments for Compensated Absences	-	-	-	(19,203)	(43,213)	(62,416)
Payments for Employee Benefits	-	-	-	-	(140,729)	(140,729)
Payments for Liability Claims	-	-	-	(2,553)	-	(2,553)
Other Income	1	31	583	1,369	31	2,015
Other Expense	-	(1)	(392)	(24)	(10)	(427)
Net Cash Provided by Operating Activities	2,854	5,342	10,628	293	10,708	29,825
Cash Flows from Non-Capital Financing Activities:						
Operating Subsidies Received from Other Funds	-	1,330	-	-	2,514	3,844
Transfers Out	-	(6,425)	(1,000)	-	-	(7,425)
Net Cash Provided by (Used for) Non-Capital Financing Activities	-	(5,095)	(1,000)	-	2,514	(3,581)
Cash Flows from Capital and Related Financing Activities:						
Receipt of Capital Grants	-	1,185	-	-	-	1,185
Proceeds from the Sale of Capital Assets	-	17	203	-	-	220
Proceeds from Issuance Of Long-Term Obligations	-	-	21,661	-	-	21,661
Payment of Cost of Issuance	-	-	(20)	-	-	(20)
Receipts of Contributed Capital	173	-	-	-	-	173
Refunding Premium	-	-	4,006	-	-	4,006
Proceeds from (Payments for) Capital Acquisitions	(380)	80	(1,358)	-	-	(1,658)
Payments of Principal on Bonds Payable	-	-	(1,510)	-	-	(1,510)
Payments of Principal on Other Long-Term Obligations	(1,477)	(2,020)	(20)	-	(4,530)	(8,047)
Payments to Defeas Bonds	-	-	(27,917)	-	-	(27,917)
Payments of Interest	(1,195)	(106)	(1,568)	-	(2,587)	(5,456)
Net Cash Used for Capital and Related Financing Activities	(2,879)	(844)	(6,523)	-	(7,117)	(17,363)
Cash Flows from Investing Activities:						
Payment for Investments	-	-	2,707	-	-	2,707
Receipts of Interest	6	6	-	57	3	72
Net Cash Provided by (Used for) Investing Activities	6	6	2,707	57	3	2,779
Net Increase (Decrease) in Cash and Cash Equivalents	(19)	(591)	5,812	350	6,108	11,660
Cash and Cash Equivalents - October 1	7,083	10,618	26,897	36,072	76,941	157,611
Cash and Cash Equivalents - September 30	\$ 7,064	\$ 10,027	\$ 32,709	\$ 36,422	\$ 83,049	\$ 169,271
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>						
Operating Income (Loss)	\$ (124)	\$ 3,087	\$ 3,371	\$ (4,295)	\$ (39,553)	\$ (37,514)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:						
Depreciation and Amortization Expense	2,781	2,461	6,801	3	37,956	50,002
Other Income	1	31	583	1,369	31	2,015
Other Expense	-	(1)	(248)	(24)	(10)	(283)
(Increase) Decrease in Accounts Receivable, Net	-	(161)	86	-	-	(75)
(Increase) Decrease in Amounts Due from Other Governments	(4)	-	3	-	-	(1)
(Increase) Decrease in Amounts Due from Other Funds	-	21	20	5	(559)	(513)
Increase in Inventory	-	-	(369)	-	-	(369)
Decrease in Other Operating Assets	-	19	-	-	-	19
Decrease in Environmental Liabilities	-	-	(144)	-	-	(144)
Increase (Decrease) in Accounts Payable	195	(191)	508	(1,648)	132	(1,004)
Increase in Accrued Wages Payable	4	57	14	22	14,728	14,825
Increase in Amounts Due to Other Funds	1	19	3	5	-	28
Increase in Accrued Claims Payable	-	-	-	4,856	-	4,856
Decrease in Collections Held in Trust	-	-	-	-	(2,017)	(2,017)
Total Adjustments	2,978	2,255	7,257	4,588	50,261	67,339
Net Cash Provided by Operating Activities	\$ 2,854	\$ 5,342	\$ 10,628	\$ 293	\$ 10,708	\$ 29,825

See accompanying independent auditors' report

FIDUCIARY FUNDS

Fiduciary Funds, comprised of Private Purpose Trust and Agency Funds, are used to account for assets held by the City in a trustee capacity or as an agent for other governmental units, private organizations, or individuals.

Private Purpose Trust Funds are used to account for trust monies, wherein the principal and interest of the trust can be expended by the City in accordance with the terms of the trust agreement.

The Miller Library and Miller Museum Funds are used to account for bequests from Lorraine Miller Collins. The principal and interest on the trusts are to be used to maintain and purchase materials for the Miller Special Collections room in the City's Main Library.

The Mayor's Fund for the Homeless is used to account for donations from the public for use in assisting the City's homeless population.

Agency Funds are used to account for funds held by the City as an agent for other governmental units, private organizations, or individuals.

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Net position
September 30, 2013
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2013
ASSETS			
Pooled Cash and Cash Equivalents	\$ 806	\$ 90	\$ 896
NET POSITION			
Held in Trust for Private Purpose Trust Funds	\$ 806	\$ 90	\$ 896

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
Fiscal Year Ended September 30, 2013
(In Thousands)

	Miller Library	Mayor's Fund for the Homeless	Total September 30, 2013
Additions:			
Use of Money and Property	\$ 1	\$ -	\$ 1
Contributions from Citizens	-	24	24
Total Additions	1	24	25
Deductions:			
Community and Cultural	24	16	40
Change in Net Position	(23)	8	(15)
Net Position, October 1	829	82	911
Net Position, September 30	\$ 806	\$ 90	\$ 896

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, 2013
(In Thousands)

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
<u>BELMONT SHORE PARKING DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 89	\$ -	\$ -	\$ 89
LIABILITIES				
Accounts Payable	\$ 89	\$ -	\$ -	\$ 89
<u>TAXES - OIL RIGHTS FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 1,644	\$ 8	\$ 3	\$ 1,649
Non Performing Investments	2	-	2	-
Total Assets	\$ 1,646	\$ 8	\$ 5	\$ 1,649
LIABILITIES				
Collections Held in Trust	\$ 1,646	\$ 6	\$ 3	\$ 1,649
<u>SPECIAL ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 6,279	\$ 14,156	\$ 19,560	\$ 875
Non Performing Investments	4	-	3	1
Investments at Par - Nonpooled	2,713	2,174	2,712	2,175
Interest Receivable	8	8	8	8
Property Taxes Receivable	5	3	4	4
Non-Pooled Cash and Cash Equivalents	6,263	6,250	6,451	6,062
Total Assets	\$ 15,272	\$ 22,591	\$ 28,738	\$ 9,125
LIABILITIES				
Accounts/Voucher Payable	\$ -	\$ 116	\$ -	\$ 116
Due to Special Assessment Bondholders	7,090	11,927	16,329	2,688
Collections Held in Trust	8,182	2,785	4,646	6,321
Total Liabilities	\$ 15,272	\$ 14,828	\$ 20,975	\$ 9,125
<u>INTERMODAL CONTAINER TRANSFER FACILITY</u>				
<u>JOINT POWER AUTHORITY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 4,421	\$ 3,952	\$ 4,011	\$ 4,362
Non Performing Investments	6	-	5	1
Total Assets	\$ 4,427	\$ 3,952	\$ 4,016	\$ 4,363
LIABILITIES				
Collections Held in Trust	\$ 4,427	\$ 3,944	\$ 4,008	\$ 4,363
<u>EARTHQUAKE ASSESSMENT DISTRICT FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$1,020	\$586	\$ 719	\$ 887
Non Performing Investments	2	-	2	-
Property Taxes Receivable	67	25	23	69
Total Assets	\$ 1,089	\$ 611	\$ 744	\$ 956
LIABILITIES				
Due to Special Assessment Bondholders	\$ 784	\$ 561	\$ 694	\$ 651
Collections Held in Trust	305	-	-	305
Total Liabilities	\$ 1,089	\$ 561	\$ 694	\$ 956

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, 2013
(In Thousands)

	Balance October 1, 2012	Additions	Deletions	Balance September 30, 2013
<u>LOS CERRITOS WETLANDS AUTHORITY</u>				
ASSETS				
Non-Pooled Cash and Cash Equivalents	\$ 54	\$ 455	\$ 347	\$ 162
Accounts Receivable	-	28	-	28
Prepaid Expense	6	7	12	1
Land	11,000	-	-	11,000
Total Assets	<u>\$ 11,060</u>	<u>\$ 490</u>	<u>\$ 359</u>	<u>\$ 11,191</u>
LIABILITIES				
Accounts Payable	\$ 81	\$163	\$ 157	\$ 87
Collections Held in Trust	10,979	707	582	11,104
Total Liabilities	<u>\$ 11,060</u>	<u>\$ 870</u>	<u>\$ 739</u>	<u>\$ 11,191</u>
<u>OTHER AGENCY FUNDS</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$1,551	\$1,162	\$1,036	\$ 1,677
Accounts Receivable	-	14	14	-
Total Assets	<u>\$ 1,551</u>	<u>\$ 1,176</u>	<u>\$ 1,050</u>	<u>\$ 1,677</u>
LIABILITIES				
Accounts Payable	\$ 169	\$121	\$ 274	\$ 16
Collections Held in Trust	1,382	\$1,155	876	1,661
Total Liabilities	<u>\$ 1,551</u>	<u>\$ 1,276</u>	<u>\$ 1,150</u>	<u>\$ 1,677</u>
<u>TOTAL AGENCY FUND</u>				
ASSETS				
Pooled Cash and Cash Equivalents	\$ 15,004	\$ 19,864	\$ 25,329	\$ 9,539
Non Performing Investments	14	-	12	2
Investments at Par - Nonpooled	2,713	2,174	2,712	2,175
Non-Pooled Cash and Cash Equivalents	6,317	6,705	6,798	6,224
Property Taxes Receivable	72	28	27	73
Accounts Receivable	-	42	14	28
Interest receivable	8	8	8	8
Prepaid Expense	6	7	12	1
Land	11,000	-	-	11,000
Total Assets	<u>\$ 35,134</u>	<u>\$ 28,828</u>	<u>\$ 34,912</u>	<u>\$ 29,050</u>
LIABILITIES				
Accounts Payable	\$ 339	\$ 400	\$ 431	\$ 308
Due to Special Assessment Bondholders	7,874	12,488	17,023	3,339
Collections Held in Trust	26,921	8,597	10,115	25,403
Total Liabilities	<u>\$ 35,134</u>	<u>\$ 21,485</u>	<u>\$ 27,569</u>	<u>\$ 29,050</u>

See accompanying independent auditors' report

OTHER
SUPPLEMENTARY
INFORMATION

BLANK

City of Long Beach
General Fund
Combining Balance Sheet
September 30, 2013
(In Thousands)

	General Fund	Uplands Oil Fund	Combined General Fund September 30, 2013
ASSETS			
Pooled Cash and Cash Equivalents	\$ 114,323	\$ 21,034	\$ 135,357
Non-Pooled Cash and Cash Equivalents	374	-	374
Non Performing Investments	20	-	20
Receivables:			
Property Taxes	88,147	-	88,147
Accounts Receivable	34,807	3,942	38,749
Notes and Loans Receivable	1,861	-	1,861
Due from Other Governments	15,252	-	15,252
Due from Other Funds	7,079	-	7,079
Allowance for Receivables	(34,231)	-	(34,231)
Other Assets	43	-	43
Advances to Other Funds	2,000	-	2,000
Total Assets	<u>\$ 229,675</u>	<u>\$ 24,976</u>	<u>\$ 254,651</u>
LIABILITIES			
Accounts Payable	\$ 10,784	\$ 280	\$ 11,064
Accrued Wages and Benefits Payable	4,984	-	4,984
Due to Other Funds	7,569	-	7,569
Unearned Revenues	4,324	-	4,324
Deposits and Collections Held in Trust	2,789	-	2,789
Advances from Other Funds	4,114	-	4,114
Total Liabilities	<u>34,564</u>	<u>280</u>	<u>34,844</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows (Note 25)	<u>82,070</u>	<u>-</u>	<u>82,070</u>
FUND BALANCES			
Nonspendable	2,043	-	2,043
Restricted	2,311	-	2,311
Committed	1,000	4,711	5,711
Assigned	104,042	15,500	119,542
Unassigned	3,645	4,485	8,130
Total Fund Balances	<u>113,041</u>	<u>24,696</u>	<u>137,737</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 229,675</u>	<u>\$ 24,976</u>	<u>\$ 254,651</u>

City of Long Beach

General Fund

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances

For the Fiscal Year Ended September 30, 2013

(In Thousands)

	General Fund	Uplands Oil General	Eliminations	Combined General Fund September 30, 2013
Revenues:				
Taxes:				
Property	\$ 169,590	\$ -	\$ -	\$ 169,590
Sales	61,474	-	-	61,474
Utility Users	38,026	-	-	38,026
Other Taxes	30,629	-	-	30,629
Franchise Fees	25,243	-	-	25,243
Licenses and Permits	13,889	-	-	13,889
Fines and Forfeitures	16,394	-	-	16,394
Use of Money and Property	14,369	39,870	-	54,239
From Other Agencies	1,767	-	-	1,767
Charges for Services	26,295	-	-	26,295
Other	8,337	-	-	8,337
Total Revenues	<u>406,013</u>	<u>39,870</u>	<u>-</u>	<u>445,883</u>
Expenditures:				
Legislative and Legal	9,673	-	-	9,673
General Government	17,050	-	-	17,050
Public Safety	267,430	-	-	267,430
Public Health	5,383	-	-	5,383
Community and Cultural	40,750	-	-	40,750
Public Works	29,679	-	-	29,679
Oil Operations	-	4,722	-	4,722
Total Current Expenditures	<u>369,965</u>	<u>4,722</u>	<u>-</u>	<u>374,687</u>
Debt Service:				
Debt Administration Fees	-	-	-	-
Total Expenditures	<u>369,965</u>	<u>4,722</u>	<u>-</u>	<u>374,687</u>
Excess of Revenues over Expenditures	<u>36,048</u>	<u>35,148</u>	<u>-</u>	<u>71,196</u>
Other Financing Sources (Uses):				
Transfers In	52,540	-	(28,271)	24,269
Transfers Out	<u>(30,451)</u>	<u>(32,671)</u>	<u>28,271</u>	<u>(34,851)</u>
Total Other Financing Sources (Uses)	<u>22,089</u>	<u>(32,671)</u>	<u>-</u>	<u>(10,582)</u>
Net Change in Fund Balances	<u>58,137</u>	<u>2,477</u>	<u>-</u>	<u>60,614</u>
Fund Balances - October 1	<u>54,904</u>	<u>22,219</u>	<u>-</u>	<u>77,123</u>
Fund Balances - September 30	<u>\$ 113,041</u>	<u>\$ 24,696</u>	<u>\$ -</u>	<u>\$ 137,737</u>

City of Long Beach
General Fund
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	General	Final Amended Budget Uplands	Eliminations	Combined	Actual on Budgetary Basis General	Uplands	Combined Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
Sources:								
Property Taxes	\$ 127,628	\$ -	\$ -	\$ 127,628	\$ 169,590	\$ -	\$ 169,590	\$ 41,962
Sales Taxes	60,872	-	-	60,872	61,474	-	61,474	602
Utility Users Taxes	36,846	-	-	36,846	38,026	-	38,026	1,180
Other Taxes	27,710	-	-	27,710	30,629	-	30,629	2,919
Franchise Fees	21,507	-	-	21,507	25,243	-	25,243	3,736
Licenses and Permits	20,084	-	-	20,084	13,889	-	13,889	(6,195)
Fines and Forfeitures	15,797	-	-	15,797	16,394	-	16,394	597
Use of Money and Property	14,306	23,073	-	37,379	14,528	39,870	54,398	17,019
From Other Agencies	1,206	-	-	1,206	1,767	-	1,767	561
Charges for Services	24,897	-	-	24,897	26,295	-	26,295	1,398
Other	6,263	-	-	6,263	8,337	-	8,337	2,074
Transfers In	52,831	-	(28,285)	24,546	24,269	-	24,269	(277)
Total Sources	409,947	23,073	(28,285)	404,735	430,441	39,870	470,311	65,576
Uses:								
Current:								
Legislative and Legal								
Mayor and City Council	4,880	-	-	4,880	4,768	-	4,768	112
City Attorney	1,962	-	-	1,962	1,828	-	1,828	134
City Clerk	3,387	-	-	3,387	3,079	-	3,079	308
General Government								
City Auditor	2,385	-	-	2,385	2,330	-	2,330	55
City Manager	2,194	-	-	2,194	2,638	-	2,638	(444)
Civil Service	2,723	-	-	2,723	2,315	-	2,315	408
Financial Management	15,916	-	-	15,916	9,018	-	9,018	6,898
Planning and Building	1,377	-	-	1,377	1,073	-	1,073	304
Public Safety								
Police	188,946	-	-	188,946	185,167	-	185,167	3,779
Fire	72,728	-	-	72,728	71,415	-	71,415	1,313
City Prosecutor	4,970	-	-	4,970	4,832	-	4,832	138
Planning and Building-Code Enforcement	3,140	-	-	3,140	2,950	-	2,950	190
Police and Fire Annuity	-	-	-	-	3,067	-	3,067	(3,067)
Public Health	5,348	-	-	5,348	5,383	-	5,383	(35)
Community and Cultural								
Community Development	1,567	-	-	1,567	1,525	-	1,525	42
Library	14,046	-	-	14,046	13,996	-	13,996	50
Parks and Recreation	25,359	-	-	25,359	25,246	-	25,246	113
Public Works	30,475	-	-	30,475	30,059	-	30,059	416
Oil Operations	-	6,887	-	6,887	-	4,722	4,722	2,165
Debt Service:	-	-	-	-	-	-	-	-
Transfers Out	42,218	32,685	(28,285)	46,618	30,451	4,400	34,851	11,767
Total Uses	423,621	39,572	(28,285)	434,908	401,140	9,122	410,262	24,646
Net Change in Budgetary Fund Balance:	\$ (13,674)	\$ (16,499)	\$ -	\$ (30,173)	\$ 29,301	\$ 30,748	\$ 60,049	\$ 90,222

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

	General	Uplands	Combined
Change in Fund Balance - September 30, Budgetary Basis	\$ 29,301	\$ 30,748	\$ 60,049
Add: Encumbrances	724	-	724
Less: Change in Mark-to-Market and Other Adjustments	(159)	-	(159)
Adjust for: Eliminations	28,271	(28,271)	-
Change in Fund Balance - September 30, GAAP Basis	58,137	2,477	60,614
Fund Balance, October 1, GAAP Basis	54,904	22,219	77,123
Fund Balance, September 30, GAAP Basis	\$ 113,041	\$ 24,696	\$ 137,737

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

	General	Uplands	Combined
Fund Balance, September 30, GAAP Basis	\$ 113,041	\$ 24,696	\$ 137,737
Less: Nonspendable Fund Balance	(2,043)	-	(2,043)
Restricted for Public Safety	(2,311)	-	(2,311)
Committed for Public Safety	(1,000)	-	(1,000)
Committed for Oil Field Abandonment	-	(4,711)	(4,711)
Assigned for Emergencies	(42,858)	-	(42,858)
Assigned for Operations	(10,486)	(2,500)	(12,986)
Assigned for Future Infrastructure	(1,000)	-	(1,000)
Assigned for Subsequent Year's Appropriations	(49,698)	(13,000)	(62,698)
Total Adjustments	(109,396)	(20,211)	(129,607)
Budgetary Funds Available - September 30	\$ 3,645	\$ 4,485	\$ 8,130

City of Long Beach
Insurance Fund
Combining Schedule of Net Position
September 30, 2013
(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 11,602	\$ 24,820	\$ 36,422
Non Performing Investments	3	1	4
Receivables:			
Accounts Receivable	1	-	1
Total Current Assets	<u>11,606</u>	<u>24,821</u>	<u>36,427</u>
Noncurrent Assets:			
Capital Assets Net of Accumulated Depreciation	<u>24</u>	<u>-</u>	<u>24</u>
Total Noncurrent Assets	<u>24</u>	<u>-</u>	<u>24</u>
Total Assets	<u>11,630</u>	<u>24,821</u>	<u>36,451</u>
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	219	674	893
Accrued Wages and Benefits	115	46	161
Due to Other Funds	56	23	79
Accrued Claims - Current	19,371	5,178	24,549
Total Current Liabilities	<u>19,761</u>	<u>5,921</u>	<u>25,682</u>
Noncurrent Liabilities:			
Accrued Self-Insurance Claims	<u>92,059</u>	<u>11,564</u>	<u>103,623</u>
Total Noncurrent Liabilities	<u>92,059</u>	<u>11,564</u>	<u>103,623</u>
Total Liabilities	<u>111,820</u>	<u>17,485</u>	<u>129,305</u>
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	24	-	24
Unrestricted	<u>(100,214)</u>	<u>7,336</u>	<u>(92,878)</u>
Total Net Position (Deficit)	<u>\$ (100,190)</u>	<u>\$ 7,336</u>	<u>\$ (92,854)</u>

City of Long Beach**Insurance Fund****Combining Schedule of Revenues, Expenses and Changes in Fund Net Position**

For the Fiscal Year Ended September 30, 2013

(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
Operating Revenues:			
Billing to Other Departments	\$ 25,902	\$ 13,309	\$ 39,211
Total Operating Revenues	25,902	13,309	39,211
Operating Expenses:			
Personnel Services	4,569	3,093	7,662
Maintenance and Other Operations	3,192	3,064	6,256
Insurance Premiums	380	2,593	2,973
Self-Insured Losses	15,718	7,031	22,749
Compensated Absences	3,863	-	3,863
Depreciation	3	-	3
Total Operating Expenses	27,725	15,781	43,506
Operating Income (Loss)	(1,823)	(2,472)	(4,295)
Non-Operating Income (Expenses):			
Interest Income	10	30	40
Other Income	515	825	1,340
Other Expense	-	(24)	(24)
Total Non-Operating Income	525	831	1,356
Change in Net Position	(1,298)	(1,641)	(2,939)
Net Position (Deficit) - October 1	(98,892)	8,977	(89,915)
Net Position (Deficit) - September 30	\$ (100,190)	\$ 7,336	\$ (92,854)

City of Long Beach
Fleet Services Fund
Combining Schedule of Net Position (Deficit)
September 30, 2013
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Totals September 30 2013
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 3,376	\$ 28,504	\$ 152	\$ 669	\$ -	\$ 32,701
Non-Pooled Cash and Cash Equivalents	8	-	-	-	-	8
Non Performing Investments	2	-	-	-	-	2
Receivables:						
Accounts Receivable	145	-	-	-	-	145
Due from Other Funds	-	-	20	-	-	20
Allowance for Receivables	(140)	-	-	-	-	(140)
Inventory	1,777	-	-	-	-	1,777
Total Current Assets	5,168	28,504	172	669	-	34,513
Noncurrent Assets:						
Capital Assets Net of Accumulated Depreciation	37,981	-	-	-	-	37,981
Total Noncurrent Assets	37,981	-	-	-	-	37,981
Total Assets	43,149	28,504	172	669	-	72,494
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	844	429	-	-	-	1,273
Accrued Wages and Benefits	142	12	-	-	(51)	103
Accrued Interest Payable	-	-	152	-	-	152
Due to Other Funds	4,179	(4,179)	-	-	51	51
Environmental Remediation - Current	-	-	-	182	-	182
Obligations Under Capital Leases - Current	-	594	-	-	-	594
Total Current Liabilities	5,165	(3,144)	152	182	-	2,355
Noncurrent Liabilities:						
Environmental Remediation	-	-	-	2,829	-	2,829
Obligations Under Capital Lease	-	615	-	-	-	615
Bonds Payable	-	-	24,015	-	-	24,015
Total Noncurrent Liabilities	-	615	24,015	2,829	-	27,459
Total Liabilities	5,165	(2,529)	24,167	3,011	-	29,814
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	37,981	(1,209)	(25,453)	-	-	11,319
Restricted for:						
Unrestricted	3	32,242	1,458	(2,342)	-	31,361
Total Net Position (Deficit)	\$ 37,984	\$ 31,033	\$ (23,995)	\$ (2,342)	\$ -	\$ 42,680

City of Long Beach
Fleet Service Funds
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2013
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Totals September 30, 2013
Operating Revenues:						
Billing to Other Departments	\$ 19,548	\$ 9,532	\$ -	\$ -	\$ -	\$ 29,080
Other	935	-	-	-	-	935
Total Operating Revenues	20,483	9,532	-	-	-	30,015
Operating Expenses:						
Personnel Services	7,042	789	-	-	-	7,831
Maintenance and Other Operations	9,491	2,494	-	27	-	12,012
Depreciation	6,801	-	-	-	-	6,801
Total Operating Expenses	23,334	3,283	-	27	-	26,644
Operating Income (Loss)	(2,851)	6,249	-	(27)	-	3,371
Non-Operating Income (Expenses):						
Interest Expense	(1,040)	(54)	150	(25)	-	(969)
Gain (Loss) on Disposition of Capital Assets	(129)	203	-	-	-	74
Other Income	583	-	-	-	-	583
Other Expense	(29)	-	(219)	-	-	(248)
Total Non-Operating Income (Expenses)	(615)	149	(69)	(25)	-	(560)
Income (Loss) Before Contributions and Transfers	(3,466)	6,398	(69)	(52)	-	2,811
Transfers:						
Transfers In	(340)	-	-	340	-	-
Transfers Out	868	(1,000)	(868)	-	-	(1,000)
Change in Net Position	(2,938)	5,398	(937)	288	-	1,811
Net Position (Deficit) - October 1	40,922	25,635	(22,573)	(2,630)	-	41,354
Adjustment to Beginning Net Position	-	-	(485)	-	-	(485)
Net Position (Deficit) - September 30	<u>\$ 37,984</u>	<u>\$ 31,033</u>	<u>\$(23,995)</u>	<u>\$ (2,342)</u>	<u>\$ -</u>	<u>\$ 42,680</u>

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, 2013:

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project
Consolidated Schedule of Net Position
September 30, 2013
(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Total
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 179,618	\$ 4,332	\$ 2,042	\$ 7,525	\$ 193,517	\$ -	\$ 193,517
Non-Pooled Cash and Cash Equivalents	8,029	16	-	49	8,094	-	8,094
Non Performing Investments	29	2	-	1	32	-	32
Receivables:							
Interest Receivable	26	-	-	63	89	-	89
Accounts Receivable	2,525	530	22	186	3,263	-	3,263
Due from Other Governments	590	34	-	-	624	-	624
Due from Other Funds	23,748	-	-	-	23,748	(1,500)	22,248
Allowance for Receivables	(2)	(364)	-	(2)	(368)	-	(368)
Other Assets	1	-	-	-	1	-	1
Total Current Assets	214,564	4,550	2,064	7,822	229,000	(1,500)	227,500
Noncurrent Assets:							
Restricted Noncurrent Assets							
Non-Pooled Investments	8,106	-	-	4,245	12,351	-	12,351
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	43,693	2,676	-	11,322	57,691	-	57,691
Capital Assets Net of Accumulated Depreciation	139,502	83,522	10,013	53,986	287,023	-	287,023
Total Noncurrent Assets	191,301	86,198	10,013	69,553	357,065	-	357,065
Total Assets	405,865	90,748	12,077	77,375	586,065	(1,500)	584,565
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows	8,288	-	-	103	8,391	-	8,391
LIABILITIES							
Current Liabilities payable from Current Assets:							
Accounts Payable	6,278	943	-	737	7,958	-	7,958
Accrued Wages	249	124	-	19	392	-	392
Accrued Interest Payable	1,901	406	-	611	2,918	-	2,918
Due to Other Funds	122	61	-	1,509	1,692	1,500	192
Unearned Revenues	111	1,541	-	-	1,652	-	1,652
Collections Held in Trust	55	50	25	-	130	-	130
Obligations under Capital Leases - Current	29	-	-	-	29	-	29
Bonds Payable Due Within One Year	3,670	-	-	2,795	6,465	-	6,465
Other Long Term Obligation - Current	99	1,759	-	20	1,878	-	1,878
Total Current Liabilities	12,514	4,884	25	5,691	23,114	1,500	21,614
Current Liabilities Payable from Restricted Assets:							
Accounts Payable	-	-	292	-	292	-	292
Total Liabilities Payable from Restricted Assets	-	-	292	-	292	-	292
Noncurrent Liabilities:							
Advances from Other Funds	1,300	-	-	-	1,300	-	1,300
Unearned Revenues	5,010	-	-	-	5,010	-	5,010
Obligations under Capital Leases	433	-	-	-	433	-	433
Other Long Term Obligations	701	51,210	-	478	52,389	-	52,389
Bonds Payable	93,350	-	-	31,183	124,533	-	124,533
Unamortized Discount (Premium) Deferred Cost	10,614	-	-	69	10,683	-	10,683
Total Noncurrent Liabilities	111,408	51,210	-	31,730	194,348	-	194,348
Total Liabilities	123,922	56,094	317	37,421	217,754	1,500	216,254
NET POSITION							
Net Investment in Capital Assets	90,812	33,226	10,013	35,125	169,176	-	169,176
Restricted for:							
Debt Service	8,256	-	-	79	8,335	-	8,335
Capital Projects	87	-	-	159	246	-	246
Tidelands	7,900	1,273	-	-	9,173	-	9,173
Unrestricted	183,176	155	1,747	4,694	189,772	-	189,772
Total Net Position	\$ 290,231	\$ 34,654	\$ 11,760	\$ 40,057	\$ 376,702	\$ -	\$ 376,702

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project
Consolidated Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2013
(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	\$ 9	\$ -	\$ 45	\$ 261	\$ -	\$ 261
Fines and Forfeitures	308	-	-	-	308	-	308
Fees, Concessions, and Rentals	7,983	19,868	189	9,504	37,544	1,500	36,044
From Other Agencies	-	164	-	-	164	-	164
Charges for Services	22,857	99	-	-	22,956	-	22,956
Other	126	23	-	29	178	-	178
Total Revenues	31,481	20,163	189	9,578	61,411	1,500	59,911
Operating Expenses:							
Personnel Services	16,972	8,484	-	1,298	26,754	-	26,754
Maintenance and Other Operations	29,952	4,912	385	8,772	44,021	(1,500)	42,521
Amortization	485	-	-	29	514	-	514
Depreciation	10,462	4,300	419	3,667	18,848	-	18,848
Total Operating Expenses	57,871	17,696	804	13,766	90,137	(1,500)	88,637
Operating Income	(26,390)	2,467	(615)	(4,188)	(28,726)	-	(28,726)
Non-Operating Income (Expense):							
Interest Income	242	7	6	64	319	-	319
Interest Expense	(3,453)	(1,546)	-	(1,530)	(6,529)	-	(6,529)
Operating Grants	493	-	-	-	493	-	493
Other Income	18	-	-	-	18	-	18
Total Non-Operating Income (Expense)	(2,700)	(1,539)	6	(1,466)	(5,699)	-	(5,699)
Income (Loss) before Contributions and Transfers	(29,090)	928	(609)	(5,654)	(34,425)	-	(34,425)
Capital Grants and Contributions	119	34	-	-	153	-	153
Operating Transfers:							
Operating Transfers In	64,221	-	-	6,355	70,576	6,355	64,221
Operating Transfers Out	(6,355)	-	-	-	(6,355)	(6,355)	-
Change in Net Position	28,895	962	(609)	701	29,949	-	29,949
Net Position, October 1	262,233	33,692	12,369	39,803	348,097	-	348,097
Adjustments for GASB 65 Implementation	(897)	-	-	(447)	(1,344)	-	(1,344)
Net Position, September 30	<u>\$290,231</u>	<u>\$ 34,654</u>	<u>\$ 11,760</u>	<u>\$ 40,057</u>	<u>\$376,702</u>	<u>\$ -</u>	<u>\$ 376,702</u>

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Area
Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2013
(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	\$ 31,492	\$ 19,450	\$ 233	\$ 9,626	\$ -	\$ 60,801
Receipts from Other Governments	5,292	242	-	-	-	5,534
Payments for Employee Salaries	(16,846)	(9,237)	-	(1,292)	-	(27,375)
Payments for Goods and Services	(28,149)	(5,679)	(93)	(9,011)	-	(42,932)
Payments to Other Entities	(1)	-	-	-	-	(1)
Other Income	18	-	-	-	-	18
Net Cash Provided by (Used for) Operating Activities	(8,194)	4,776	140	(677)	-	(3,955)
Cash Flows from Non-Capital Financing Activities:						
Transfers In	69,235	-	-	6,355	(6,355)	69,235
Transfers Out	(7,277)	-	-	119	6,355	(803)
Net Cash Provided by Non-Capital Financing Activities	61,958	-	-	6,474	-	68,432
Cash Flows from Capital and Related						
Proceeds from Issuance Of Long-Term Obligations	54	9,599	-	-	-	9,653
Changes Related to Capital Acquisitions	(14,260)	(15,033)	-	(251)	-	(29,544)
Payments of Principal on Bonds Payable	(5,560)	-	-	(2,680)	-	(8,240)
Payments of Principal on Other Long-Term Obligations	(136)	(755)	-	(19)	-	(910)
Payments of Interest, Net of Amounts Capitalized	(4,655)	(2,079)	-	(1,593)	-	(8,327)
Net Cash Used for Capital and Related Financing Activities	(24,557)	(8,268)	-	(4,543)	-	(37,368)
Cash Flows from Investing Activities:						
Payments for Investments	53	-	-	56	-	109
Payments of Interest and of Amounts Capitalized	372	14	6	29	-	421
Net Cash Provided by Investing Activities	425	14	6	85	-	530
Net Increase (Decrease) in Cash and Cash Equivalents	29,632	(3,478)	146	1,339	-	27,639
Cash and Cash Equivalents - October 1	158,015	7,826	1,896	6,235	-	173,972
Cash and Cash Equivalents - September 30	<u>\$ 187,647</u>	<u>\$ 4,348</u>	<u>\$ 2,042</u>	<u>\$ 7,574</u>	<u>\$ -</u>	<u>\$ 201,611</u>

(Continued)

City of Long Beach
Tideland Operating, Marina, Queen Mary and Rainbow Harbor Project
Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2013
(In Thousands)
(Continued)

RECONCILIATION OF OPERATING
INCOME TO NET CASH PROVIDED BY
(USED FOR) OPERATING ACTIVITIES

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Total
Operating Income (Loss)	\$ (26,390)	\$ 2,467	\$ (615)	\$ (4,188)	\$ -	\$ (28,726)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	10,947	4,300	419	3,696	-	19,362
Other Income	629	34	-	-	-	663
(Increase) Decrease in Accounts Receivable, Net	106	(155)	44	74	-	69
Decrease in Amounts Due from Other Governments	4,681	44	-	-	-	4,725
Increase (Decrease) in Accounts Payable	1,802	(768)	292	(239)	-	1,087
Increase in Accrued Wages Payable	89	12	-	4	-	105
Increase (Decrease) in Amounts Due to Other Funds	37	(764)	-	2	-	(725)
Decrease in Unearned Revenues	(83)	(394)	-	(1)	-	(478)
Decrease in Collections Held in Trust	(12)	-	-	(25)	-	(37)
Total Adjustments	18,196	2,309	755	3,511	-	24,771
Net Cash Provided by (Used for) Operating Activities	\$ (8,194)	\$ 4,776	\$ 140	\$ (677)	\$ -	\$ (3,955)

NON-CASH INVESTING, CAPITAL
AND FINANCING ACTIVITIES:

Capitalized Interest	\$ 472	\$ 657	\$ -	\$ 10	\$ -	\$ 1,139
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STATISTICAL SECTION

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STATISTICAL SECTION

The Statistical Section is included to provide financial statement users with additional historical perspective, context, and detail for use in evaluating the information contained with the financial statements, notes to the financial statements, and required supplementary information with the goal of providing the user a better understanding of the City's economic condition.

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Financial trends

These schedules contain information to help the reader understand how the City's financial performance and well-being have changed over time.

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Debt capacity

These schedules contain information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

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Demographics and economic information

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

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Operating information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial statements relates to the services that the City provides and the activities that it performs.

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

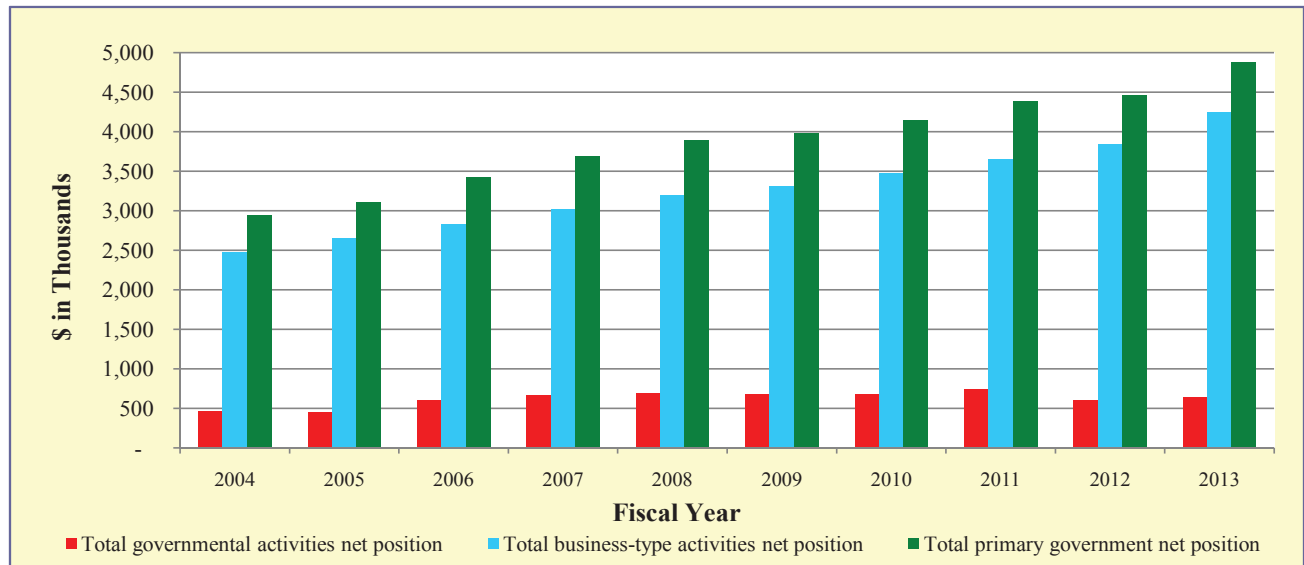


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City of Long Beach
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(In Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
Net Investment in capital assets	\$ 261,014	\$ 99,122	\$ 209,230	\$ 215,097	\$ 217,866	\$ 203,709	\$ 170,432	\$ 215,317	\$ 237,998	\$ 242,105
Restricted	286,745	474,313	496,094	291,468	285,937	289,658	346,412	631,729	470,723	458,167
Unrestricted	(78,179)	(118,328)	(106,380)	157,870	182,007	185,296	157,316	(104,327)	(100,337)	(61,528)
Total governmental activities net position	469,580	455,107	598,944	664,435	685,810	678,663	674,160	742,719	608,384	638,744
Business-type activities:										
Net Investment in capital assets	1,534,595	1,564,750	1,572,117	1,684,580	1,875,911	1,954,565	2,184,850	2,547,605	2,769,461	3,547,110
Restricted	498,341	505,875	523,769	366,018	359,364	367,477	603,007	289,999	289,864	297,694
Unrestricted	446,833	586,327	733,495	969,574	964,333	982,105	683,114	809,277	787,926	399,890
Total business-type activities net position	2,479,769	2,656,952	2,829,381	3,020,172	3,199,608	3,304,147	3,470,971	3,646,881	3,847,251	4,244,694
Primary government										
Net Investment in capital assets	1,795,609	1,663,872	1,781,347	1,899,677	2,093,777	2,158,274	2,355,282	2,762,922	3,007,459	3,789,215
Restricted	785,086	980,188	1,019,863	657,486	645,301	657,135	949,419	921,728	760,587	755,861
Unrestricted	368,654	467,999	627,115	1,127,444	1,146,340	1,167,401	840,430	704,950	687,589	338,362
Total primary government net position	\$2,949,349	\$3,112,059	\$3,428,325	\$3,684,607	\$3,885,418	\$3,982,810	\$4,145,131	\$4,389,600	\$4,455,635	\$4,883,438

Note: Effective fiscal year 2010 and beyond, unrestricted net position amounts have been changed to reflect the effects of the implementation of GASB 54 - Fund Balance Reporting and Governmental Fund Type Definitions.



See accompanying independent auditors' report

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 9,721	\$ 10,313	\$ 12,003	\$ 12,911	\$ 13,210	\$ 12,866	\$ 11,527	\$ 10,106	\$ 10,998	\$ 10,957
General Government	23,179	25,808	13,988	13,376	16,871	16,292	19,792	22,653	22,128	23,342
Public Safety	227,601	280,415	255,188	276,391	294,916	302,025	291,399	284,986	290,542	303,872
Public Health	42,184	43,874	44,024	47,189	48,330	47,134	44,731	44,428	42,712	41,966
Community and Cultural	164,982	177,210	186,528	207,566	227,274	227,772	258,512	193,886	331,170	173,239
Public Works	67,425	58,783	55,009	67,794	83,232	95,354	91,375	89,942	92,058	102,979
Oil Operations	6,215	6,367	7,192	8,175	8,630	8,004	6,923	7,318	9,256	7,101
Interest on Long-Term Debt	22,652	30,831	34,554	36,187	38,418	35,831	32,744	35,273	28,492	26,941
Total Governmental Activities										
Expenses	563,959	633,601	608,486	669,589	730,881	745,278	757,003	688,592	827,356	690,397
Business-type Activities:										
Gas	76,408	89,463	99,656	89,021	137,263	90,364	77,531	84,003	77,157	82,693
Water	57,849	62,075	62,480	68,704	70,571	76,895	71,442	82,050	81,377	89,767
Sewer	7,787	7,337	7,612	11,486	11,989	13,224	14,607	15,357	15,042	15,542
Airport	19,476	22,465	24,816	27,994	31,698	32,113	37,762	39,530	41,764	41,616
Development Services	-	-	-	-	-	-	-	11,126	11,617	15,404
Solid Waste Management	70,658	70,493	73,679	78,305	82,590	83,245	71,632	71,330	69,506	71,708
Towing	6,762	6,858	8,520	8,838	9,863	7,883	8,916	6,670	6,743	5,915
Tidelands	83,501	94,033	105,671	111,156	123,258	124,711	117,071	124,830	100,602	96,881
Tideland Oil Revenue	102,098	188,250	264,355	199,542	486,759	178,636	276,850	393,317	390,602	362,144
Subsidence	441	4,054	4,061	-	-	-	-	5	5	3
Harbor	198,084	207,689	214,349	247,860	242,822	225,991	218,262	217,335	193,773	195,335
Total Business-Type Activities										
Expenses	623,064	752,717	865,199	842,906	1,196,813	833,062	894,073	1,045,553	988,188	977,008
Total Primary Government										
Expenses	1,187,023	1,386,318	1,473,685	1,512,495	1,927,694	1,578,340	1,651,076	1,734,145	1,815,544	1,667,405
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	415	98	1,256	119	801	264	862	104	714	61
General Government	26,952	27,289	20,174	13,406	14,049	14,679	14,968	16,501	17,521	16,093
Public Safety	36,678	39,768	36,694	40,326	42,516	37,078	40,072	35,110	34,617	32,371
Public Health	7,397	7,557	6,565	7,099	7,599	9,644	8,422	8,725	9,538	11,856
Community and Cultural	18,292	23,649	23,291	26,131	28,905	26,322	26,186	20,825	13,978	14,656
Public Works	15,179	16,878	17,840	17,722	19,382	25,803	25,985	21,072	26,876	25,011
Oil Operations	13,274	17,253	21,481	22,612	32,956	19,011	25,556	31,552	39,156	39,869
Operating Grants and Contributions	143,818	142,011	166,426	169,190	172,478	172,281	185,899	198,198	175,647	171,937
Capital Grants and Contributions	13,285	11,489	13,726	16,908	7,424	3,595	10,395	7,588	6,147	10,778
Total Governmental Activities										
Program Revenues	\$ 275,290	\$ 285,992	\$ 307,453	\$ 313,513	\$ 326,110	\$ 308,677	\$ 338,345	\$ 339,675	\$ 324,194	\$ 322,632

(continued)

See accompanying independent auditors' report

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

(continued)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Business-Type activities:										
Charges for Services:										
Gas	\$ 88,717	\$ 104,450	\$ 113,053	\$ 100,421	\$ 123,580	\$ 113,910	\$ 80,605	\$ 88,240	\$ 83,633	\$ 87,141
Water	64,984	65,813	67,198	70,258	72,527	81,380	87,151	88,576	87,073	93,036
Sewer	9,283	9,729	9,245	10,812	11,785	12,707	15,186	16,447	17,325	17,311
Airport	27,905	29,121	29,086	30,985	35,080	35,004	38,820	40,395	43,893	43,817
Development Services	-	-	-	-	-	-	-	12,160	13,812	17,546
Solid Waste Management	71,198	70,128	80,015	83,865	85,958	87,032	78,772	74,019	78,613	79,542
Towing	6,770	7,622	7,846	8,126	8,816	8,516	8,529	7,297	6,583	6,445
Tidelands	53,887	55,436	73,013	83,085	81,511	83,245	82,948	83,018	56,726	59,929
Tideland Oil Revenue	131,035	208,488	266,992	214,157	522,956	143,336	295,680	449,819	452,863	397,301
Subsidence	-	-	-	500	500	492	496	-	-	-
Harbor	280,782	338,167	354,125	370,832	382,119	336,930	341,744	345,389	333,887	346,244
Operating Grants and Contributions	1,066	2,520	1,184	2,116	1,241	1,213	597	2,723	1,413	1,105
Capital Grants and Contributions	23,500	25,787	8,947	24,580	14,984	25,210	32,001	26,406	26,552	259,188
Total Business-Type Activities										
Program Revenues	759,127	917,261	1,010,704	999,737	1,341,057	928,975	1,062,529	1,234,489	1,202,373	1,408,605
Total Primary Government										
Program Revenues	1,034,417	1,203,253	1,318,157	1,313,250	1,667,167	1,237,652	1,400,874	1,574,164	1,526,567	1,731,237
Net Revenues (expenses):										
Governmental Activities	(288,669)	(347,609)	(301,033)	(356,076)	(404,771)	(436,601)	(418,658)	(348,917)	(503,162)	(367,765)
Business-Type Activities	136,063	164,544	145,505	156,831	144,244	95,913	168,456	188,936	214,185	431,597
Total Net Expenses	(152,606)	(183,065)	(155,528)	(199,245)	(260,527)	(340,688)	(250,202)	(159,981)	(288,977)	63,832
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	107,796	123,924	141,335	162,342	173,184	196,402	180,262	218,570	179,746	203,770
Sales	42,383	48,216	51,557	55,848	55,261	51,585	53,144	60,159	60,414	63,443
Utility Users	45,339	39,216	40,637	41,694	41,028	39,901	39,240	38,739	37,097	38,026
Other	46,616	51,238	58,291	65,206	73,715	61,250	62,889	43,254	43,360	46,446
Franchise Fees	-	-	-	-	-	-	-	24,184	23,143	25,243
Grants and Contributions not										
Restricted to Specific Programs	28,693	39,205	115,668	44,086	46,330	48,364	46,058	-	-	150
Unrestricted Investment Earnings	12,325	16,213	23,520	23,374	24,357	14,712	7,837	10,291	4,349	3,417
Gain (Loss) on Sales of Capital Assets	317	810	806	649	(49)	(1,024)	8,539	-	-	-
Capital Asset Transfers	926	-	-	(257)	(1,142)	(1,337)	(101)	1,266	5,090	4,786
Transfers	12,584	14,314	13,056	28,625	13,462	19,601	16,287	21,601	15,628	21,490
Total Governmental Activities	296,979	333,136	444,870	421,567	426,146	429,454	414,155	418,064	368,827	406,771
Business-type Activities:										
Unrestricted Investment Earnings	25,280	27,599	42,021	62,329	47,512	26,890	14,554	9,253	6,903	5,557
Loss on Sales of Capital Assets	(2,539)	(665)	(2,041)	-	-	-	-	-	-	-
Capital Asset Transfers	(926)	19	-	257	1,142	1,337	101	(1,266)	(5,090)	(4,786)
Transfers	(12,584)	(14,314)	(13,056)	(28,625)	(13,462)	(19,601)	(16,287)	(21,601)	(15,628)	(21,490)
Total Business-type Activities	9,231	12,639	26,924	33,961	35,192	8,626	(1,632)	(13,614)	(13,815)	(20,719)
Total Primary Government	306,210	345,775	471,794	455,528	461,338	438,080	412,523	404,450	355,012	386,052
Change in Net Position										
Government activities	8,310	(14,473)	143,837	65,491	21,375	(7,147)	(4,503)	69,147	(134,335)	39,006
Business-type Activities	145,294	177,183	172,429	190,792	179,436	104,539	166,824	175,322	200,370	410,878
Total Primary Government	\$ 153,604	\$ 162,710	\$ 316,266	\$ 256,283	\$ 200,811	\$ 97,392	\$ 162,321	\$ 244,469	\$ 66,035	\$ 449,884

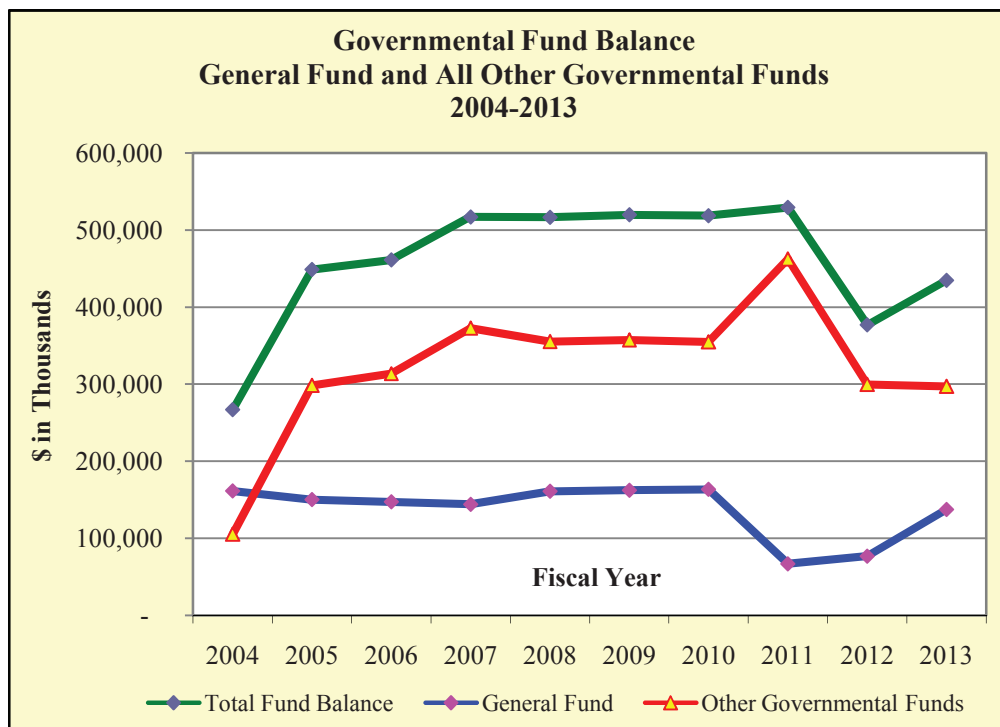
Note: With the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definitions, effective fiscal year 2010, the presentation of some financial data have changed in compliance with the aforementioned GASB standard.

See accompanying independent auditors' report

City of Long Beach
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ 114,006	\$ 111,825	\$ 111,959	\$ 114,254	\$ 115,088	\$ 116,569	\$ -	\$ -	\$ -	\$ -
Unreserved	47,516	38,404	35,478	29,960	46,042	45,899	-	-	-	-
* Nonspendable	-	-	-	-	-	-	104,591	2,083	2,008	2,043
* Restricted	-	-	-	-	-	-	8,673	675	2,929	2,311
* Committed	-	-	-	-	-	-	1,486	4,108	5,394	5,711
* Assigned	-	-	-	-	-	-	3,798	59,445	61,935	119,542
* Unassigned	-	-	-	-	-	-	45,155	682	4,857	8,130
Total General Fund	161,522	150,229	147,437	144,214	161,130	162,468	163,703	66,993	77,123	137,737
Other Governmental Funds:										
Reserved	196,602	377,560	358,094	389,518	390,061	424,108	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	18,227	30,346	40,843	57,974	56,166	56,848	-	-	-	-
Capital Project Funds	(109,292)	(109,326)	(85,187)	(74,598)	(90,741)	(123,512)	-	-	-	-
* Nonspendable	-	-	-	-	-	-	24,902	1,654	45	8,009
* Restricted	-	-	-	-	-	-	514,588	489,841	320,310	293,567
* Committed	-	-	-	-	-	-	2,594	161	1,362	1,362
* Assigned	-	-	-	-	-	-	41,581	10,664	10,791	24,433
* Unassigned	-	-	-	-	-	-	(228,576)	(39,867)	(32,643)	(30,112)
Total Other Governmental Funds	105,537	298,580	313,750	372,894	355,486	357,444	355,089	462,453	299,865	297,259
Total All Governmental Funds	\$267,059	\$448,809	\$461,187	\$517,108	\$516,616	\$519,912	\$518,792	\$529,446	\$376,988	\$434,996

* Note: In accordance with GASB No. 54, Fund Balance types from fiscal year 2010 and onward were reclassified to reflect the requirements of this statement. The Development Services Fund was reclassified from a Special Revenue Fund to a Proprietary Fund. The Upland Oil Fund was reclassified from a Special Revenue



See accompanying independent auditors' report

City of Long Beach
Change in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(In Thousands)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes:										
Property	\$ 107,825	\$ 124,463	\$ 141,081	\$ 162,449	\$ 172,741	\$ 195,128	\$ 216,922	\$ 218,593	\$ 181,041	\$ 214,816
Sales	42,383	48,216	51,557	55,848	55,261	51,585	53,144	60,159	60,414	63,443
Utility Users	45,339	39,216	40,637	41,694	41,028	39,901	39,240	38,739	37,097	38,026
Other Taxes	46,616	51,237	58,292	65,205	73,715	61,250	42,465	43,254	43,360	46,446
Franchise Fees	-	-	-	-	-	-	24,040	24,184	23,143	25,243
Licenses and Permits	22,878	26,269	30,008	32,240	33,899	32,239	24,864	24,812	24,278	19,941
Fines and Forfeitures	13,581	14,744	16,387	17,644	18,509	19,501	17,042	16,193	17,762	16,394
Use of Money and Property	36,856	48,849	57,964	59,516	71,586	47,841	47,526	56,415	58,398	58,441
From Other Agencies	186,426	192,722	219,946	230,838	228,427	227,060	195,940	208,167	184,470	181,039
Charges for Services	45,948	46,633	29,071	26,168	27,609	30,742	26,264	28,549	28,586	28,292
Other Land Proceeds	-	-	716	-	-	-	-	-	-	-
Other Contributions	-	-	-	-	-	-	2,898	-	-	1,385
Other	13,106	15,987	13,892	13,711	17,587	11,667	13,599	25,256	19,544	18,577
Interfund Charges	-	-	-	-	-	-	-	-	-	-
Total Revenues	560,958	608,336	659,551	705,313	740,362	716,914	703,944	744,321	678,093	712,043
Expenditures:										
Legislative and Legal	10,359	10,037	12,464	13,602	12,481	11,649	10,806	9,683	10,316	9,673
General Government	23,407	25,209	15,123	15,765	16,081	11,993	15,480	20,035	17,441	17,785
Public Safety	227,176	257,869	266,057	279,382	285,366	290,615	291,618	289,538	285,807	288,979
Public Health	41,927	41,651	44,734	47,409	47,383	45,181	37,644	43,665	41,449	39,297
Community and Cultural	177,114	179,859	199,777	209,946	253,432	238,090	264,171	263,625	289,597	185,378
Public Works	43,589	42,885	42,647	42,586	50,221	53,358	46,002	44,178	60,368	65,484
Oil Operations	5,512	6,164	7,089	8,171	8,625	6,888	6,718	7,173	9,146	4,722
Total Current Expenditures	529,084	563,674	587,891	616,861	673,589	657,774	672,439	677,897	714,124	611,318
Capital Improvements	55,565	30,106	39,062	40,790	25,328	27,721	38,956	29,630	17,183	26,199
Loss on Disposition of Land										
Held for Resale	12	4,090	-	9,184	4,459	1,526	9,524	519	79,311	-
Debt Service:										
Principal	11,001	11,942	14,822	15,451	15,819	17,456	13,804	13,475	14,379	16,358
Interest	16,282	20,806	25,289	27,349	30,477	28,300	24,847	28,984	23,298	23,776
Debt Administration Fees	247	320	147	81	397	259	195	391	494	542
Total Expenditures	612,191	630,938	667,211	709,716	750,069	733,036	759,765	750,896	848,789	678,193
(Deficiency) of Revenues over (under) Expenditures	(51,233)	(22,602)	(7,660)	(4,403)	(9,707)	(16,122)	(55,821)	(6,575)	(170,696)	33,850
Other Financing Sources (Uses):										
Other Deferred Payments	229	221	220	291	-	-	-	-	-	-
Proceeds from Other Long- Term Obligations	-	-	-	-	-	-	-	-	-	-
Debt Issuance	17,360	188,344	40,402	25,748	280	311	34,417	297	753	54,186
Discount on Debt Issuance	-	-	-	(122)	-	-	-	-	-	-
Payment to Refunded Bond										
Escrow Agent	(10,729)	(3,526)	(36,135)	-	-	-	-	-	-	(57,611)
Reconveyance of Land	-	-	-	-	(13,296)	(3,677)	(41)	-	-	-
Advances - Capitalized Interest	13	491	-	-	-	-	-	-	-	-
Land Transfers	-	-	-	-	-	-	-	(6,233)	-	-
Transfers In	73,563	52,782	55,900	91,967	84,353	60,163	56,406	271,094	409,802	114,615
Transfers Out	(50,729)	(33,960)	(40,349)	(57,560)	(62,122)	(37,379)	(36,306)	(247,930)	(392,317)	(87,032)
Total Other Financing Sources	29,707	204,352	20,038	60,324	9,215	19,418	54,476	17,228	18,238	24,158
Net Change in Fund Balances	\$ (21,526)	\$ 181,750	\$ 12,378	\$ 55,921	\$ (492)	\$ 3,296	\$ (1,345)	\$ 10,653	\$ (152,458)	\$ 58,008
Debt Service as a Percentage of Noncapital Expenditures	5.0%	5.5%	6.4%	6.4%	6.4%	6.5%	5.4%	5.9%	4.6%	6.2%

Effective 2011, the City implemented GASB 54 - Fund Balance Reporting and Governmental Fund Type Definitions, the City reviewed all governmental fund revenue streams. As a result, fiscal year 2010 financial data was reclassified.

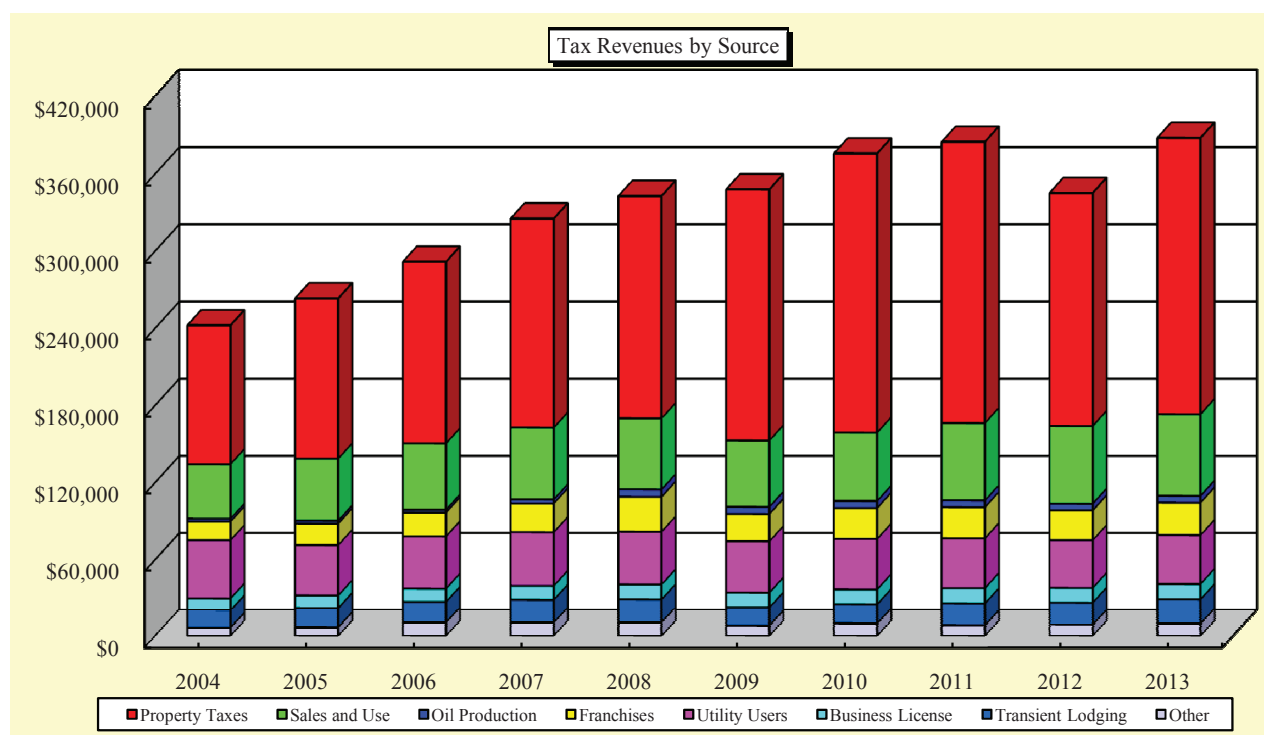
See accompanying independent auditors' report

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 (1) Taxes	Totals
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
2012	181,041	60,414	5,259	23,143	37,097	11,537	17,759	8,805	345,055
2013	214,816	63,443	5,301	25,243	38,026	11,981	19,451	9,713	387,974

Notes:

- (1) Includes Real Property Transfer, Special Parking, Miscellaneous Taxes, and transfers from funds in lieu of taxes. Tax revenues by source include all Governmental Fund Types (General, Special Revenue, Debt Service Funds, Capital Projects Funds, and Successor Agency Funds), including property tax for the former Long Beach Redevelopment Agency in accordance with generally accepted accounting principles.



Source: City of Long Beach, Department of Financial Management.

See accompanying independent auditors' report

City of Long Beach
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
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%
2012	42,641,685	2,780,087	(1,318,100)	44,103,672	1.00%
2013	45,184,614	2,767,496	(1,025,398)	46,926,712	1.00%

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and are subject to the limitations described above.

Source: Los Angeles County Office of Assessor.

See accompanying independent auditors' report

City of Long Beach
Property Tax Rates -
All Overlapping Governments
Per \$100 of Assessed Value -
Last Ten Fiscal Years

Fiscal Year-end	Overlapping Rates					Total
	City Direct Rate	Los Angeles County	Unified Schools	Community College	Special Districts	
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
2012	1.000000	-	0.168187	0.035296	0.003700	1.207183
2013	1.000000	-	0.175606	0.048750	0.003500	1.227856

Note:

In 1978, California voters passed Proposition 13 which set the property tax rate at a 1% fixed amount. Valuations of real property are frozen at the value of the property in 1975, with an allowable adjustment up to 2% per year for inflation. However, property is reassessed to its current value when a change of ownership occurs. New construction, including tenant improvements, is assessed at its current value. This 1% is shared by all taxing agencies for which the subject property resides. In 1986, the State Constitution was amended to allow rates over the 1% base rate for voter approved general obligation debt.

Source: County of Los Angeles

See accompanying independent auditors' report

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

Taxpayer	Fiscal Year 2013		Fiscal Year 2004	
	Assessed Valuation	Percentage of Total Net Assessed Valuation	Assessed Valuation	Percentage of Total Net Assessed Valuation
The Boeing Company	\$ 396,342	0.95 %	\$ 547,223	2.06 %
AES Alamitos LLC	219,500	0.53	629,000	2.37
Legacy Partners II LB World Trade LLC	153,840	0.37	-	-
2009 CUSA Community Owner LLC	140,537	0.34	-	-
BOP Landmark Square Co. LLC	123,053	0.29	141,639	0.53
GRE Shoreline Square LP	96,993	0.23	-	-
Noble Utah Long Beach LLC	92,828	0.22	-	-
Linwood Avenue LP	84,347	0.20	-	-
Molina Center LLC	81,000	0.19	-	-
Long Beach Generation LLC	64,100	0.15	44,900	0.17
HEI Long Beach LLC	62,059	0.15	-	-
Arco Terminal Services Corp.	61,792	0.15	86,225	0.32
City Place Long Beach LLC	60,870	0.15	-	-
Alamitos Bay Partnership	57,913	0.14	56,307	0.21
Sunstone Ocean LLC	55,901	0.13	-	-
Pacific Pipeline System LLC	52,835	0.13	-	-
Lyon West Gateway LLC	52,211	0.12	-	-
EQR Fresca 2009 LP	51,468	0.12	-	-
Plain West Coast Terminals LLC	49,232	0.12	-	-
Los Altos Gateway LLC	49,227	0.12	-	-
Pacific Towers Associates	-	-	59,322	0.22
Arden Realty LP	-	-	45,603	0.17
Essex Portfolio LP	-	-	45,427	0.17
Atlantic Richfield Company	-	-	43,592	0.16
	<u>\$2,006,048</u>	<u>4.80 %</u>	<u>\$1,699,238</u>	<u>6.38 %</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)

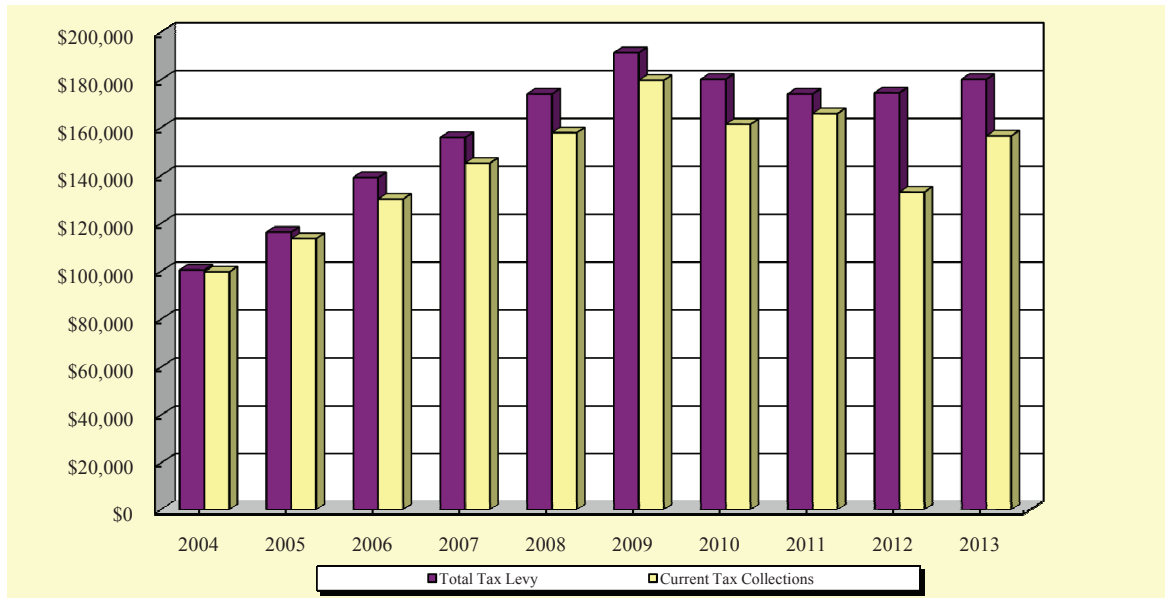
Fiscal Year-end (1)	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections (2)	Collections as Percentage of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percentage of Current Levy
2004	100,538	99,745	99.2%	8,634	108,379	107.8%	9,321	9.3%
2005	116,299	113,610	97.7%	11,388	124,998	107.5%	9,024	7.8%
2006	139,172	130,147	93.5%	12,093	142,240	102.2%	10,164	7.3%
2007	155,850	145,113	93.1%	17,819	162,932	104.5%	11,447	7.3%
2008	174,002	157,865	90.7%	14,877	172,742	99.3%	11,369	6.5%
2009	191,251	179,716	94.0%	15,412	195,128	102.0%	13,760	7.2%
2010	180,159	161,354	89.6%	9,542	170,896	94.9%	11,857	6.6%
2011	174,025	165,851	95.3%	7,468	173,319	99.6%	10,874	6.2%
2012	174,505	133,062	76.3%	4,169	137,231	78.6%	10,698	6.1%
2013	180,137	156,530	86.9%	3,049	159,579	88.6%	8,915	4.9%

Notes:

(1) Total tax collections for fiscal years 2004 through 2013 include redevelopment/successor agency tax increment collections in accordance with generally accepted accounting principles as follows:

Fiscal Year-end	Collections (in thousands)
2004	\$ 41,718
2005	50,977
2006	63,406
2007	73,011
2008	77,460
2009	92,762
2010	83,609
2011	77,470
2012	36,337
2013	40,294

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



Source: City of Long Beach, Department of Financial Management and County of Los Angeles Auditor-Controller

See accompanying independent auditors' report

City of Long Beach
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(In Thousands, Except Per Capita Amount)

Fiscal Year-end	Governmental Activities					Total Governmental Activities
	Revenue Bonds	Tax Allocation Bonds	Notes Payable	Capital Leases	Other	
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
2012	161,620	326,852	8,118	46,064	20,884	563,538
2013	139,085	315,399	7,102	41,869	23,241	526,696

Fiscal Year-end	Business-type Activities					Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Notes Payable (1)	Capital Leases	Other (3)	
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
2012	1,640,665	-	54,488	3,109	28,400	1,726,662
2013	1,564,045	-	147,020	2,667	42,200	1,755,932

Fiscal Year-end	Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
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
2012	2,290,200	2.820%	4,919
2013	2,282,628	2.876%	4,881

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)
	Pension Obligation Bonds	Tax Allocation Bonds	Less: Amounts Restricted for Debt Service (1)	Net Bonded Debt (1)		
2004	\$ 102,195	\$ 175,292	\$ 26,258	\$ 251,229	85%	\$ 532.25
2005	97,255	355,444	39,059	413,640	129%	878.63
2006	89,465	348,626	36,936	401,155	113%	857.93
2007	83,635	340,813	42,945	381,503	96%	820.41
2008	77,275	332,562	45,796	364,041	84%	785.84
2009	70,340	323,890	53,895	340,335	73%	736.32
2010	62,775	347,740	57,937	352,578	78%	762.03
2011	54,520	337,557	48,360	343,717	77%	743.56
2012	50,205	326,852	32,615	344,442	76%	739.82
2013	45,675	315,399	33,375	327,699	68%	700.74

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, 2013 (In Thousands)

2012-13 Assessed Valuation: \$44,481,455

<u>DIRECT DEBT:</u>		<u>Outstanding</u>	<u>Exclusions</u>	<u>Outstanding</u>
City of Long Beach				
Lease Revenue Bonds		\$ 93,410	\$ -	\$ 93,410
Tax Allocation Bonds		315,399	-	315,399
Notes Payable		7,102	-	7,102
Capital Leases		41,869	-	41,869
Pension Obligations		45,675	-	45,675
Total Direct Debt		<u>\$ 503,455</u>	<u>\$ -</u>	<u>\$ 503,455</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>			
Cerritos Community College District	0.342 %	\$ 187,115	\$ 186,475	\$ 640
Compton Community College District	2.397	61,611	60,134	1,477
Long Beach Community College District	85.708	415,743	59,418	356,325
Los Angeles Community College District	0.055	3,642,560	3,640,557	2,003
ABC Unified School District	1.027	42,160	41,727	433
Compton Unified School District	0.024	53,955	53,942	13
Long Beach Unified School District	85.710	536,547	76,672	459,875
Los Angeles Unified School District	0.069	10,618,110	10,610,784	7,326
Paramount Unified School District	8.449	114,079	104,440	9,639
Los Angeles County Flood Control District	4.102	19,770	18,959	811
Metropolitan Water District	2.119	165,085	161,587	3,498
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT ⁽¹⁾		<u>\$ 15,856,735</u>	<u>\$ 15,014,695</u>	<u>\$ 842,040</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	4.086	\$ 1,701,926	\$ 1,632,385	\$ 69,541
Los Angeles County Superintendent of Schools Certificates of Participation	4.082	9,530	9,141	389
Compton Unified School District Certificates of Participation	0.026	27,175	27,168	7
Los Angeles Unified School District Certificates of Participation	0.069	394,131	393,859	272
Paramount Unified School District Certificates of Participation	8.449	24,265	22,215	2,050
County Sanitation District No. 1 Certificates of Participation	1.225	15,676	15,484	192
County Sanitation District No. 2 Certificates of Participation	0.198	24,205	24,157	48
County Sanitation District No. 3 Certificates of Participation	85.951	10,008	1,406	8,602
County Sanitation District No. 8 Certificates of Participation	2.387	9,553	9,325	228
County Sanitation District No. 19 Certificates of Participation	28.394	4,360	3,122	1,238
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,220,829</u>	<u>\$ 2,138,262</u>	<u>\$ 82,567</u>
TOTAL GROSS OVERLAPPING COMBINED DEBT		\$ 18,077,564	\$ 17,152,957	\$ 924,607
Less: Los Angeles County General Fund Obligations supported by landfill revenues		26,040	25,816	224
supported by period payments to investment accounts)		10,000	9,997	3
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 18,041,524</u>	<u>\$ 17,117,144</u>	<u>\$ 924,380</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT		<u>\$ 18,544,979</u>	<u>\$ 17,117,144</u>	<u>\$ 1,427,835</u>

Notes:

(1) Excludes 1915 Act and Mello-Roos Act Bonds

Source: California Municipal Statistics, Inc.

See accompanying independent auditors' report

City of Long Beach
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)

	Fiscal Year				
	2004	2005	2006	2007	2008
Assessed valuation	\$29,613,229	\$32,069,711	\$35,519,905	\$39,877,469	\$43,345,421
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	7,403,307	8,017,428	8,879,976	9,969,367	10,836,355
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,110,496	1,202,614	1,331,996	1,495,405	1,625,453
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,110,496</u>	<u>\$ 1,202,614</u>	<u>\$ 1,331,996</u>	<u>\$ 1,495,405</u>	<u>\$ 1,625,453</u>
Total debt applicable to the limit					
as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2009	2010	2011	2012	2013
Assessed valuation	\$46,621,743	\$45,466,275	\$44,589,625	\$45,421,772	\$47,952,110
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,655,436	11,366,569	11,147,406	11,355,443	11,988,028
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,748,315	1,704,985	1,672,111	1,703,316	1,798,204
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,748,315</u>	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>	<u>\$ 1,798,204</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 (5)
(In Thousands)

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non- Operating Income (Loss) (1)	Net Revenue Available for Debt Service	Debt Service Requirements (4)			Times Coverage
						Principal	Interest	Total	
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
2012	82,671	38,902	43,769	(348)	43,421	10,035	32,955	42,990	1.0
2013	80,215	37,274	42,941	(1,067)	41,874	9,040	32,492	41,532	1.0

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

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
2012	86,515	69,982	16,533	(702)	15,831	490	1,249	1,739	9.1
2013	91,949	76,217	15,732	(1,789)	13,943	2,110	1,484	3,594	3.9

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

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
2012	77,111	62,718	14,393	662	15,055	7,635	3,535	11,170	1.3
2013	79,327	65,010	14,317	(716)	13,601	8,005	3,165	11,170	1.2

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.
- (2) The Water Revenue Refunding Bonds Series 1997A were refunded by the Water Revenue Refunding Bonds Series 2010A. Current debt service payments for the 1997 Bonds were covered by the 2010 Bonds refunding issue proceeds.
- (3) The SERRF Authority issued revenue bonds on December 1, 1985, and August 1 and December 1, 1986. According to the December 1, 1986, bond resolution interest was funded from bond proceeds through August 1989. These bonds were refunded by the SERRF Authority Lease Revenue refunding Bond Series 1995. Current debt service payments for the previous issues were covered by the 1995 refunding issue proceeds. The 1995 refunding bonds were refunded by the SERRF Authority Lease Revenue Bonds Series 2003 in October 2003.
- (4) The 2009 increase of Non-Operating Income for Gas was due to the \$25.6 million savings attributable to the tender of 2007 Gas Prepay Bonds of \$231 million.
- (5) Gas Fund Revenue Bond Coverage for Debt Service Requirement for FY 2007-FY 2010 were restated to include the 2007 Gas Prepay Series A and B payments.

Source: City of Long Beach, Department of Financial Management.
See accompanying independent auditors' report

City of Long Beach
Pledged Revenue Coverage
Airport Revenue Bond Coverage
Last Ten Fiscal Years
(In Thousands)

Fiscal 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	
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
2012	34,405	27,142	7,263	8,772	16,035	1,330	7,046	8,376	1.9
2013	34,760	26,513	8,247	8,060	16,307	2,260	7,004	9,264	1.8

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

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
2012	32,620	19,547	13,073	319	13,392	1,035	1,410	2,445	5.5
2013	30,015	19,843	10,172	409	10,581	820	1,512	2,332	4.5

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	
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	-
2012	9,206	9,747	(541)	49	(492)	2,590	1,666	4,256	-
2013	9,578	10,070	(492)	64	(428)	2,680	1,570	4,250	-

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

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	-
2012	28,075	51,697	(23,622)	1,555	(22,067)	3,380	5,622	9,002	-
2013	31,481	46,924	(15,443)	753	(14,690)	5,560	4,578	10,138	-

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

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
2012	333,887	87,637	246,250	(2,522)	243,728	44,815	35,193	80,008	3.0
2013	346,244	97,696	248,548	(818)	247,730	46,965	33,026	79,991	3.1

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.
- (2) The Rainbow Harbor Area Segment of the Tidelands Fund fund balance is considered adequate to cover the debt service. Operating transfers are made to provide funding to the Rainbow Harbor Area from other Tidelands funds on an as-needed basis.
- (3) The Long Beach Aquarium of the Pacific Lease Revenue Refunding Bonds Series 2012 were issued to (1) refund the Long Beach Aquarium of the Pacific Revenue Bonds 2001 Series bonds, (2) to fund a reserve fund for the Series 2012 Bonds, and (3) pay the costs of issuance of the Series 2012 Bonds.
- (4) Harbor 2000 Revenue Bonds Series A was paid off in fiscal year 2010 and a new Harbor 2010 Revenue Bonds Series A was issued. Prior year adjustments are being made to reflect these bond changes.

Source: City of Long Beach, Department of Financial Management.

See accompanying independent auditors' report

City of Long Beach
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year-end	Estimated Population (1)	Personal Income (in millions) (2) (5)	Per Capita Personal Income (2) (5)	Public School Enrollment (3)	Unemployment Rate (4)
2004	472,013	11,290	23,919	97,560	7.2
2005	470,781	11,939	25,360	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	27,836	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
2012	465,576	13,129	28,199	83,691	12.2
2013	467,646	13,451	28,764	82,256	10.3

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 percentage change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area). The BEA's report does not have personal income and per capita personal income available for 2013, 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 2004 through 2013 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 2013		Ranking	Fiscal Year 2004	
		Number of Employees	Percentage of Total City Employment		Number of Employees	Percentage of Total City Employment
		(1)	(2)		(1)	(2)
1	Long Beach Unified School District	10,389	4.31%	2	9,064	3.91%
2	Long Beach Memorial Medical Center	5,693	2.36%	5	3,500	1.51%
3	The Boeing Company	5,042	2.09%	1	10,500	4.53%
4	City of Long Beach	5,028	2.09%	3	6,289	2.72%
5	California State University Long Beach	2,679	1.11%	4	6,007	2.59%
6	Veteran Affairs Medical Center	2,413	1.00%	9	1,700	0.73%
7	Long Beach City College	2,137	0.89%	6	2,000	0.86%
8	California State Univ Long Beach Research Foundation	1,464	0.61%		N/A	N/A
9	St. Mary Medical Center	1,200	0.50%	10	1,634	0.71%
10	Molina Healthcare Inc	841	0.35%		N/A	N/A
	Verizon	N/A	N/A	7	2,000	0.86%
	United States Postal Service	N/A	N/A	9	1,900	0.82%

Sources:

(1) Department of Financial Management Accounting and Business License.

(2) State of California Employment Development Department Labor Market Info for 2004 and 2013.

This data was compiled from various sources by the City of Long Beach Departments of Development Services and Financial Management. Employment data is intended for use as a general guide only. The City of Long Beach does not warrant the accuracy of this data. Inquiries should be directed to the respective employer.

See accompanying independent auditors' report

City of Long Beach
Full-Time Equivalent City Government Employees by Function
Last Nine Fiscal Years

Function	Fiscal Year								
	2005	2006	2007	2008	2009	2010	2011	2012	2013
Legislative and Legal	139	143	148	144	138	138	133	130	129
General Government	433	447	451	522	506	483	438	424	513
Public Safety	2,125	2,143	2,127	2,120	2,022	1,927	1,826	1,796	1,765
Public Health	414	399	405	390	337	322	311	262	263
Community and Cultural	1,119	1,100	1,194	1,219	1,107	1,131	1,094	1,038	889
Public Works	375	373	373	298	326	321	336	287	273
Gas	169	178	181	185	181	178	195	194	202
Water	215	217	229	212	208	219	216	225	223
Airport	85	90	98	88	61	60	57	96	88
Solid Waste Management	134	143	135	184	209	200	205	189	177
Towing	42	38	42	38	35	32	34	29	22
Tideland Oil Revenue	35	34	35	34	31	22	22	19	15
Harbor	327	337	345	378	409	433	445	466	469
Total	5,612	5,642	5,763	5,812	5,570	5,466	5,312	5,155	5,028

Source: City of Long Beach, Department of Financial Management as of September 30, 2013

See accompanying independent auditors' report



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

Function	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
Public Safety:					
Police priority one calls response time in minutes	N/A	N/A	4.5	4.3	4.4
Violent crime rate - per 1,000 residents	N/A	N/A	6.99	6.82	6.53
Fire on-scene arrival for emergency calls within six minutes	N/A	N/A	73.6%	73.9%	71.6%
Public Health:					
Percentage of beach days that are safe for swimming in summer	N/A	N/A	94%	93%	87%
Homeless population ratio vs. total population (1)	N/A	N/A	0.91%	0.93%	0.80%
Community and Cultural					
Public library computer session log-ons	N/A	N/A	305,130	348,982	437,211
Parks, recreation programs - youth and teen attendance	N/A	N/A	647,705	646,035	726,812
Public Works:					
Number of trees trimmed	14,908	25,629	28,401	34,342	25,682
Curbs and alleys swept in miles	164,253	157,976	165,706	176,542	163,298
Sidewalk repaired in square feet	426,559	379,070	436,505	363,089	260,742
Storm drain catch basins cleaned	10,202	3,911	5,110	4,744	5,800
Gas:					
Gas consumption in sales dollars-total	\$ 79,665,000	\$ 91,575,000	\$ 100,336,000	\$ 92,323,000	\$ 101,834,000
Gas consumption in cubic feet (In 000's)	11,982,873	11,792,301	10,659,740	10,924,000	10,122,000
Average daily gas consumption (MCF)	32,830	32,308	30,186	29,928	27,655
Gas mains installed/replaced/relocated in feet (2)	14,838	60,460	83,086	80,096	69,026
Gas meters installed/removed/replaced	4,716	5,482	6,880	7,352	7,416
Water:					
Water daily demand in thousand gallons	63,331	53,118	59,317	60,969	55,302
Water annual demand in thousand gallons	23,115,870	19,388,070	21,650,844	22,253,636	20,185,133
Available supply total in thousand gallons	25,071,954	22,960,765	23,607,579	24,253,546	22,346,927
Sewer:					
Sewer mains cleaned in miles	437	338	474	361	365
Sewer mains and laterals repaired in number of jobs	316	246	296	270	278
Airport:					
Number of commercial passengers enplaned	1,479,623	1,520,918	1,412,636	1,446,120	1,439,598
Number of commercial passengers deplaned	1,462,348	1,506,953	1,402,379	1,434,463	1,438,407
Number of aircraft landings and take offs	343,993	344,377	360,811	399,622	354,727
Solid Waste Management:					
Number of refuse tons collected	224,331	225,467	216,725	199,995	201,816
Number of recycling tons collected	N/A	N/A	31,413	178,773	195,291
SERRF tons of refuse received	490,196	463,956	495,794	502,558	485,207
SERRF energy sold to So Cal Edison megawatt-hours	233,062	206,640	236,384	241,839	229,664
Harbor:					
Number of container movements in twenty-foot equivalent units	5,355,972	6,644,080	7,166,771	7,361,881	6,736,756
Cargo in thousands of metric revenue tons	138,023	158,136	168,416	173,037	162,910
Number of ship calls	4,997	5,301	5,588	5,653	5,140

Sources: City Departments.

(1) The homeless population count is biannual.

See accompanying independent auditors' report

Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Function
					Public Safety:
4.07	4.00	4.20	4.35	4.35	Police priority one calls response time in minutes
6.51	6.42	5.90	6.18	5.85	Violent crime rate - per 1,000 residents
70.5%	67.7%	62.9%	60.8%	55.1%	Fire on-scene arrival for emergency calls within six minutes
80%	83%	85%	91%	94%	Percentage of beach days that are safe for swimming in summer
0.80%	0.79%	0.93%	0.93%	0.93%	Homeless population ratio vs. total population (1)
					Community and Cultural
420,100	385,514	330,375	331,028	N/A	Public library computer session log-ons
652,953	699,391	744,103	745,052	636,796	Parks, recreation programs - youth and teen attendance
19,300	21,618	19,986	28,021	24,668	Number of trees trimmed
154,152	142,000	151,743	156,537	150,804	Curbs and alleys swept in miles
203,805	348,394	179,641	481,497	382,536	Sidewalk repaired in square feet
3,122	163,618	3,550	3,800	3,004	Storm drain catch basins cleaned
					Gas:
\$ 71,294,000	\$ 67,674,000	\$ 78,663,000	\$ 70,193,000	\$ 68,229,000	Gas consumption in sales dollars-total
9,137,000	8,902,000	9,388,000	9,135,000	9,092,000	Gas consumption in cubic feet (In 000's)
25,034	24,389	25,721	24,959	24,910	Average daily gas consumption (MCF)
91,217	61,855	66,567	84,594	108,646	Gas mains installed/replaced/relocated in feet (2)
7,290	8,713	7,150	8,664	6,093	Gas meters installed/removed/replaced
50,688	50,653	50,910	52,260	53,079	Water daily demand in thousand gallons
18,501,135	18,488,492	18,581,979	19,074,861	19,373,993	Water annual demand in thousand gallons
20,523,106	20,687,237	20,604,243	21,330,532	21,538,947	Available supply total in thousand gallons
					Sewer:
424	547	470	414	535	Sewer mains cleaned in miles
215	182	259	261	241	Sewer mains and laterals repaired in number of jobs
					Airport:
1,466,499	1,460,041	1,532,442	1,643,383	1,497,503	Number of commercial passengers enplaned
1,464,412	1,461,890	1,549,164	1,634,345	1,492,430	Number of commercial passengers deplaned
302,672	317,328	302,763	287,699	284,193	Number of aircraft landings and take offs
					Solid Waste Management:
217,349	209,289	194,462	187,505	187,146	Number of refuse tons collected
197,104	193,820	180,160	172,143	169,264	Number of recycling tons collected
488,999	485,207	460,906	474,689	470,510	SERRF tons of refuse received
226,866	229,664	208,663	220,867	226,592	SERRF energy sold to So Cal Edison megawatt-hours
					Harbor:
5,282,385	5,936,066	6,298,840	5,857,218	6,647,975	Number of container movements in twenty-foot equivalent units
135,255	147,357	154,417	144,230	144,230	Cargo in thousands of metric revenue tons
4,933	4,826	4,758	4,158	4,158	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 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
Public Safety:					
Number of police stations	1	1	1	1	1
Number of police substations (full facility)	2	2	2	3	3
Number of police storefront stations	4	4	4	4	4
Number of fire stations	23	23	23	23	23
Community and Cultural:					
Number of parks	103	108	115	116	150
Parks and golf courses in acres	2,814	2,817	2,855	2,873	3,061
Number of libraries	12	12	12	12	12
Number of library holdings (books, videos, tapes)	1,013,730	998,330	984,727	972,499	977,197
Number of library circulations	1,536,968	1,467,069	1,396,443	1,458,862	1,695,540
Public Works:					
Street in miles	815	815	815	815	815
Storm drain lines in miles	180	180	180	180	181
Number of street lights (1)	30,839	31,582	31,582	31,582	31,000
Gas:					
Gas mains in miles	920	922	922	921	920
Water:					
Water mains in miles	907	907	907	905	904
Number of fire hydrants	6,640	6,501	6,505	6,489	6,507
Number of water services	94,730	94,860	N/A	N/A	95,432
Sewer:					
Sanitary sewers in miles	712	712	712	711	711
Number of manholes	16,031	16,041	16,044	16,055	16,078
Sanitary sewer pump stations	28	28	28	28	28
Storm drain pump stations	23	23	23	23	23
Harbor:					
Sanitary sewer pump stations	N/A	N/A	N/A	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	1	1	1

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

Sources: City Departments.

See accompanying independent auditors' report

Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Function
					Public Safety:
1	1	1	1	1	Number of police stations
3	3	3	3	3	Number of police substations (full facility)
3	3	3	-	-	Number of police storefront stations
23	23	23	23	23	Number of fire stations
					Community and Cultural:
155	159	160	162	161	Number of parks
3,063	3,120	3,120	3,124	3,121	Parks and golf courses in acres
12	12	12	12	12	Number of libraries
916,504	889,669	888,975	818,390	782,571	Number of library holdings (books, videos, tapes)
1,562,913	1,644,125	1,561,713	1,551,997	1,391,825	Number of library circulations
					Public Works:
815	815	823	823	823	Street in miles
181	180	180	180	180	Storm drain lines in miles
31,000	31,000	31,000	31,000	31,550	Number of street lights
					Gas:
918	921	931	937	945	Gas mains in miles
					Water:
908	909	911	911	912	Water mains in miles
6,525	6,529	6,603	6,594	6,589	Number of fire hydrants
95,424	95,398	95,629	95,643	95,607	Number of water services
712	712	712	712	714	Sanitary sewers in miles
16,129	16,135	16,147	16,148	16,158	Number of manholes
28	28	28	28	28	Sanitary sewer pump stations
23	23	23	23	23	Storm drain pump stations
					Harbor:
32	34	36	34	37	Sanitary sewer pump stations
20	20	20	23	21	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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