

City of Long Beach

California



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2019

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An aerial, black-and-white photograph of a beach scene. In the foreground, there's a sandy area with several people and beach umbrellas. A lifeguard stand is visible on the left. The ocean is in the background, with waves breaking. The overall tone is serene and captures a typical beach day.

Comprehensive Annual Financial Report

City of Long Beach, California

**For the Fiscal Year Ended
September 30, 2019**

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



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City of Long Beach, California
Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2019

Prepared by the Department of Financial Management

John Gross
Director of Financial Management

Stephen W. Hannah
City Controller

Ruby Carrillo-Quincey
Assistant City Controller

Glenda Pakingan
Accounting Operations Officer

Angie Tran
Senior Accountant

Michael Carrigg
Senior Accountant

Georgia Will
Senior Accountant

Kalpna Desai
Senior Accountant

Kim-Hang Nguyen
Accountant

Lilia Hom
Senior Accountant

Sarah Castillo
Accountant

Shelby Miller
Accountant

Alex Powers
Accountant

Toulip Torn
Accountant

Phuong Pham
Accountant

Mai-Ly Nguyen
Accountant

Gretchen Monroe
Accountant

Amanda Johnson
Accountant

Khanh Do
Accountant

Jennifer Mota
Accounting Technician

Elaine Harmon
Accounting Technician

Reuben Belleza
Accounting Technician

Doreen Sovolskis
Accounting Technician

Cathy Pingol
Senior Accountant

Jackie Pham
Accounting Technician

Marziah Sepahifar
Accounting Clerk

Elsa Castaneda
Administrative Analyst

Joanne Medina
Accounting Technician

Cassandra Tan
Assistant City Treasurer

Fidel Aguayo
Assistant City Treasurer

Cover Photography *SWH*

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City of Long Beach
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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INTRODUCTORY SECTION

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March 30, 2020

Honorable Mayor and City Council
City of Long Beach

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the City of Long Beach (City) for the fiscal year ended September 30, 2019. This report was prepared in accordance with all the appropriate rules and guidelines and audited by KPMG LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the City's financial statements are free of material misstatement. The independent auditors concluded that there was a reasonable basis for rendering an unmodified opinion for this fiscal year. The independent auditors' report is presented as the first component of the financial section of this report.

This report contains management's representations concerning the City's finances, is free of material misstatement, and management assumes full responsibility for the completeness and reliability of all the information presented. To provide a reasonable basis for making these representations, the City's 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 this report. As the cost of internal controls should not exceed the benefits derived from those controls, 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.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditors report 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 along with it.

Financial data for all funds of the City, as well as all its blended component units are included within the report. Blended component units are, although legally separate entities, in substance, part of the City's operations. A discretely presented component unit, Long Beach Transit, is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the City and to differentiate its financial position and results of operations from that of the City.

A specialized audit of City financial transactions, called the Single Audit, is separately required due to the City's use of Federal funding. The unique standards governing Single Audit engagements require the independent auditor to report on the City's fair presentation of the financial statements, and the City's internal controls and compliance with legal requirements, with a special emphasis on those involving federal awards. The City's separately issued Single Audit report is available by contacting the City's Financial Management Department.



About the City and its Government

Long Beach is a Charter City, incorporated in 1897, in Southern California within the County of Los Angeles. Having an estimated 467,000 residents, it is the seventh most populous city in the state. The City has a Mayor, elected at-large, and a nine-member council, elected by district, all for four-year terms. The City Auditor, Prosecutor and Attorney are elected at large and also serve four-year terms. The City has a diverse economic base including international trade, oil, aerospace, aviation, healthcare, education, and tourism. On September 21, 2019, the City of Long Beach said farewell to Mr. Patrick H. West and welcomed Mr. Tom Modica as the Acting City Manager.

Many award-winning facilities and services were available to our citizens during 2019. These include public safety, parks, libraries, health service, public works, water, sewer and gas utilities, oil and gas production, a world class port, and a nationally recognized airport. In 2019, violent crimes declined by 6.8% and the Long Beach Police prevented a potentially catastrophic threat of violence thanks to a tip from the Community. The City's fleet operation received the Top 25 Green Fleets award from Heavy Duty Trucking Magazine for leading the industry in green practices, policies and technology improvements. The Water department is ranked as seventh in the Western US for customer satisfaction and Long Beach airport has been awarded Best Airport Dining in the USA. Long Beach Airport also received the Art Deco Society of California Preservation award for the historic terminal and installed a monument at the airport entrance celebrating the history of aviation.

Long Beach is making continuous improvement in livability throughout the community with its investment in an award-winning Parks System, increased resources for streets and infrastructure, awards for technology, and more. Long Beach ranked in the top 20 Best Parks systems in the U.S.A., remains one of the most bike friendly cities in the nation, and for the ninth consecutive year was recognized as a Top 10 Digital City. The Foam Free LB campaign has been very successful in making sure local businesses comply with the City's Expanded Styrene ordinance. The ordinance is a measure to reduce the pollution caused by single use products, and the cost of cleaning them up when they find their way onto City sidewalks, beaches and waterways. The City Council is expected to expand restriction on the use of these products in FY20. The City has issued bonds to build a Public Safety parking structure to allow their many vehicles to be centrally located and allow more room for public and City staff parking. The Pow Wow! Long Beach program installed two colorful murals to the Civic Center Parking Structure in 2019, bringing beauty, art and a sense of community to the New Civic Center.

The City remains committed to providing support services and a healthy environment for Long Beach citizens. Thousands of housing units were built or rehabilitated to provide clean and safe housing opportunities for residents in all economic situations. Several City departments (e. g. Health, Police, Fire) provide outreach services to address the causes of homelessness and the effects on the community. The City completed 930 ally and neighborhood clean ups, removing more than 79 tons of litter. Other clean-up work was done, eliminating several homeless encampments from City and Private properties as part of an Interjurisdictional Collaborative and establishing over 200 mosquito traps and monitoring sites to prevent the spread of disease. Outreach events have been educating and empowering Long Beach residents on how to live healthy lives and assisted 2,849 individuals with the obtaining health insurance coverage.



The Port of Long Beach is a world class green port, protecting the environment while helping Long Beach to grow and prosper. The Port also has one of the highest credit ratings for any US seaport allowing the Port to embrace growth opportunities at a modest cost.

Economic Outlook

Long Beach has drawn from the strength and adaptability of the local economy to maximize opportunities in today's global world economy. The blending of local, national and international businesses keep Long Beach growing and adapting to meet the constantly changing needs of today's modern life. During 2019, the unemployment rate in Long Beach reached 4.7 percent, its lowest level since 1990. The vibrant and growing television and film industry has selected Long Beach for the filming of many television shows like NCIS:LA, 911, Lodge 49 and Animal Kingdom and feature films like The Banker and The Way Back. As the City's business community grows, the need for housing of all types also grows. To accommodate this growth, thousands of diverse new residential projects have been approved for construction. Along with the completion of the New Civic Center, Long Beach has issued 12,675 building permits with a value of \$656 million dollars, helping to change the Long Beach skyline. In addition to the improvements that can be easily seen, and equally important to the safety of the citizens and visitors, were 22 miles of sidewalk replaced, 25 miles of lane line markings reapplied, and 10 miles of curbs repainted by City staff and contractors.

The City is committed to protecting the environment and the City's resources. The Port continues to actively manage the pollution generated by the vessels stopping in Long Beach. In its efforts to reduce carbon emissions, the City has completed the first phase of the upgrade and will begin phase two; new coprocessors and equipment to improve efficiency. The City has also invested in a reliable, low polluting public transportation system, improving the mobility and livability of Long Beach's diverse communities. Converting the bus fleet to CNG, improving bus stops, updating cross walks and coordinating the timing of traffic signals provide a safer and more secure environment for bus riders, pedestrians and motorists.

The City continues to use innovation to maintain and improve services needed by the citizens. The 2019 budget included innovative changes throughout the City's organization. Some of these improvements included, continued outreach focused on meeting the specialized needs the homeless, preparing for deployment of body worn cameras, renewed commitment to community meetings, the opening of new Billie Jean King Main Library, the new 'Visions' wing on the Aquarium of the Pacific, and achieving an 88% save rate at Long Beach Animal Care Services. The Long Beach Airport invested \$58.8 million in the Phase II Terminal Improvements and traffic flow, making both residents and visitors feel safe and enthusiastic about their aviation journey to Long Beach.

The City continues to leverage improvements in technology to deliver service to the citizens. As LBCOAST is being phased in, City staff become expert users, and provide opportunities to improve information and service deliver. A Digital Inclusion Roadmap is being developed to assure that City residents may access and make use of the information and services available to them on line. A Jobs Corps center has been opened to provide opportunities for youth choosing a career in the Automotive Trade. The City has partnered with other Long Beach organizations to support and develop Small Businesses and Tech startup companies. These partnerships have created jobs and gathered capital investment during FY19 and will



help Long Beach's creative business minds build opportunities and careers for the City and its residents in 2020 and beyond.

The 2020 budget includes many improvements to the services and facilities available in Long Beach. The City has been awarded \$3.26 million in HUD grants to support the improvements to low and very low-income housing. El Dorado Park will see improvements at the Duck Pond, at Houghton Park Community Center, and the Parks department will continue to provide a healthy meal to children through the Summer Youth Program. The Long Beach Police will have an improved parking facility to keep the vehicles close by, secure and allow more spaces in other City facilities for public parking. Outreach and Education events will continue to bring life improvements to Long Beach citizens.

There will always be challenges which will require current and future commitment of the City to actively address. Long Beach will continue to meet these challenges by building on the City's diversity and strong sense of community. We are "many unique neighborhoods, one great city."

Acknowledgments and Certificate of Achievement for Financial Reporting

We wish to acknowledge the participation and professional contribution of the Financial Management Department and other City departments' staff in the preparation of this document. The CAFR requires a much effort and time, above that of normal daily job duties. The continued dedication of all staff involved in the development of this CAFR is most appreciated.

For the twelfth 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, 2018. To be awarded a Certificate of Achievement, a government must publish an easy to read and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. 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.

Respectfully submitted,



THOMAS B. MODICA
Acting City Manager



JOHN GROSS
Director of Financial Management



**Directory of City Officials
As of September 30, 2019**

Dr. Robert Garcia

Mayor

Dee Andrews

Vice-Mayor - 6th District

Vacant

Councilmember - 1st District

Suzie A. Price

Councilmember - 3rd District

Stacy Mungo

Councilmember - 5th District

Al Austin

Councilmember - 8th District

Jeannine Pearce

Councilmember - 2nd District

Daryl Supernaw

Councilmember - 4th District

Roberto Uranga

Councilmember - 7th District

Rex Richardson

Councilmember - 9th District

Elected Department Heads

City Attorney

Charles Parkin

City Auditor

Laura L. Doud

City Prosecutor

Douglas P. Haubert

Appointed by Council or Commission

City Clerk

Monique De La Garza

Executive Director - Civil Service

Christina P. Winting

Chief Executive - Harbor

Mario Cordero

General Manager - Water

Christopher J. Garner

City Management

Acting City Manager

Thomas B. Modica

Acting Assistant City Manager

Rebecca Guzman Garner

Deputy City Manager

Kevin J. Jackson

Interim Deputy City Manager

Teresa S. Chandler

Chief of Police

Robert G. Luna

Fire Chief

Xavier Espino

Director of Financial Management

John Gross

Director of Health and Human Services

Kelly Colopy

Director of Development Services

Linda Tatum

Director of Economic and Property Development

John Keisler

Director of the Long Beach Airport

Cynthia Guidry

Director of Human Resources

Alejandrina Basquez

Director of Library Services

Glenda Williams

Director of Long Beach Energy Resources

Robert Dowell

Director of Parks, Recreation, and Marine

Gerardo Mouet

Director of Public Works

Craig Beck

Director of Technology and Innovation

Lea Eriksen

Director of Disaster Preparedness and Emergency Communications

Reginald I. Harrison



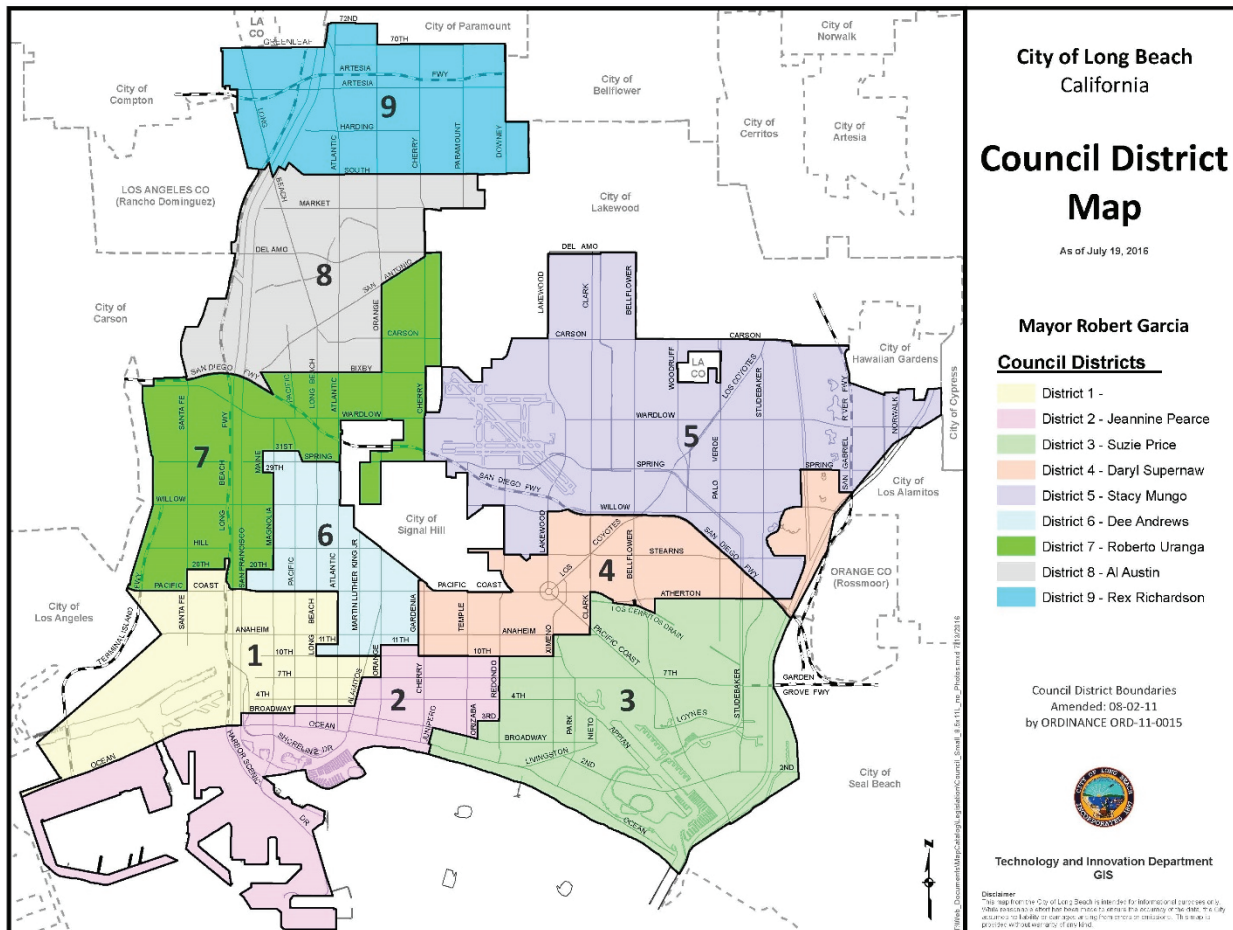
Council District 1
Vacant

Council District 2
Jeannine Pierce

Mayor
Robert Garcia

Council District 3
Suzie Price

Council District 4
Daryl Supernaw



Council District 5
Stacy Mungo

Council District 6
Vice Mayor
Dee Andrews

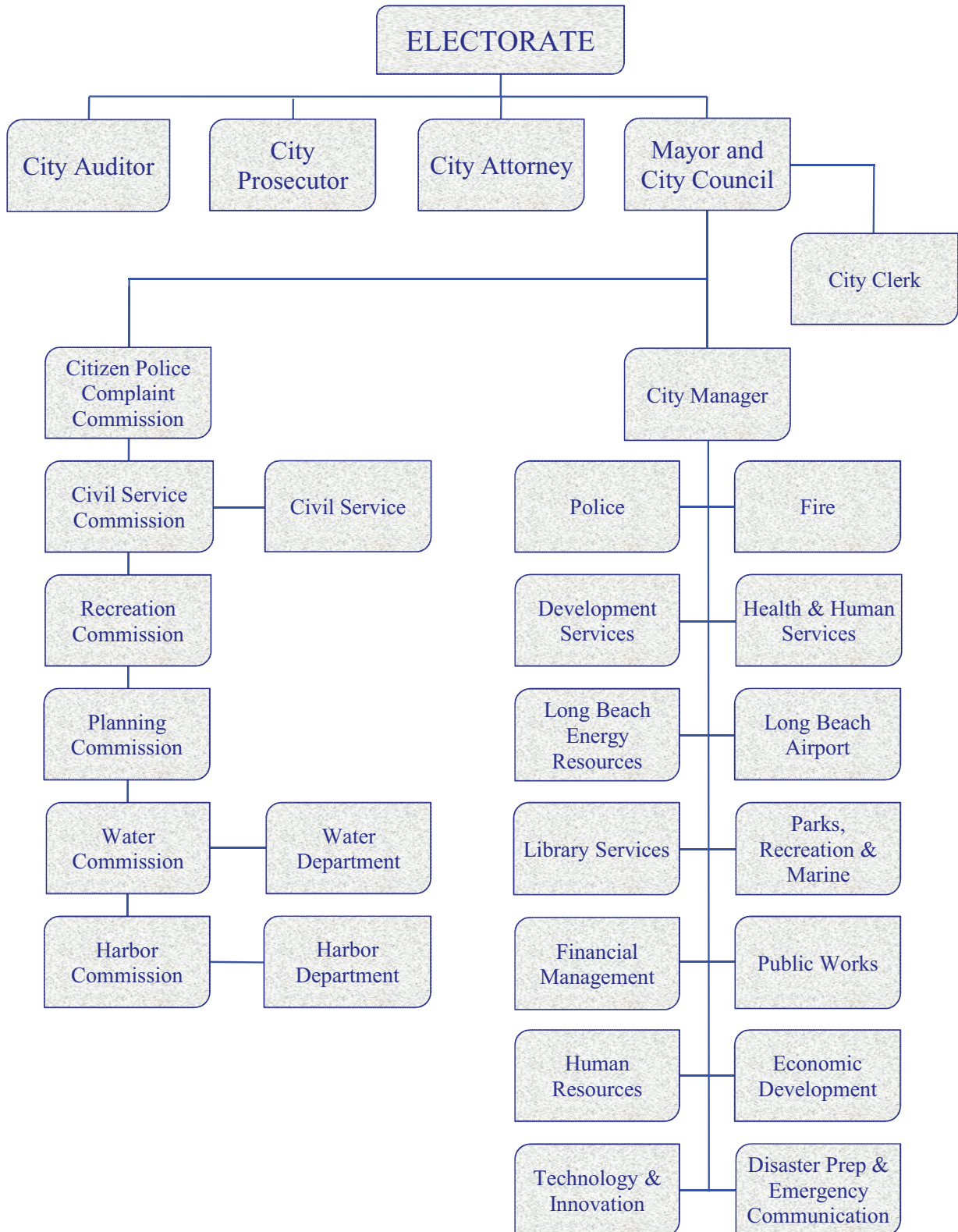
Council District 7
Roberto Uranga

Council District 8
Al Austin

Council District 9
Rex Richardson

ORGANIZATIONAL CHART LONG BEACH, CALIFORNIA

As of September 30, 2019





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, 2018

Christopher P. Morrell

Executive Director/CEO

FINANCIAL SECTION

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KPMG LLP
Suite 1500
550 South Hope Street
Los Angeles, CA 90071-2629

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 aggregate 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, 2019, 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 Long Beach Public Transportation Company (the Company), which is the City's only discretely presented component unit. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Company, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the 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 auditors, 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis and the schedules listed under required supplementary information under the financial section in the table of contents (collectively referred to as required supplementary information) 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 of Long Beach's basic financial statements. The accompanying supplementary information identified in the table of contents as the introductory section, additional financial information section, other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional financial and other supplementary information sections, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial and other supplementary information sections are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2020 on our consideration of the City of Long Beach'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Long Beach's 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 City of Long Beach's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
March 31, 2020



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MANAGEMENT'S DISCUSSION AND ANALYSIS

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The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019

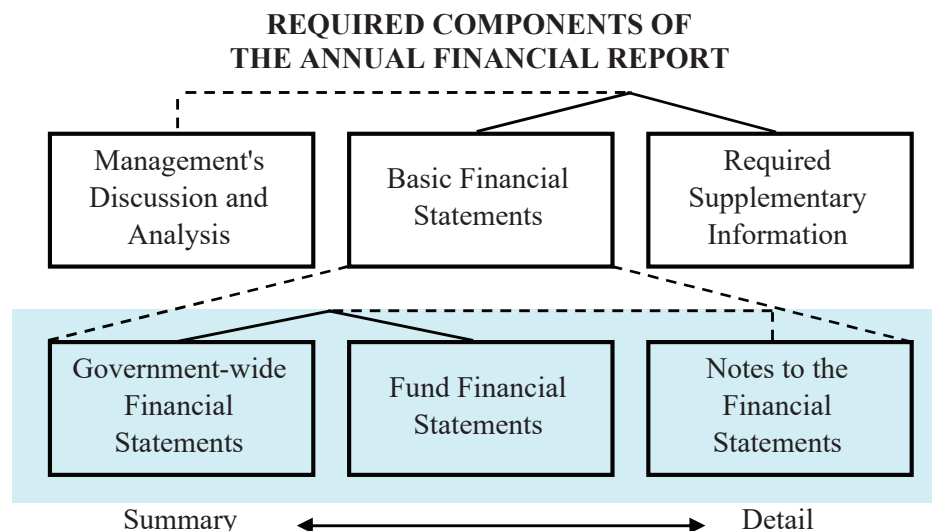
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2019. We encourage readers to consider this information in conjunction with the information found in the letter of transmittal.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$5.2 billion. Of this amount, \$5.0 billion represents net investment in capital assets, and \$726.5 million represents resources that are subject to restrictions on how they may be used (*restricted net position*). The City reports a deficit unrestricted net position of \$505.5 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$387.6 million, an increase of \$36.9 million or 10.5 percent, from the prior fiscal year end. Of these balances, \$3.8 million are nonspendable, \$204.8 million are restricted, \$70.9 million are committed, \$107.9 million are assigned, and \$138 thousand is unassigned.
- The fund balance of the General Fund was \$126.5 million. This represents a decrease of \$9.9 or 7.2 percent from the prior fiscal year. Of this balance, \$1.4 million is nonspendable, \$5.0 million is restricted, \$69.4 million is committed, \$50.5 million is assigned, and \$138 thousand 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 include three components: The *Government-wide Financial Statements*, the *Fund Financial Statements*, and the *Notes to the Basic Financial Statements*. This report also contains other supplementary information in addition to the basic financial statements, including non-major fund financial statements and a statistical section.



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Basic Financial Statements

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

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

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

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

The amounts in the statement of net position and the statement of activities are separated into Governmental and Business-type Activities in order to provide a summary of each type of activity.

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

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

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

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

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

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

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

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

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

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

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

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

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

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

| | 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. |
| 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 custodial 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. |

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, 2019, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$5.2 billion, an increase of \$175.7 million, or 3.5 percent, from the prior fiscal year.

Net investment in capital assets accounted for \$5.0 billion, or 95.8 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 by \$167.6 million, or 3.5 percent, from the prior fiscal year. The increase of \$41.1 million in governmental activities is attributable to payment of related debt of \$38.1 million and completion of projects including implementation of the enterprise resource planning (ERP) system Phase I. The \$126.5 million increase in business-type activities is mostly due to increases in net investment in capital assets in the Harbor fund. The increase in Harbor of \$102.2 million resulted from the payment of related debt of \$46.0 million, and investment in their new headquarters building and Gerald Desmond Bridge projects.

Restricted net position amounted to \$726.5 million, representing 13.9 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.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

The remaining deficit balance of \$505.5 million is the net of the \$844.5 million governmental activities deficit unrestricted net position (mostly related to pension liabilities) and the \$339.0 million business-type activities unrestricted net position balance.

Net Position
September 30, 2019 and 2018
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Totals | |
|--|----------------------------|------------|-----------------------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Assets: | | | | | | |
| Current and Other Assets | \$ 1,011,966 | \$ 999,557 | \$ 2,520,122 | \$ 2,532,212 | \$ 3,532,088 | \$ 3,531,769 |
| Capital Assets | 1,051,729 | 939,802 | 6,152,291 | 5,964,298 | 7,204,020 | 6,904,100 |
| Total Assets | 2,063,695 | 1,939,359 | 8,672,413 | 8,496,510 | 10,736,108 | 10,435,869 |
| Deferred Outflows | 127,144 | 167,435 | 57,275 | 69,786 | 184,419 | 237,221 |
| Total Assets and Deferred Outflows | 2,190,839 | 2,106,794 | 8,729,688 | 8,566,296 | 10,920,527 | 10,673,090 |
| Liabilities: | | | | | | |
| Current Liabilities | 225,296 | 214,009 | 306,355 | 527,448 | 531,651 | 741,457 |
| Noncurrent Liabilities, Net | 1,768,103 | 1,661,268 | 2,574,791 | 2,416,853 | 4,342,894 | 4,078,121 |
| Total Liabilities | 1,993,399 | 1,875,277 | 2,881,146 | 2,944,301 | 4,874,545 | 4,819,578 |
| Deferred Inflows | 194,829 | 212,679 | 607,824 | 573,164 | 802,653 | 785,843 |
| Total Liabilities and Deferred Inflows | 2,188,228 | 2,087,956 | 3,488,970 | 3,517,465 | 5,677,198 | 5,605,421 |
| Net Position: | | | | | | |
| Net Investment in Capital Assets | 418,191 | 377,098 | 4,604,194 | 4,477,724 | 5,022,385 | 4,854,822 |
| Restricted | 428,903 | 403,557 | 297,552 | 298,613 | 726,455 | 702,170 |
| Unrestricted | (844,483) | (761,817) | 338,972 | 272,494 | (505,511) | (489,323) |
| Total Net Position | \$ 2,611 | \$ 18,838 | \$ 5,240,718 | \$ 5,048,831 | \$ 5,243,329 | \$ 5,067,669 |

Key Changes in the Statement of Net Position:

The City's current and other assets increased remained nearly the same when compared to the prior fiscal year. Governmental activities increased \$12.4 million, primarily due to increased Measure A and property tax revenues. Business-type activities decreased \$12.1 million mostly due to increased gas prices.

Citywide, capital assets increased \$299.9 million or 4.3 percent. Governmental activities increased \$111.9 million, or 11.9 percent, and is primarily attributable to the completion of the new Civic Center complex. Business-type activities increased \$188.0 million, or 3.2 percent. The change in business-type activities resulted from asset construction to include the new Port of Long Beach Headquarters building and the continued work on the Gerald Desmond Bridge project.

Deferred outflows decreased \$52.8 million. Governmental activities deferred outflows decreased \$40.3 million and business-type activities decreased \$12.5 million. The decrease is attributable to several changes in assumptions in actuarial valuations by CalPERS for the City's Miscellaneous and Safety pension plans including mortality, retirement rates, salary scale and inflation.

The City's current liabilities decreased \$209.8 million, or 28.3 percent. Governmental activities increased \$11.3 million, or 5.3 percent, and business-type activities decreased \$221.1 million or 41.9 percent. The increase in governmental activities resulted from increased accounts payable and liabilities related to accrued employee benefits at fiscal year-end. The decrease in business-type activity pertains to debt repayment of \$221.7 million for the Port Headquarters, which was refunded during the fiscal year.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Overall, noncurrent liabilities increased \$264.8 million or 6.5 percent City-wide. Governmental activities increased \$106.8 million, or 6.4 percent mostly due to the City's commitment to the new City Hall and civic center complex, and business-type activities increased \$157.9 million or 6.5 percent. As explained above, the Harbor Department refunded current debt that caused the majority of the increase in the long-term bonds liability.

Deferred inflows increased \$16.8 million, or 2.1 percent. The change is due to a decrease in Governmental activities of \$17.9 million mostly due to changes in assumptions in actuarial valuations by CalPERS for the City's pension plans, offset by an increase of \$34.7 million in business-type activities resulting from the increase in the gas commodity swap.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Analysis of Changes in Net Position

The following table presents condensed information from the statement of activities for the fiscal years 2019 and 2018. 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.

| Changes in Net Position | | | | | | |
|------------------------------------|----------------------------|-------------|-----------------------------|--------------|--------------|--------------|
| September 30, 2019 and 2018 | | | | | | |
| (In Thousands) | | | | | | |
| | Governmental Activities | | Business-type Activities | | Totals | |
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 171,558 | \$ 140,542 | \$ 1,020,040 | \$ 985,787 | \$ 1,191,598 | \$ 1,126,329 |
| Operating Grants and Contributions | 167,793 | 187,038 | 932 | 2,768 | 168,725 | 189,806 |
| Capital Grants and Contributions | 67,976 | 10,739 | 96,660 | 99,586 | 164,636 | 110,325 |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property | 211,007 | 199,576 | - | - | 211,007 | 199,576 |
| Sales | 138,598 | 133,523 | - | - | 138,598 | 133,523 |
| Utility Users | 34,898 | 36,639 | - | - | 34,898 | 36,639 |
| Other | 51,066 | 51,558 | - | - | 51,066 | 51,558 |
| Franchise Taxes | 18,126 | 20,308 | - | - | 18,126 | 20,308 |
| Unrestricted Investment Earnings | 14,172 | 4,761 | 43,503 | 13,357 | 57,675 | 18,118 |
| Total Revenues | 875,194 | 784,684 | 1,161,135 | 1,101,498 | 2,036,329 | 1,886,182 |
| Expenses: | | | | | | |
| Legislative and Legal | 15,245 | 13,025 | - | - | 15,245 | 13,025 |
| General Government | 43,637 | 29,189 | - | - | 43,637 | 29,189 |
| Public Safety | 430,512 | 409,632 | - | - | 430,512 | 409,632 |
| Public Health | 57,729 | 53,045 | - | - | 57,729 | 53,045 |
| Community and Cultural | 183,825 | 167,624 | - | - | 183,825 | 167,624 |
| Public Works | 171,927 | 139,209 | - | - | 171,927 | 139,209 |
| Oil Operations | 3,777 | 3,755 | - | - | 3,777 | 3,755 |
| Interest on Long-Term Debt | 17,473 | 17,916 | - | - | 17,473 | 17,916 |
| Gas Utility | - | - | 110,991 | 83,276 | 110,991 | 83,276 |
| Water Utility | - | - | 95,970 | 98,204 | 95,970 | 98,204 |
| Tidelands Operating | - | - | 124,283 | 130,796 | 124,283 | 130,796 |
| Tideland Oil Revenue | - | - | 101,872 | 101,495 | 101,872 | 101,495 |
| Harbor | - | - | 309,722 | 298,441 | 309,722 | 298,441 |
| Non-major Enterprise Funds | - | - | 193,706 | 171,272 | 193,706 | 171,272 |
| Total Expenses | 924,125 | 833,395 | 936,544 | 883,484 | 1,860,669 | 1,716,879 |
| Increase (Decrease) in Net | | | | | | |
| Position before Transfers | (48,931) | (48,711) | 224,591 | 218,014 | 175,660 | 169,303 |
| Transfers | 32,704 | 25,954 | (32,704) | (25,954) | - | - |
| Total Change in Net Position | (16,227) | (22,757) | 191,887 | 192,060 | 175,660 | 169,303 |
| Net Position, Beginning of Year | 18,838 | 41,595 | 5,048,831 | 4,856,771 | 5,067,669 | 4,898,366 |
| Net Position, End of Year | \$ 2,611 | \$ 18,838 | \$ 5,240,718 | \$ 5,048,831 | \$ 5,243,329 | \$ 5,067,669 |

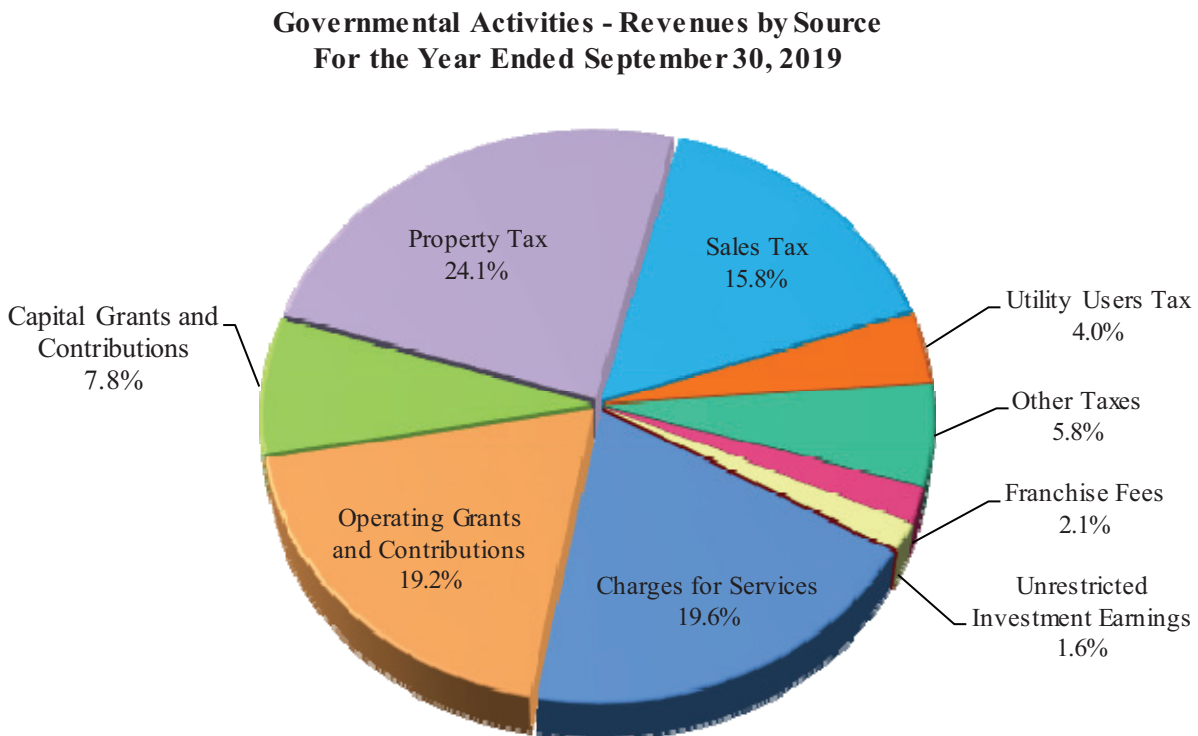
The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Governmental activities

Governmental activities net position decreased \$16.2 million when compared to the fiscal year 2018 financial report.

Total revenues for governmental activities (excluding transfers) increased \$90.5 million, or 11.5 percent. Contributing to this increase were increases in general revenues, such as sales and property taxes. Total governmental program expenses increased \$90.7 million, or 10.9 percent. These changes are further discussed in the paragraphs that follow.

The following chart illustrates governmental activities revenues by source.



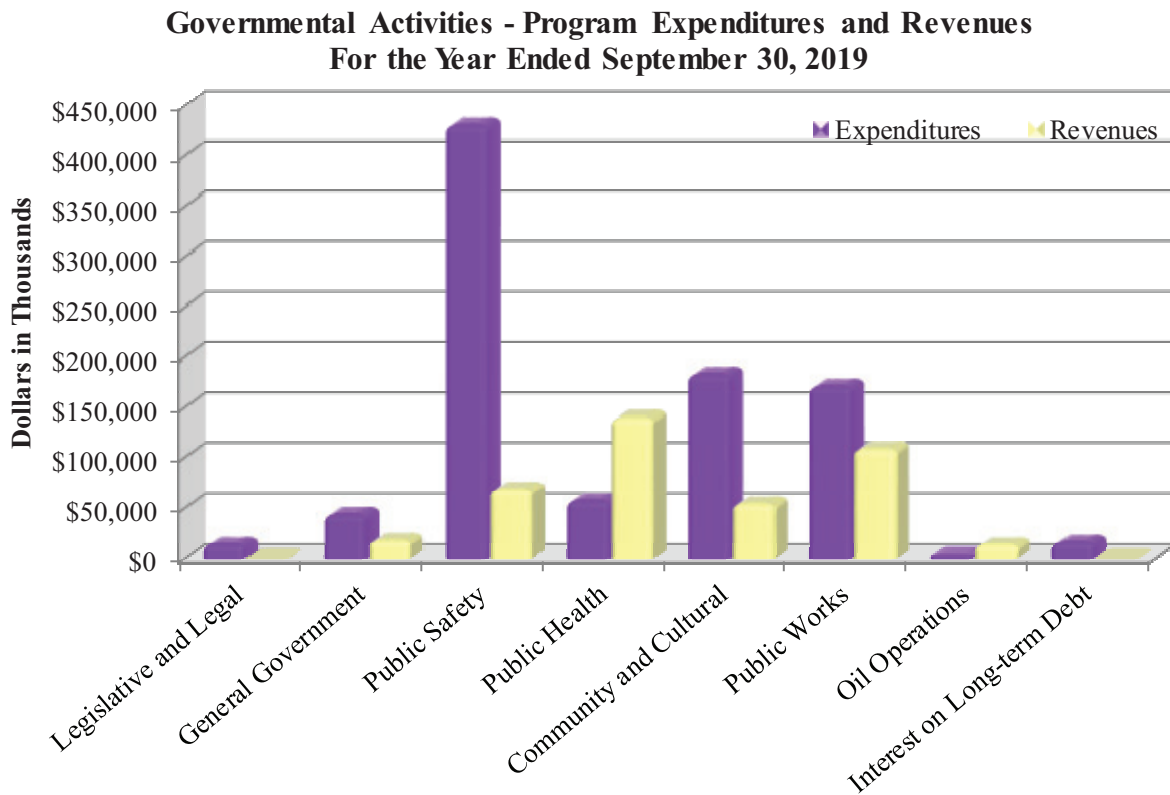
- The three largest revenue sources for governmental activities are property taxes, charges for services, and operating grants and contributions. Excluding transfers, these sources accounted for 62.9 percent of revenues. Together, these primary sources of governmental revenues increased \$23.2 million, or 4.4 percent, from the previous year. Property tax revenues increased \$11.4 million primarily due to higher assessed values on taxable property. Charges for services increased \$31.0 million primarily due to development permits, licenses and related fees, and cannabis license application fees and taxes. Operating grants and contributions decreased by \$19.2 million due to a decrease in qualifying expenditures submitted for reimbursement to grantor agencies.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Governmental activities expenses, excluding transfers, increased \$90.7 million or 10.9 percent.

- General Government expenses increased \$14.4 million, or 49.5 percent. The change is mostly due to the \$15.2 million payment made to refund the 2006 Parks and Open Space bonds.
- Public safety expenses increased \$20.9 million, or 5.1 percent. The change is attributable to increases in salaries, paid time off and pension costs.
- Community and cultural expenses increased \$16.2 million or 9.7 percent resulting from increased capital expenses for land and building purchases.
- Public works expenses increased \$32.7 million or 23.5 percent. The change is attributable to activity related to land acquisition and increased project spending related to Measure A revenue.

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

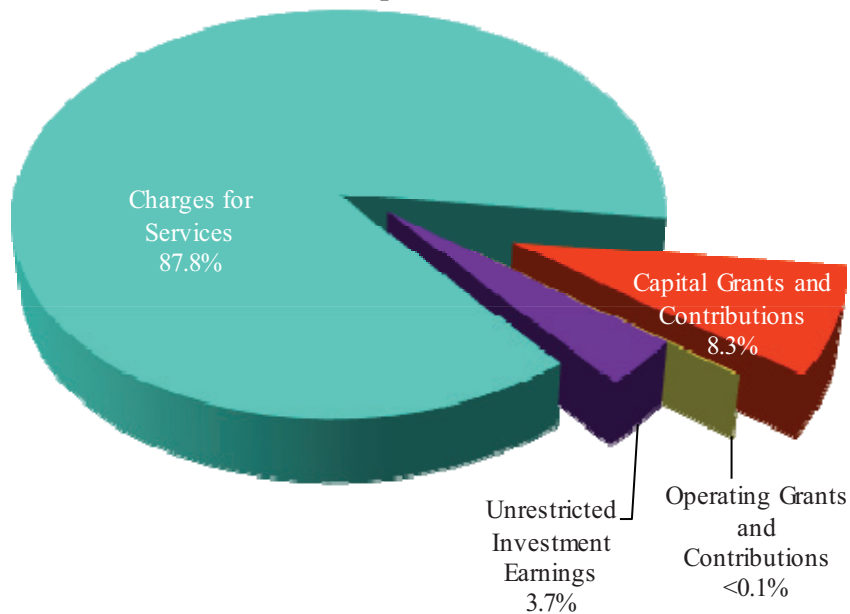


The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

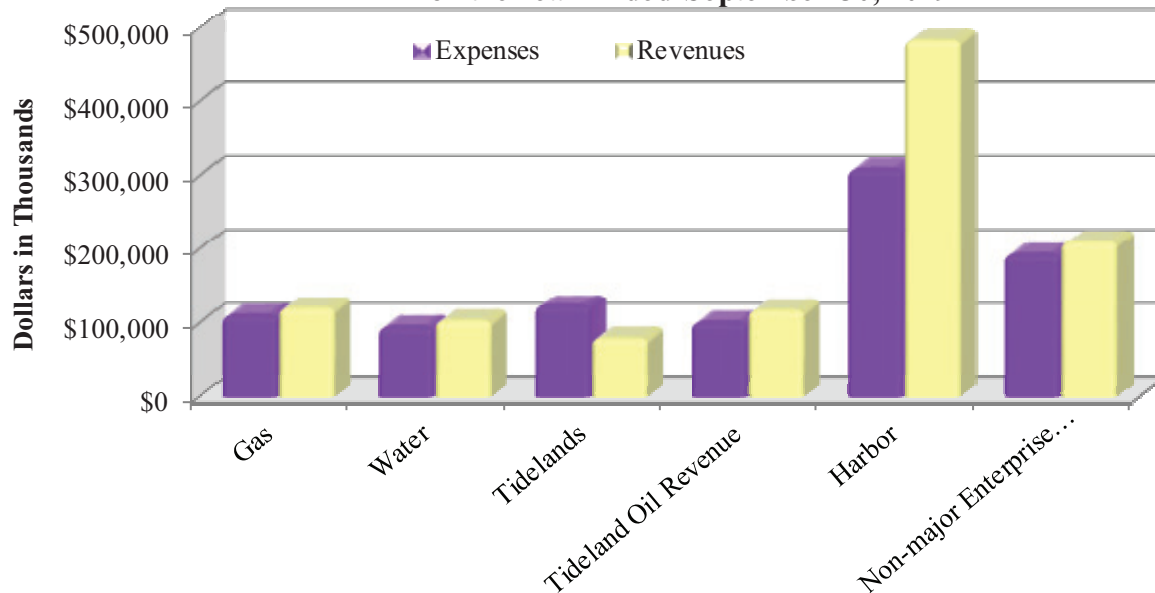
Business-type activities

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

**Business-type Activities - Revenues by Source
For the Year Ended September 30, 2019**



**Business-type Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2019**



The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Business-type activities increased net position \$191.9 million or 3.8 percent. Key elements in the current year's change in net position for various funds include:

- Gas Utility net position at fiscal year-end was deficit \$21.5 million, a \$5.6 million decrease from the prior fiscal year. On average, in FY19, the cost of gas increased 43% compared to FY18.
- Water Utility net position at fiscal year-end was \$296.1 million, a \$930 thousand increase over the prior fiscal year. The increase was due to increased revenues from water sales, increased grant revenues, and the first annual payment from the General Fund per a settlement agreement.
- Tidelands Operating Fund net position increased \$2.5 million, totaling \$305.5 million at fiscal year-end. Net loss before contributions and transfers amounted to \$33.0 million. Transfers from Tidelands Oil and Harbor amounted to \$36.0 million. Of this amount Harbor transferred \$20.6 million, consistent with City Charter mandated revenue sharing; and Tidelands Oil transferred \$15.4 million to fund tidelands operations and capital improvements.
- The Tidelands Oil Revenue fund posted a deficit net position of \$77.3 million, a slight increase of \$672 thousand from the prior year.
- Harbor's net position increased \$173.8 million, totaling \$4.3 billion at fiscal year-end. The increase primarily resulted from operating income of \$127.4 million along with the receipt of \$68.6 million in capital grants.
- Total net position for non-major business-type activities increased \$27.0 million, to \$521.9 million at fiscal year-end primarily due to increased returns on pooled investments, an increase in the Airport fund related to federal grant revenues, and the benefits of a strong economy.

Governmental Funds Financial Analysis

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

As of September 30, 2019, the City's governmental funds reported combined fund balances of \$387.6 million, an increase of \$36.8 million from the prior year. Further information can be found in *Note 16 – Government Activities Fund Balance*.

Governmental fund assets increased \$51.3 million, or 6.8 percent, from the prior fiscal year. Pooled and non-pooled Cash and Investments increased \$33.9 million, total receivables, including Noncurrent Receivables, increased \$18.3 million, and land held for resale decreased \$1.3 million.

Governmental fund liabilities increased \$13.4 million, or 14.2 percent. Deferred revenues increased \$5.1 million, amounts Due to Other Funds increased \$3.7 million and Accrued Wages Payable increased \$2.3 million.

Of the \$387.6 million total fund balances, \$204.8 million or 52.8 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

Restricted for Debt Service

Amounts restricted for debt service totaled \$45.3 million. Of this, \$17.5 is restricted for payment of Agency related debt and \$10.7 million is unspent bond proceeds needed for the construction of the public safety parking structure and the balance for various debt issuances of other governmental funds.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Restricted for Public Safety

Amounts restricted for public safety totaled \$6.7 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$3.5 million at the end of the fiscal year.
- Proposition H (Prop H), the Police and Fire Public Safety Oil Production Tax 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, 2019, Prop H funds for police and fire amounted to \$181 thousand.
- Impact fees restricted for public safety amounted to \$2.6 million.

Restricted for Public Health

Fund balance restricted for public health amounted to \$13.9 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$73.5 million. Restrictions include the following:

- Fund balance restricted within the Housing Development fund for the provision of low-and-moderate-income housing amounted to \$30.9 million. Of this, \$3.8 million offsets advances to other funds.
- Fund balance restricted within the Housing Assistance fund for programs to assist very low-income families, the elderly, and the disabled amounted to \$13.0 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$7.8 million.
- The Belmont Shore Parking Meter fund has restricted \$369 thousand as the first pledge of revenue for special assessment debt that benefited the Belmont Shore area of Long Beach.
- Grant funding in the amount of \$2.9 million is restricted in the General Grants fund.
- Fund balance restricted within the Community Development Grant fund amounted to \$4.8 million.
- Fund balance restricted within the Other Special Revenue fund for economic development totaled \$11.4 million at the close of the fiscal year.
- Development Impact Fees restricted for parks development amounted to \$2.7 million.

Restricted for Public Works

As of September 30, 2019, fund balance restricted for public works amounted to \$64.0 million. Restrictions include:

- \$11.7 million is restricted pursuant to the provisions of Proposition A. 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.
- \$19.1 million pursuant to the provisions of Proposition C. 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.
- \$2.4 million pursuant to Air Quality Management District AB2766 requirements. AB2766 funding is used to assist the City in meeting federal and state Clean Air Acts.
- \$4.4 million pursuant to Measure M. Measure M is a half-cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes.
- \$3.3 million is restricted for Measure R, a one-half cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes, including bus and highway corridor projects, streets and roads, and traffic control management.
- \$21.6 million is restricted related to State gas tax funding. Gas tax funding is restricted for the purpose of constructing and maintenance of streets and sidewalks.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Additionally, \$1.5 million is restricted under the provisions of the City Charter for the purpose of providing funding for new grant operations.

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, 2019 and 2018
(In Thousands)

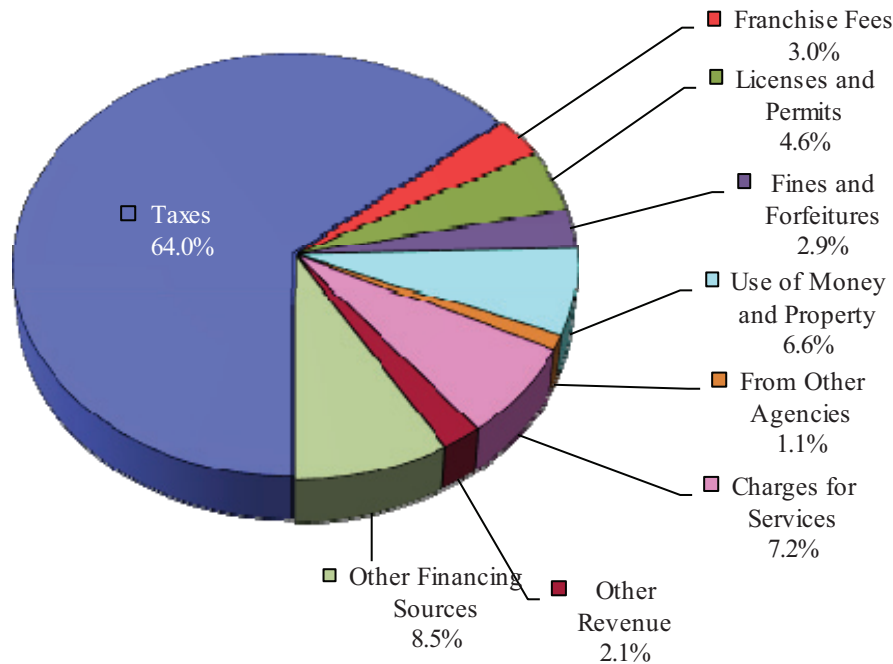
| <i>Revenues and Other Financing Sources</i> | <i>Fiscal Year 2019</i> | <i>Percent of Total</i> | <i>Fiscal Year 2018</i> | <i>Percent of Total</i> |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Taxes | \$ 384,255 | 64.0% | \$ 363,848 | 64.5% |
| Franchise Fees | 18,126 | 3.0% | 20,308 | 3.6% |
| Licenses and Permits | 27,869 | 4.6% | 18,501 | 3.2% |
| Fines and Forfeitures | 17,674 | 2.9% | 15,946 | 2.8% |
| Use of Money and Property | 39,489 | 6.6% | 35,470 | 6.3% |
| From Other Agencies | 6,493 | 1.1% | 5,723 | 1.0% |
| Charges for Services | 43,156 | 7.2% | 38,797 | 6.9% |
| Other Revenue | 12,798 | 2.1% | 7,749 | 1.4% |
| Other Financing Sources | 51,148 | 8.5% | 57,689 | 10.2% |
| | <u>\$ 601,008</u> | <u>100%</u> | <u>\$ 564,031</u> | <u>100%</u> |

General Fund revenues and other financing sources increased \$36.6 million, or 6.5 percent, from the prior fiscal year. Significant year-over-year changes include:

- Taxes increased \$20.4 million, or 5.6 percent primarily reflecting a \$18.8 million increase in property taxes as result of the redevelopment dissolution act winddown and land sale activities, and 5.9 million in additional sales tax revenues reflecting the improved economy.
- Franchise Fees decreased \$2.2 million, or 10.7 percent, as result of the passage of measure Mand a reclassification of most of this revenue to a transfer in.
- Licenses and Permits increased \$9.4 million or 50.6 percent mostly due to a \$3.9 million increase of cannabis license application and permit fees and taxes and a \$3.6 million increase in ambulance transport fees as collection of these fees has improved.
- Charges for services increased \$4.4 million or 11.2 percent due to increased MOU reimbursements for City services provided to various proprietary funds.
- Use of money and property increased \$4.0 million or 11.3 percent due to higher investment related accruals and earnings.
- Revenues derived from other financing sources decreased \$6.5 million, or 11.3 percent from the prior year, as fiscal year 2018 reported a transfer from the Successor Agency to the General Fund for a loan repayment.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

**General Fund Revenues and Other Financing Sources
For the Year Ended September 30, 2019**



General Fund Expenditures

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

**General Fund Expenditures and Other Financing Uses
September 30, 2019 and 2018
(In Thousands)**

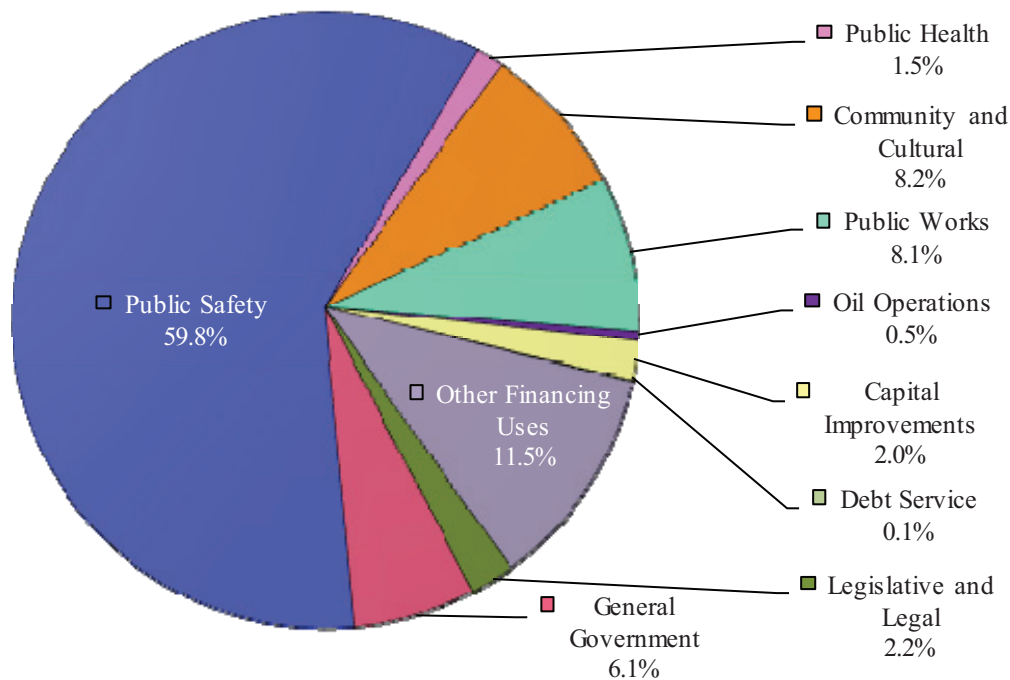
| <i>Expenditures and Other Financing Uses</i> | <i>Fiscal Year 2019</i> | <i>Percent of Total</i> | <i>Fiscal Year 2018</i> | <i>Percent of Total</i> |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| Legislative and Legal | \$ 13,458 | 2.2% | \$ 13,378 | 2.4% |
| General Government | 37,135 | 6.1% | 23,520 | 4.4% |
| Public Safety | 365,572 | 59.8% | 341,051 | 64.2% |
| Public Health | 9,006 | 1.5% | 8,464 | 1.6% |
| Community and Cultural | 49,862 | 8.2% | 46,607 | 8.8% |
| Public Works | 49,797 | 8.1% | 41,975 | 7.9% |
| Oil Operations | 2,774 | 0.5% | 2,945 | 0.6% |
| Capital Improvements | 12,081 | 2.0% | - | 0.0% |
| Debt Service | 451 | 0.1% | - | 0.0% |
| Other Financing Uses | 70,723 | 11.5% | 53,026 | 10.0% |
| | <u>\$ 610,859</u> | <u>100%</u> | <u>\$ 530,966</u> | <u>100%</u> |

Expenditures, including other financing uses, increased \$79.5 million, or 15.0 percent, from fiscal year 2018. Significant changes include:

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

- An increase in public safety of \$24.5 million, or 7.2 percent, reflecting an increase in staffing for both the police and fire departments, and increased pension costs.
- Increased General Government expenditures of \$13.6 million, or 57.9 percent, primarily resulting from \$10.2 million in legal settlement payments.
- A \$3.3 million, 7.0 percent, increase in Community and Cultural expenditures mostly from increased benefit costs.
- Public Works expenditures increased \$7.8 million, or 18.6 percent primarily as result of additional costs associated with Measure A, the new civic center and benefits.
- An increase of \$17.7 million, or 33.4 percent in other financing uses related to transfers from the General Fund to the Capital Projects fund due to increased Measure A revenues.

**General Fund Expenditures and Other Financing Uses
For the Year Ended September 30, 2019**



Proprietary Funds Financial Analysis

Enterprise Funds: The combined net position of enterprise funds totaled \$5.3 billion at the close of the fiscal year. Total unrestricted net position amounted to \$378.0 million before the allocation of internal service fund activities. The total growth in net position was \$199.3 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 Operating and Harbor funds reported unrestricted net position of \$146.7 million and \$462.9 million, respectively. The Water Utility reported a total net position of \$296.1 million, an increase of \$930 thousand. Tidelands Oil Revenue fund had a deficit net position of \$77.3 million as result of the future oil field abandonment liability exceeding net book value of the West Wilmington oil field. The Gas Utility fund reported a deficit net position of \$21.5 million. Other Proprietary funds reported unrestricted net position of \$57.1 million.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Internal Service Funds: Internal service funds are used to finance and account for goods and services provided internally to City departments. As of September 30, 2019, internal service funds reported a \$158.6 million deficit net position. This is attributable to the deficit net positions of the Workers' Compensation Insurance fund, General Liability Insurance Fund and Employee Benefits fund, which reported deficit balances of \$111.8 million, \$41.7 million and \$147.5 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 deficit net position. 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 \$47.9 million, \$26.7 million, and \$67.7 million, respectively.

Fiduciary Funds

The City maintains fiduciary funds for the assets of private purpose trust and custodial funds including the Miller Library Trust fund, the Mayor's Fund for the Homeless, and various custodial 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 (i.e. staffing and books), and for homeless services expenditures.

General Fund Budgetary Highlights

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

- The General Fund's fiscal year 2019 final budget for estimated revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$2.6 million. The change between original and final budgeted amounts was \$42.9 million and consisted of additional appropriation for expenditures and other financing uses of \$73.9 million offset by an increase in revenue and other financing sources of \$31.0 million.

Significant changes in revenue forecasts include:

- A \$2.9 million increase in licenses and permits revenues.
- A \$3.1 million increase in use of money and property inclusive of \$1.8 million related to the Uplands Oil fund, \$479 thousand increase in parking revenues and \$695 thousand in increased rental income.
- A \$4.1 million increase in other revenues primarily in the area of land sale proceeds.
- \$19.0 million in Transfers in from other funds, \$9.8 million from the Health fund as the fund repaid advances and \$8.0 million from the Successor Agency.

Significant changes in the appropriations budget include:

- A \$16.2 million increase in General Government with \$10.2 million from general liability increases for various legal settlements.
- A \$4.9 million increase in Public Safety primarily related \$3.4 million increase in appropriations related to the police academy.
- A \$10.8 million increase in Public Works and the related Capital Outlay primarily resulting from various land acquisition activities.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$36.3 million. This consists of favorable variances in both revenues and other financing sources of \$31.1 million and expenditures and other financing uses of \$5.2 million.

General Fund revenues and other financing sources reflect a positive budget to actual variance of \$31.1 million. For the year, the General Fund received 105.5 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include \$6.8 million in property tax revenues, \$19.1 million in sales tax revenues and, \$5.6 million in revenues from the use of money and property.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$4.1 million as 0.7 percent of the General Fund appropriations and other financing uses went unspent.

Capital Assets and Debt Administration

Capital assets: As of September 30, 2019, the City's capital assets held by governmental and business-type activities amounted to \$7.2 billion (net of accumulated depreciation). There was an overall increase of \$299.9 million, or 4.3 percent, in the City's capital assets over the prior fiscal year.

Capital Assets, Net of Depreciation
September 30, 2019 and 2018
(In Thousands)

| | Governmental Activities | | Business-type Activities | | Totals | |
|-----------------------------------|----------------------------|------------|-----------------------------|--------------|--------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Land | \$ 233,725 | \$ 235,638 | \$ 1,312,926 | \$ 1,312,926 | \$ 1,546,651 | \$ 1,548,564 |
| Rights-of-way | 81,340 | 81,340 | 212,452 | 212,452 | 293,792 | 293,792 |
| Water Rights | - | - | 40 | 40 | 40 | 40 |
| Construction in Progress | 50,621 | 256,646 | 1,811,678 | 1,696,961 | 1,862,299 | 1,953,607 |
| Buildings | 427,719 | 152,769 | 1,861,631 | 1,860,596 | 2,289,350 | 2,013,365 |
| Improvements Other than Buildings | 65,632 | 58,466 | 324,783 | 265,210 | 390,415 | 323,676 |
| Infrastructure | 81,045 | 91,597 | 504,740 | 513,123 | 585,785 | 604,720 |
| Machinery and Equipment | 37,615 | 6,321 | 43,784 | 20,626 | 81,399 | 26,947 |
| Vehicles and Aircrafts | 53,061 | 47,151 | 75,742 | 76,701 | 128,803 | 123,852 |
| Software and Patents | 20,971 | 9,874 | 4,515 | 5,663 | 25,486 | 15,537 |
| Total Net Capital Assets | \$1,051,729 | \$939,802 | \$6,152,291 | \$5,964,298 | \$7,204,020 | \$6,904,100 |

Governmental activities' net capital assets increased \$111.9 million, or 11.9 percent.

Construction in progress decreased \$206.0 million and buildings increased \$275.0 million primarily attributable to the completion of the new civic center and Billie Jean King main library.

Improvements other than Buildings increased \$7.2 million reflecting the completion of the Deforest Wetlands and Drake Chavez Greenbelt and Soccer Fields projects. Infrastructure decreased \$10.6 million resulting from the depreciation of those assets.

Machinery and Equipment increase \$31.3 million. \$8.7 million of this increase was for the upgrade to public safety radio systems and \$17.9 million for technology equipment for the new civic center and library. Vehicles and Aircraft increased \$5.9 million related to fleet replacements and upgrades.

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

Software and Patents increased \$11.1 million as result of the City implementing a new financial software platform. Routine depreciation charges amounted to \$40.1 million at the close of the fiscal year.

Business-type activities' net capital assets increased \$188.0 million, or 3.2 percent, over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor capital assets increased \$170.6 million. The increase was comprised mostly from the completion of the \$243.3 million port headquarters building and continued work on the Gerald Desmond Bridge replacement project for \$114.2 million
- Repair and replacement of aging gas pipelines increased Gas Utility capitals assets \$2.9 million over the prior fiscal year.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$14.9 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 21.

Long-Term Indebtedness: As of September 30, 2019, the City's net long-term debt outstanding totaled \$2.8 billion. Of this amount, \$2.5 billion relates to notes, bonds, capital leases, and \$299.9 million to the new Civic Center complex.

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

- Moody's Investors Services: Aa2, Stable Outlook
- Fitch Ratings: AA, Stable Outlook
- Standard & Poor's: AA, Stable Outlook

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

Outstanding Debt Obligations
September 30, 2019 and 2018
(In Thousands)

| | <i>Governmental Activities</i> | | <i>Business-type Activities</i> | | <i>Totals</i> | |
|-------------------|------------------------------------|------------|-------------------------------------|--------------|---------------|--------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Notes Payable | \$ 8,241 | \$ 7,751 | \$ 339,056 | \$ 348,471 | \$ 347,297 | \$ 356,222 |
| Bonds Payable | 320,866 | 339,150 | 1,781,199 | 1,673,774 | 2,102,065 | 2,012,924 |
| Capital Leases | 49,020 | 67,670 | 40,356 | 15,143 | 89,376 | 82,813 |
| Other Obligations | 299,875 | 202,069 | - | 199,325 | 299,875 | 401,394 |
| Total Outstanding | \$ 678,002 | \$ 616,640 | \$ 2,160,611 | \$ 2,236,713 | \$ 2,838,613 | \$ 2,853,353 |

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

Governmental Activities

- Bonds payable decreased \$18.3 million. The City issued \$10.4 million for the Public Safety Parking Garage project, \$15.3 million to refund the 2006 Park and Open Space bonds, offset by

The City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Year Ended September 30, 2019 (Continued)

payment to refunded bond holders of \$15.0 million, annual principal payments and premium amortization of \$29.0. For capital leases, the City is reporting a decrease of \$18.7 million primarily due to the replacement of the old civic center. The Other Obligations liability of \$299.9 million is for the City's new City hall and civic center complex.

Business-Type Activities

- Bonds payable reported a net increase of \$107.4 million. The increase was due to the issuance of \$200.5 million for the new port headquarters building offset by annual principal payments and premium amortization for a total of \$93.1.

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

Economic Outlook

In January 2020 the COVID-19 virus started to negatively impact the global economy. For the City, the scale and scope of the impact is potentially significant to several revenue streams while also increasing expenditures incurred to respond to the social and economic impact of the virus. Federal and State grant revenues should offset some of these expenditures.

Additional information related to the economy of the City is discussed in the accompanying Transmittal Letter.

Requests for Information

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information should be addressed to the City of Long Beach, Department of Financial Management, 411 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, 2019
(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 | \$ 219,258 | \$ 176,206 | \$ 395,464 | \$ - |
| Non-Pooled Cash and Cash Equivalents | 52,102 | 60,560 | 112,662 | 49,899 |
| Pooled Investments | 128,507 | 441,015 | 569,522 | - |
| Interest Receivable | 167 | 240 | 407 | - |
| Property Tax Receivable, Net | 97,677 | - | 97,677 | - |
| Accounts and Loans Receivables, Net | 19,751 | 135,161 | 154,912 | 4,059 |
| Due from Other Governments | 76,157 | 70,926 | 147,083 | - |
| Internal Balances | 20,011 | (20,011) | - | - |
| Inventory | 2,860 | 20,043 | 22,903 | 2,227 |
| Other Assets | 11,436 | 29,107 | 40,543 | 1,577 |
| Land Held for Resale | 6,809 | - | 6,809 | - |
| Total Current Assets: | 634,735 | 913,247 | 1,547,982 | 57,762 |
| Noncurrent Restricted Assets: | | | | |
| Non-Pooled Investments | - | 84,987 | 84,987 | 27,053 |
| Total Noncurrent Restricted Assets: | - | 84,987 | 84,987 | 27,053 |
| Other Noncurrent Assets: | | | | |
| Pooled Investments | 154,034 | 528,621 | 682,655 | - |
| Other Noncurrent Receivables | 215,822 | 10,180 | 226,002 | - |
| Prepaid Gas - Long-term | - | 357,970 | 357,970 | - |
| Fair Value - Commodity Swap | - | 575,033 | 575,033 | - |
| Land and Other Capital Assets not being Depreciated | 365,686 | 3,337,096 | 3,702,782 | 15,768 |
| Capital Assets, net of Accumulated Depreciation | 686,043 | 2,815,195 | 3,501,238 | 75,300 |
| Other Assets | 7,375 | 50,084 | 57,459 | - |
| Total Other Noncurrent Assets: | 1,428,960 | 7,674,179 | 9,103,139 | 91,068 |
| Total Assets | 2,063,695 | 8,672,413 | 10,736,108 | 175,883 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Outflows | 127,144 | 57,275 | 184,419 | 15,468 |
| LIABILITIES | | | | |
| Current Liabilities: | | | | |
| Accounts Payable | 56,824 | 129,389 | 186,213 | 2,591 |
| Accrued Wages and Benefits Payable | 20,963 | 5,692 | 26,655 | 4,201 |
| Accrued Interest Payable | 4,249 | 34,331 | 38,580 | - |
| Due to Other Governments | 345 | - | 345 | - |
| Unearned Revenue, Credits, and Other Payables | 29,751 | 39,633 | 69,384 | 35,204 |
| Employee Benefits and Accrued Long-Term Obligations | 73,402 | 15,307 | 88,709 | 18,116 |
| Bonds, Loans, Capital Leases, and Other Long-Term Obligations | 39,762 | 82,003 | 121,765 | - |
| Total Current Liabilities | 225,296 | 306,355 | 531,651 | 60,112 |
| Noncurrent Liabilities: | | | | |
| Fair Value - Interest Rate Swap | - | 11,923 | 11,923 | - |
| Unearned Revenue, Credits, and Other Payables | - | 10,710 | 10,710 | 16,849 |
| Employee Benefits and Accrued Long-Term Obligations | 286,940 | 155,049 | 441,989 | 4,248 |
| Bonds, Loans, Capital Leases, and Other Long-Term Obligations | 638,240 | 2,091,525 | 2,729,765 | - |
| Total OPEB Liability | 18,442 | 4,806 | 23,248 | - |
| Net Pension Liability | 824,481 | 300,778 | 1,125,259 | 33,014 |
| Total Noncurrent Liabilities: | 1,768,103 | 2,574,791 | 4,342,894 | 54,111 |
| Total Liabilities | 1,993,399 | 2,881,146 | 4,874,545 | 114,223 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows | 194,829 | 607,824 | 802,653 | - |
| NET POSITION | | | | |
| Net Investment in Capital Assets | 418,191 | 4,604,194 | 5,022,385 | 91,069 |
| Restricted for: | | | | |
| Debt Service | 35,066 | 22,037 | 57,103 | - |
| Capital Projects | 67,112 | 69,417 | 136,529 | 87 |
| Public Safety | 6,691 | - | 6,691 | - |
| Public Health | 13,857 | - | 13,857 | - |
| Community and Cultural | 287,566 | - | 287,566 | - |
| Healthcare Insurance | 18,611 | - | 18,611 | - |
| Tidelands | - | 10,601 | 10,601 | - |
| Airport | - | 9,570 | 9,570 | - |
| Subsidence | - | 185,927 | 185,927 | - |
| Unrestricted | (844,483) | 338,972 | (505,511) | (14,028) |
| Total Net Position | \$ 2,611 | \$ 5,240,718 | \$ 5,243,329 | \$ 77,128 |

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, 2019
(In Thousands)

| | | Program Revenues | | |
|--|--------------|------------------|---------------|---------------|
| | | Charges for | Operating | Capital |
| | Expenses | Services | Grants and | Grants and |
| | | | Contributions | Contributions |
| <u>FUNCTIONS/PROGRAMS</u> | | | | |
| GOVERNMENTAL ACTIVITIES: | | | | |
| Legislative and Legal | \$ 15,245 | \$ 34 | \$ - | \$ - |
| General Government | 43,637 | 16,473 | 1,984 | 916 |
| Public Safety | 430,512 | 50,961 | 18,483 | - |
| Public Health | 57,729 | 10,232 | 130,215 | - |
| Community and Cultural | 183,825 | 35,649 | 16,828 | 1,923 |
| Public Works | 171,927 | 43,283 | 283 | 65,137 |
| Oil Operations | 3,777 | 14,926 | - | - |
| Interest on Long-Term Debt | 17,473 | - | - | - |
| Total Governmental Activities | 924,125 | 171,558 | 167,793 | 67,976 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Gas Utility | 110,991 | 120,562 | - | - |
| Water Utility | 95,970 | 102,474 | - | 1,627 |
| Tidelands Operating | 124,283 | 80,594 | 529 | - |
| Tideland Oil Revenue | 101,872 | 117,528 | - | - |
| Harbor | 309,722 | 415,321 | - | 68,592 |
| Non-major Enterprise Funds | 193,706 | 183,561 | 403 | 26,441 |
| Total Business-Type Activities | 936,544 | 1,020,040 | 932 | 96,660 |
| Total Primary Government | \$ 1,860,669 | \$ 1,191,598 | \$ 168,725 | \$ 164,636 |
| COMPONENT UNIT | | | | |
| Long Beach Public Transportation Company | \$ 110,501 | \$ 16,383 | \$ 76,154 | \$ 4,458 |

Taxes:
Property
Sales
Utility Users
Other
Franchise Taxes
Unrestricted Investment Earnings
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position, Beginning of Year
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 |
| \$ (15,211) | \$ - | \$ (15,211) | \$ - |
| (24,264) | - | (24,264) | - |
| (361,068) | - | (361,068) | - |
| 82,718 | - | 82,718 | - |
| (129,425) | - | (129,425) | - |
| (63,224) | - | (63,224) | - |
| 11,149 | - | 11,149 | - |
| (17,473) | - | (17,473) | - |
| <u>(516,798)</u> | <u>-</u> | <u>(516,798)</u> | <u>-</u> |
| - | 9,571 | 9,571 | - |
| - | 8,131 | 8,131 | - |
| - | (43,160) | (43,160) | - |
| - | 15,656 | 15,656 | - |
| - | 174,191 | 174,191 | - |
| - | 16,699 | 16,699 | - |
| - | 181,088 | 181,088 | - |
| <u>(516,798)</u> | <u>181,088</u> | <u>(335,710)</u> | <u>-</u> |
| - | - | - | (13,506) |
| 211,007 | - | 211,007 | - |
| 138,598 | - | 138,598 | - |
| 34,898 | - | 34,898 | - |
| 51,066 | - | 51,066 | - |
| 18,126 | - | 18,126 | - |
| 14,172 | 43,503 | 57,675 | 1,790 |
| 32,704 | (32,704) | - | - |
| <u>500,571</u> | <u>10,799</u> | <u>511,370</u> | <u>1,790</u> |
| (16,227) | 191,887 | 175,660 | (11,716) |
| 18,838 | 5,048,831 | 5,067,669 | 88,844 |
| <u>\$ 2,611</u> | <u>\$ 5,240,718</u> | <u>\$ 5,243,329</u> | <u>\$ 77,128</u> |

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

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2019
(In Thousands)

| | General | General Capital Projects | Other Governmental Funds | Total September 30, 2019 |
|--|-------------------|--------------------------------|--------------------------------|--------------------------------|
| ASSETS | | | | |
| Pooled Cash and Cash Equivalents | \$ 96,218 | \$142,267 | \$ 95,296 | \$ 333,781 |
| Non-Pooled Cash and Cash Equivalents | 1,370 | 170 | 35,560 | 37,100 |
| Receivables: | | | | |
| Interest Receivable | 2 | 1 | 2 | 5 |
| Property Taxes | 102,402 | - | - | 102,402 |
| Accounts Receivable | 25,052 | 235 | 3,477 | 28,764 |
| Due from Other Governments | 39,872 | 8,208 | 28,077 | 76,157 |
| Due from Other Funds | 11,341 | 26 | 239 | 11,606 |
| Allowance for Receivables | (9,260) | - | (6,059) | (15,319) |
| Other Assets | 1,424 | 1,591 | 96 | 3,111 |
| Advances to Other Funds | - | - | 3,810 | 3,810 |
| Land Held for Resale | - | - | 6,809 | 6,809 |
| Other Noncurrent Receivables | - | - | 215,822 | 215,822 |
| Total Assets | \$ 268,421 | \$152,498 | \$ 383,129 | \$ 804,048 |
| LIABILITIES | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 15,960 | 18,772 | \$ 5,025 | \$ 39,757 |
| Accrued Wages and Benefits Payable | 11,683 | 190 | 1,347 | 13,220 |
| Due to Other Governments | 340 | - | 5 | 345 |
| Due to Other Funds | 8,203 | 117 | 7,691 | 16,011 |
| Unearned Revenues | 4,711 | 11,295 | 9,839 | 25,845 |
| Deposits and Collections Held in Trust | 1,916 | 1,103 | 4,779 | 7,798 |
| Advances from Other Funds | 1,114 | - | 3,810 | 4,924 |
| Total Liabilities | 43,927 | 31,477 | 32,496 | 107,900 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows | 97,988 | - | 210,610 | 308,598 |
| FUND BALANCES | | | | |
| Nonspendable | 1,424 | 1,489 | 917 | 3,830 |
| Restricted | 5,009 | 62,462 | 137,319 | 204,790 |
| Committed | 69,440 | - | 1,414 | 70,854 |
| Assigned | 50,495 | 57,070 | 373 | 107,938 |
| Unassigned | 138 | - | - | 138 |
| Total Fund Balances | 126,506 | 121,021 | 140,023 | 387,550 |
| Total Liabilities, Deferred Inflows and Fund Balances | \$ 268,421 | \$152,498 | \$ 383,129 | \$ 804,048 |

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

City of Long Beach
Reconciliation of the Governmental Fund Balance Sheet to
Governmental Activities in the Statement of Net Position
September 30, 2019
(In Thousands)

| | |
|----------------------------------|------------|
| Total governmental fund balances | \$ 387,550 |
|----------------------------------|------------|

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

| | |
|--|---------|
| Capital assets, consisting of \$336,193 of non-depreciable assets and \$252,343 of depreciable 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. | 588,536 |
|--|---------|

| | |
|---|---------|
| Deferred outflows related to pension related items and economic losses from the refinancing of debt are not included in the governmental funds. | 118,263 |
|---|---------|

| | |
|---|---------|
| Deferred inflows related to pension related items are not included in the governmental fund activity. | 120,934 |
|---|---------|

| | |
|--|-------------|
| Governmental long-term liabilities, excluding those liabilities in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds. Liability amounts have been reduced by interest receivables for federal subsidy on Build America and Recovery Zone Economic Development Bonds. | (1,093,114) |
|--|-------------|

| | |
|---|-----------|
| 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. | (119,558) |
|---|-----------|

| | |
|---|-----------------|
| Net position of governmental activities | <u>\$ 2,611</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, 2019
(In Thousands)

| | General | General Capital Projects | Other Governmental Funds | Total September 30, 2019 |
|---|------------|--------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 176,720 | \$ - | \$ 33,936 | \$ 210,656 |
| Sales | 136,161 | - | 2,437 | 138,598 |
| Utility Users | 34,898 | - | - | 34,898 |
| Other Taxes | 36,476 | - | 14,590 | 51,066 |
| Franchise Fees | 18,126 | - | - | 18,126 |
| Licenses and Permits | 27,869 | - | 14,859 | 42,728 |
| Fines and Forfeitures | 17,674 | - | - | 17,674 |
| Use of Money and Property | 39,489 | 2,045 | 6,499 | 48,033 |
| From Other Agencies | 6,493 | 67,390 | 161,958 | 235,841 |
| Charges for Services | 43,156 | 1,538 | 2,293 | 46,987 |
| Other | 12,798 | 65 | 7,081 | 19,944 |
| Total Revenues | 549,860 | 71,038 | 243,653 | 864,551 |
| Expenditures: | | | | |
| Current: | | | | |
| Legislative and Legal | 13,458 | - | - | 13,458 |
| General Government | 37,135 | - | 1,867 | 39,002 |
| Public Safety | 365,572 | - | 17,650 | 383,222 |
| Public Health | 9,006 | - | 43,481 | 52,487 |
| Community and Cultural | 49,862 | - | 130,528 | 180,390 |
| Public Works | 49,797 | 22,082 | 110 | 71,989 |
| Oil Operations | 2,774 | - | - | 2,774 |
| Total Current Expenditures | 527,604 | 22,082 | 193,636 | 743,322 |
| Capital Improvements | 12,081 | 74,810 | 3,479 | 90,370 |
| Debt Service: | | | | |
| Principal | 383 | - | 22,973 | 23,356 |
| Interest | 56 | - | 14,099 | 14,155 |
| Debt Administration Fees | 12 | - | 15 | 27 |
| Total Expenditures | 540,136 | 96,892 | 234,202 | 871,230 |
| Excess of Revenues over (under) Expenditures | 9,724 | (25,854) | 9,451 | (6,679) |
| Other Financing Sources (Uses): | | | | |
| Debt Issuance | - | 787 | 25,671 | 26,458 |
| Payment to Refunded Bond Escrow Agent | - | - | (15,020) | (15,020) |
| Cost of Issuance | - | - | (411) | (411) |
| Transfers In | 51,148 | 54,019 | 25,145 | 130,312 |
| Transfers Out | (70,723) | (269) | (26,821) | (97,813) |
| Total Other Financing Sources (Uses) | (19,575) | 54,537 | 8,564 | 43,526 |
| Net Change in Fund Balances | (9,851) | 28,683 | 18,015 | 36,847 |
| Fund Balances - October 1 | 136,357 | 92,338 | 122,008 | 350,703 |
| Fund Balances - September 30 | \$ 126,506 | \$ 121,021 | \$ 140,023 | \$ 387,550 |

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, 2019
(In Thousands)

| | |
|--|--------------------|
| Excess of expenditures and other uses over revenue and other sources - total governmental funds | \$ 36,847 |
| 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 (\$20,567) is less than depreciation (\$23,262) in the current period. | (2,695) |
| The net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) results in a decrease to net position. | (8,434) |
| 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. | 3,868 |
| Pension contributions made subsequent to the measurement date are an expenditure in the governmental funds, but reported as a deferred outflow of resources in the statement of net position. | 12,039 |
| Pension expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | (51,153) |
| The issuance of long-term debt (e.g., bonds and leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes current financial resources. Neither transaction, however, has any affect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. | 13,002 |
| 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. | (12,418) |
| 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. | (7,283) |
| Change in net position of governmental activities | <u>\$ (16,227)</u> |

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

City of Long Beach

General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances -

Budget and Actual (Non-GAAP Budgetary Basis)

For the Fiscal Year Ended September 30, 2019

(In Thousands)

| | Budgeted Amounts | | Actual on | Variance with |
|---|------------------|-------------|-------------|----------------|
| | Original | Final | Budgetary | Final Budget - |
| | | | Basis | Favorable |
| | | | | (Unfavorable) |
| Sources: | | | | |
| Property Taxes | \$ 169,942 | \$ 169,942 | \$ 176,720 | \$ 6,778 |
| Sales Taxes | 117,087 | 117,087 | 136,161 | 19,074 |
| Utility Users Taxes | 36,286 | 36,286 | 34,898 | (1,388) |
| Other Taxes | 38,213 | 38,213 | 36,476 | (1,737) |
| Franchise Fees | 26,248 | 26,248 | 18,126 | (8,122) |
| Licenses and Permits | 15,139 | 18,018 | 27,869 | 9,851 |
| Fines and Forfeitures | 19,089 | 19,089 | 17,674 | (1,415) |
| Use of Money and Property | 30,774 | 33,861 | 39,489 | 5,628 |
| From Other Agencies | 4,910 | 6,606 | 6,493 | (113) |
| Charges for Services | 43,888 | 44,134 | 43,156 | (978) |
| Other | 3,872 | 8,015 | 12,798 | 4,783 |
| Transfers In | 33,451 | 52,414 | 51,148 | (1,266) |
| Total Sources | 538,899 | 569,913 | 601,008 | 31,095 |
| Uses: | | | | |
| Current: | | | | |
| Legislative and Legal | | | | |
| Mayor and City Council | 6,064 | 7,604 | 6,343 | 1,261 |
| City Attorney | 3,272 | 3,266 | 2,841 | 425 |
| City Clerk | 3,483 | 3,572 | 4,278 | (706) |
| General Government | | | | |
| City Auditor | 2,541 | 2,825 | 2,659 | 166 |
| City Manager | 4,700 | 5,142 | 5,302 | (160) |
| Civil Service | 2,789 | 2,825 | 3,129 | (304) |
| Financial Management | 22,551 | 35,086 | 25,376 | 9,710 |
| Planning and Building | 817 | 832 | 789 | 43 |
| Public Safety | | | | |
| Police | 239,054 | 242,718 | 243,627 | (909) |
| Fire | 96,645 | 97,845 | 99,705 | (1,860) |
| Disaster Preparedness | 12,733 | 12,723 | 12,498 | 225 |
| City Prosecutor | 6,159 | 6,171 | 6,089 | 82 |
| Planning and Building - Code Enforcement | 4,193 | 4,181 | 4,133 | 48 |
| Public Health | 7,847 | 9,008 | 9,006 | 2 |
| Community and Cultural | | | | |
| Community Development | 490 | 1,298 | 2,249 | (951) |
| Library | 13,874 | 14,140 | 17,741 | (3,601) |
| Parks and Recreation | 32,709 | 32,705 | 29,928 | 2,777 |
| Public Works | 40,078 | 50,919 | 49,912 | 1,007 |
| Oil Operations | 3,273 | 3,243 | 2,774 | 469 |
| Debt Service | 512 | 512 | 451 | 61 |
| Capital Outlay | 156 | 11,994 | 12,176 | (182) |
| Transfers Out | 37,388 | 68,330 | 70,723 | (2,393) |
| Total Uses | 541,328 | 616,939 | 611,729 | 5,210 |
| Net Change in Budgetary Fund Balance: | \$ (2,429) | \$ (47,026) | \$ (10,721) | \$ 36,305 |
| Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis | | | | |
| Change in Fund Balance - September 30, Budgetary Basis | | | \$ (10,721) | |
| Add: Encumbrances | | | 870 | |
| Change in Fund Balance - September 30, GAAP Basis | | | (9,851) | |
| Fund Balance, October 1, GAAP Basis | | | 136,357 | |
| Fund Balance, September 30, GAAP Basis | | | \$ 126,506 | |

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, 2019
(In Thousands)

| | Business-type Activities - Enterprise Funds | | | |
|---|---|------------------|------------------------|-----------------------------|
| | Gas Utility | Water Utility | Tidelands Operating | Tidelands Oil Revenue |
| ASSETS | | | | |
| Current Assets: | | | | |
| Pooled Cash and Cash Equivalents | \$ 36,713 | \$ 20,166 | \$ 165,582 | \$ 36,775 |
| Non-Pooled Cash and Cash Equivalents | 50 | 18,857 | 36,867 | - |
| Receivables: | | | | |
| Interest Receivable | 20 | 43 | 101 | - |
| Accounts Receivable | 9,953 | 7,875 | 5,647 | 27,791 |
| Notes and Loans Receivable | - | - | 49 | - |
| Due from Other Governments | - | 315 | 2 | - |
| Due from Other Funds | 4,836 | 5,590 | 28,481 | 1,272 |
| Allowance for Receivables | (140) | (249) | (308) | - |
| Deposits | - | - | - | - |
| Inventory | 2,130 | 16,996 | - | - |
| Prepaid Gas - Current | 23,428 | - | - | - |
| Other Assets - Current | 182 | 2,552 | - | 16 |
| Total Current Asset | 77,172 | 72,145 | 236,421 | 65,854 |
| Noncurrent Assets: | | | | |
| Restricted Noncurrent assets: | | | | |
| Non-Pooled Investments | 23,819 | 2,757 | - | - |
| Noncurrent Receivables: | | | | |
| Other Noncurrent Receivables (net) | - | - | 10,180 | - |
| Advances to Other Funds | - | - | - | - |
| Fair Value - Commodity Swap | 575,033 | - | - | - |
| Capital Assets: | | | | |
| Land and Other Capital Assets not being Depreciated | 10,038 | 51,551 | 61,784 | - |
| Capital Assets net of Accumulated Depreciation | 163,455 | 282,631 | 295,419 | 10,175 |
| Prepaid Gas - Long Term | 357,970 | - | - | - |
| Other Assets - Long-Term | - | - | - | - |
| Total Noncurrent Assets | 1,130,315 | 336,939 | 367,383 | 10,175 |
| Total Assets | 1,207,487 | 409,084 | 603,804 | 76,029 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred Outflows | 15,045 | 6,128 | 12,900 | 759 |

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 | Activities Internal Service Funds |
| \$ 527,678 | \$ 358,928 | \$ 1,145,842 | \$ 168,018 |
| - | 4,785 | 60,559 | 15,002 |
| 23 | 53 | 240 | 2 |
| 75,177 | 10,931 | 137,374 | 1,608 |
| - | - | 49 | - |
| 50,959 | 19,650 | 70,926 | - |
| - | 7,638 | 47,817 | 26,172 |
| (1,122) | (442) | (2,261) | (27) |
| - | - | - | 8,325 |
| 792 | 125 | 20,043 | 2,860 |
| - | - | 23,428 | - |
| 2,838 | 91 | 5,679 | - |
| 656,345 | 401,759 | 1,509,696 | 221,960 |
| 49,987 | 8,424 | 84,987 | - |
| - | - | 10,180 | - |
| 2,751 | 1,114 | 3,865 | - |
| - | - | 575,033 | - |
| 3,167,774 | 45,949 | 3,337,096 | 29,493 |
| 1,769,682 | 293,833 | 2,815,195 | 433,700 |
| - | - | 357,970 | - |
| 50,084 | - | 50,084 | 7,375 |
| 5,040,278 | 349,320 | 7,234,410 | 470,568 |
| 5,696,623 | 751,079 | 8,744,106 | 692,528 |
| 14,057 | 8,386 | 57,275 | 8,881 |
| (Continued) | | | |

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

City of Long Beach
Proprietary Funds
Statement of Net Position (Deficit)
September 30, 2019
(In Thousands)

(Continued)

| | Business-type Activities - Enterprise Funds | | | |
|---|---|------------------|------------------------|-----------------------------|
| | Gas Utility | Water Utility | Tidelands Operating | Tidelands Oil Revenue |
| LIABILITIES | | | | |
| Current Liabilities Payable from Current Assets: | | | | |
| Accounts Payable | 3,465 | 14,240 | 4,377 | 13,446 |
| Accrued Wages | 675 | 704 | 919 | 129 |
| Accrued Interest Payable | 10,486 | 353 | 3,935 | - |
| Due to Other Funds | 706 | 4,149 | 555 | 71 |
| Unearned Revenues | 1,767 | - | 2,268 | - |
| Collections Held in Trust | - | 111 | 114 | - |
| Customers Deposits | 2,913 | 996 | 427 | - |
| Advances from Developers | - | 1,127 | - | - |
| Accrued Self-Insurance Claims - Current | - | - | - | - |
| Environmental Remediation - Current | - | - | - | - |
| Due to State of California | - | - | - | 12,917 |
| Compensated Absences | 1,378 | 1,946 | 1,267 | 259 |
| Obligations Under Capital Leases - Current | 1,105 | 1,466 | 37 | - |
| Bonds Payable Due Within One Year | 11,905 | 3,050 | 10,820 | - |
| Other Long-Term Obligations - Current | - | - | 28 | - |
| Total Current Liabilities | 34,400 | 28,142 | 24,747 | 26,822 |
| Noncurrent Liabilities: | | | | |
| Advances from Other Funds | - | - | 1,300 | - |
| Unearned Revenues | - | - | 4,489 | - |
| Accrued Self-Insurance Claims | - | - | - | - |
| Accrued Oil Field Abandonment Costs | - | - | - | 118,600 |
| Environmental Remediation | - | - | - | - |
| Site Restoration | - | 1,000 | - | - |
| Due to State of California | - | - | - | - |
| Fair Value - Interest Rate Swap | 11,923 | - | - | - |
| Compensated Absences | 4,155 | 5,237 | 2,958 | 875 |
| Obligations Under Capital Leases | 12,623 | 24,860 | 265 | - |
| Other Long-Term Obligations | - | - | 337 | - |
| Bonds Payable | 571,351 | 17,305 | 223,640 | - |
| Total OPEB Liability | 677 | 839 | 513 | 144 |
| Net Pension Liability | 29,622 | 38,216 | 47,754 | 6,698 |
| Total Noncurrent Liabilities | 630,351 | 87,457 | 281,256 | 126,317 |
| Total Liabilities | 664,751 | 115,599 | 306,003 | 153,139 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows | 579,236 | 3,523 | 5,199 | 933 |
| NET POSITION (DEFICIT) | | | | |
| Net Investment in Capital Assets | 159,765 | 309,416 | 141,955 | 10,175 |
| Restricted for: | | | | |
| Debt Service | - | 3,277 | 6,039 | - |
| Capital Projects | 3,433 | - | 178 | - |
| Insurance | - | - | - | - |
| Tidelands | - | - | 10,601 | - |
| Airport | - | - | - | - |
| Subsidence | - | - | - | - |
| Unrestricted | (184,653) | (16,603) | 146,729 | (87,459) |
| Total Net Position (Deficit) | \$ (21,455) | \$ 296,090 | \$ 305,502 | \$ (77,284) |
| 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 | Total Proprietary Funds | Activities Internal Service Funds |
| 77,655 | 16,206 | 129,389 | 17,067 |
| 1,931 | 1,334 | 5,692 | 7,743 |
| 17,282 | 2,275 | 34,331 | 1,384 |
| 24,406 | 1,459 | 31,346 | 38,238 |
| 10,695 | 4,992 | 19,722 | - |
| 1,063 | 878 | 2,166 | 3,977 |
| - | 929 | 5,265 | - |
| - | 11,353 | 12,480 | - |
| 5,450 | - | 5,450 | 29,634 |
| - | - | - | 180 |
| - | - | 12,917 | - |
| 2,439 | 2,568 | 9,857 | 43,044 |
| - | - | 2,608 | 6,771 |
| 37,300 | 3,375 | 66,450 | 7,908 |
| - | - | 28 | 5,011 |
| 178,221 | 45,369 | 337,701 | 160,957 |
| - | - | 1,300 | 1,451 |
| 850 | 5,371 | 10,710 | - |
| - | - | - | 141,922 |
| - | - | 118,600 | - |
| 4,200 | - | 4,200 | - |
| - | - | 1,000 | - |
| - | - | - | 1,321 |
| - | - | 11,923 | - |
| 11,621 | 6,403 | 31,249 | 114,902 |
| - | - | 37,748 | 42,249 |
| - | - | 337 | 294,864 |
| 1,132,532 | 108,612 | 2,053,440 | 26,815 |
| 1,555 | 1,078 | 4,806 | 1,407 |
| 113,611 | 64,877 | 300,778 | 66,962 |
| 1,264,369 | 186,341 | 2,576,091 | 691,893 |
| 1,442,590 | 231,710 | 2,913,792 | 852,850 |
| 13,118 | 5,815 | 607,824 | 7,165 |
| 3,745,084 | 237,799 | 4,604,194 | 107,761 |
| 9,228 | 3,493 | 22,037 | - |
| 37,743 | 28,063 | 69,417 | 1,641 |
| - | - | - | 18,611 |
| - | - | 10,601 | - |
| - | 9,570 | 9,570 | - |
| - | 185,927 | 185,927 | - |
| 462,917 | 57,088 | 378,019 | (286,619) |
| \$ 4,254,972 | \$ 521,940 | 5,279,765 | \$ (158,606) |
| | | (39,047) | |
| | | \$ 5,240,718 | |

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, 2019
(In Thousands)

| | Business-type Activities - Enterprise Funds | | | |
|---|---|------------------|------------------------|--------------------------|
| | Gas Utility | Water Utility | Tidelands Operating | Tidelands Oil Revenue |
| Operating Revenues: | | | | |
| Licenses and Permits | \$ - | \$ - | \$ 375 | \$ - |
| Fines and Forfeitures | - | - | 266 | - |
| Fees, Concessions, and Rentals | 60 | - | 26,393 | 112,834 |
| From Other Agencies | - | - | 65 | - |
| Charges for Services | 119,555 | 98,302 | 43,367 | 4,691 |
| Other | 613 | 987 | 192 | - |
| Total Operating Revenues | 120,228 | 99,289 | 70,658 | 117,525 |
| Operating Expenses: | | | | |
| Personnel Services | 18,668 | 23,532 | 36,100 | 4,118 |
| Purchases of Gas and Water | 29,831 | 28,659 | - | - |
| Maintenance and Other Operations | 22,724 | 29,248 | 50,906 | 3,930 |
| Rental Expense | - | - | - | - |
| Insurance Premiums | - | - | - | - |
| Self-Insured Losses | - | - | - | - |
| Compensated Absences | - | - | - | - |
| Employee Benefits | - | - | - | - |
| Payments to Other Entities | - | - | - | 87,876 |
| Depreciation | 7,915 | 11,721 | 21,699 | 930 |
| Total Operating Expenses | 79,138 | 93,160 | 108,705 | 96,854 |
| Operating Income (Loss) | 41,090 | 6,129 | (38,047) | 20,671 |
| Non-Operating Income (Expenses): | | | | |
| Interest Income | 2,342 | 1,518 | 7,722 | - |
| Interest Expense | (29,683) | (1,442) | (8,926) | - |
| Gain (Loss) on Disposition of Capital Assets | (234) | 106 | 9 | - |
| Oil Field Abandonment Costs | - | - | - | (4,600) |
| Operating Grants | - | - | 529 | - |
| Other Income | 334 | 3,185 | 9,936 | 3 |
| Other Expense | (703) | (7) | (4,189) | - |
| Total Non-Operating Income (Expenses) | (27,944) | 3,360 | 5,081 | (4,597) |
| Income (Loss) Before Contributions and Transfers | 13,146 | 9,489 | (32,966) | 16,074 |
| Capital Grants and Contributions | - | 1,627 | - | - |
| Transfers: | | | | |
| Transfers In | - | 250 | 36,019 | - |
| Transfers Out | (18,776) | (10,436) | (554) | (15,402) |
| Change in Net Position | (5,630) | 930 | 2,499 | 672 |
| Net Position (Deficit) - October 1 | (15,825) | 295,160 | 303,003 | (77,956) |
| Net Position (Deficit) - September 30 | \$ (21,455) | \$ 296,090 | \$ 305,502 | \$ (77,284) |
| 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 |
|---|-------------------------------|-------------------------------|------------------------------|
| Harbor | Other Proprietary Funds | Total Proprietary Funds | Internal Service Funds |
| \$ - | \$ 30,801 | \$ 31,176 | \$ - |
| - | 22 | 288 | - |
| 409,464 | 42,574 | 591,325 | - |
| - | 2,476 | 2,541 | - |
| - | 103,419 | 369,334 | 426,831 |
| 2,809 | 890 | 5,491 | 7,025 |
| 412,273 | 180,182 | 1,000,155 | 433,856 |
| 51,178 | 51,749 | 185,345 | 60,394 |
| - | - | 58,490 | - |
| 88,966 | 107,554 | 303,328 | 61,051 |
| - | 11,449 | 11,449 | - |
| - | - | - | 3,484 |
| - | - | - | 47,080 |
| - | - | - | 59,039 |
| - | - | - | 214,042 |
| - | - | 87,876 | - |
| 144,716 | 14,462 | 201,443 | 16,861 |
| 284,860 | 185,214 | 847,931 | 461,951 |
| 127,413 | (5,032) | 152,224 | (28,095) |
| 20,197 | 11,724 | 43,503 | 4,509 |
| (13,513) | (6,791) | (60,355) | (4,596) |
| 71 | (248) | (296) | (7,901) |
| - | - | (4,600) | - |
| - | 403 | 932 | 1,082 |
| 3,048 | 3,379 | 19,885 | 21,472 |
| (11,039) | (10) | (15,948) | (1,593) |
| (1,236) | 8,457 | (16,879) | 12,973 |
| 126,177 | 3,425 | 135,345 | (15,122) |
| 68,592 | 26,441 | 96,660 | 219 |
| - | 134 | 36,403 | 14,027 |
| (20,962) | (2,977) | (69,107) | (13,822) |
| 173,807 | 27,023 | 199,301 | (14,698) |
| 4,081,165 | 494,917 | 5,080,464 | (143,908) |
| \$ 4,254,972 | \$ 521,940 | 5,279,765 | \$ (158,606) |
| | | 199,301 | |
| | | (7,414) | |
| | | \$ 191,887 | |

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, 2019
(In Thousands)

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|------------------|------------------------|-----------------------------|
| | Gas Utility | Water Utility | Tidelands Operating | Tidelands Oil Revenue |
| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | | | | |
| Cash Flows from Operating Activities: | | | | |
| Receipts from Customers | \$ 119,405 | \$ 98,593 | \$ 70,909 | \$ - |
| Receipts from Oil Companies | - | - | - | 119,177 |
| Receipts from Other Governments | - | - | 489 | - |
| Receipts from Other Funds | - | - | 73 | 470 |
| Payments for Employee Salaries | (17,918) | (20,354) | (33,284) | (3,776) |
| Payments for Goods and Services | (29,537) | (65,070) | (53,783) | (10,924) |
| Payments for Compensated Absences | - | - | - | - |
| Payments for Employee Benefits | - | - | - | - |
| Payments for Liability Claims | - | - | - | - |
| Payments to Other Entities | - | - | (720) | (96,452) |
| Other Income | 334 | 2,038 | 9,936 | 3 |
| Other Expense | (703) | (7) | (4,189) | - |
| Other | (323) | - | - | - |
| Net Cash Provided by (Used for) Operating Activities | 71,258 | 15,200 | (10,569) | 8,498 |
| Cash Flows from Non-Capital Financing Activities: | | | | |
| Other Income | - | - | - | - |
| Other Expense | - | - | - | - |
| Operating Grants Received from Other Governments | - | - | 529 | - |
| Receipts from Prepayment of Gas Supply | - | - | - | - |
| Payments of Principal on Bonds Payable | (10,290) | - | - | - |
| Payments of Interest | (29,558) | - | - | - |
| Transfers In | - | - | 36,019 | - |
| Transfers Out | (18,776) | (10,041) | (554) | (15,402) |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | (58,624) | (10,041) | 35,994 | (15,402) |
| Cash Flows from Capital and Related Financing Activities: | | | | |
| Receipt of Capital Grants | - | - | - | - |
| Proceeds from the Sale of Capital Assets | (234) | 194 | 9 | - |
| Proceeds from Issuance of Long-Term Obligations | - | 26,326 | - | - |
| Proceeds from Issuance of Bonds | - | - | - | - |
| Payment of Cost of Issuance | - | - | 6 | - |
| Receipts of Contributed Capital | - | 1,634 | - | - |
| Receipts from Passenger Facility Charges | - | - | - | - |
| Payments to Developers | - | - | - | - |
| Release of Excess Bond Reserve | - | - | - | - |
| Proceeds from (Payments for) Capital Acquisitions | (10,770) | (25,261) | (7,134) | - |
| Payments of Principal on Bonds Payable | - | (2,930) | (10,580) | - |
| Payments of Principal on Other Long-Term Obligations | (1,666) | - | (62) | - |
| Payments of Interest | (338) | (1,640) | (9,873) | - |
| Receipt of Federal Subsidy | - | - | - | - |
| Net Cash Used for Capital and Related Financing Activities | (13,008) | (1,677) | (27,634) | - |
| Cash Flows from Investing Activities: | | | | |
| Proceeds from the Sale of Investments | - | - | 16,373 | - |
| Payments for Investments | (1,267) | - | - | - |
| Payment from Joint Venture (Note 21) | - | - | - | - |
| Receipts of Interest | 2,344 | 1,489 | 7,739 | - |
| Net Cash Provided by Investing Activities | 1,077 | 1,489 | 24,112 | - |
| Net Increase (Decrease) in Cash and Cash Equivalents | 703 | 4,971 | 21,903 | (6,904) |
| Cash and Cash Equivalents - October 1 | 36,060 | 36,809 | 180,546 | 43,679 |
| Cash and Cash Equivalents - September 30 | \$ 36,763 | \$ 41,780 | \$ 202,449 | \$ 36,775 |

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 | Activities Internal Service Funds |
| \$ 409,089 | \$ 184,958 | \$ 882,954 | \$ 5,236 |
| - | - | 119,177 | - |
| - | (9,360) | (8,871) | - |
| - | (41) | 502 | 424,238 |
| (66,101) | (47,870) | (189,303) | (61,524) |
| (77,964) | (122,416) | (359,694) | (67,334) |
| - | - | - | (46,657) |
| - | - | - | (214,446) |
| - | - | - | (41,865) |
| - | - | (97,172) | 2,645 |
| 452 | 1,422 | 14,185 | 5,653 |
| - | (10) | (4,909) | (28) |
| - | - | (323) | - |
| 265,476 | 6,683 | 356,546 | 5,918 |
| - | - | - | 15,819 |
| - | - | - | (1,565) |
| - | 403 | 932 | 1,082 |
| - | - | - | - |
| - | - | (10,290) | - |
| - | - | (29,558) | - |
| - | 25 | 36,044 | (12,371) |
| (20,083) | (2,824) | (67,680) | 14,027 |
| (20,083) | (2,396) | (70,552) | 16,992 |
| 53,207 | - | 53,207 | - |
| 71 | (248) | (208) | 617 |
| - | - | 26,326 | 8,769 |
| 200,549 | - | 200,549 | - |
| (499) | - | (493) | - |
| - | 19,388 | 21,022 | 219 |
| - | 7,049 | 7,049 | - |
| - | - | - | - |
| - | - | - | - |
| (486,105) | (29,185) | (558,455) | (41,688) |
| (45,965) | (14,163) | (73,638) | (7,525) |
| - | - | (1,728) | (26,796) |
| (44,278) | (7,898) | (64,027) | (4,936) |
| - | 1,132 | 1,132 | - |
| (323,020) | (23,925) | (389,264) | (71,340) |
| 16,701 | 13,019 | 46,093 | - |
| (23,831) | - | (25,098) | - |
| 2,000 | - | 2,000 | - |
| 12,469 | 12,281 | 36,322 | 4,517 |
| 7,339 | 25,300 | 59,317 | 4,517 |
| (70,288) | 5,662 | (43,953) | (43,913) |
| 597,966 | 358,051 | 1,253,111 | 226,933 |
| \$ 527,678 | \$ 363,713 | \$ 1,209,158 | \$ 183,020 |

(continued)

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

(Continued)

| Business-Type Activities - Enterprise Funds | | | | |
|---|-----------|-----------|-------------|----------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | Gas | Water | Tidelands | Tideland |
| | Utility | Utility | Operating | Oil Revenue |
| Operating Income (Loss) | \$ 41,090 | \$ 6,129 | \$ (38,047) | \$ 20,671 |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) | | | | |
| Operating Activities: | | | | |
| Depreciation and Amortization Expense | 7,915 | 11,721 | 21,699 | 930 |
| Other Income | (369) | 1,581 | 9,936 | 3 |
| Other Expense | - | (7) | (4,189) | - |
| (Increase) Decrease in Accounts Receivable, Net | (1,072) | (907) | (342) | 2,066 |
| Increase in Amounts Due to Other Governments | - | - | - | (8,647) |
| (Increase) Decrease in Amounts Due from Other Governments | - | 7 | 8 | - |
| (Increase) Decrease in Amounts Due from Other Funds | 234 | 331 | 489 | 470 |
| (Increase) Decrease in Inventory | 314 | (12,542) | - | - |
| (Increase) Decrease in Other Assets | 23,055 | - | 27 | - |
| Increase in Other Non-Operating Assets | - | - | - | (16) |
| Increase (Decrease) in Accounts Payable | (797) | 3,099 | (2,781) | (6,978) |
| Increase (Decrease) in Accrued Wages Payable | 820 | 3,178 | 2,949 | 404 |
| Increase (Decrease) in Amounts Due to Other Funds | 53 | 2,280 | (853) | 9 |
| Increase in Accrued Claims Payable | - | - | - | - |
| Increase in Unearned Revenues | 128 | - | 189 | - |
| Increase (Decrease) in Collections Held in Trust | (113) | 330 | 346 | (414) |
| Total Adjustments | 30,168 | 9,071 | 27,478 | (12,173) |
| Net Cash Provided by (Used for) Operating Activities | \$ 71,258 | \$ 15,200 | \$ (10,569) | \$ 8,498 |
| NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES: | | | | |
| Amortization of Bond Premium (Discount), Net | \$ - | \$ - | \$ 1,570 | \$ - |
| Accrued Capital Assets | - | - | - | - |
| Accrued Oilfield Abandonment Costs | - | - | - | 4,600 |
| Amortization of Deferred Outflows on Debt Refunding | - | - | (510) | - |
| Amortization of Deferred Inflows on Debt Refunding | - | - | - | - |
| Prepaid Capital Projects | - | - | - | - |
| Borrowing under Capital Lease or Other Long-term Debt | - | - | - | - |
| Discontinued Capital Projects | - | - | - | - |

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

| Business-Type Activities - Enterprise Funds | | | Governmental Activities |
|---|-------------------------------|-------------------------------|------------------------------|
| Harbor | Other Proprietary Funds | Total Proprietary Funds | Internal Service Funds |
| \$ 127,413 | \$ (5,032) | \$ 152,224 | \$ (28,095) |
| 144,716 | 14,462 | 201,443 | 16,861 |
| 3,048 | 1,475 | 15,674 | 5,653 |
| (11,039) | (10) | (15,245) | (28) |
| (6,041) | 4,145 | (2,151) | 774 |
| - | - | (8,647) | - |
| - | (11,744) | (11,729) | 974 |
| - | 515 | 2,039 | (6,130) |
| 83 | (28) | (12,173) | (66) |
| - | (32) | 23,050 | - |
| - | - | (16) | (3,390) |
| (12,903) | (3,332) | (23,692) | 8,520 |
| 17,137 | 4,296 | 28,784 | 6,902 |
| 205 | (639) | 1,055 | (329) |
| - | - | - | 8,699 |
| 2,857 | (136) | 3,038 | - |
| - | 2,743 | 2,892 | (4,427) |
| 138,063 | 11,715 | 204,322 | 34,013 |
| <u>\$ 265,476</u> | <u>\$ 6,683</u> | <u>\$ 356,546</u> | <u>\$ 5,918</u> |

| | | | |
|-----------|-------|-----------|--------|
| \$ 16,221 | \$ 59 | \$ 17,850 | \$ - |
| 67,927 | - | 67,927 | - |
| - | - | 4,600 | - |
| (641) | (13) | (1,164) | (680) |
| 4,169 | - | 4,169 | - |
| 10,132 | - | 10,132 | - |
| - | - | - | 99,287 |
| 16,493 | - | 16,493 | - |

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, 2019
(In Thousands)

| | Private Purpose Trust Funds | Custodial Funds |
|--|-----------------------------------|--------------------|
| ASSETS: | | |
| Pooled Cash and Cash Equivalents | \$ 696 | \$ 13,146 |
| Non-Pooled Investments | - | 1,050 |
| Non-Pooled Cash and Cash Equivalents | - | 8,574 |
| Property Taxes Receivable | - | 39 |
| Interest Receivable | - | - |
| Accounts Receivable | - | 1,143 |
| Prepaid Expense | - | 8 |
| Land | - | 11,000 |
| Total Assets | <u>696</u> | <u>34,960</u> |
| LIABILITIES: | | |
| Accounts Payable | - | 2,876 |
| Collections Held in Trust | - | 31 |
| Total Liabilities | <u>-</u> | <u>2,907</u> |
| NET POSITION: | | |
| Restricted for: | | |
| Miller Library Trust | 691 | - |
| Mayor's Fund for the Homeless | 5 | - |
| Oil Rights | - | 3,281 |
| Special Assessment Districts | - | 10,474 |
| Intermodal Container Transfer Facility | - | 7,233 |
| Los Cerritos Wetlands Authority | - | 11,517 |
| Other Custodial Funds | - | (452) |
| Total Restricted Net Position | <u>\$ 696</u> | <u>\$ 32,053</u> |

City of Long Beach
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2019
(In Thousands)

| | Private Purpose Trust Funds | Custodial Funds |
|-------------------------------|-----------------------------------|--------------------|
| ADDITIONS: | | |
| Contributions | \$ - | \$ 7,402 |
| Taxes | - | 13,490 |
| Grants | - | 545 |
| Use of Money and Property | 27 | 611 |
| Miscellaneous Revenue | - | 840 |
| Total Additions | <u>27</u> | <u>22,888</u> |
| DEDUCTIONS: | | |
| Administrative Expense | 176 | 2 |
| Payments to Other Governments | - | - |
| Payments to Bond Holders | - | 10,432 |
| Payments to Others | - | 11,939 |
| Total Deductions | <u>176</u> | <u>22,373</u> |
| Change in Net Position | (149) | 515 |
| Net Position, October 1 | <u>845</u> | <u>31,538</u> |
| Net Position, September 30 | <u>\$ 696</u> | <u>\$ 32,053</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, 2019

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 social services, library, parks and recreation, planning and 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 trust area (consisting of the beaches, Convention Center, Queen Mary, Rainbow Harbor, marinas, and oil extraction administrative operations), under a trust agreement with the State of California. It is the City's policy to establish fees and charges designed to recover the full cost of providing services, including capital costs such as depreciation and debt service. Accordingly, the financial activities of these operations are accounted for as enterprise funds.

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

Blended Component Entities

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

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

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

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

Southeast Resource Recovery Facility Authority (SERRF) is a joint powers authority between the City and the Los Angeles County Sanitation District Number 2. SERRF was created to finance the construction of a waste-to-energy facility through the issuance of lease revenue bonds. Payments under the lease are intended to service bonded debt issued to finance construction of the project. For financial reporting purposes, the capital lease between SERRF and the City has been eliminated, and the financial activities of SERRF are included in the Solid Waste Management Enterprise Fund (see Note 18).

Non-profit Financing Corporations and Authorities

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

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

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

| Entity | Fund Type | Affected Funds |
|--|--------------------------------|--|
| Long Beach Financing Authority | Governmental | Custodial Funds |
| Long Beach Bond Financing Authority | Governmental and Business-type | Internal Service Funds Enterprise Funds Governmental Funds |
| Long Beach Capital Improvement Company | Business-type | Enterprise Funds |
| Finance Authority of Long Beach | Governmental and Business-type | Internal Service Funds Enterprise Funds Governmental Funds |

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

Discretely Presented Component Unit

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is concerned with what financial transactions and events, the inflow and outflow of resources, will be recognized in the accounting records and reported in the financial statements. The term "basis of accounting" is used to describe the timing of recognition or when the effects of transactions or events should be recognized.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

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

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.
- An expenditure is recorded when the related liability is incurred. Principal and interest on long-term debt are recorded when payment is due.
- Expenditures are presented in functional categories such as general government and public safety. For the City, the amounts presented include an allocation of indirect costs.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing sources.

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

The City reports the following major governmental and enterprise funds:

Major Governmental Funds

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

The *General Capital Projects Fund* was established to account for the acquisition, construction, maintenance and improvement of facilities and infrastructure. These activities are financed by grants, bond proceeds, gasoline and voter approved transportation taxes, and operating transfers from other City funds.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

Major Enterprise Funds

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

The *Water Utility Fund* is used to account for the activities associated with the sourcing, purification, and delivery of water to the City's customers by the Long Beach Water Department.

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

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 civic center and related maintenance and financing, information technology, fleet services, workers' compensation insurance, liability insurance, unemployment insurance, and employee benefits.

Fiduciary Funds include private trust and custodial 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. Custodial funds account for assets held by the City as an agent for individuals, private organizations, and other governmental units. The City's Custodial 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.

Amounts reported as program revenues include charges to customers 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.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

City of Long Beach Investment Pool

The City pools the cash resources of its various funds into the City of Long Beach Investment Pool (the Pool). The Pool is an internal investment pool that is used to facilitate the management of cash and provide income through conservative investment activities. The Pool is used as a demand deposit account by the various funds.

The Pool's investments are designed to meet any demand for funding by using a combination of short-term on demand accounts and highly liquid investments. Interest income arising from pooled 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.

One of the Pool's highly liquid investments is the Local Agency Investment Fund (LAIF), a money market like external investment pool. The fair value of the City's investment in the LAIF 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 City is a voluntary participant in the LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

Cash Equivalents

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.

Fair Value

Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. The City categorizes investments and derivative instruments reported at fair value within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

The City's investments, including the individual holdings of the Pool, are valued at fair value and consist primarily of U.S. Treasury Notes, Federal Agency Securities and units of the LAIF. See footnote 4 and footnote 12 for more information on the City's investments and derivative instruments, respectively.

Receivables and Payables

Activities between funds that represent lending/borrowing arrangements 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 between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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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 or materially extend asset lives are not capitalized.

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

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

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

Land parcels held for resale are recorded at the lower of cost or estimated net realizable value, and are adjusted for estimated declines in fair value. All land held for resale by the successor agency is valued at \$0 as the proceeds from the sale of this land are remitted to the County for distribution to various agencies including the City.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Initial-issue bond premiums and discounts are amortized using the effective-interest-rate method. Bonds payable are reported net of the unamortized portion of applicable premium, discount, and 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.

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

Pensions

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

Pension liabilities are being funded over time through burden rates, applied as a percentage of current pensionable salaries, and charged to the various City funds including governmental funds.

Employee Benefits, Compensated Absences and Termination Benefits

Excluding the residual balance of a City-administered Police and Fire Annuity Benefit Program that was terminated in 1945, historically, benefits for City employees have been paid and compensated leave balances at year-end have been reported in the City's Employee Benefits Internal Service Fund (EBF). For the fiscal year ended September 30, 2019, a proprietary fund liability is accrued for leave benefits in the respective fund's statement of net position. 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 their outstanding vacation leave converted to sick leave. Vacation and holiday benefits are recognized when earned. The City also allows retirees the option of purchasing additional pension benefits from CalPERS with their unused sick leave balances.

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.

Accumulated sick leave becomes vested only when an employee meets the City's minimum requirements for retirement. Accumulated sick leave is forfeited upon termination for reasons other than retirement. In accordance with the City's Personnel Ordinance, upon retirement from the City, 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 until such time as the unused sick leave is exhausted.

The conversion of unused sick leave for postemployment benefits is reflected as accrued compensated absences benefits and accrued as an other post-employment benefits (OPEB) liability in the accompanying financial statements. Per GASB recommendation, the OPEB liability of \$17.0 million associated with governmental funds will be reported only within the government-wide financial statements.

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As of September 30, 2019, the City has recorded compensated absence and OPEB liabilities in the following categories and funds (in thousands):

| <i>Recorded In</i> | <i>Reported in Fund Financial Statements as</i> | | | |
|-------------------------|---|-------------------|------------------|-------------------|
| | <i>Compensated Absences</i> | | <i>OPEB</i> | <i>Total</i> |
| | <i>Vacation</i> | <i>Sick</i> | <i>Liability</i> | |
| <i>IS Funds</i> | \$ 36,909 | \$ 93,299 | \$ 1,407 | \$ 131,615 |
| <i>Enterprise Funds</i> | 9,570 | 24,312 | 4,806 | 38,688 |
| <i>Total</i> | <u>\$ 46,479</u> | <u>\$ 117,611</u> | <u>\$ 6,213</u> | <u>\$ 170,303</u> |

| <i>Recorded In</i> | <i>Reported In Government-wide Financial Statements as</i> | | | |
|---------------------------------|--|-------------------|------------------|-------------------|
| | <i>Employee Benefits</i> | | <i>OPEB</i> | <i>Total</i> |
| | <i>Vacation</i> | <i>Sick</i> | <i>Liability</i> | |
| <i>Governmental Activities</i> | \$ 36,909 | \$ 121,037 | \$ 18,443 | \$ 176,389 |
| <i>Business-Type Activities</i> | 9,570 | 31,540 | 4,806 | 45,916 |
| <i>Total</i> | <u>\$ 46,479</u> | <u>\$ 152,577</u> | <u>\$ 23,249</u> | <u>\$ 222,305</u> |

These liabilities are being funded over time through burden rates, applied as a percentage of current productive salaries, and charged to the various City funds.

Deferred Outflows/Inflows of Resources

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

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

Net Position and Fund Balance

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

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

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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; 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. |

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

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

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

Property Tax Calendar

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

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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 the second is due February 1st. The City recognizes property tax receivable when levied and defers the portion that is neither intended nor available to finance current year expenditures.

Budgetary Principles

The City Council adopted the fiscal year 2019 budget prior to September 30, 2018 for all funds except for fiduciary 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, 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. Unencumbered appropriations lapse at the end of the fiscal year.

Budgeted appropriations are presented in the accompanying financial statements on a non-GAAP accrual plus encumbrances budgetary basis with the exception of transactions related to long-term debt, which are recorded on a cash basis. Budgeted revenues are presented on a GAAP based budgetary basis as revenues are recognized when they become measurable, available and earned. Total expenditures may not exceed fund appropriations, and total expenditures for each department may not exceed departmental appropriations. For budgetary purposes, the City records an encumbrance as a charge against appropriations in the accounting period in which a purchase order is issued, rather than in the accounting period when goods or services are received.

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 result from oil operations. As of September 30, 2019, the reserve balance within the Subsidence Fund is \$185.9 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund without interest and with repayment commencing in fiscal year 2008 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, 2019, the remaining loan balance was \$1.6 million.

Implementation of New Accounting Pronouncements

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. Application of the following statements was effective for the City's fiscal year ended September 30, 2019:

In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The purpose of this Statement is to address the accounting and financial reporting for a legally enforceable liability associated with the retirement of a tangible capital asset (Asset Retirement Obligations or ARO). This Statement establishes criteria for (1) determining the timing and pattern of liability recognition and a corresponding deferred outflow, (2) requires liability recognition when it is incurred and reasonably estimable, and (3) requires ARO measurement to be based on the best estimate of the current value of outlays expected to be incurred. This Statement is effective for reporting periods beginning after June 15, 2018. Application of this statement did not have a material impact to the financial statements for the year ended September 30, 2019.

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In March of 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. This Statement defines debt for purposes of disclosure in notes to financial statements and establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. This Statement is effective for reporting periods beginning after June 15, 2018. Application of this statement did not have a material impact to the financial statements for the year ended September 30, 2019.

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 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In June of 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing and (b) to simplify accounting for certain interest costs. In financial statements prepared using the economic resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expense in the period in which the cost is incurred. This approach is also applied for funds using the current financial resources measurement focus. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests*. The primary objective of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Except in situation when a majority equity interest meets the definition of an investment, a government should report the legally separate organization as a component unit, and the government that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement also addresses arrangements that are associated with conduit debt obligations and requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

Estimates and Rounding

The preparation of the City's basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

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The Notes to the Basic Financial Statements
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NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

| | Total 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 | \$ 333,781 | \$ - | \$ 168,018 | \$ (282,541) | \$ 219,258 |
| Non-Pooled Cash and Cash Equivalents | 37,100 | - | 15,002 | - | 52,102 |
| Pooled Investments | - | - | - | 128,507 | 128,507 |
| Interest Receivable | 5 | 160 | 2 | - | 167 |
| Property Taxes Receivable, Net | 102,402 | - | - | (4,725) | 97,677 |
| Accounts Receivable | 28,764 | - | 1,608 | (30,372) | - |
| Notes and Loans Receivable | - | - | - | - | - |
| Due from Other Governments | 76,157 | - | - | - | 76,157 |
| Due from Other Funds | 11,606 | - | 26,172 | (37,778) | - |
| Allowance for Receivables | (15,319) | - | (27) | 15,346 | - |
| Accounts and Loans Receivables, Net | - | - | - | 19,751 | 19,751 |
| Internal Balances | - | - | - | 20,011 | 20,011 |
| Deposits | - | - | 8,325 | (8,325) | - |
| Inventory | - | - | 2,860 | - | 2,860 |
| Other Assets | 3,111 | - | - | 8,325 | 11,436 |
| Advances to Other Funds | 3,810 | - | - | (3,810) | - |
| Land Held for Resale | 6,809 | - | - | - | 6,809 |
| Other Noncurrent Assets: | | | | | |
| Noncurrent Pooled Investments | - | - | - | 154,034 | 154,034 |
| Other Noncurrent Receivables | 215,822 | - | - | - | 215,822 |
| Capital Assets: | | | | | |
| Nondepreciable | - | 336,193 | 29,493 | - | 365,686 |
| Depreciable, Net | - | 252,343 | 433,700 | - | 686,043 |
| Other Noncurrent Assets | - | - | 7,375 | - | 7,375 |
| Total Assets | 804,048 | 588,696 | 692,528 | (21,577) | 2,063,695 |
| Deferred Outflows of Resources | - | - | 8,881 | 118,263 | 127,144 |
| Total Assets and Deferred Outflows of Resources | \$ 804,048 | \$ 588,696 | \$ 701,409 | \$ 96,686 | \$2,190,839 |

(continued)

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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 | \$ 39,757 | \$ - | \$ 17,067 | \$ - | \$ 56,824 |
| Accrued Wages and Benefits Payable | 13,220 | - | 7,743 | - | 20,963 |
| Accrued Interest Payable | - | 2,865 | 1,384 | - | 4,249 |
| Due to Other Governments | 345 | - | - | - | 345 |
| Due to Other Funds | 16,011 | - | 38,238 | (54,249) | - |
| Unearned Revenue | 25,845 | (7,869) | - | 11,775 | 29,751 |
| Accrued Claims | - | - | - | - | - |
| Deposits and Collections Held in Trust | 7,798 | - | 3,977 | (11,775) | - |
| Advances from Other Funds | 4,924 | - | 1,451 | (6,375) | - |
| Long-term Liabilities Due Within One Year: | | | | | |
| Bonds Payable | - | 19,647 | 7,908 | (27,555) | - |
| Certificates of Participation Payable | - | - | - | - | - |
| Notes Payable | - | 425 | - | (425) | - |
| Capital Leases Payable | - | - | 6,771 | (6,771) | - |
| Other Long-term Obligation | - | - | 5,011 | (5,011) | - |
| Environmental Remediation | - | 544 | 180 | (724) | - |
| Accrued Self Insurance Claims Payable | - | - | 29,634 | (29,634) | - |
| Total Employee Benefits and Accrued LT Obligations | - | - | 43,044 | 30,358 | 73,402 |
| Total LT Debt and Other LT Obligations | - | - | - | 39,762 | 39,762 |
| Long-term Liabilities Due Beyond One Year: | | | | | |
| Bonds Payable | - | 266,496 | 26,815 | (293,311) | - |
| Notes Payable | - | 7,816 | - | (7,816) | - |
| Capital Leases Payable | - | - | 42,249 | (42,249) | - |
| Other Long-term Obligation | - | - | 294,864 | (294,864) | - |
| Police and Fire Annuities Payable | - | 6,365 | - | (6,365) | - |
| Estimated Oil Field Abandonment Costs Payable | - | 22,430 | - | (22,430) | - |
| Environmental Remediation | - | - | 1,321 | (1,321) | - |
| Accrued Self Insurance Claims Payable | - | - | 141,922 | (141,922) | - |
| Employee Benefits Payable | - | - | 114,902 | (114,902) | - |
| Total OPEB Liability | - | 17,035 | 1,407 | - | 18,442 |
| Net Pension Liability | - | 757,519 | 66,962 | - | 824,481 |
| Total Employee Benefits and Accrued LT Obligations | - | - | - | 286,940 | 286,940 |
| Total LT Debt and Other LT Obligations | - | - | - | 638,240 | 638,240 |
| Total Liabilities | 107,900 | 1,093,273 | 852,850 | (60,624) | 1,993,399 |
| Deferred Inflows of Resources | 308,598 | - | 7,165 | (120,934) | 194,829 |
| Fund Balance / Net Position | | | | | |
| Total Fund Balance / Net Position | 387,550 | (504,577) | (158,606) | 278,244 | 2,611 |
| Total Liabilities, Deferred Inflows and Fund Balance / Net Position | \$ 804,048 | \$ 588,696 | \$ 701,409 | \$ 96,686 | \$2,190,839 |

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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 | \$ 435,218 | \$ - | \$ - | \$ 351 | \$ 435,569 |
| Franchise Fees | 18,126 | - | - | - | 18,126 |
| Licenses and Permits | 42,728 | - | - | (42,728) | - |
| Fines and Forfeitures | 17,674 | - | - | (17,674) | - |
| Use of Money and Property / | | | | | |
| Unrestricted Investment Earnings | 48,033 | - | 4,509 | (38,370) | 14,172 |
| From Other Agencies | 235,841 | - | - | (235,841) | - |
| Charges for Services | 46,987 | - | - | (46,987) | - |
| Other | 19,944 | - | - | (19,944) | - |
| Program Revenue: | | | | | |
| Charges for Services | - | - | 7,025 | 164,533 | 171,558 |
| Operating Grants and Contributions | - | - | - | 167,793 | 167,793 |
| Capital Grants and Contributions | - | - | - | 67,976 | 67,976 |
| Issuance of Long-term Debt | 26,458 | - | - | (26,458) | - |
| Transfers, Net | 32,499 | - | 205 | - | 32,704 |
| Total Revenues | 923,508 | - | 11,739 | (27,349) | 907,898 |
| | | | | | |
| | Total Governmental Funds | Debt and Capital Related Transactions | Internal Service Funds | Reclass | Statement of Activities |
| Expenditures / Expenses: | | | | | |
| Current: | | | | | |
| Legislative and Legal | 13,458 | 1,322 | 465 | - | 15,245 |
| General Government | 39,002 | 3,251 | 1,384 | - | 43,637 |
| Public Safety | 383,222 | 36,853 | 10,437 | - | 430,512 |
| Public Health | 52,487 | 4,467 | 775 | - | 57,729 |
| Community and Cultural | 180,390 | 7,538 | 656 | (4,759) | 183,825 |
| Public Works | 71,989 | 99,229 | 709 | - | 171,927 |
| Oil Operations | 2,774 | 1,003 | - | - | 3,777 |
| Capital Improvements | - | - | - | - | - |
| Capital Improvements | 90,370 | (90,370) | - | - | - |
| Debt Service: | | | | | |
| Principal | 23,356 | (23,356) | - | - | - |
| Interest on Long-Term Debt | 14,155 | (1,278) | 4,596 | - | 17,473 |
| Debt Administration Fees | 27 | (27) | - | - | - |
| Issuance Costs | 411 | - | - | (411) | - |
| Other Financing (Uses): | | | | | |
| Pynt Refunded Bond Escrow Agent | 15,020 | - | - | (15,020) | - |
| Total Expenditures / Expenses | 886,661 | 38,632 | 19,022 | (20,190) | 924,125 |
| Net Change in Fund Balances | \$ 36,847 | \$ (38,632) | \$ (7,283) | \$ (7,159) | \$ (16,227) |

Note: Amounts reflected in the Internal Service Funds column are net of all eliminations and allocations to business-type activities.

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NOTE 4 – CASH AND INVESTMENTS

Cash and Investments as of September 30, 2019 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

| | |
|---------------------------------|----------------------------|
| Cash and investments in Pool | \$ 1,661,135 |
| Non-pooled cash and investments | <u>207,621</u> |
| Total cash and investments | <u><u>\$ 1,868,756</u></u> |

Cash and investments as of September 30, 2019 consist of the following:

| | |
|----------------------------|----------------------------|
| Cash and deposits | \$ 83,827 |
| Investments | <u>1,784,929</u> |
| Total cash and investments | <u><u>\$ 1,868,756</u></u> |

A breakdown of cash, cash equivalents, and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2019 is as follows (in thousands):

| | <i>Governmental Business-type Fiduciary</i> | | | |
|--------------------------------------|--|----------------------------|-------------------------|----------------------------|
| | <i>Activities</i> | <i>Activities</i> | <i>Funds</i> | <i>Total</i> |
| Pooled Cash and Cash Equivalents | \$ 219,258 | \$ 149,696 | \$ 13,842 | \$ 382,796 |
| Non-pooled Cash and Cash Equivalents | 52,102 | 110,547 | 8,574 | 171,223 |
| Pooled Investments | 128,507 | 441,015 | - | 569,522 |
| Non-pooled Investments | - | - | 1,050 | 1,050 |
| Noncurrent Pooled Investments | 154,034 | 528,621 | - | 682,655 |
| Restricted Assets: | | | | |
| Non-pooled Cash and Cash Equivalents | - | - | - | - |
| Non-pooled Investments | - | 61,510 | - | 61,510 |
| Total Deposits and Investments | <u><u>\$ 553,901</u></u> | <u><u>\$ 1,291,389</u></u> | <u><u>\$ 23,466</u></u> | <u><u>\$ 1,868,756</u></u> |

Investments Authorized by Debt Agreements

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

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, 2019. 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.

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.

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| <i>Authorized Investment Type</i> | <i>Maximum Maturity</i> | <i>Maximum Percentage of Portfolio</i> | <i>Maximum Investment in One Issuer</i> |
|---|-------------------------|--|---|
| Bonds Issued by the City | 5 years * | 30% | None |
| U.S. Treasury Notes, Bonds, or Bills | 5 years * | None | None |
| Registered State Warrants, 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% | 5% |
| 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% | 5% |
| Money Market Funds | N/A | 20% | 10% |
| Local Agency Investment Fund (LAIF) (per account) | N/A | None | \$40 million |
| Asset-backed Securities | 5 years | 20% | None |
| Mortgage-backed Securities | 5 years | 20% | None |
| Supranational Bonds | N/A | 30% | 5% |

* 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.

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 following schedule indicates the interest rate risk of the City's investments as of September 30, 2019 (in thousands):

| <i>Investment Type</i> | <i>Fair Value</i> | <i>Weighted Average Maturity (in years)</i> |
|--|-------------------|---|
| Cash And Investments In Pool | | |
| Money market account | \$ 629 | - |
| U.S. Treasury notes | 893,078 | 1.31 |
| Federal agency securities | 503,669 | 1.74 |
| Local Agency Investment Fund (LAIF) | 186,272 | - |
| Subtotal Pooled Cash and Investments | 1,583,648 | |
| Cash and deposits | 77,487 | N/A |
| Total Pooled Cash and Investments | \$ 1,661,135 | |
| Non-Pooled Cash And Investments | | |
| Money market funds | \$ 96,877 | - |
| U.S. Treasury notes | 80,585 | 1.69 |
| Guaranteed investment contracts | 23,819 | 18.14 |
| Subtotal Non-Pooled Cash And Investments | 201,281 | |
| Cash and deposits | 6,340 | N/A |
| Total Non-Pooled Cash And Investments | \$ 207,621 | |

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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 following are the actual ratings as of September 30, 2019 for each investment type (in thousands):

| <i>Rating as of Year End</i> | | | | | |
|---------------------------------------|---------------------|---------------------|-------------|---------------------|-------------------|
| <i>Investment Type</i> | <i>Minimum</i> | | | | |
| | <i>Legal Rating</i> | <i>Total</i> | <i>AAA</i> | <i>AA+</i> | <i>Unrated</i> |
| Cash and investments in Pool | | | | | |
| Money market account | AAA | \$ 629 | \$ - | \$ 629 | \$ - |
| U.S. Treasury notes | N/A | 893,078 | - | 893,078 | - |
| Federal agency securities | N/A | 503,669 | - | 503,669 | - |
| Local Agency Investment Fund (LAIF) | N/A | 186,272 | - | - | 186,272 |
| Subtotal Pool | | 1,583,648 | - | 1,397,376 | 186,272 |
| Cash and deposits | N/A | 77,487 | - | - | 77,487 |
| Total Pool | | <u>\$ 1,661,135</u> | <u>\$ -</u> | <u>\$ 1,397,376</u> | <u>\$ 263,759</u> |
| Non-pooled cash and investments | | | | | |
| Cash and deposits | N/A | \$ 6,340 | \$ - | \$ - | \$ 6,340 |
| Money market funds | AAA | 96,877 | - | - | 96,877 |
| U.S. Treasury notes | N/A | 80,585 | - | 80,585 | - |
| Guaranteed Investment Contracts | N/A | 23,819 | - | - | 23,819 |
| Total non-pooled cash and investments | | <u>\$ 207,621</u> | <u>\$ -</u> | <u>\$ 80,585</u> | <u>\$ 127,036</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 Pool are as follows (in thousands):

| <i>Issuer</i> | <i>Investment Type</i> | <i>Reported Amount</i> |
|-------------------------------------|-------------------------------|------------------------|
| U.S. Treasury | U.S. Treasury bills and notes | \$ 893,078 |
| Federal National Mtg Assn | Federal agency securities | 224,076 |
| Federal Home Loan Bank | Federal agency securities | 201,278 |
| Local Agency Investment Fund (LAIF) | Local agency securities | 186,272 |

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

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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, 2019, the City reported deposits of \$91.0 million, collateralized in compliance with California Government Code, \$13.5 million for checks outstanding.

Fair Value Hierarchy

The City has the following recurring fair value measurements as of September 30, 2019:

- U.S. Treasury Notes totaling \$973.7 million and Federal Agencies securities totaling \$503.7 million, are classified in Level 2 of the fair value hierarchy, as the valuation uses a market-based model which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices. These prices are obtained from various pricing sources by our custodian bank.
- Local Agency Investment Funds (LAIF) totaling \$186.3 million is measured at fair value, however, the investment is not required to be leveled.
- Money Market Funds and Guaranteed Investment Contracts totaling \$97.5 million and \$23.8 million, respectively, are not subject to the fair value hierarchy as the investments are reported at amortized cost and contract value, respectively.

The following table categorizes the City's investments within the fair value hierarchy as of September 30, 2019 (in thousands):

| <i>Investments at Fair Value Level</i> | <i>Total</i> | <i>Fair Value Measurement</i> | | |
|---|---------------------|--------------------------------------|-----------------------|-----------------------|
| | | <i>Level 1</i> | <i>Level 2</i> | <i>Level 3</i> |
| Debt Securities | | | | |
| U.S. Treasury notes | \$ 973,663 | \$ - | \$ 973,663 | \$ - |
| Federal agency securities | 503,669 | - | 503,669 | - |
| Total investments at fair value | 1,477,332 | \$ - | \$ 1,477,332 | \$ - |
| <i>Other Investments at Fair Value</i> | | | | |
| Local Agency Investment Fund (LAIF) | 186,272 | | | |
| <i>Other Investments at Cost or Contract Value</i> | | | | |
| Money market funds | 97,506 | | | |
| Guaranteed investment contracts | 23,819 | | | |
| Total investments | <u>\$ 1,784,929</u> | | | |

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NOTE 5 – RECEIVABLES

Receivables at September 30, 2019 for the City's individual major funds, nonmajor and internal service funds in the aggregate, including applicable allowances for uncollectible accounts, are as follows (in thousands). Governmental activities interest receivable in the Statement of Net Position includes \$160 thousand in federal interest subsidies of the Agency's Build America and Recovery Zone Economic Development Bonds. All receivables are expected to be collected within one year except for delinquent property taxes, notes and loans and Other Noncurrent Receivables.

| | <i>General Fund</i> | <i>General Capital Projects</i> | <i>Nonmajor Governmental Funds</i> | <i>Internal Service Funds</i> | <i>Total</i> |
|--------------------------------|--------------------------------|--|---|--|---------------------|
| Governmental Activities: | | | | | |
| Receivables: | | | | | |
| Interest ¹ | \$ 2 | \$ 1 | \$ 2 | \$ 2 | \$ 7 |
| Taxes | 102,402 | - | - | - | 102,402 |
| Accounts, Unrestricted | 25,052 | 235 | 3,477 | 1,608 | 30,372 |
| Due from Other Governments | 39,872 | 8,208 | 28,077 | - | 76,157 |
| Other Noncurrent Receivables | - | - | 215,822 | - | 215,822 |
| Total Receivables | 167,328 | 8,444 | 247,378 | 1,610 | 424,760 |
| Less Allowance for Receivables | (9,260) | - | (6,059) | (27) | (15,346) |
| Net Receivables | <u>\$ 158,068</u> | <u>\$ 8,444</u> | <u>\$ 241,319</u> | <u>\$ 1,583</u> | <u>\$ 409,414</u> |

¹ Excludes \$160 thousand for Build America Subsidy

| | <i>Gas Utility</i> | <i>Water Utility</i> | <i>Tidelands Operating</i> | <i>Tideland Oil Revenue</i> | <i>Harbor</i> | <i>Nonmajor Proprietary Funds</i> | <i>Total</i> |
|--------------------------------|-------------------------------|---------------------------------|---------------------------------------|--|----------------------|--|---------------------|
| Business-Type Activities: | | | | | | | |
| Receivables: | | | | | | | |
| Interest, Unrestricted | \$ 20 | \$ 43 | \$ 101 | \$ - | \$ 23 | \$ 53 | \$ 240 |
| Accounts, Unrestricted | 9,953 | 7,875 | 5,647 | 27,791 | 75,177 | 10,931 | 137,374 |
| Notes Receivable | - | - | 49 | - | - | - | 49 |
| Due from Other Governments | - | 315 | 2 | - | 50,959 | 19,650 | 70,926 |
| Other Noncurrent Receivables | - | - | 10,180 | - | - | - | 10,180 |
| Total Receivables | 9,973 | 8,233 | 15,979 | 27,791 | 126,159 | 30,634 | 218,769 |
| Less Allowance for Receivables | (140) | (249) | (308) | - | (1,123) | (442) | (2,262) |
| Net Receivables | <u>\$ 9,833</u> | <u>\$ 7,984</u> | <u>\$ 15,671</u> | <u>\$ 27,791</u> | <u>\$ 125,036</u> | <u>\$ 30,192</u> | <u>\$ 216,507</u> |

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NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2019 is as follows (in thousands):

| <i>Receivable - Due to:</i> | | | | | |
|-----------------------------|------------------|---------------------------------|-------------------------------|--------------------|----------------------|
| | <i>General</i> | <i>General Capital Projects</i> | <i>Nonmajor Gov'tal Funds</i> | <i>Gas Utility</i> | <i>Water Utility</i> |
| Payable- Due from: | | | | | |
| General | \$ - | \$ - | \$ 10 | \$ - | \$ - |
| General Capital Projects | - | - | - | - | - |
| Nonmajor Gov'tal | 6,861 | - | - | - | - |
| Gas Utility | 366 | - | - | - | - |
| Water Utility | 3,352 | 11 | - | - | - |
| Tidelands Operating | - | 15 | - | - | - |
| Tidelands Oil | - | - | - | - | - |
| Harbor | 240 | - | 229 | - | - |
| Nonmajor Proprietary | 522 | - | - | - | - |
| Internal Service | - | - | - | 4,836 | 5,590 |
| Total Due to | <u>\$ 11,341</u> | <u>\$ 26</u> | <u>\$ 239</u> | <u>\$ 4,836</u> | <u>\$ 5,590</u> |

| <i>Receivable - Due to:</i> | | | | | |
|-----------------------------|------------------|----------------------|-----------------------------------|-------------------------------|-----------------------|
| | <i>Tidelands</i> | <i>Tidelands Oil</i> | <i>Nonmajor Proprietary Funds</i> | <i>Internal Service Funds</i> | <i>Total Due from</i> |
| Payable- Due from: | | | | | |
| General | \$ - | \$ - | \$ 541 | \$ 7,652 | \$ 8,203 |
| General Capital Projects | 4 | - | - | 113 | 117 |
| Nonmajor Gov'tal | - | - | - | 830 | 7,691 |
| Gas Utility | - | - | - | 340 | 706 |
| Water Utility | - | - | - | 786 | 4,149 |
| Tidelands Operating | - | - | - | 540 | 555 |
| Tidelands Oil | - | - | - | 71 | 71 |
| Harbor | 21,712 | - | - | 2,225 | 24,406 |
| Nonmajor Proprietary | - | - | - | 937 | 1,459 |
| Internal Service | 6,765 | 1,272 | 7,097 | 12,678 | 38,238 |
| Total Due to | <u>\$ 28,481</u> | <u>\$ 1,272</u> | <u>\$ 7,638</u> | <u>\$ 26,172</u> | <u>\$ 85,595</u> |

| <i>Receivable - Advances from:</i> | | | | |
|------------------------------------|------------------------------|-----------------|-----------------------------------|--------------------------|
| | <i>Nonmajor Governmental</i> | <i>Harbor</i> | <i>Nonmajor Proprietary Funds</i> | <i>Total Advances to</i> |
| Payable - Advances to: | | | | |
| General | \$ - | \$ - | \$ 1,114 | \$ 1,114 |
| Nonmajor Governmental | 3,810 | - | - | 3,810 |
| Tidelands Operating | - | 1,300 | - | 1,300 |
| Internal Service | - | 1,451 | - | 1,451 |
| Total Advances from | <u>\$ 3,810</u> | <u>\$ 2,751</u> | <u>\$ 1,114</u> | <u>\$ 7,675</u> |

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Due to / Due from Other Funds

The General Fund has provided \$6.9 million to non-major governmental funds. Of this amount, \$3.9 million was provided to various grant funds to cover operating expenses prior to receipt of reimbursements. In addition, the General Fund provided the General Grants Fund \$3.0 million for temporary cash flow in order to cover expenses for the Workforce Development Grant.

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 2019 operating revenues is \$21.7 million and will be paid in fiscal year 2020.

The City, as authorized by measure M and approved by the Water Commission, accrued a due from the Water Utility of \$3.0 million for the 4th quarter of fiscal year 2019.

The Employee Benefits Fund recorded a due to other funds of \$35.2 million for the distribution of accrued paid time off liabilities to the owner proprietary funds.

Advances from Other Funds

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

The Subsidence Fund advanced interest earnings on reserves to the General fund in the amount of \$4.1 million in both fiscal years 2005 and 2006. 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, 2019 is \$1.6 million, of which \$1.1 million is long-term and \$500 thousand is current.

In fiscal year 2001, the Housing Fund entered into a \$4.0 million zero interest loan agreement with the Community Development Grants Fund for the acquisition of 26 parcels of land for low and very low-income affordable rental housing. The Housing Fund is required to make principal payments 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 outstanding balance is \$3.8 million at September 30, 2019.

In fiscal year 2019, the Harbor Fund advanced \$1.5 million to the Civic Center fund for the completion of the data room and access to parking facilities in the new city hall. The advance will be paid over the next three fiscal years with the entire balance outstanding at September 30, 2019.

In fiscal year 2011, the Harbor Fund advanced \$1.3 million to the Tidelands Operating fund to move forward with the Colorado Lagoon Restoration Project. The advance funding will be applied to the value of future mitigation credits and as matching funds for a grant from the State Water Resources Control Board.

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Interfund Transfers

The City regularly executes transfers from one fund to another, such as for the reimbursement of services. At September 30, 2019, interfund transfers are as follows (in thousands):

| | <i>Transfers To:</i> | | | | | | | <i>Total Transfers Out</i> |
|--------------------------|----------------------|---|--|---------------|--------------------------------|---|---------------------------------------|------------------------------------|
| | <i>General</i> | <i>General Capital Projects</i> | <i>Nonmajor Governmental Funds</i> | <i>Water</i> | <i>Tidelands Operating</i> | <i>Nonmajor Proprietary Funds</i> | <i>Internal Service Funds</i> | |
| Transfers Out of: | | | | | | | | |
| General | \$ - | \$ 39,604 | \$ 21,827 | \$ - | \$ - | \$ 82 | \$ 9,210 | \$ 70,723 |
| General Capital Projects | 269 | - | - | - | - | - | - | 269 |
| Nonmajor Governmental | 16,641 | 5,986 | 3,040 | 250 | 48 | - | 856 | 26,821 |
| Gas Utility | 10,350 | 7,500 | 50 | - | - | - | 876 | 18,776 |
| Water Utility | 10,041 | - | - | - | - | 52 | 343 | 10,436 |
| Tidelands Operating | - | - | - | - | - | - | 554 | 554 |
| Tidelands Oil Revenue | - | - | - | - | 15,357 | - | 45 | 15,402 |
| Harbor | - | - | 104 | - | 20,614 | - | 244 | 20,962 |
| Nonmajor Proprietary | 999 | 599 | 100 | - | - | - | 1,279 | 2,977 |
| Internal Service Funds | 12,848 | 330 | 24 | - | - | - | 620 | 13,822 |
| Total Transfers In | <u>\$51,148</u> | <u>\$ 54,019</u> | <u>\$ 25,145</u> | <u>\$ 250</u> | <u>\$ 36,019</u> | <u>\$ 134</u> | <u>\$ 14,027</u> | <u>\$180,742</u> |

Significant transfers include the following:

The General Fund transferred \$39.6 million to the General Capital Projects funds to fund various capital projects. Of this amount, \$32.5 million was City Measure A funds.

The General Fund transferred a total of \$21.8 million to non-major governmental funds in fiscal year 2019. Of this \$19.9 million was transferred to the General Debt Service Fund for debt service payments and fiscal agent fees.

Internal Service Funds transferred \$12.8 million to the General Fund. The Employee Benefits Fund transferred \$9.1 million to refund amounts collected through applied rates for pension expenses, and the General Services Fund transferred \$3.7 million from surplus funds.

Non-major Governmental transferred \$16.6 million to the General Fund. The Health Fund transferred \$8.0 million to return funds provided to cover delays in funding reimbursements in previous fiscal years, and \$8.6 million was transferred from the Successor Agency Capital Projects fund for loan repayments related to the dissolution act.

Non-major governmental funds transferred \$3.0 million to other non-major governmental funds. Significant transfers include the Agency transferring \$2.3 million to the Agency Debt Service Fund and \$4.0 million to the Housing Development Fund for current and future debt service payments.

The Harbor transferred \$20.6 million to the Tidelands Operating Fund as allowed by the City Charter. The Tidelands Oil Revenue Fund transferred \$15.4 million under the optimized water flood program to the Tidelands Operating Fund. The Gas Utility Fund transferred \$10.4 million to the General Fund as allowed by City Charter.

The Gas and Water Utilities Transferred \$10.4 million and \$10.0 million respectively to the General fund in compliance with voter approved Measure M. See note 24 regarding the status of amounts transferred from the Water Utility.

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NOTE 7 – CAPITAL ASSETS

Capital asset activity for governmental activity for the year ended September 30, 2019 is as follows (in thousands):

| <i>Governmental Activities:</i> | <i>Balance at October 1, 2018</i> | <i>Increase</i> | <i>Decrease</i> | <i>Transfers</i> | <i>Balance at September 30 2019</i> |
|---|--|------------------------|------------------------|-------------------------|--|
| Capital Assets not being Depreciated: | | | | | |
| Land | \$ 235,638 | \$ 8,576 | \$(10,489) | \$ - | \$ 233,725 |
| Rights-of-way | 81,340 | - | - | - | 81,340 |
| Construction In Progress | 256,646 | 115,181 | (17,363) | (303,843) | 50,621 |
| Total Capital Assets not being Depreciated | <u>573,624</u> | <u>123,757</u> | <u>(27,852)</u> | <u>(303,843)</u> | <u>365,686</u> |
| Capital Assets being Depreciated: | | | | | |
| Buildings | 318,667 | 3,359 | (54,137) | 286,377 | 554,266 |
| Improvements Other than Buildings | 132,911 | - | (1,596) | 13,656 | 144,971 |
| Infrastructure | 426,995 | - | - | - | 426,995 |
| Machinery and Equipment | 59,515 | 30,651 | (7,227) | 3,810 | 86,749 |
| Vehicles and Aircraft | 121,709 | 15,704 | (7,076) | - | 130,337 |
| Software and Patents | 24,454 | 13,049 | (524) | - | 36,979 |
| Total Capital Assets being Depreciated | <u>1,084,251</u> | <u>62,763</u> | <u>(70,560)</u> | <u>303,843</u> | <u>1,380,297</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | (165,898) | (8,951) | 48,302 | - | (126,547) |
| Improvements Other than Buildings | (74,445) | (6,309) | 1,415 | - | (79,339) |
| Infrastructure | (335,398) | (10,552) | - | - | (345,950) |
| Machinery and Equipment | (53,194) | (3,067) | 7,127 | - | (49,134) |
| Vehicles and Aircraft | (74,558) | (9,400) | 6,682 | - | (77,276) |
| Software and Patents | (14,580) | (1,843) | 415 | - | (16,008) |
| Total Accumulated Depreciation | <u>(718,073)</u> | <u>(40,122)</u> | <u>63,941</u> | <u>-</u> | <u>(694,254)</u> |
| Total Capital Assets being Depreciated, Net | <u>366,178</u> | <u>22,641</u> | <u>(6,619)</u> | <u>303,843</u> | <u>686,043</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 939,802</u> | <u>\$146,398</u> | <u>\$(34,471)</u> | <u>\$ -</u> | <u>\$ 1,051,729</u> |

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

| | |
|---|------------------|
| General Government | \$ 19 |
| Public Safety | 3,450 |
| Public Health | 481 |
| Community and Cultural | 6,347 |
| Public Works | 12,964 |
| Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets | <u>16,861</u> |
| Total governmental activities depreciation | <u>\$ 40,122</u> |

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Capital asset activity for business-type activities for the year ended September 30, 2019 is as follows (in thousands):

| <i>Business-type Activities:</i> | <i>Balance at October 1, 2018</i> | <i>Increase</i> | <i>Decrease</i> | <i>Transfers</i> | <i>Balance at September 30, 2019</i> |
|--|--|------------------------|------------------------|-------------------------|---|
| Capital Assets not being Depreciated: | | | | | |
| Land | \$ 1,312,926 | \$ - | \$ - | \$ - | \$ 1,312,926 |
| Rights-of-way | 212,452 | - | - | - | 212,452 |
| Water Rights | 40 | - | - | - | 40 |
| Construction In Progress | 1,696,961 | 333,621 | (36,067) | \$ (182,837) | 1,811,678 |
| Total Capital Assets not being Depreciated | <u>3,222,379</u> | <u>333,621</u> | <u>(36,067)</u> | <u>(182,837)</u> | <u>3,337,093</u> |
| Capital Assets being Depreciated: | | | | | |
| Buildings | 3,822,397 | 21,923 | (2,647) | 123,575 | 3,965,248 |
| Improvements Other than Buildings | 606,229 | 63,090 | (6,865) | 20,223 | 682,677 |
| Infrastructure | 1,347,737 | 2,175 | (1,099) | 17,971 | 1,366,784 |
| Machinery and Equipment | 98,229 | 6,158 | (71) | 19,587 | 123,903 |
| Vehicles and Aircraft | 101,409 | 1,781 | (882) | - | 102,308 |
| Software and Patents | 24,925 | 167 | - | 1,481 | 26,573 |
| Total Capital Assets being Depreciated | <u>6,000,926</u> | <u>95,294</u> | <u>(11,564)</u> | <u>182,837</u> | <u>6,267,493</u> |
| Less Accumulated Depreciation for: | | | | | |
| Buildings | (1,961,801) | (141,816) | - | - | (2,103,617) |
| Improvements Other than Buildings | (341,019) | (23,329) | 6,454 | - | (357,894) |
| Infrastructure | (834,614) | (28,236) | 806 | - | (862,044) |
| Machinery and Equipment | (77,603) | (2,587) | 71 | - | (80,119) |
| Vehicles and Aircraft | (24,708) | (2,681) | 823 | - | (26,566) |
| Software and Patents | (19,262) | (2,796) | - | - | (22,058) |
| Total Accumulated Depreciation | <u>(3,259,007)</u> | <u>(201,445)</u> | <u>8,154</u> | <u>-</u> | <u>(3,452,298)</u> |
| Total Capital Assets being Depreciated, Net | <u>2,741,919</u> | <u>(106,151)</u> | <u>(3,410)</u> | <u>182,837</u> | <u>2,815,195</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 5,964,298</u> | <u>\$ 227,470</u> | <u>\$ (39,477)</u> | <u>\$ -</u> | <u>\$ 6,152,291</u> |

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

| | |
|---|-------------------|
| Gas Utility | \$ 7,915 |
| Tidelands Operating | 21,699 |
| Tideland Oil | 930 |
| Harbor | 144,716 |
| Water Utility | 11,721 |
| Non-major Business-type Funds: | |
| Sewer Utility | 2,424 |
| Solid Waste Management | 158 |
| Airport | 11,867 |
| Development Services | 13 |
| Total Business-type Activities Depreciation | <u>\$ 201,443</u> |

Capitalized Interest

The Harbor, Gas Utility, Water Utility and Sewer Utility capitalized interest of \$17.2 million, \$364 thousand, \$915 thousand, and \$297 thousand, respectively in capital assets.

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NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended September 30, 2019 are as follows (in thousands).

| | <i>Balance at October 1, 2018</i> | <i>Additions</i> | <i>Reductions</i> | <i>Balance at September 30, 2019</i> | <i>Due Within One Year</i> |
|---|---|------------------|-------------------|--|------------------------------------|
| Governmental Activities: | | | | | |
| Bonds Payable: | | | | | |
| Revenue Bonds | \$ 80,005 | \$ 22,595 | \$ (21,105) | \$ 81,495 | \$ 5,175 |
| Pension Obligation Bonds | 19,315 | - | (6,115) | 13,200 | 6,435 |
| Tax Allocation Bonds | 225,165 | - | (15,300) | 209,865 | 15,945 |
| Plus (Less) Unamortized Amounts: | | | | | |
| Premium | 14,760 | 3,076 | (1,513) | 16,323 | - |
| Discount | (95) | - | 78 | (17) | - |
| Total Bonds Payable | 339,150 | 25,671 | (43,955) | 320,866 | 27,555 |
| Notes, Loans and LOC Payable | 7,751 | 928 | (438) | 8,241 | 425 |
| Capital Leases | 67,670 | 10,087 | (28,737) | 49,020 | 6,771 |
| Police and Fire Annuities | 6,810 | 639 | (1,084) | 6,365 | - |
| Estimated Oil Field Abandonment Costs | 21,570 | 860 | - | 22,430 | - |
| Environmental Remediation | 2,783 | 170 | (908) | 2,045 | 724 |
| Accrued Self-Insured Claims | 162,857 | 46,128 | (37,429) | 171,556 | 29,634 |
| Accrued Employee Benefits | 145,565 | 242,205 | (229,824) | 157,946 | 43,044 |
| Total OPEB Liability | 40,716 | 59,702 | (81,976) | 18,442 | - |
| Net Pension Liability | 767,318 | 831,485 | (774,322) | 824,481 | - |
| Other LT Obligations-Civic Center | 202,069 | 98,633 | (827) | 299,875 | 5,011 |
| Total, Governmental Activities | \$1,764,259 | \$1,316,508 | \$ (1,199,500) | \$ 1,881,267 | \$ 113,164 |
| Business-Type Activities: | | | | | |
| Bonds Payable: | | | | | |
| Revenue Bonds | \$1,582,250 | \$ 161,310 | \$ (83,600) | \$ 1,659,960 | \$ 66,450 |
| Plus (Less) Unamortized Amounts: | | | | | |
| Premium | 92,290 | 39,239 | (10,261) | 121,268 | - |
| Discount | (42) | - | 13 | (29) | - |
| Total Bonds Payable | 1,674,498 | 200,549 | (93,848) | 1,781,199 | 66,450 |
| Notes, Loans and LOC Payable | 327,442 | - | (28) | 327,414 | 28 |
| Premium | 21,029 | - | (9,387) | 11,642 | - |
| Total Notes, Loans and Lines of Credit Payable | 348,471 | - | (9,415) | 339,056 | 28 |
| Capital Leases | 15,143 | 27,394 | (2,181) | 40,356 | 2,608 |
| Due to State of California | 21,564 | 12,918 | (21,565) | 12,917 | 12,917 |
| Estimated Oil Field Abandonment Costs | 114,000 | 4,600 | - | 118,600 | - |
| Fair Value of Derivative | 7,473 | 11,923 | (7,473) | 11,923 | - |
| Environmental Remediation | 3,800 | 2,600 | (2,200) | 4,200 | - |
| Accrued Claims Liability | 5,000 | 450 | - | 5,450 | 5,450 |
| Accrued Employee Benefits | 38,310 | 17,263 | (14,467) | 41,106 | 9,857 |
| Total OPEB Liability | 10,785 | 12,126 | (18,105) | 4,806 | - |
| Net Pension Liability | 289,016 | 300,778 | (289,016) | 300,778 | - |
| Other LT Obligations - Port Headquarters | 199,325 | 22,405 | (221,730) | - | - |
| Site Restoration | 1,000 | - | - | 1,000 | - |
| Total, Business-Type Activities | \$2,728,385 | \$ 613,006 | \$ (680,000) | \$ 2,661,391 | \$ 97,310 |

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NOTE 9 – BONDS PAYABLE

At September 30, 2019, bonded indebtedness consisted of the following (in thousands):

| <i>Description</i> | <i>Date Issued</i> | <i>Final Maturity</i> | <i>Range of Interest Rates</i> | <i>Authorized and Issued</i> | <i>Outstanding September 30, 2019</i> |
|--|------------------------|---------------------------|------------------------------------|--------------------------------------|---|
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | |
| LEASE REVENUE BONDS: | | | | | |
| 2012A LBBFA | 11/28/12 | 08/01/31 | 4.00% - 5.00% | \$ 32,969 | \$ 29,647 |
| 2016 Courthouse Demolition | 01/13/16 | 08/01/26 | 2.00% - 5.00% | 13,150 | 9,775 |
| FALB2019A PS Parking Garage | 05/22/19 | 08/01/39 | 3.00% - 5.00% | 9,245 | 9,245 |
| FALB2019B Lease Rev Ref Bonds | 05/22/19 | 08/01/31 | 5.00% | 13,350 | 13,350 |
| Premium/Discount | | | | - | 6,837 |
| Subtotal, General City Bonds | | | | <u>68,714</u> | <u>68,854</u> |
| TAX ALLOCATION BONDS: | | | | | |
| Tax Allocation Bonds: | | | | | |
| 2002B West Long Beach Industrial Project | 12/05/02 | 11/01/24 | 2.25% - 5.50% | 21,860 | 9,895 |
| 2002B Downtown Project | 12/05/02 | 11/01/22 | 2.25% - 5.50% | 25,920 | 19,080 |
| 2005C Downtown Project | 02/01/06 | 08/01/24 | 3.25% - 5.50% | 7,900 | 3,605 |
| 2005C North Long Beach Project | 02/01/06 | 08/01/31 | 3.25% - 5.50% | 27,145 | 18,515 |
| 2010A North Long Beach Recover Zone | 05/12/10 | 08/01/40 | 2.39% - 8.36% | 22,235 | 22,235 |
| 2010B North Long Beach Build America | 05/12/10 | 08/01/25 | 2.39% - 8.36% | 10,745 | 4,850 |
| 2015AB SA | 06/23/15 | 08/01/40 | 4.00% - 5.00% | 155,820 | 131,685 |
| Premium/Discount | | | | - | 7,425 |
| Subtotal, Tax Allocation Bonds | | | | <u>271,625</u> | <u>217,290</u> |
| INTERNAL SERVICE FUND BONDS: | | | | | |
| 2002 Pension Obligation | 08/15/02 | 09/01/21 | 5.18% | 76,550 | 13,200 |
| 2012A LBBFA IS | 11/28/12 | 08/01/31 | 4.00% - 5.00% | 21,661 | 19,478 |
| Premium/Discount | | | | - | 2,044 |
| Subtotal, Internal Service Fund Bonds | | | | <u>98,211</u> | <u>34,722</u> |
| Total, Governmental Activities | | | | <u>\$ 438,550</u> | <u>\$ 320,866</u> |

(continued)

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| <i>Description</i> | <i>Date Issued</i> | <i>Final Maturity</i> | <i>Range of Interest Rates*</i> | <i>Authorized and Issued</i> | <i>Outstanding September 30, 2019</i> |
|---|------------------------|---------------------------|-------------------------------------|--------------------------------------|---|
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | | |
| ENTERPRISE FUND BONDS: | | | | | |
| Gas Utility Fund: | | | | | |
| 2007A Natural Gas Purchase | 10/18/07 | 11/15/37 | 4.25% - 5.50% | \$ 635,665 | \$ 503,445 |
| 2007B Natural Gas Purchase | 10/18/07 | 11/15/33 | 4.90% - 5.07% | 251,695 | 69,005 |
| Premium/Discount | | | | - | 10,806 |
| Subtotal, Gas Utility Bonds | | | | 887,360 | 583,256 |
| Tidelands Fund: | | | | | |
| 2012 Aquarium | 03/14/12 | 11/01/30 | 3.50% - 5.00% | 102,580 | 72,945 |
| 2015 Marina | 06/03/15 | 05/15/45 | 4.00% - 5.00% | 114,015 | 111,365 |
| 2016 Rainbow | 07/26/16 | 08/01/23 | 3.00% - 5.00% | 19,115 | 11,330 |
| 2017A Tidelands | 11/01/17 | 11/01/27 | 1.35% - 2.55% | 10,190 | 10,190 |
| 2017B Tidelands | 11/01/17 | 11/01/27 | 1.79% - 3.49% | 17,705 | 15,710 |
| Premium/Discount | | | | - | 12,919 |
| Subtotal, Tidelands Bonds | | | | 263,605 | 234,459 |
| Harbor Fund: | | | | | |
| 2010A Harbor | 04/22/10 | 05/15/25 | 0.40% - 5.00% | 200,835 | 97,475 |
| 2010B Harbor | 05/12/10 | 05/15/27 | 3.00% - 5.00% | 158,085 | 109,200 |
| 2014B Harbor | 04/24/14 | 05/15/27 | 3.00% - 5.00% | 20,570 | 11,700 |
| 2015A Harbor | 04/16/15 | 05/15/23 | 4.00% - 5.00% | 44,845 | 33,115 |
| 2015B Harbor | 04/16/15 | 05/15/25 | 5.00% | 20,130 | 20,130 |
| 2015C Harbor | 07/15/15 | 05/15/32 | 5.00% | 66,085 | 66,085 |
| 2015D Harbor | 07/15/15 | 05/15/42 | 5.00% | 66,865 | 66,865 |
| 2017A Harbor | 06/15/17 | 05/15/40 | 5.00% | 101,610 | 101,610 |
| 2017B Harbor | 06/15/17 | 05/15/43 | 5.00% | 25,985 | 25,985 |
| 2017C Harbor | 06/15/17 | 05/15/47 | 5.00% | 42,660 | 42,660 |
| 2019A Harbor | 07/11/19 | 05/15/49 | 5.00% | 161,310 | 161,310 |
| Premium/Discount | | | | - | 95,007 |
| Subtotal, Harbor Bonds | | | | 908,980 | 831,142 |
| Water Utility Fund: | | | | | |
| 2010A Water | 09/15/10 | 05/01/24 | 3.00% - 5.00% | 22,740 | 13,135 |
| 2012 Water | 08/30/12 | 05/01/27 | 2.00% - 5.00% | 9,850 | 6,030 |
| Premium/Discount | | | | - | 1,190 |
| Subtotal, Water Utility Bonds | | | | 32,590 | 20,355 |
| Non-Major Enterprise Funds: | | | | | |
| 2009A Airport | 12/08/09 | 06/01/22 | 4.00% - 5.00% | 9,795 | 4,770 |
| 2009C Airport | 12/08/09 | 06/01/39 | 7.00% - 7.80% | 44,890 | 44,890 |
| 2010A Airport | 11/23/10 | 06/01/40 | 4.00% - 5.00% | 48,435 | 41,505 |
| 2010B Airport | 11/23/10 | 06/01/40 | 3.00% - 5.00% | 12,965 | 10,810 |
| 2016 Sewer | 08/24/16 | 05/01/36 | 4.00% - 5.00% | 9,830 | 8,695 |
| Premium/Discount | | | | - | 1,317 |
| Subtotal, Non-Major Enterprise Bonds | | | | 125,915 | 111,987 |
| Total, Business-Type | | | | 2,218,450 | 1,781,199 |
| Grand Total, Primary Government Bonds Payable | | | | \$ 2,657,000 | \$ 2,102,065 |

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Governmental Funds

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

| <i>Year Ending</i> | <i>Governmental Funds</i> | | <i>Internal Service Funds</i> | | <i>Annual Debt Service Requirements</i> | | |
|------------------------|---------------------------|---------------------------|-------------------------------|--------------------------|---|-----------------|--------------|
| | <i>Lease Revenue</i> | <i>Tax Allocation</i> | <i>Pension Obligation</i> | <i>Lease Revenue</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2020 | \$ 3,702 | \$ 15,945 | \$ 6,435 | \$ 1,473 | \$ 27,555 | \$ 13,627 | \$ 41,182 |
| 2021 | 5,328 | 15,405 | 6,765 | 1,542 | 29,040 | 12,541 | 41,581 |
| 2022 | 5,623 | 16,120 | - | 1,612 | 23,355 | 11,561 | 34,916 |
| 2023 | 5,862 | 19,705 | - | 1,683 | 27,250 | 10,540 | 37,790 |
| 2024 | 6,153 | 17,690 | - | 1,782 | 25,625 | 9,527 | 35,152 |
| 2025 - 2029 | 24,349 | 42,340 | - | 8,961 | 75,650 | 35,151 | 110,801 |
| 2030 - 2034 | 7,890 | 44,660 | - | 2,425 | 54,975 | 18,699 | 73,674 |
| 2035 - 2039 | 3,110 | 31,720 | - | - | 34,830 | 6,773 | 41,603 |
| 2040 - 2044 | - | 6,280 | - | - | 6,280 | 336 | 6,616 |
| Subtotal | 62,017 | 209,865 | 13,200 | 19,478 | 304,560 | 118,755 | 423,315 |
| Premium / Discount | 6,837 | 7,425 | (17) | 2,061 | 16,306 | - | 16,306 |
| Totals | \$ 68,854 | \$ 217,290 | \$ 13,183 | \$ 21,539 | \$ 320,866 | \$ 118,755 | \$ 439,621 |

New Debt Issuance

In May 2019, the Finance Authority of Long Beach (FALB) issued \$9.2 million Lease Revenue Bonds, Series 2019A and \$13.4 million Lease Revenue Refunding Bonds, Series 2019B. The 2019 FALB Series A bonds were issued to finance a portion of the costs of the new Public Safety Parking Garage and pay costs of issuance of the bonds. The 2019 FALB Series A interest rates range from 3.0 percent to 5.0 percent with debt service beginning in February 2020 through August 2039. The 2019 FALB Series B bonds were issued to refund the 2006B Parks and Open Space bonds and pay costs of issuance of the bonds. The 2019 FALB Series B interest rate range is 5.0 percent with debt service beginning in February 2020 through August 2031.

Advance Refundings

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

In February 2006, the Agency issued \$35.0 million in LBBFA Tax Allocation Revenue Bonds Downtown and North Long Beach Redevelopment Project Areas 2005 Series C bonds (Series C bonds). The Series C bonds were issued to (a) purchase a portion of the outstanding Redevelopment Agency of the City of Long Beach 2002 Subordinate Tax Allocation Bonds (Downtown Redevelopment Project) and (b) the outstanding Redevelopment Agency of the City of Long Beach 2002 Tax Allocation bonds (North Long Beach Redevelopment Project) in order to advance refund a portion of the outstanding LBBFA Tax Allocation Revenue Bonds (Downtown, North Long Beach,

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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.

Pledged Revenues

The Agency has pledged a portion of property tax revenues attributable to the Project Areas of the former Redevelopment Agency to repay tax allocation bonds issued in between 1992 and 2015. The bonds were issued to finance either redevelopment activities within various project areas or to refinance existing debt that was originally issued for the same purpose. Property tax revenues attributable to the Project Areas of the former Redevelopment Agency are projected to produce 100 percent of the debt service requirements over the life of the bonds. As of September 30, 2019, total principal and interest requirement for the bonds is \$309.0 million (\$209.9 million for principal and \$99.1 million for interest), payable semiannually through 2040. For the current year, tax increment revenues received and total debt service paid were \$26.5 million.

Business-Type Funds

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

| <i>Year Ending</i> | <i>Enterprise Funds</i> | | | | | <i>Annual Debt Service Requirements</i> | | |
|------------------------|-------------------------|------------------|---------------|--------------|--------------------------------|---|-----------------|--------------|
| | <i>Major Funds</i> | | | | <i>Non Major Funds</i> | | | |
| | <i>Gas Utility</i> | <i>Tidelands</i> | <i>Harbor</i> | <i>Water</i> | | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2020 | \$ 11,905 | \$ 10,820 | \$ 37,300 | \$ 3,050 | \$ 3,375 | \$ 66,450 | \$ 82,618 | \$ 149,068 |
| 2021 | 13,990 | 12,600 | 39,110 | 3,170 | 3,535 | 72,405 | 80,598 | 153,003 |
| 2022 | 16,040 | 13,165 | 41,065 | 3,300 | 3,700 | 77,270 | 77,038 | 154,308 |
| 2023 | 18,645 | 13,810 | 42,310 | 3,450 | 3,875 | 82,090 | 73,200 | 155,290 |
| 2024 | 21,655 | 11,635 | 44,430 | 3,720 | 4,040 | 85,480 | 69,031 | 154,511 |
| 2025 - 2029 | 120,195 | 57,205 | 143,180 | 2,475 | 23,265 | 346,320 | 284,869 | 631,189 |
| 2030 - 2034 | 86,545 | 35,620 | 87,420 | - | 29,610 | 239,195 | 207,199 | 446,394 |
| 2035 - 2039 | 283,475 | 25,940 | 100,155 | - | 35,395 | 444,965 | 119,280 | 564,245 |
| 2040 - 2044 | - | 33,100 | 127,455 | - | 3,875 | 164,430 | 45,389 | 209,819 |
| 2045 - 2049 | - | 7,645 | 73,710 | - | - | 81,355 | 11,776 | 93,131 |
| Subtotal | 572,450 | 221,540 | 736,135 | 19,165 | 110,670 | 1,659,960 | 1,050,998 | 2,710,958 |
| Premium / Discount | 10,806 | 12,919 | 95,007 | 1,190 | 1,316 | 121,238 | - | 121,238 |
| Totals | \$ 583,256 | \$ 234,459 | \$ 831,142 | \$ 20,355 | \$ 111,986 | \$ 1,781,198 | \$ 1,050,998 | \$ 2,832,196 |

New Debt Issuance

In July 2019, the Harbor Fund issued \$161.3 million in Harbor Revenue Bonds, Series 2019A to provide funds to (a) pay and/or reimburse the Harbor Department of the City of Long Beach for the costs of the design and construction of the new headquarters building for the Harbor Department, and (b) pay the costs of issuing the Series 2019A bonds. The 2019A Series bear 5.0 percent interest rate per annum payable in May and November of each year, commencing in May 2020. Principal payments are due every May commencing in 2026, with bond terms maturing through the year 2049.

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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, 2019, aggregate special assessment debt issued through the City consisted of five issues and is summarized as follows:

| | |
|--|----------------------------|
| • Dates Issued: | 7/11/02 – 6/15/10 |
| • Final Maturities: | 10/01/25 – 10/1/40 |
| • Range of Interest Rates: | 2.0% – 6.30% |
| • Amounts Authorized and Issued: | \$1,060,000 – \$43,000,000 |
| • Range of Amounts Outstanding: | \$675,000 – \$29,395,000 |
| • Aggregate Outstanding at September 30, 2019: | \$49,720,000 |

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

Long Beach Towne Center CFD No. 5: In May of 2008 the City of Long Beach Community Facilities District No 5 issued \$14.6 million of Special Tax Refunding Bonds (Long Beach Town Center) under the provisions of the Mello-Roos Community Facilities Act of 1982. The bonds were issued to refund the 2000 Special Tax bonds, to fund a reserve and to provide funds for the District's improvement fund for sidewalk and drainage improvements. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The bonds will mature in October 2025 and bear interest rates ranging from 3.2 percent to 5.75 percent.

Pike Public Improvements CFD No. 6: 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. The bonds will mature in October 2032 with interest rates from 3.25 percent to 6.3 percent.

Douglas Park Commercial Area CFD No. 2007-1: In July of 2007, Community Facilities District No. 2007-1 issued \$15.1 million of 2007 Special Tax Bonds. The Bonds are payable solely from proceeds of a special assessment tax to be levied annually on land within the district. The funds were used to finance the acquisition and construction of various public improvements in Area A, fund a reserve fund, and (iv) pay the costs related to the issuance of the bonds. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The bonds will mature in September 2037 and carry interest rates ranging from 4.0 percent to 5.25 percent.

Belmont Shore CFD No. 2007-2 : In December 2009, Community Facilities District No. 2007-2 (Belmont Shore) issued \$3.7 million of 2009 Special Tax Bonds. The Bonds are payable solely from

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proceeds of a special assessment tax to be levied annually on land within the district and certain pledged Belmont Shore area parking meter revenues. Proceeds will be used to finance a new City parking lot in the Belmont Shore area and to finance other improvements to enhance parking. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The bonds will mature in October 2040 and carry interest rates ranging from 2.0 percent to 6.0 percent.

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

Such bonds described above do not constitute indebtedness of the City. The City is in no way obligated for their repayment and is only acting on behalf of the bond owners in collecting the assessments and special taxes from the property owners, forwarding the collections to the bond owners, and initiating foreclosure proceedings, when necessary. Accordingly, these special assessment bonds payable have been excluded from the accompanying basic financial statements.

Conduit Debt

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

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

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

At September 30, 2019, the City's Conduit Debt outstanding consisted of the following (in thousands):

| <i>Description</i> | <i>Final Maturity</i> | <i>Amount Authorized</i> | <i>Outstanding at September 30, 2019</i> |
|--------------------------------|---------------------------|------------------------------|--|
| Carnival Bonds | 2030 | \$ 30,000 | \$ 21,900 |
| Grisham Housing Bonds Series A | 2035 | 10,245 | 1,032 |
| Total Conduit Debt | | <u>\$ 40,245</u> | <u>\$ 22,932</u> |

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NOTE 10 – NOTES, LOANS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

At September 30, 2019, the City had notes, loans payable and other long-term obligations, consisting of the following (in thousands):

| <i>Description</i> | <i>Date Issued</i> | <i>Final Maturity</i> | <i>Range of Interest Rates</i> | <i>Authorized and Issued</i> | <i>Outstanding at September 30, 2019</i> |
|---|--------------------|-----------------------|--------------------------------|------------------------------|--|
| <u>GOVERNMENTAL ACTIVITIES</u> | | | | | |
| NOTES, LOANS AND LINES OF CREDIT PAYABLE: | | | | | |
| General Fund: | | | | | |
| Southern California Edison | 12/08/17 | 05/25/25 | 2.11% | \$ 396 | \$ 318 |
| Southern California Edison | 01/09/18 | 02/25/25 | 2.18% | 877 | 713 |
| Southern California Edison | 05/08/18 | 10/23/24 | 2.69% | 869 | 696 |
| Southern California Edison | 01/31/19 | 02/27/27 | 2.37% | 715 | 666 |
| Premium/Discount | | | | - | 164 |
| | | | | 2,857 | 2,557 |
| Successor Agency Fund: | | | | | |
| Los Angeles County | 01/21/92 | | 3.75% | 5,684 | 5,684 |
| OTHER LONG-TERM OBLIGATIONS: | | | | | |
| Civic Center Fund: | | | | | |
| New Civic Center Complex | N/A | N/A | N/A | - | 299,875 |
| General Fund: | | | | | |
| Police and Fire Annuity | N/A | N/A | N/A | 37,600 | 6,365 |
| Total, Governmental Activities | | | | \$ 46,141 | \$ 314,481 |
| <u>BUSINESS-TYPE ACTIVITIES</u> | | | | | |
| NOTES, LOANS AND LINES OF CREDIT PAYABLE: | | | | | |
| Tidelands Fund: | | | | | |
| State of Calif DBAW - Lighthouse | 06/23/00 | 08/01/30 | 4.50% | \$ 700 | \$ 363 |
| Southern Calif Edison Project 2417 | 04/06/12 | 10/20/21 | N/A | 13 | 2 |
| Total Tidelands Fund | | | | 713 | 365 |
| Harbor Fund: | | | | | |
| Harbor 2018A ST Refunding Note | 09/19/18 | 12/15/20 | 5.00% | 327,050 | 327,050 |
| Premium/Discount | | | | - | 11,641 |
| Total Harbor Fund | | | | 327,050 | 338,691 |
| OTHER LONG-TERM OBLIGATIONS: | | | | | |
| Water Fund: | | | | | |
| Site Restoration | N/A | N/A | N/A | - | 1,000 |
| Total Water Fund | | | | - | 1,000 |
| Total, Business-Type Activities | | | | \$ 327,763 | \$ 340,056 |

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Governmental Activities

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 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 accrued interest are due prior to the termination of the project area in 2031. The balance at September 30, 2019 totaled \$ 5.7 million.

General Fund Loans

The City participated in the Energy Management Solutions Incentives program by SCE. By completing installation of eligible energy efficient equipment that included Street Light LED conversions, SCE provided the City with zero-percent interest financing to be repaid over a specified period through the City's electric utility bill. The balance at September 30, 2019 totaled \$2.4 million.

Payments over the next five years will be made as follows (in thousands):

| <i>Year ending</i> | <i>Governmental Activities</i> | | | | |
|--------------------|--------------------------------|-------------------------|---|-----------------|-----------------|
| | <i>General Fund</i> | <i>Successor Agency</i> | <i>Annual Debt Service Requirements</i> | | |
| | | | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2020 | \$ 425 | \$ - | \$ 425 | \$ 52 | \$ 477 |
| 2021 | 436 | - | 436 | 42 | 478 |
| 2022 | 446 | - | 446 | 31 | 477 |
| 2023 | 457 | - | 457 | 20 | 477 |
| 2024 | 301 | - | 301 | 11 | 312 |
| 2025 - 2029 | 328 | - | 328 | 8 | 336 |
| 2030 - 2034 | - | 5,684 | 5,684 | - | 5,684 |
| Subtotal | 2,393 | 5,684 | 8,077 | 164 | 8,241 |
| Premium/Discount | 164 | - | 164 | - | 164 |
| Total | <u>\$ 2,557</u> | <u>\$ 5,684</u> | <u>\$ 8,241</u> | <u>\$ 164</u> | <u>\$ 8,405</u> |

Under these loan agreements, non-payment of amounts deemed due may result to discontinuance of service. The agreements also specify circumstances construed as breach of agreement or customer default. In these instances, SCE has the right to declare the entire unpaid balance of the loans immediately due and payable.

Police and Fire Annuity Obligation Program

The City administers a Police and Fire Annuity Program (Program). Enrollment in the Program was terminated in 1945. The Program covers a diminishing number of public safety retirees or their surviving spouses. Total expenditures amounted to \$510 thousand for the fiscal year ended September 30, 2019. Program benefits are funded on a *pay-as-you-go* basis and the Program has no assets.

At September 30, 2019, the program liability was \$6.4 million, and the change in the Program's accrued liability is as follows (in thousands):

| | |
|--|-----------------|
| Accrued Program Liability at October 1, 2018 | \$ 6,810 |
| Increase (Decrease) During the Year Attributable to: | |
| Benefits Paid | (1,084) |
| Estimated Change in Annualized Value of Benefits | 639 |
| Accrued Program Liability at September 30, 2019 | <u>\$ 6,365</u> |

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The number of program participants diminishes each year, and there were 16 total participants as of September 30, 2019. The following table summarizes total annuity benefits paid, accrued liability and number of participants in the Program for the last five fiscal years (dollars in thousands):

| <i>Year Ending</i> | <i>Number of Participants</i> | <i>Annuity Benefits Paid</i> | <i>Accrued Program Liability</i> |
|-------------------------------|--|---|---|
| 2015 | 31 | \$ 2,400 | \$ 11,213 |
| 2016 | 24 | 2,120 | 10,574 |
| 2017 | 20 | 1,180 | 7,634 |
| 2018 | 18 | 1,072 | 6,810 |
| 2019 | 16 | 1,084 | 6,365 |

Business-Type Activities

Notes and loan payments relating to business-type activities over the next five years will be made as follows (in thousands):

| <i>Business-Type Activities</i> | | | | | |
|--|----------------------------------|----------------------|--|------------------------|---------------------|
| <i>Year ending</i> | <i>Principal Payments</i> | | <i>Annual Debt Service Requirements</i> | | |
| | <i>Tidelands</i> | <i>Harbor</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2020 | \$ 28 | \$ - | \$ 28 | \$ 16,369 | \$ 16,397 |
| 2021 | 28 | 327,050 | 327,078 | 8,191 | 335,269 |
| 2022 | 29 | - | 29 | 14 | 43 |
| 2023 | 30 | - | 30 | 13 | 43 |
| 2024 | 31 | - | 31 | 11 | 42 |
| 2025 - 2029 | 178 | - | 178 | 34 | 212 |
| 2030 - 2034 | 41 | - | 41 | 2 | 43 |
| Subtotal | 365 | 327,050 | 327,415 | 24,634 | 352,049 |
| Premium / Discount | - | 11,641 | 11,641 | - | 11,641 |
| Totals | \$ 365 | \$ 338,691 | \$ 339,056 | \$ 24,634 | \$ 363,690 |

Loan with the State of California Department of Boating and Waterways ("DBAW Lighthouse")

In July 1998, the State of California DBAW provided a construction loan of \$700 thousand. This loan bears a compound interest of 4.5 percent on unpaid balance. Repayment of the loan began in August 2001. This loan has an outstanding balance of \$362 thousand as of September 30, 2019.

Other Long-term Obligation - New Civic Center Complex

During fiscal 2016, the City entered into a multi-party Public-Private Partnership agreement (P3). The Project comprises two components; a City project consisting of a new City Hall, new Main Library and revitalized Lincoln Park (Project Assets) and a new Harbor headquarters building. Certain common areas will be jointly owned by both the City and the Harbor. The Project Agreement requires PECP to design, build, operate, and maintain the Civic Center complex.

During fiscal year 2019, the City moved into the new City Hall and the new Library. Consistent with the agreement, the City is began paying PECP the Base Service fees, as defined, over 40 years consisting of a Fixed Growth Fee attributable to construction costs of the Project Assets and a Variable Growth Fee attributable primarily to operation and maintenance services and life-cycle replacement costs of Project Assets. Both the Fixed Growth and Variable Growth Fee have scheduled annual

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increases. The Fixed Growth component is a stable 2.18% per annum and the Variable Growth is subject to annual increases in the CPI-U index.

The City will also pay PECP for various operating and maintenance and life-cycle replacement costs related (FM Charges) to the Harbor Headquarters building and for the Harbor's portion of the jointly owned common areas. These costs have a fixed component totaling \$71 thousand a month and a variable component ranging from zero to \$128 thousand a month depending on the scope of lifecycle costs. The FM charges are also to be paid over a 40-year term.

Payments relating to these activities over the next five years will be made as follows (in thousands):

| | | Payments | | | | |
|------|------|------------|------------|------------|-----------|------------|
| | | Base | Variable | Harbor | | |
| Year | | Principal | Interest | Growth | Fee | Total |
| 2020 | | \$ 5,011 | \$ 5,188 | \$ 5,852 | \$ 936 | \$ 16,987 |
| 2021 | | 5,099 | 5,100 | 5,908 | 1,014 | 17,121 |
| 2022 | | 5,189 | 5,011 | 6,123 | 1,000 | 17,323 |
| 2023 | | 5,280 | 4,919 | 6,360 | 1,025 | 17,584 |
| 2024 | | 5,373 | 4,827 | 6,602 | 1,051 | 17,853 |
| 2025 | 2029 | 28,315 | 22,683 | 36,834 | 5,655 | 93,487 |
| 2030 | 2034 | 30,892 | 20,106 | 43,737 | 6,399 | 101,134 |
| 2035 | 2039 | 33,703 | 17,294 | 51,426 | 6,320 | 108,743 |
| 2040 | 2044 | 36,771 | 14,227 | 59,991 | 8,456 | 119,445 |
| 2045 | 2049 | 40,118 | 10,880 | 69,530 | 6,543 | 127,071 |
| 2050 | 2054 | 43,769 | 7,229 | 80,156 | 6,908 | 138,062 |
| 2055 | 2059 | 47,753 | 3,245 | 91,992 | 6,353 | 149,343 |
| 2060 | 2061 | 12,602 | 147 | 23,800 | 1,268 | 37,817 |
| | | \$ 299,875 | \$ 120,856 | \$ 488,311 | \$ 52,928 | \$ 961,970 |

Accrued Liability - Site Restoration

In fiscal year 2008, the Water Department completed the construction of a subsurface seawater intake and discharge facility. Facility construction costs totaling \$4.6 million have been capitalized and were depreciated over a period of two years. A Coastal Development Permit granted by the California Coastal Commission in September 2007 required the Water Department to restore the project site to its preexisting condition no later than May 21, 2012. On July 14, 2011, the Water Department was granted an extension for the restoration of the coastal area to May 26, 2017. On October 13, 2016, the Water Department was granted an additional five-year extension on the restoration from May 26, 2017 to May 27, 2022. Estimated site restoration costs of \$1.0 million have been accrued as a long-term liability and recorded as nonoperating expenses. Operating costs of the facility are expensed as incurred.

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NOTE 11 – LEASING ARRANGEMENTS

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

| <i>Description</i> | | <i>Date Issued</i> | <i>Final Maturity</i> | <i>Range of Interest Rates</i> | <i>Authorized and Issued</i> | <i>Outstanding at September 30, 2019</i> |
|---|-----|------------------------|---------------------------|--|----------------------------------|--|
| <u>GOVERNMENTAL ACTIVITIES:</u> | | | | | | |
| General Services Fund ¹ : | | | | | | |
| 2016 PC and Equip | (a) | 11/23/15 | 10/23/19 | 1.34% | \$ 1,200 | \$ 26 |
| 2017 PC and Equip | (b) | 10/03/16 | 10/03/20 | 1.50% | 1,290 | 330 |
| 2018 PC and Equip | (c) | 04/10/18 | 04/19/23 | 2.48% | 1,522 | 1,110 |
| 2018 Access Control System | (d) | 06/29/18 | 07/12/33 | 2.98% | 7,050 | 6,031 |
| 2018 Surveillance Cameras | (e) | 06/29/18 | 07/12/23 | 2.62% | 240 | 187 |
| 2018 Data Center | (f) | 08/01/18 | 08/09/33 | 2.66% | 19,259 | 15,042 |
| 2018 Motorola Radios | (g) | 09/25/18 | 10/15/30 | 3.82% | 15,804 | 15,804 |
| 2019 Technology Equipment | (h) | 08/22/19 | 08/22/24 | 2.16% | 803 | 790 |
| 2019 Oracle Hardware | (i) | 09/26/19 | 09/26/24 | 1.91% | 502 | 502 |
| Total General Services Fund | | | | | <u>47,670</u> | <u>39,822</u> |
| Fleet Services Fund ² : | | | | | | |
| 2018 Street Sweepers | (j) | 06/01/18 | 06/14/23 | 2.54% | 975 | 743 |
| 2019 Ambulances | (k) | 12/06/18 | 12/06/24 | 2.94% | 2,004 | 1,747 |
| 2019 CNG Powered Street Sweepers | (l) | 09/26/19 | 09/26/24 | 1.91% | 4,377 | 4,377 |
| 2019 Fire Trucks | (m) | 05/17/19 | 05/17/29 | 2.83% | 2,401 | 2,331 |
| Total Fleet Services Fund | | | | | <u>9,757</u> | <u>9,198</u> |
| Total Governmental Activities Leases | | | | | <u>\$ 57,427</u> | <u>\$ 49,020</u> |
| <u>BUSINESS-TYPE ACTIVITIES:</u> | | | | | | |
| Gas Utility Fund ¹ : | | | | | | |
| Advanced Metering Infrastructure | (n) | 08/03/15 | 05/01/30 | 2.40% | \$ 18,000 | \$ 13,728 |
| Tidelands Operating Fund ¹ : | | | | | | |
| Convention Center | (o) | 10/01/05 | 10/01/25 | 4.99% | 649 | 302 |
| Water Fund ¹ : | | | | | | |
| Advanced Metering Infrastructure | (p) | 12/20/18 | 12/20/33 | 3.35% | 27,394 | 26,326 |
| Total Business-type Activities Leases | | | | | <u>\$ 46,043</u> | <u>\$ 40,356</u> |

¹ Lease acquisitions for these funds is for Machinery and Equipment.

² Lease acquisitions for this fund is for Vehicles.

Governmental Activities

- (a) The City entered into a capital lease agreement for the purchase of computers, server equipment and server storage equipment in November 2015. The lease is payable in monthly installments of \$26 thousand through October 2019.
- (b) The City entered into a capital lease agreement for the purchase of computers, server equipment and server storage equipment in October 2016. The lease is payable in monthly installments of \$28 thousand through October 2020.

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- (c) The City entered into a capital lease agreement for the purchase of computers, server equipment and server storage equipment in April 2018. The lease is payable in monthly installments of \$27 thousand through April 2023.
- (d) The City entered into a capital lease agreement for the purchase of Access Control System in June 2018. The lease amount varies by year ranging from \$89 thousand per month at inception, to \$32 thousand per month from year 5, to \$25 thousand per month from year 8, to \$16 thousand per month from year 10 through July 2033.
- (e) The City entered into a capital lease agreement for the purchase of Surveillance Cameras in June 2018. The lease is payable in monthly installments of \$4 thousand through July 2023.
- (f) The City entered into a capital lease agreement for the purchase of Data Center Systems & Telecommunications Equipment & User Devices in August 2018. The lease amount varies by year ranging from \$340 thousand per month at inception, to \$4 thousand per month from year 5, to \$3 thousand per month from year 8, to \$1 thousand per month from year 10 through August 2033.
- (g) The City entered into a capital lease agreement for the purchase of Motorola Radios in September 2018. The lease is payable in annual installments of \$1.9 million through October 2030.
- (h) The City entered into a capital lease agreement for the purchase of Technology Equipment (desktops and laptops) in August 2019. The lease is payable in monthly installments of \$14 thousand through August 2024.
- (i) The City entered into a capital lease agreement for the purchase of Oracle Hardware in September 2019. The lease is payable in monthly installments of \$9 thousand through September 2024.
- (j) The City entered into a capital lease agreement for the purchase of Street Sweepers in June 2018. The lease is payable in monthly installments of \$17 thousand through June 2023.
- (k) The City entered into a capital lease agreement for the purchase of Ambulances in December 2018. The lease is payable in monthly installments of \$30 thousand through December 2024.
- (l) The City entered into a capital lease agreement for the purchase of Street Sweepers in September 2019. The lease is payable in monthly installments of \$77 thousand through September 2024.
- (m) The City entered into a capital lease agreement for the purchase of Fire Trucks in May 2019. The lease is payable in monthly installments of \$23 thousand through May 2029.

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

| <i>Governmental Activities</i> | | | | | |
|---------------------------------------|--|------------------------------|--|------------------------|---------------------|
| <i>Year ending</i> | <i>Principal Payments by Fund</i> | | <i>Annual Debt Service Requirements</i> | | |
| | <i>General Services</i> | <i>Fleet Services</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2020 | \$ 5,234 | \$ 1,537 | \$ 6,771 | \$ 752 | \$ 7,523 |
| 2021 | 5,380 | 1,600 | 6,980 | 1,832 | 8,812 |
| 2022 | 6,824 | 1,637 | 8,461 | 1,031 | 9,492 |
| 2023 | 6,430 | 1,624 | 8,054 | 793 | 8,847 |
| 2024 | 2,050 | 1,504 | 3,554 | 631 | 4,185 |
| 2025 - 2029 | 9,514 | 1,296 | 10,810 | 1,930 | 12,740 |
| 2030 - 2034 | 4,390 | - | 4,390 | 254 | 4,644 |
| Totals | <u>\$ 39,822</u> | <u>\$ 9,198</u> | <u>\$ 49,020</u> | <u>\$ 7,223</u> | <u>\$ 56,243</u> |

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Business-type Activities

- (n) The City entered into a capital lease agreement for the purchase and implementation of an Advanced Metering Infrastructure (AMI) in August 2015. The lease is payable in monthly installments of \$713 thousand through May 2030.
- (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 2025.
- (p) The City entered into a capital lease agreement for the purchase and implementation of an Advanced Metering Infrastructure (AMI) in December 2018. The lease is payable in monthly installments of \$194 thousand through December 2033.

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

| <i>Business-type Activities</i> | | | | | | |
|-----------------------------------|--------------------|--------------|--------------------------------|---|-----------------|--------------|
| <i>Principal Payments by Fund</i> | | | | <i>Annual Debt Service Requirements</i> | | |
| <i>Year ending</i> | <i>Gas Utility</i> | <i>Water</i> | <i>Tidelands Operating</i> | <i>Principal</i> | <i>Interest</i> | <i>Total</i> |
| 2020 | \$ 1,105 | \$ 1,466 | \$ 37 | \$ 2,608 | \$ 1,197 | \$ 3,805 |
| 2021 | 1,131 | 1,516 | 39 | 2,686 | 1,119 | 3,805 |
| 2022 | 1,158 | 1,568 | 41 | 2,767 | 1,038 | 3,805 |
| 2023 | 1,186 | 1,621 | 43 | 2,850 | 955 | 3,805 |
| 2024 | 1,215 | 1,676 | 45 | 2,936 | 869 | 3,805 |
| 2025 - 2029 | 6,531 | 9,277 | 97 | 15,905 | 2,967 | 18,872 |
| 2030 - 2034 | 1,402 | 9,202 | - | 10,604 | 709 | 11,313 |
| Totals | \$ 13,728 | \$ 26,326 | \$ 302 | \$ 40,356 | \$ 8,854 | \$ 49,210 |

Operating Leases

The City's operating leases consist primarily of rental properties occupied by various City departments. Lease obligations for City-leased properties include rent, utility charges, common area maintenance, storage, and parking. The following is a schedule future minimum rental obligations required under operating lease agreements for properties that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2019 (in thousands):

| <i>Year Ending</i> | <i>Total</i> |
|--------------------|--------------|
| 2020 | \$ 5,020 |
| 2021 | 4,118 |
| 2022 | 3,801 |
| 2023 | 3,034 |
| 2024 | 2,409 |
| 2025-2029 | 12,766 |
| 2030-2034 | 14,016 |
| 2035-2039 | 15,112 |
| Total | \$ 60,276 |

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Lease Revenues

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><i>Year Ending</i></u> | <u><i>Total</i></u> |
|---------------------------|----------------------------|
| 2020 | \$ 367,898 |
| 2021 | 389,530 |
| 2022 | 359,293 |
| 2023 | 325,363 |
| 2024 | 25,062 |
| 2025-2029 | 1,313,744 |
| 2030-2034 | 530,158 |
| 2035-2039 | 493,606 |
| 2040-2044 | 1,141,369 |
| 2045-2049 | 68,092 |
| 2050-2054 | 54,353 |
| 2055-2059 | 30,241 |
| 2060-2064 | 30,309 |
| 2065-2069 | 27,435 |
| 2070-2074 | 16,313 |
| 2075-2079 | 16,354 |
| 2080-2084 | 15,429 |
| Total | <u><u>\$ 5,204,549</u></u> |

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NOTE 12 – DERIVATIVE INSTRUMENTS

At September 30, 2019, the City had the following hedging derivative instruments outstanding within business-type activities:

| <i>Type</i> | <i>Objective</i> | <i>Notional Amount</i> | <i>Effective Date</i> | <i>Various Maturity Dates to:</i> | <i>Terms</i> |
|------------------------------|--|----------------------------------|-----------------------|-----------------------------------|---|
| Pay-Fixed Interest Rate Swap | To reduce the risks associated with the change in interest rates related to the 2007 Series B Variable-rate Bonds. | \$69.0 million | 11/18/2007 | 11/15/2033 | Receive 67% LIBOR plus 1.432%, pay fixed at 4.931% |
| Commodity Forward Contract | To hedge against a reduction in revenues resulting from changes in monthly commodity prices. | 108.6 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.

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

| <i>Maturity Date</i> | <i>Notional Amounts (in thousands)</i> | <i>Synthetic Fixed Rate</i> | <i>Variable Rate</i> | <i>Spread</i> |
|----------------------|--|-----------------------------|----------------------|---------------------|
| 11/15/2025 | \$ 19,195 | 4.903% | 2.807% | 1.410% |
| 11/15/2026 | 25,175 | 4.930% | 2.827% | 1.430% |
| 11/15/2027 | 24,630 | 4.955% | 2.847% | 1.450% |
| 11/15/2033 | 5 | 5.067% | 2.947% | 1.550% |
| | <u>\$ 69,005</u> | 4.931% ² | 2.829% ³ | 1.432% ² |

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 September 30, 2019, plus the indicative spread.

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

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

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

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

Fair Value: The interest rate swap, with the market price quoted by Bank of America-Merrill Lynch, had a negative fair value of approximately \$7.5 million at October 1, 2018. During the current period, ending September 30, 2019, the fair value further decreased by \$4.4 million to a negative fair value of \$11.9 million. The fair value for the interest rate swap is described as the exit price, which is based on the London Interbank Offered Rate (LIBOR) swap rate. The interest rate swap is classified as Level 2 in the fair value hierarchy as the LIBOR swap rate is observable for the full term of the swap.

The commodity swap, with the market price quoted by RBC, had a fair value of \$527.0 million at October 1, 2018. During the current period, fair value increased \$48.0 million to a fair value of \$575.0 million as of September 30, 2019. The fair value for the commodity swap is based on RBC's quoted price. The commodity swap is classified as Level 3 as the valuation relies primarily on unobservable inputs.

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

| <i>Maturity Date</i> | <i>Fair Value, October 1, 2018</i> | <i>Change in Fair Value</i> | <i>Fair Value, September 2019</i> |
|----------------------------------|---|--|--|
| <i>Interest Rate Swap</i> | | | |
| 11/15/2025 | \$ (1,843) | \$ (1,010) | \$ (2,853) |
| 11/15/2026 | (2,708) | (1,604) | (4,312) |
| 11/15/2027 | (2,921) | (1,835) | (4,756) |
| 11/15/2033 | <u>(1)</u> | <u>(1)</u> | <u>(2)</u> |
| | (7,473) | (4,450) | (11,923) |
| <i>Commodity Swap</i> | | | |
| 9/30/2037 | <u>527,051</u> | <u>47,982</u> | <u>575,033</u> |
| Total | <u>\$ 519,578</u> | <u>\$ 43,532</u> | <u>\$ 563,110</u> |

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

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Credit Risks: As of September 30, 2019, the interest rate swap counterparty was rated A2 by Moody's Investor Services and A+ by Fitch Ratings. As of September 30, 2019, the commodity swap counterparty was rated AA- by Standard & Poor's and A2 by Moody's.

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

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

Interest Rate Swap Payment and Associated Debt: Using rates as of September 30, 2019, debt service requirements of the variable-rate debt and net swap payments, assuming the current interest rate remains the same for their term, were as follows (in thousands):

| <i>Fiscal Year</i> | <i>Variable-Rate Bonds</i> | | <i>Net Swap</i> | <i>Total</i> |
|----------------------------|-----------------------------------|------------------------|------------------------|------------------------|
| <i>Ending</i> | | | | |
| <i>September 30</i> | <i>Principal</i> | <i>Interest</i> | <i>Payments</i> | <i>Interest</i> |
| 2020 | \$ - | \$ 3,403 | \$ 208 | \$ 3,611 |
| 2021 | - | 3,403 | 226 | 3,629 |
| 2022 | - | 3,403 | 214 | 3,617 |
| 2023 | - | 3,403 | 195 | 3,598 |
| 2024 | - | 3,403 | 178 | 3,581 |
| 2025 - 2029 | 69,000 | 4,534 | 520 | 5,054 |
| 2030 - 2034 | 5 | 1 | - | 1 |
| Total | <u>\$ 69,005</u> | <u>\$ 21,550</u> | <u>\$ 1,541</u> | <u>\$ 23,091</u> |

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

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

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NOTE 13 – RETIREMENT PROGRAMS

Plan Description – Public Employees’ Retirement System (CalPERS)

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

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

The Plans’ provisions and benefits in effect at September 30, 2019, are summarized in the following table:

| | <i>Miscellaneous</i> | | |
|--------------------------|-------------------------------------|---|--------------------------------|
| | | On or after October 1, 2006 and prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | Prior to October 1, 2006 | | |
| Benefit formula | 2.7% @ 55 | 2.5% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | | 5 years of service | |
| Benefit payments | | Monthly for life | |
| Retirement age | 50 - 55 | 50 - 55 | 52 - 62 |
| | Required Contribution Rates | | |
| Employee | 8.0% | 8.0% | 6.5% |
| Employer | 25.594% | 25.594% | 25.594% |
| | Percentage of Eligible Compensation | | |
| Monthly benefits | 2.0% to 2.7% | 2.0% to 2.5% | 1.0% to 2.0% |
| | <i>Safety</i> | | |
| | | On or after October 1, 2006 and prior to January 1, 2013 | On or after January 1, 2013 |
| Hire date | Prior to October 1, 2006 | | |
| Benefit formula | 3.0% @ 55 | 3.0% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | | 5 years of service | |
| Benefit payments | | Monthly for life | |
| Retirement age | 50 - 55 | 50 | 50 - 57 |
| | Required Contribution Rates | | |
| Employee | 9.0% | 9.0% | 12.3% |
| Employer | 40.432% | 40.432% | 40.432% |
| | Percentage of Eligible Compensation | | |
| Monthly benefits | 2.4% to 3.0% | 3.00% | 2.0% to 2.7% |

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Employees Covered – Based on the June 30, 2018 funding valuation report, the following employees were covered by the benefit terms for each Plan:

| | <u><i>Miscellaneous</i></u> | <u><i>Safety</i></u> |
|--|-----------------------------|----------------------|
| Active employees | 3,481 | 1,204 |
| Inactive employees or beneficiaries currently receiving benefits | 4,025 | 1,739 |
| Inactive employees entitled to but not yet receiving benefits | 4,336 | 337 |

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

CalPERS Net Pension Liability

The City’s net pension liability for both Plans is measured as the total pension liability, less the plan’s fiduciary net position. Net pension liability is measured as of June 30, 2019 (measurement date), using the actuarial valuation report as of June 30, 2018 rolled forward using standard update procedures. At September 30, 2019, the City reported net pension liability of \$1.1 billion for both plans. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

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

| | <u><i>Miscellaneous</i></u> | <u><i>Safety</i></u> |
|---------------------------|---------------------------------|----------------------|
| Valuation Date | June 30, 2018 | June 30, 2018 |
| Measurement Date | June 30, 2019 | June 30, 2019 |
| Actuarial Cost Method | Entry Age Normal | |
| Actuarial Assumptions: | | |
| Discount Rate | 7.15% | 7.15% |
| Inflation | 2.50% | 2.50% |
| Projected Salary Increase | Varies by entry age and service | |
| Investment Rate of Return | 7.15% ¹ | 7.15% ¹ |
| Mortality | 1 | 1 |

¹ The mortality table used was developed based on CalPERS’ specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

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Discount Rate – The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.15 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

The long-term expected rate of return on pension plan investments of 7.375% was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

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

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

| <i>Asset Class</i> | <i>New Strategic Allocation</i> | <i>Real Return Years 1 - 10^a</i> | <i>Real Return Years 11+^b</i> |
|---------------------|-------------------------------------|---|--|
| Global Equity | 50.00% | 4.80% | 5.98% |
| Fixed Income | 28.00 | 1.00 | 2.62 |
| Inflation Sensitive | 0.00 | 0.77 | 1.81 |
| Private Equity | 8.00 | 6.30 | 7.23 |
| Real Assets | 13.00 | 3.75 | 4.93 |
| Liquidity | 1.00 | - | (0.92) |

^a An expected inflation of 2.00% used for this period

^b An expected inflation of 2.92% used for this period

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Changes in the CalPERS Net Pension Liability

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

| <i>Miscellaneous Plan</i> | <i>Increase (Decrease)</i> | | |
|---|--------------------------------|------------------------------------|--------------------------------------|
| | <i>Total Pension Liability</i> | <i>Plan Fiduciary Net Position</i> | <i>Net Pension Liability/(Asset)</i> |
| Balance at July 1, 2018 | \$ 2,623,897 | \$ 2,030,299 | \$ 593,598 |
| Changes in the year: | | | |
| Service Cost | 43,491 | - | 43,491 |
| Interest on Total Pension Liability | 185,085 | - | 185,085 |
| Differences between Actual and Expected Experience | 11,466 | - | 11,466 |
| Changes in Assumptions | - | - | - |
| Contribution - Employer | - | 62,484 | (62,484) |
| Contribution - Employee | - | 18,876 | (18,876) |
| Net Investment Income | - | 132,140 | (132,140) |
| Administrative Expenses | - | (1,449) | 1,449 |
| Net Plan to Plan Resource Movement | - | (5) | 5 |
| Benefit Payments, including Refunds of Employee Contributions | (137,023) | (137,023) | - |
| Other Miscellaneous Expense | - | 5 | (5) |
| Net changes | 103,019 | 75,028 | 27,991 |
| Balance at June 30, 2019 | \$ 2,726,916 | \$ 2,105,327 | \$ 621,589 |

| <i>Safety Plan</i> | <i>Increase (Decrease)</i> | | |
|---|--------------------------------|------------------------------------|--------------------------------------|
| | <i>Total Pension Liability</i> | <i>Plan Fiduciary Net Position</i> | <i>Net Pension Liability/(Asset)</i> |
| Balance at July 1, 2018 | \$ 2,510,763 | \$ 2,048,027 | \$ 462,736 |
| Changes in the year: | | | |
| Service Cost | 42,335 | - | 42,335 |
| Interest on Total Pension Liability | 178,200 | - | 178,200 |
| Differences between Actual and Expected Experience | 21,708 | - | 21,708 |
| Changes in Assumptions | - | - | - |
| Contribution - Employer | - | 55,248 | (55,248) |
| Contribution - Employee | - | 14,287 | (14,287) |
| Net Investment Income | - | 133,226 | (133,226) |
| Administrative Expenses | - | (1,461) | 1,461 |
| Net Plan to Plan Resource Movement | - | 4 | (4) |
| Benefit Payments, including Refunds of Employee Contributions | (122,665) | (122,665) | - |
| Other Miscellaneous Expense | - | 5 | (5) |
| Net Changes | 119,578 | 78,644 | 40,934 |
| Balance at June 30, 2019 | \$ 2,630,341 | \$ 2,126,671 | \$ 503,670 |

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Sensitivity of the Net Pension Liability to Changes in the Discount Rate – The following table presents the net pension liability of the City for each plan as of the measurement date, calculated using the discount rate of 7.15 percent, compared to a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%). Amounts shown below are in thousands:

| <i>Net Pension Liability/ (Asset)</i> | <i>Miscellaneous</i> | <i>Safety</i> |
|---------------------------------------|----------------------|---------------|
| 1% Decrease (6.15%) | \$ 973,145 | \$ 857,022 |
| Current Discount Rate (7.15%) | 621,589 | 503,670 |
| 1% Increase (8.15%) | 330,429 | 213,098 |

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

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

For the year ended September 30, 2019, the City recognized pension expense of \$99.2 million and \$102.1 million for the Miscellaneous and Safety Plan, respectively.

At September 30, 2019, the City reported pension related deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

| | <i>Miscellaneous Plan:</i> | | <i>Safety Plan:</i> | | <i>Total</i> | |
|--|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|---------------------------------------|--------------------------------------|
| | <i>Deferred Outflows of Resources</i> | <i>Deferred Inflows of Resources</i> | <i>Deferred Outflows of Resources</i> | <i>Deferred Inflows of Resources</i> | <i>Deferred Outflows of Resources</i> | <i>Deferred Inflows of Resources</i> |
| <i>Pension Contributions Subsequent to the Measurement Date</i> | \$ 51,777 | \$ - | \$ 41,234 | \$ - | \$ 93,011 | \$ - |
| <i>Differences Between Actual and Expected Experience</i> | 7,644 | (9,600) | 16,142 | (11,762) | 23,786 | (21,362) |
| <i>Changes in Assumptions</i> | - | (16,518) | 26,467 | (21,336) | 26,467 | (37,854) |
| <i>Net Differences between Projected and Actual Earnings on Plan Investments</i> | - | (10,080) | - | (8,845) | - | (18,925) |
| <i>Change in Proportion</i> | 5,584 | (5,584) | 1,222 | (1,222) | 6,806 | (6,806) |
| <i>Total</i> | <u>\$ 65,005</u> | <u>\$ (41,782)</u> | <u>\$ 85,065</u> | <u>\$ (43,165)</u> | <u>\$ 150,070</u> | <u>\$ (84,947)</u> |

The \$93.0 million reported as a deferred outflow of resources relates to contributions made by the City subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows (in thousands):

| <i>Miscellaneous Plan:</i> | | <i>Safety Plan:</i> | | <i>Total</i> | |
|---------------------------------|--------------------|---------------------------------|---------------|---------------------------------|--------------------|
| <i>Year Ending September 30</i> | <i>Amount</i> | <i>Year Ending September 30</i> | <i>Amount</i> | <i>Year Ending September 30</i> | <i>Amount</i> |
| 2020 | \$ (13,850) | 2020 | \$ 18,096 | 2020 | \$ 4,246 |
| 2021 | (13,732) | 2021 | (21,752) | 2021 | (35,484) |
| 2022 | (3,130) | 2022 | 2,092 | 2022 | (1,038) |
| 2023 | 2,158 | 2023 | 2,230 | 2023 | 4,388 |
| 2024 | - | 2024 | - | 2024 | - |
| Total | <u>\$ (28,554)</u> | Total | <u>\$ 666</u> | Total | <u>\$ (27,888)</u> |

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Changes in the Total OPEB Liability (in thousands)

| | | |
|---|----------------|-------------------------|
| Balance at October 1, 2018 | | \$ 51,501 |
| Service Cost | \$ 2,675 | |
| Interest on total OPEB liability | 1,878 | |
| Difference between Expected and Actual Experience | (1,873) | |
| Change in Assumptions | (29,859) | |
| Benefit Payments | <u>(1,074)</u> | |
| Net Change | | <u>(28,253)</u> |
| Balance at September 30, 2019 | | <u><u>\$ 23,248</u></u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate.

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.83 percent) or 1-percentage-point higher (4.83 percent) than the current discount rate (in thousands):

| | <i>1 Percent Decrease (2.83 %)</i> | <i>Discount Rate (3.83 %)</i> | <i>1 Percent Increase (4.83 %)</i> |
|----------------------|---|--|---|
| Total OPEB Liability | \$ 11,747 | \$ 23,248 | \$ 30,755 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.5 percent decreasing to 4.0 percent for non-Medicare plans or 5.5 percent decreasing to 4.0 percent for Medicare plans) or 1-percentage point higher (8.5 percent decreasing to 4.0 percent for non-Medicare plans or 7.5 percent decreasing to 4.0 percent for Medicare plans) than the current healthcare cost trend rates:

| | <i>1 Percent Decrease (6.5%)</i> | <i>Healthcare Cost Trend Rate (7.5 %)</i> | <i>1 Percent Increase (8.5 %)</i> |
|----------------------|---|--|--|
| Total OPEB Liability | \$ 29,115 | \$ 23,248 | \$ 13,525 |

OPEB Expense and Deferred Outflows and Deferred Inflows Related to OPEB

For the year ended September 30, 2019, the City recognized an OPEB expense of \$1.2 million. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

| | <i>Deferred Outflows</i> | <i>Deferred Inflows</i> |
|---|-------------------------------------|------------------------------------|
| Amounts paid subsequent to measurement date | \$ 2,921 | \$ - |
| Difference between expected and actual experience | - | 7,372 |
| Change in assumptions | 7,082 | 28,257 |
| Total | <u><u>\$ 10,003</u></u> | <u><u>\$ 35,629</u></u> |

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The \$2.9 million reported as deferred outflow of resources relates to contributions made by the City subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2019.

Amounts reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense over the next 9.5 years as follows (in thousands):

| <i>Year Ending September 30</i> | <i>Amount to be Recognized</i> |
|-------------------------------------|--|
| 2020 | \$ (3,319) |
| 2021 | (3,319) |
| 2022 | (3,319) |
| 2023 | (3,319) |
| 2024 | (3,319) |
| 2025-2029 | (11,952) |
| Total | <u>\$ (28,547)</u> |

NOTE 15 – SELF-INSURANCE PROGRAMS

The City has adopted separate insurance programs for workers' compensation and general liability claims. The City is self-insured for workers' compensation and general liability for the first \$5 million per occurrence, except for law enforcement's general liability which has \$10 million per occurrence self-insured retention. In addition, the City has excess insurance coverage up to \$150 million and \$50 million, respectively.

At September 30, 2019, the City accrued non-discounted estimates totaling \$181.6 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has recorded in the Workers' Compensation Insurance Fund a current liability of \$21.6 million and a long-term liability of \$116.5 million. The City has recorded in the General Liability Insurance Fund a current liability of \$8.0 million and a long-term liability of \$25.5 million.

The ultimate amount of losses incurred through September 30, 2019 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, 2019 and 2018 is as follows (in thousands):

| | <i>Workers' Compensation Claims</i> | <i>General Liability Claims</i> | <i>Total</i> |
|-------------------------------|---|---|-------------------|
| Balance at September 30, 2017 | \$ 129,749 | \$ 26,371 | \$ 156,120 |
| Additions | 19,653 | 15,220 | 34,873 |
| Payments | <u>(14,455)</u> | <u>(13,681)</u> | <u>(28,136)</u> |
| Balance at September 30, 2018 | 134,947 | 27,910 | 162,857 |
| Additions | 15,734 | 20,394 | 36,128 |
| Payments | <u>(12,627)</u> | <u>(14,802)</u> | <u>(27,429)</u> |
| Balance at September 30, 2019 | <u>\$ 138,054</u> | <u>\$ 33,502</u> | <u>\$ 171,556</u> |

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NOTE 16 – GOVERNMENTAL FUND BALANCES AND FUND DEFICITS

As of September 30, 2019, total fund balances for the City's major and non-major governmental funds are as follows (in thousands):

| | <i>General</i> | <i>General Capital Projects</i> | <i>Other Governmental Funds</i> | <i>Total Governmental Funds</i> |
|--|-------------------|---|---|---|
| <u>Fund Balances (Deficit):</u> | | | | |
| Nonspendable | | | | |
| Prepaid Expense and Deposits | \$ 1,424 | \$ 1,489 | \$ 917 | \$ 3,830 |
| Subtotal | 1,424 | 1,489 | 917 | 3,830 |
| Restricted for: | | | | |
| Debt Service | - | - | 45,317 | 45,317 |
| Public Safety | 3,523 | - | 3,168 | 6,691 |
| Public Health | - | - | 13,857 | 13,857 |
| Community and Cultural | - | - | 73,457 | 73,457 |
| Other Purposes - Operating Reserve | 1,486 | - | - | 1,486 |
| Public Works | - | 62,462 | 1,520 | 63,982 |
| Subtotal | 5,009 | 62,462 | 137,319 | 204,790 |
| Committed to: | | | | |
| Public Safety | 1,000 | - | - | 1,000 |
| Community and Cultural | - | - | 1,414 | 1,414 |
| Other Purposes - Emergency Reserve | 46,600 | - | - | 46,600 |
| Other Purposes - Operating Reserve | 12,568 | - | - | 12,568 |
| Oil Abandonment | 9,272 | - | - | 9,272 |
| Subtotal | 69,440 | - | 1,414 | 70,854 |
| Assigned to: | | | | |
| Subsequent Year's Appropriations | 37,501 | - | - | 37,501 |
| Unfunded Liabilities and Commitments | 12,969 | - | - | 12,969 |
| Infrastructure Reserve | 25 | - | - | 25 |
| Community and Cultural | - | - | 373 | 373 |
| Public Works | - | 57,070 | - | 57,070 |
| Subtotal | 50,495 | 57,070 | 373 | 107,938 |
| Unassigned | 138 | - | - | 138 |
| Total Fund Balances | <u>\$ 126,506</u> | <u>\$ 121,021</u> | <u>\$ 140,023</u> | <u>\$ 387,550</u> |

Fund Deficits

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$21.5 million as of September 30, 2019. This deficit resulted from the recognition of a net pension liability of \$29.6 million and compensated absences of \$5.5 million. City management believes that the cash position of the fund is sufficient to support the utilities ongoing operations.

The Tidelands Oil Revenue Fund, a major proprietary fund, reported a deficit net position of \$77.3 million as of September 30, 2019. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability of \$118.6 million, reflecting an increase of \$4.6 million during the fiscal year. City management will continue to accumulate futures resources to pay for the oil field abandonment liability.

The Towing Fund, a nonmajor enterprise fund, reported a deficit net position of \$3.0 million as of September 30, 2019. This deficit primarily resulted from the recognition of a net pension liability of \$3.5 million. City management believes that the cash position of the fund is currently sufficient at 40 days of expenses to support ongoing operations.

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As of September 30, 2019, the Workers' Compensation insurance fund reflects a deficit net positions of \$111.8 million. This deficit includes the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$138.1 million and \$9.2 million respectively. The City's management believes the cash position is sufficient to cover the current costs related to workers' compensation claims and current operating costs. The City's management believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, and has made reasonable adjustments to amounts charged to City departments to ensure adequate cash positions are maintained.

As of September 30, 2019, the General Liability Insurance Internal Service Funds reflects a deficit net positions of \$41.7 million. This deficit includes the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$33.5 million and \$5.0 million respectively. The City's management believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, and has made reasonable adjustments to amounts charged to City departments to ensure adequate cash positions are maintained.

The Employee Benefits Internal Service Fund reflects a deficit net position of \$147.5 million. This deficit includes the impact of accrued liabilities for Compensated Absences of \$147.9 million. City management believes the cash position is sufficient to cover the current costs related to retired health insurance, and current operating costs in the Employee Benefits Internal Service Fund. The City's management believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, and has made reasonable adjustments to amounts charged to City departments to ensure adequate cash positions are maintained.

NOTE 17 – OIL FIELD ABANDONMENT LIABILITY

Tideland Oil Revenues

The City is required to administer certain tideland properties for the State of California. Revenues received from the City's tidelands area 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.

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

Annually, the City estimates the State's share in the costs of future abandonment and site clearance of the oil properties. At September 30, 2019, the State's total estimated abandonment cost liability is \$902.1 million, which decreased by \$2.6 million from fiscal year 2018. 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, 2019, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$902.1 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve.

At September 30, 2019, the Tidelands Operating Fund recorded an estimated oil field abandonment cost liability of \$118.6 million increasing by \$4.6 million from fiscal year 2018. 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 ownership interests in the Wilmington Oil Field also results in the City recording a proportionate share of oil field abandonment costs currently estimated at \$22.4 million of which \$9.3 million has been funded in the Upland Oil Fund as of September 30, 2019.

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Subsidence

In accordance with State law, 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. At present, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2019, the reserve balance within the Subsidence Fund is \$185.9 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund, with repayment commencing in fiscal year 2008, without interest, in equal annual installments of \$500 thousand for up to 20 years. This action was taken to mitigate the impact of the City in making a \$5 million contributions to the State in both fiscal years 2005 and 2006. At September 30, 2019, total loan to the City's General Fund and interest retained amounts to \$1.6 million.

NOTE 18 – 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 (DTSC) 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, 2019, 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, 2019, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

West Covina Site

Chevron (USA), Exxon Mobile Corporation, Conocophillips Company, Long Beach Oil Development Company (LBOD), and American Energy Operations, Inc. have been named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the California Department of Toxic Substance Control). The site is located in West Covina. In response, the parties have filed claims against the City seeking unspecified damages. In 2005 and 2006, the parties entered into tolling agreements with the City. To date, no costs have been incurred in this matter. As of September 30, 2019, 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.

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55th Way Landfill (formerly Paramount Landfill)

The City operated the Paramount Landfill from 1945 to 1948. Construction began after substantial design and permitting work to close the landfill according to then current standards and was completed in August 2006. A portion of the was developed into Davenport Park in 2006. The City purchased an adjacent parcel in 2006 and developed Phase II of Davenport Park. In May 2009, the Los Angeles Regional Water Quality Control Board (LA Board) notified the City that additional groundwater monitoring is required for this site. The City implements an ongoing Solid Waste Assessment Test (SWAT) groundwater monitoring program for the 55th Way Landfill pursuant to an LA Board Water Discharge Requirements Order (WDRO) and General Monitoring and Reporting Program Order (MRPO). Groundwater monitoring is now required on a recurring semi-annual basis until such time that the LA Board rescinds the WDRO or otherwise approves a reduction or elimination of the MRPO. In May 2019, the City was notified by the Los Angeles County Department of Public Health (LACDPH) that an on-site soil vapor probes showed exceedances in methane gas concentrations. LACDPH has since required the City to provide a monitoring and remediation plan and a gas control work plan. As of September 30, 2019, the estimated liability of potential remediation is a one-time cost of \$150 thousand with ongoing landfill gas monitoring costs of approximately \$32 thousand per year.

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. In July of 2015, the LA Board requested specific remedial and groundwater monitoring action be implemented. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$485 thousand. As of September 30, 2019, the remaining liability for the monitoring was \$321 thousand. There is no reasonable expectation of any recovery associated with these remediation efforts.

Cowelco

In November of 2012, the LA Board notified the Agency that additional groundwater monitoring was necessary at 1669 W. Anaheim Street based on their review of the Site Assessment Report. The LA Board again notified the Agency that additional assessment was necessary after their review of the soil data and groundwater monitoring performed in 2014. In August of 2015, the California State Water Resources Control Board (Control Board) issued a letter denying the City's request for closure and requiring further action. Compliance with the Control Board's current request is anticipated to cost approximately \$41 thousand. It is not known if additional monitoring or remediation will be required. There is no reasonable expectation of any recovery associated with these remediation efforts.

Metropolitan Transportation Authority (MTA) Bus Parking Lot

The LA Board has notified the City that additional ground water monitoring for the former MTA bus parking lot may be required. 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 by the MTA. At September 30, 2019, the site is still being evaluated and the City is waiting for final determination from the LA Board as to the extent of any additional monitoring activities.

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The Notes to the Basic Financial Statements
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Leaking Underground Storage Tanks (LUST)

In the early 1990s, the City was named a responsible party for a number of City owned and/or operated LUST sites by the LA Board. All of the tanks have since been removed. The sites are located at Fire Station 7, Fire Station 10, Fire Station 11, Fire Station 17 and 2929 East Willow Street. The LA Board has directed that these sites be evaluated for remediation and continued monitoring activities. The City has successfully remediated Fire Stations 10 and 11, meeting the requirements of the Water Board's low threat closure policy (LTCP). These two facilities are currently performing post-closure monitoring activities. As of September 30, 2019, the City remains under a Board order to continue monitoring the sites. The estimated related liability for the future remediation is \$1.5 million. For its monitoring and remediation efforts, the City submitted claims for reimbursable remediation cost to the State UST Cleanup Fund. As of September 30, 2019, the City obtained a reimbursement of costs related to the closed sites amounting to \$2.8 million.

Harbor Warehouse

In July of 2017, the Harbor, as result of a hazardous building materials survey of a warehouse, identified the presence of environmentally sensitive materials requiring abatement activities if the facility is to remain in use. The estimated remediation liability for abatement decreased to \$1.6 million for the year ended September 30, 2019. The Department has received bid proposals related to the remediation project that are currently under review as part of the selection process. There is no reasonable expectation of any recovery associated with these remediation efforts.

Pier E Container Yard-Intermodal Railyard

Environmentally contaminated soil materials were found during the project's construction. The Board of Harbor Commissioners approved additional funding to dispose these asbestos contaminated soil materials. The estimated cost of clean-up effort is \$1.4 million.

Demolition of Former Harbor Department Administration Building Complex

Environmentally sensitive materials were identified in the building and a remediation effort will be required as part of the demolition procedures. This project is currently out for bid and the estimated costs of abatement is \$1.2 million.

NOTE 19 – 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 Harbor's share of the ICTF's net position as of September 30, 2019 totaled \$4.0 million. The ICTF financial statements for the year ended June 30, 2019 can be obtained from the Harbor.

The City of Long Beach
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September 30, 2019

NOTE 20 – DEFERRED COMPENSATION

The City offers 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 and all amounts of compensation deferred under the Plan and all income attributable to those amounts are held in trust accounts for the exclusive benefit of the 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.

NOTE 21 – COMMITMENTS AND CONTINGENCIES

Commitments

At September 30, 2019, business-type fund and governmental-type fund commitments for construction projects and for purchases of goods and services are as follows (in thousands):

| <u>Governmental Activities</u> | |
|---------------------------------|------------------|
| General Fund | \$ 859 |
| General Capital Projects | \$ 23,103 |
| Non-major governmental funds | 2,150 |
| Internal Service Funds | 9,908 |
| Total | <u>\$ 36,020</u> |
| <u>Business-Type Activities</u> | |
| Gas Utility | \$ 524 |
| Water | 11,819 |
| Tidelands Operating | 6,401 |
| Harbor | 11,381 |
| Non-major business-type funds | 19,126 |
| Total | <u>\$ 49,251</u> |

Self-Insurance

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

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

The City of Long Beach
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September 30, 2019

Potential Obligations Related to the Alameda Corridor Transportation Authority

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

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

Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. The most recent Notice date March 11, 2019 indicates that there is no projected shortfall for ACTA’s fiscal year ending June 30, 2020.

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 \$1.6 billion. The Harbor anticipates that funding of this project will come primarily from federal and state sources. Local matching funds will also be required. As of September 30, 2019, the Harbor has invested \$1.3 billion into the project.

Environmental Mitigation Credits

The Harbor contributed a total of \$50.8 million to federal and state regulatory agencies to secure environmental mitigation credits that would allow the Harbor to complete land fill projects. 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 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. As of September 30, 2019, the Harbor has utilized a total of \$13.0 million of environmental credits for completed land fill as part of capital projects within the port boundaries to date. The use of 12 credits or \$1.6 million was incurred in fiscal year 2019. No other environmental credit has been acquired. The existing \$39.4 million will be partially used in completing the Middle Harbor project and estimated to complete in fiscal year 2020.

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 for 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
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NOTE 22 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

Deferred Outflows of Resources

At September 30, 2019, 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
(In Thousands)

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> | <u>GASB 34 Conversion Adjustments</u> | <u>Total Adjusted Governmental Funds</u> |
|--|------------------|--|---|---|--|
| <i>Deferred Outflows of Resources:</i> | | | | | |
| Economic loss from the refunding of debt | \$ - | \$ - | \$ - | 1,162 | \$ 1,162 |
| Pension contributions after measurement date | - | - | - | 62,414 | 62,414 |
| CalPERS difference between actual and expected experience | - | - | - | 18,756 | 18,756 |
| CalPERS change in assumptions | - | - | - | 25,118 | 25,118 |
| Change in pension allocation proportion | - | - | - | 2,731 | 2,731 |
| OPEB contributions after measurement date | - | - | - | 2,140 | 2,140 |
| OPEB Change in Assumptions | - | - | - | 5,189 | 5,189 |
| Change in OPEB allocation proportion | - | - | - | 753 | 753 |
| Total deferred outflows of resources | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 118,263</u> | <u>\$ 118,263</u> |
| <i>Deferred Inflows of Resources:</i> | | | | | |
| Economic gain from the refunding of debt | \$ - | \$ - | \$ - | \$ 2,272 | \$ 2,272 |
| Unavailable revenue and property taxes | 97,988 | 210,610 | 308,598 | (206,537) | 102,061 |
| CalPERS Difference between actual and expected investment returns | - | - | - | 12,927 | 12,927 |
| CalPERS change in assumptions | - | - | - | 27,677 | 27,677 |
| CalPERS difference between actual and expected experience | - | - | - | 15,480 | 15,480 |
| Change in pension allocation proportion | - | - | - | 634 | 634 |
| OPEB Change in Assumptions | - | - | - | 20,706 | 20,706 |
| OPEB difference between actual and expected experience | - | - | - | 5,402 | 5,402 |
| Change in OPEB allocation proportion | - | - | - | 505 | 505 |
| Total deferred inflows of resources | <u>\$ 97,988</u> | <u>\$ 210,610</u> | <u>\$ 308,598</u> | <u>\$ (120,934)</u> | <u>\$ 187,664</u> |

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

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

| | <i><u>Civic Center</u></i> | <i><u>General Services</u></i> | <i><u>Fleet Services</u></i> | <i><u>Workers' Compensation Insurance</u></i> | <i><u>General Liability Insurance</u></i> | <i><u>Employee Benefits</u></i> | <i><u>Total Internal Service Funds</u></i> |
|--|--------------------------------|------------------------------------|----------------------------------|---|---|-------------------------------------|--|
| <i>Deferred Outflows of Resources:</i> | | | | | | | |
| Economic loss from the refunding of debt | \$ - | \$ - | \$ 954 | \$ - | \$ - | \$ - | \$ 954 |
| Pension contributions after measurement date | 166 | 2,453 | 1,146 | 764 | 417 | 633 | 5,579 |
| Change in pension allocation proportion | - | 228 | 249 | 87 | - | 178 | 742 |
| OPEB contributions after measurement date | - | 94 | 47 | 10 | 6 | 21 | 178 |
| OPEB Change in Assumptions | - | 227 | 113 | 24 | 14 | 50 | 428 |
| CalPERS difference between actual and expected experience | 24 | 362 | 169 | 113 | 61 | 93 | 822 |
| Change in OPEB allocation proportion | - | 111 | 29 | 24 | 14 | - | 178 |
| Total deferred outflows of resources | <u>\$ 190</u> | <u>\$ 3,475</u> | <u>\$ 2,707</u> | <u>\$ 1,022</u> | <u>\$ 512</u> | <u>\$ 975</u> | <u>\$ 8,881</u> |
| <i>Deferred Inflows of Resources</i> | | | | | | | |
| CalPERS Difference between actual and expected investment returns | \$ 32 | \$ 477 | \$ 223 | \$ 149 | \$ 81 | \$ 123 | \$ 1,085 |
| CalPERS change in assumptions | 53 | 782 | 366 | 243 | 133 | 202 | 1,779 |
| CalPERS difference between actual and expected experience | 30 | 455 | 212 | 142 | 78 | 117 | 1,034 |
| Change in pension allocation proportion | 429 | 42 | 175 | 59 | 153 | 61 | 919 |
| OPEB Change in Assumptions | - | 906 | 452 | 97 | 54 | 201 | 1,710 |
| OPEB difference between actual and expected experience | - | 236 | 192 | 36 | 20 | 154 | 638 |
| Total deferred inflows of resources | <u>\$ 544</u> | <u>\$ 2,898</u> | <u>\$ 1,620</u> | <u>\$ 726</u> | <u>\$ 519</u> | <u>\$ 858</u> | <u>\$ 7,165</u> |

Note: For the total for Government Activities, see page 25.

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September 30, 2019

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

| | <i>Gas Utility</i> | <i>Water Utility</i> | <i>Tidelands</i> | <i>Tideland Oil Revenue</i> | <i>Harbor</i> | <i>Nonmajor Enterprise Funds</i> | <i>Total Enterprise Funds</i> |
|---|------------------------|--------------------------|------------------|-------------------------------------|------------------|--|---------------------------------------|
| Deferred Outflows of Resources: | | | | | | | |
| Issuance Costs - Bond Insurance | \$ - | \$ - | \$ 102 | \$ - | \$ - | \$ - | \$ 102 |
| Economic loss from the refunding of debt | - | 907 | 5,437 | - | 2,442 | - | 8,786 |
| Pension contributions after measurement date | 2,467 | 3,184 | 3,941 | 558 | 9,464 | 5,404 | 25,018 |
| CalPERS change in assumptions | - | - | 1,348 | - | - | 1 | 1,349 |
| CalPERS change in experience | 364 | 470 | 1,094 | 82 | 1,397 | 798 | 4,205 |
| Change in pension allocation proportion | - | 1,106 | 625 | 30 | 2 | 1,570 | 3,333 |
| OPEB contributions after measurement date | 85 | 105 | 65 | 18 | 195 | 135 | 603 |
| OPEB change in assumptions | 206 | 256 | 156 | 44 | 474 | 329 | 1,465 |
| Change in OPEB allocation proportion | - | 100 | 132 | 27 | 83 | 149 | 491 |
| Derivative instrument | | | | | | | |
| Interest rate swap | 11,923 | - | - | - | - | - | 11,923 |
| Total deferred outflows of resources | <u>\$ 15,045</u> | <u>\$ 6,128</u> | <u>\$ 12,900</u> | <u>\$ 759</u> | <u>\$ 14,057</u> | <u>\$ 8,386</u> | <u>\$ 57,275</u> |
| Deferred Inflows of Resources: | | | | | | | |
| Economic gain from the refunding of debt | \$ - | \$ - | \$ - | \$ - | \$ 1,289 | \$ - | \$ 1,289 |
| CalPERS change in assumptions | 787 | 1,016 | 1,674 | 178 | 3,020 | 1,724 | 8,399 |
| CalPERS Difference between actual and expected investment returns | 480 | 620 | 808 | 109 | 1,842 | 1,052 | 4,911 |
| CalPERS difference between actual and expected experience | 457 | 590 | 940 | 103 | 1,755 | 1,002 | 4,847 |
| Change in pension allocation proportion | 1,228 | - | 941 | 244 | 2,703 | 138 | 5,254 |
| OPEB change in assumptions | 823 | 1,020 | 624 | 175 | 1,890 | 1,310 | 5,842 |
| OPEB difference between actual and expected experience | 428 | 277 | 212 | 124 | 493 | 589 | 2,123 |
| Change in OPEB allocation proportion | - | - | - | - | 126 | - | 126 |
| Derivative instrument | | | | | | | |
| Commodity swap | 575,033 | - | - | - | - | - | 575,033 |
| Total deferred inflows of resources | <u>\$ 579,236</u> | <u>\$ 3,523</u> | <u>\$ 5,199</u> | <u>\$ 933</u> | <u>\$ 13,118</u> | <u>\$ 5,815</u> | <u>\$ 607,824</u> |

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

NOTE 23 - TAX ABATEMENTS

For financial reporting purposes, a tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

The City enters into economic development agreements designed to promote development within the City, spur economic improvement, stimulate commercial activity, generate additional sales tax and enhance the property tax base and economic vitality of the City. These programs/agreements abate or rebate sales taxes, Transient Occupancy Taxes (TOT) and property taxes.

Recipients may be eligible to receive economic assistance based on the employment impact, economic impact or community impact of the project requesting assistance. Recipients receiving assistance generally commit to expanding operations, renewing facility leases, bringing targeted businesses to the City, building or remodeling real property and related infrastructure, or demolishing and redeveloping outdated properties. Agreements generally contain recapture provisions which may require repayment or termination if recipients do not meet the required provisions of the economic incentives. The City currently employs three categories of economic development agreements.

Retail Sales Tax Incentive Program (RSTIP) & Location Agreement Program (LAP)

The RSTIP was established by the City Council in March 1992, to encourage large-scale retail development, improve retail sales tax productivity, and stimulate private investment in the retail section on the City's economy. Used as a business retention or attraction tool, the program allows either a developer or end user seeking to complete a commercial project, to request economic incentives from the City. The City undertakes an analysis, including determining if the business has the ability to generate retail sales in excess of \$5 million annually, and if the project has an economic need. When such criteria are met, the City may choose to participate in a sales tax sharing agreement. Generally, active agreements range between 50% to 75% of sales tax revenue generated by the business and received by the City, in excess of the first \$50 thousand or the existing sales tax base, whichever is higher. The agreement would continue for the period of time necessary to offset construction or improvement costs to a new or expanded project, not to exceed 15 years.

Based on the success of the Retail Sales Tax Program, the City also has a Location Agreement Program. The Location Agreement Program is designed to attract new businesses, create jobs and enhance business-to-business sales tax revenue to the City. To qualify for assistance, new businesses would be required to generate sales in excess of \$50 million annually. The sales performance of these businesses would have to be verified by a business evaluation, which would include sales performance analysis. The program will return a negotiated portion of the sales taxes generated by it for an agreed upon period of time.

During the fiscal year, the City had nine active agreements. Depending on available financial information, the sales tax abatement amounts were derived from payments made during the fiscal year, accrual estimates based on sales tax history, or actual sales tax abatements for the fiscal year. For the year ended September 30, 2019, sales tax abatements totaled \$5.8 million.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

Transient Occupancy Tax (TOT) Incentive Agreement

TOT is paid through the occupancy of a hotel or other guest room. The tax is collected by the hotel operator from each guest with room payment and subsequently remitted to the City. The City's current TOT rate is 12%. A TOT incentive agreement was authorized by the City Council in June 2007 to assist in the revitalization of the City's south waterfront area, support the City's development of the downtown area, and to promote these areas as a destination for conventions and visitors. The active TOT sharing agreement will rebate up to 25% of TOT tax revenue generated by the business and received by the City, or \$150 thousand annually plus interest, whichever is lower until the initial amount of financial assistance funded costs associated with site improvements is fully settled.

The program is available for new hotels with desired location, design, operational characteristics, a minimum of 100 rooms, a projected minimum TOT generation of \$500 thousand and an identified financial gap. The program will return a negotiated portion of TOT generated by the hotel for an agreed upon period of time. The amount of transient occupancy taxes abated totaled \$551 thousand in fiscal year 2019.

Mills Act Property Tax Incentive Program

The Mills Act is a State of California program enacted in 1972 that is administered and implemented by local governments. The act offers economic incentives to qualifying owners of historic or designated landmark sites upon agreement to rehabilitate, restore, and protect their property.

The purpose of the Mills Act Program is to encourage the designation, restoration, and protection of historic properties. Properties must be designated City of Long Beach historic properties. Participating property owners enter into a formal agreement with the City for a minimum 10-year term; contracts are automatically renewed at the end of their 10-year term and annually thereafter. The contract runs with the land, meaning that it will transfer from owner to owner if the property is sold or transferred.

Property owners agree to restore, maintain, and protect the property in accordance with specific historic preservation standards and conditions identified in the contract. Entering into a Mills Act contract results in a property tax reassessment by the County Assessor using the income-capitalization method, which may result in an approximately 30 to 50 percent reduction in property tax. Owners are guaranteed that the Mills Act cannot trigger a tax increase. A breach of contract by the property owner can result in cancellation of the contract and a penalty equal to 12.5 percent of the property's fair market value.

For fiscal year 2019, the City had agreements for which re-assessments were completed by the County Assessor's office with a total property tax valuation of \$171.9 million, and an estimated tax abatement of \$189 thousand.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

NOTE 24 – SUBSEQUENT EVENTS

Utility Revenue Charter Amendment (Measure M) Lawsuit

On June 5, 2018, the residents of the City of Long Beach (City) voted to pass the Utility Revenue Charter Amendment (Measure M). This amendment authorized the annual payment of funds from the Water and Sewer Utilities to the General Fund, upon Water Commission approval, provided that the maximum amount does not exceed 12% of each Utility's audited annual gross revenues. In October of 2018, a lawsuit was filed against the City alleging that the passage of Measure M violated Article XIII of the California Constitution. On January 2, 2020 a judge in the Superior Court of Los Angeles County issued a tentative ruling in favor of the plaintiffs, finding Measure M unconstitutional, ordering the return of funds previously transferred under the authority granted by Measure M, and prohibiting the future transfer of funds pursuant to Measure M. The City is expected to thereafter appeal the ruling.

City of Long Beach 2020 Harbor Revenue Refunding Bonds

On February 5th, 2020, the City issued \$55.7 million Series 2020A Revenue Bonds (Non-AMT) and \$74.9 million Series 2020B Taxable Revenue Bonds (AMT). The Series 2020A and 2020B Bonds, together with certain other available moneys, are being issued to (a) current refund and defease all or a portion of the Series 2010A and series 2010B Harbor Revenue Refunding Bonds, and (b) pay the costs of issuance of the Series 2020 Bonds. Payment for this debt begins in May 2021 and continues through May 2027.

COVID-19

In January 2020, the COVID-19 virus started to negatively impact the economy of China. By March of 2020, the virus and its impact on economic activity had spread across the globe. For the City of Long Beach, the impact on both City and local revenues is likely to be significant. At this point there are few quantifiable facts as to this scale and scope of the impact, but it has the potential to significantly impact Harbor, Airport, Tidelands Operating and General Fund revenue streams while increasing expenditures to respond to the social and economic impact of the virus. Federal and State grant revenues are being enhanced and should offset some of the additional expenditures.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019



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REQUIRED SUP- PLEMENTARY INFORMATION

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See accompanying independent auditors' report.

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

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

Last 10 Years¹
(unaudited)

| | <u>2015</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Total Pension Liability (TPL) | | |
| TPL - beginning | \$ 2,362,579 | \$ 2,368,500 |
| Service cost | 37,502 | 37,306 |
| Interest in the TPL | 171,128 | 175,727 |
| Differences between actual and expected experience | (45,118) | (29,800) |
| Changes in assumptions ² | (40,892) | - |
| Benefit payments ³ | (116,699) | (120,522) |
| Net change in TPL | 5,921 | 62,711 |
| TPL - ending (a) | \$ 2,368,500 | \$ 2,431,211 |
| Plan Fiduciary Net Position | | |
| Plan fiduciary net position - beginning | \$ 1,881,680 | \$ 1,857,249 |
| Net Plan to Plan Resource Movement | - | - |
| Contribution - employer | 35,136 | 39,877 |
| Contribution - employees | 17,652 | 17,959 |
| Net investment income | 41,570 | 9,355 |
| Administrative expenses | (2,090) | (1,132) |
| Benefit payments ³ | (116,699) | (120,522) |
| Other miscellaneous expense | - | - |
| Net change in fiduciary net position | (24,431) | (54,463) |
| Plan fiduciary net position - ending (b) | \$ 1,857,249 | \$ 1,802,786 |
| Net pension liability - ending (a)-(b) | \$ 511,251 | \$ 628,425 |
| Fiduciary net position as a percentage of the TPL | 78.41% | 74.15% |
| Covered payroll | \$ 239,867 | \$ 250,298 |
| NPL as percentage of covered payroll | 213.14% | 251.07% |

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: In 2018, there were no changes. In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent.

³ Benefit payments include refunds of employee contributions

See accompanying independent auditors' report.

| 2017 | 2018 | 2019 |
|---------------------|---------------------|---------------------|
| \$ 2,431,211 | \$ 2,612,351 | \$ 2,623,898 |
| 42,500 | 43,138 | 43,491 |
| 177,096 | 178,030 | 185,085 |
| (56,898) | (28,799) | 11,466 |
| 144,164 | (49,554) | - |
| (125,722) | (131,268) | (137,024) |
| 181,140 | 11,547 | 103,018 |
| \$ 2,612,351 | \$ 2,623,898 | \$ 2,726,916 |
| \$ 1,802,786 | \$ 1,936,477 | \$ 2,030,299 |
| (39) | (5) | (5) |
| 45,864 | 53,278 | 62,484 |
| 17,793 | 18,339 | 18,876 |
| 198,457 | 162,226 | 132,140 |
| (2,662) | (3,018) | (1,449) |
| (125,722) | (131,268) | (137,023) |
| - | (5,730) | 5 |
| 133,691 | 93,822 | 75,028 |
| \$ 1,936,477 | \$ 2,030,299 | \$ 2,105,327 |
| \$ 675,874 | \$ 593,599 | \$ 621,589 |
| 74.13% | 77.38% | 77.21% |
| \$ 256,466 | \$ 267,276 | \$ 277,345 |
| 263.53% | 222.09% | 224.12% |

See accompanying independent auditors' report.

Schedule of Contributions
Miscellaneous Plan

As of and for the year ended September 30, 2019 (dollars in thousands)

Last 10 Years¹
(unaudited)

| | <u>2015</u> | <u>2016</u> |
|---|-----------------|-----------------|
| Actuarially Determined Contribution ² | \$ 35,136 | \$ 39,877 |
| Contributions in relation to the actuarially determined contribution ³ | <u>(35,136)</u> | <u>(39,877)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 239,897 | \$ 246,490 |
| Contributions as a percentage of covered payroll | 14.65% | 16.18% |

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019 were from June 30, 2016 public agency valuations.

| | |
|---------------------------|---|
| Valuation Date: | 6/30/2016 |
| Actuarial Cost Method | Entry age normal |
| Amortization Method | For details, see June 30, 2016 Funding Valuation Report. |
| Asset Valuation Method | Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report. |
| Inflation | 2.75% |
| Salary Increases | Varies by entry age and service |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.375%, net of pension plan investment and administrative expenses, including inflation |
| Retirement Age | Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011 |
| Mortality | The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the 2014 experience study report. |

Notes

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

²Actuarially Determined Calculation is based on a CalPERS projection of the Miscellaneous payroll

³Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

| 2017 | 2018 | 2019 |
|-------------|-------------|-------------|
| \$ 45,864 | \$ 53,278 | \$ 62,483 |
| (45,864) | (53,278) | (62,483) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 258,248 | \$ 269,936 | \$ 270,237 |
| 17.76% | 19.74% | 23.12% |

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

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

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

Last 10 Years¹
(unaudited)

| | <u>2015</u> | <u>2016</u> |
|--|---------------------|---------------------|
| Total Pension Liability | | |
| TPL - beginning | \$ 2,209,454 | \$ 2,222,223 |
| Service cost | 34,835 | 34,636 |
| Interest in the TPL | 160,374 | 165,092 |
| Differences between actual and expected experience | (38,807) | (27,528) |
| Changes in assumptions ² | (39,710) | - |
| Benefit payments ³ | (103,922) | (107,895) |
| Net change in TPL | 12,770 | 64,305 |
| TPL - ending (a) | \$ 2,222,224 | \$ 2,286,528 |
| Plan Fiduciary Net Position | | |
| Plan fiduciary net position - beginning | \$ 1,889,902 | \$ 1,866,598 |
| Net Plan to Plan Resource Movement | - | - |
| Contribution - employer | 29,815 | 32,845 |
| Contribution - employees | 11,737 | 11,733 |
| Net investment income | 41,167 | 9,115 |
| Administrative expenses | (2,101) | (1,138) |
| Benefit payments ³ | (103,922) | (107,895) |
| Other miscellaneous expense | - | - |
| Net change in fiduciary net position | (23,304) | (55,340) |
| Plan fiduciary net position - ending (b) | \$ 1,866,598 | \$ 1,811,258 |
| Net pension liability - ending (a)-(b) | \$ 355,626 | \$ 475,270 |
| Fiduciary net position as a percentage of the TPL | 84.00% | 79.21% |
| Covered payroll | \$ 155,208 | \$ 159,226 |
| NPL as percentage of covered payroll | 229.13% | 298.49% |

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: In 2018, there were no changes. In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent.

³ Benefit payments include refunds of employee contributions

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

| <u>2017</u> | <u>2018</u> | <u>2019</u> |
|----------------------------|----------------------------|----------------------------|
| <u>\$ 2,286,528</u> | <u>\$ 2,458,914</u> | <u>\$ 2,510,763</u> |
| 38,622 | 40,757 | 42,335 |
| 166,486 | 170,018 | 178,200 |
| (61,909) | (102) | 21,708 |
| 139,900 | (43,795) | - |
| (110,713) | (115,029) | (122,665) |
| <u>172,386</u> | <u>51,849</u> | <u>119,578</u> |
| <u>\$ 2,458,914</u> | <u>\$ 2,510,763</u> | <u>\$ 2,630,341</u> |
| <u>\$ 1,811,258</u> | <u>\$ 1,948,660</u> | <u>\$ 2,048,027</u> |
| 39 | (5) | 4 |
| 39,371 | 46,437 | 55,248 |
| 12,802 | 14,047 | 14,287 |
| 198,577 | 162,720 | 133,226 |
| (2,674) | (3,037) | (1,461) |
| (110,713) | (115,029) | (122,665) |
| - | (5,766) | 5 |
| <u>137,402</u> | <u>99,367</u> | <u>78,644</u> |
| <u>\$ 1,948,660</u> | <u>\$ 2,048,027</u> | <u>\$ 2,126,671</u> |
| <u>\$ 510,254</u> | <u>\$ 462,736</u> | <u>\$ 503,670</u> |
| 79.25% | 81.57% | 80.85% |
| \$ 173,037 | \$ 184,492 | \$ 190,043 |
| 294.88% | 250.82% | 265.03% |

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

Schedule of Contributions
Safety Plan

As of and for the year ended September 30, 2019 (dollars in thousands)

Last 10 Years¹
(unaudited)

| | <u>2015</u> | <u>2016</u> |
|---|-----------------|-----------------|
| Actuarially Determined Contribution ² | \$ 29,815 | \$ 32,845 |
| Contributions in relation to the actuarially determined contribution ³ | <u>(29,815)</u> | <u>(32,845)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 155,208 | \$ 159,773 |
| Contributions as a percentage of covered payroll | 19.21% | 20.56% |

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2019 were from June 30, 2016 public agency valuations.

| | |
|---------------------------|---|
| Valuation Date: | 6/30/2016 |
| Actuarial Cost Method | Entry age normal |
| Amortization Method | For details, see June 30, 2016 Funding Valuation Report. |
| Asset Valuation Method | Market Value of Assets. For details, see June 30, 2016 Funding Valuation Report. |
| Inflation | 2.75% |
| Salary Increases | Varies by entry age and service |
| Payroll Growth | 3.00% |
| Investment Rate of Return | 7.375%, net of pension plan investment and administrative expenses, including inflation |
| Retirement Age | Probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011 |
| Mortality | Probabilities of mortality are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. Pre-retirement and post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |

Notes

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

²Actuarially Determined Calculation is based on a CalPERS projection of the Safety payroll

³Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

| 2017 | 2018 | 2019 |
|-------------|-------------|-------------|
| \$ 39,371 | \$ 46,437 | \$ 55,247 |
| (39,371) | (46,437) | (55,247) |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 177,401 | \$ 186,217 | \$ 182,947 |
| 22.19% | 24.94% | 30.20% |

See accompanying independent auditors' report.

The City of Long Beach
The Notes to the Basic Financial Statements
September 30, 2019

Schedule of Changes in Total OPEB Liability and Related Ratios¹

(As of September 30, dollars in thousands)

Last 10 Years²
(unaudited)

| | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> |
|--|------------------|------------------|------------------|------------------|
| Total OPEB liability - beginning | \$ 42,493 | \$ 45,122 | \$ 49,940 | \$ 51,501 |
| Service cost | 2,077 | 2,145 | 2,818 | 2,675 |
| Interest on total OPEB liability | 1,655 | 1,754 | 1,622 | 1,878 |
| Difference between expected and actual experience | - | (8,920) | - | (1,873) |
| Changes of assumptions | - | 11,093 | (2,023) | (29,859) |
| Benefit payments | (1,103) | (1,254) | (856) | (1,074) |
| Net change in total OPEB liability | 2,629 | 4,818 | 1,561 | (28,253) |
| Total OPEB liability - ending | \$ 45,122 | \$ 49,940 | \$ 51,501 | \$ 23,248 |
| Covered payroll | \$ 406,263 | \$ 435,649 | \$ 417,383 | \$ 442,631 |
| Total OPEB liability as a percentage of covered payroll | 11.1% | 11.5% | 12.3% | 5.3% |

Notes to Schedule:

¹ No assets are accumulated in a trust to pay related benefits

² Fiscal year 2016 was the first year of implementation.

See accompanying independent auditors' report.

ADDITIONAL FINANCIAL SECTION

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City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019
(In Thousands)

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total |
|---|-----------------------------|--------------------------|------------------------------|-------------------|
| ASSETS | | | | |
| Pooled Cash and Cash Equivalents | \$ 68,533 | \$ 17,213 | \$ 9,550 | \$ 95,296 |
| Non-Pooled Cash and Cash Equivalents | 6,068 | 29,289 | 203 | 35,560 |
| Receivables: | | | | |
| Interest Receivable | 1 | - | 1 | 2 |
| Accounts Receivable | 3,454 | - | 23 | 3,477 |
| Due from Other Governments | 28,077 | - | - | 28,077 |
| Due from Other Funds | 239 | - | - | 239 |
| Allowance for Receivables | (6,059) | - | - | (6,059) |
| Other Assets | 96 | - | - | 96 |
| Advances to Other Funds | 3,810 | - | - | 3,810 |
| Land Held for Resale | 6,809 | - | - | 6,809 |
| Other Noncurrent Receivables | 209,706 | - | 6,116 | 215,822 |
| Total Assets | <u>\$ 320,734</u> | <u>\$ 46,502</u> | <u>\$ 15,893</u> | <u>\$ 383,129</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 4,984 | \$ - | \$ 41 | \$ 5,025 |
| Accrued Wages and Benefits Payable | 1,344 | - | 3 | 1,347 |
| Due to Other Governments | 5 | - | - | 5 |
| Due to Other Funds | 7,691 | - | - | 7,691 |
| Unearned Revenues | 9,806 | - | 33 | 9,839 |
| Deposits and Collections Held in Trust | 3,494 | 1,185 | 100 | 4,779 |
| Advances from Other Funds | 3,810 | - | - | 3,810 |
| Total Liabilities | <u>31,134</u> | <u>1,185</u> | <u>177</u> | <u>32,496</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows | <u>204,502</u> | <u>-</u> | <u>6,108</u> | <u>210,610</u> |
| FUND BALANCES | | | | |
| Nonspendable | 917 | - | - | 917 |
| Restricted | 82,394 | 45,317 | 9,608 | 137,319 |
| Committed | 1,414 | - | - | 1,414 |
| Assigned | 373 | - | - | 373 |
| Total Fund Balance | <u>85,098</u> | <u>45,317</u> | <u>9,608</u> | <u>140,023</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 320,734</u> | <u>\$ 46,502</u> | <u>\$ 15,893</u> | <u>\$ 383,129</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, 2019
(In Thousands)

| | Special Revenue Funds | Debt Service Funds | Capital Projects Funds | Total |
|---|-----------------------------|--------------------------|------------------------------|------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 5,820 | \$ 26,030 | \$ 2,086 | \$ 33,936 |
| Sales | 2,437 | - | - | 2,437 |
| Other Taxes | 14,590 | - | - | 14,590 |
| Licenses and Permits | 14,859 | - | - | 14,859 |
| Use of Money and Property | 3,897 | 1,716 | 886 | 6,499 |
| From Other Agencies | 161,043 | - | 915 | 161,958 |
| Charges for Services | 2,293 | - | - | 2,293 |
| Other | 6,852 | - | 229 | 7,081 |
| Total Revenues | 211,791 | 27,746 | 4,116 | 243,653 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | 1,458 | 396 | 13 | 1,867 |
| Public Safety | 17,650 | - | - | 17,650 |
| Public Health | 43,481 | - | - | 43,481 |
| Community and Cultural | 129,239 | - | 1,289 | 130,528 |
| Public Works | 110 | - | - | 110 |
| Total Current Expenditures | 191,938 | 396 | 1,302 | 193,636 |
| Capital Improvements | 3,478 | - | 1 | 3,479 |
| Debt Service: | | | | |
| Principal | - | 22,973 | - | 22,973 |
| Interest | - | 14,099 | - | 14,099 |
| Debt Administration Fees | - | 15 | - | 15 |
| Total Expenditures | 195,416 | 37,483 | 1,303 | 234,202 |
| Excess of Revenues over (under) Expenditures | 16,375 | (9,737) | 2,813 | 9,451 |
| Other Financing Sources (Uses): | | | | |
| Debt Issuance | - | 25,671 | - | 25,671 |
| Payment to Refunded Bond Escrow Agent | - | (15,020) | - | (15,020) |
| Cost of Issuance | - | (411) | - | (411) |
| Transfers In | 5,009 | 20,136 | - | 25,145 |
| Transfers Out | (16,068) | - | (10,753) | (26,821) |
| Total Other Financing Sources (Uses) | (11,059) | 30,376 | (10,753) | 8,564 |
| Net Change in Fund Balances | 5,316 | 20,639 | (7,940) | 18,015 |
| Fund Balances - October 1 | 79,782 | 24,678 | 17,548 | 122,008 |
| Fund Balances - September 30 | \$ 85,098 | \$ 45,317 | \$ 9,608 | \$ 140,023 |

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 special tax 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 U. S. Departments of Housing and Urban Development (HUD), Labor, Education, and others for economic and community development programs. The fund includes activities for neighborhood improvement programs that target low and moderate-income areas of the city, workforce development strategies, business assistance efforts, and support for youth development.

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 Development Impact Fund was established to account for the receipt and expenditure of Development Impact Fees.

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

City of Long Beach
Nonmajor Special Revenue Funds
Combining Balance Sheet
September 30, 2019
(In Thousands)

| | Special Revenue | | | | |
|--|-------------------|---|------------------------------------|------------------|---|
| | General Grants | Police and Fire Public Safety Oil Production Act | Community Development Grants | Health | Belmont Shore Parking Meter Revenue |
| ASSETS | | | | | |
| Pooled Cash and Cash Equivalents | \$ 6,019 | \$ 180 | \$ 640 | \$ 7,464 | \$ 420 |
| Non-Pooled Cash and Cash Equivalents | - | - | 52 | 1 | - |
| Receivables: | | | | | |
| Interest Receivable | - | - | - | - | - |
| Accounts Receivable | 3 | 292 | 16 | 1,033 | - |
| Due from Other Governments | 6,654 | - | 5,697 | 14,068 | - |
| Due from Other Funds | 180 | - | - | 59 | - |
| Allowance for Receivables | - | - | (5,204) | (518) | - |
| Other Assets-Current | 2 | - | 60 | - | - |
| Advances to Other Funds | - | - | 3,810 | - | - |
| Land Held for Resale | - | - | 821 | - | - |
| Other Noncurrent Receivables (net) | - | - | 64,800 | - | - |
| Total Assets | <u>\$ 12,858</u> | <u>\$ 472</u> | <u>\$ 70,692</u> | <u>\$ 22,107</u> | <u>\$ 420</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 649 | \$ 7 | \$ 580 | \$ 2,644 | \$ 41 |
| Accrued Wages | 131 | - | 224 | 740 | - |
| Due to Other Governments | - | - | - | - | - |
| Due to Other Funds | 2,499 | - | 4,583 | 454 | - |
| Unearned Revenues | 4,113 | 284 | 31 | 5,217 | - |
| Deposits and Collections Held in Trust | 2,192 | - | - | 207 | 10 |
| Advances from Other Funds | - | - | - | - | - |
| Total Liabilities | <u>9,584</u> | <u>291</u> | <u>5,418</u> | <u>9,262</u> | <u>51</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows | - | - | 59,596 | - | - |
| FUND BALANCES (DEFICIT) | | | | | |
| Nonspendable | 2 | - | 881 | - | - |
| Restricted | 2,899 | 181 | 4,797 | 12,845 | 369 |
| Committed | - | - | - | - | - |
| Assigned | 373 | - | - | - | - |
| Total Fund Balances | <u>3,274</u> | <u>181</u> | <u>5,678</u> | <u>12,845</u> | <u>369</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 12,858</u> | <u>\$ 472</u> | <u>\$ 70,692</u> | <u>\$ 22,107</u> | <u>\$ 420</u> |

See accompanying independent auditors' report.

| Special Revenue | | | | | |
|-------------------------------|---------------------|-------------------------|-----------------------------|-----------------------------|---|
| Housing Assistance | Housing Development | Development Impact Fees | Other Special Revenue Funds | Total Special Revenue Funds | |
| ASSETS | | | | | |
| \$ 7,210 | \$ 29,168 | \$ 5,925 | \$ 11,507 | \$ 68,533 | Pooled Cash and Cash Equivalents |
| 5,985 | 30 | - | - | 6,068 | Non-Pooled Cash and Cash Equivalents |
| Receivables: | | | | | |
| - | 1 | - | - | 1 | Interest Receivable |
| 84 | 1 | - | 2,025 | 3,454 | Accounts Receivable |
| 1,492 | - | - | 166 | 28,077 | Due from Other Governments |
| - | - | - | - | 239 | Due from Other Funds |
| (67) | - | - | (270) | (6,059) | Allowance for Receivables |
| - | 34 | - | - | 96 | Other Assets-Current |
| - | - | - | - | 3,810 | Advances to Other Funds |
| - | 5,988 | - | - | 6,809 | Land Held for Resale |
| - | 143,234 | - | 1,672 | 209,706 | Other Noncurrent Receivables |
| <u>\$ 14,704</u> | <u>\$ 178,456</u> | <u>\$ 5,925</u> | <u>\$ 15,100</u> | <u>\$ 320,734</u> | Total Assets |
| LIABILITIES | | | | | |
| \$ 488 | \$ 153 | \$ 22 | \$ 400 | \$ 4,984 | Accounts Payable |
| 111 | 28 | - | 110 | 1,344 | Accrued Wages |
| 5 | - | - | - | 5 | Due to Other Governments |
| 69 | 18 | - | 68 | 7,691 | Due to Other Funds |
| - | 22 | - | 139 | 9,806 | Unearned Revenues |
| 1,003 | - | - | 82 | 3,494 | Deposits and Collections Held in Trust |
| - | 3,810 | - | - | 3,810 | Advances from Other Funds |
| <u>1,676</u> | <u>4,031</u> | <u>22</u> | <u>799</u> | <u>31,134</u> | Total Liabilities |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| - | 143,234 | - | 1,672 | 204,502 | Deferred Inflows |
| FUND BALANCES (DEFICIT) | | | | | |
| - | 34 | - | - | 917 | Nonspendable |
| 13,028 | 30,943 | 5,903 | 11,429 | 82,394 | Restricted |
| - | 214 | - | 1,200 | 1,414 | Committed |
| - | - | - | - | 373 | Assigned |
| <u>13,028</u> | <u>31,191</u> | <u>5,903</u> | <u>12,629</u> | <u>85,098</u> | Total Fund Balances |
| <u>\$ 14,704</u> | <u>\$ 178,456</u> | <u>\$ 5,925</u> | <u>\$ 15,100</u> | <u>\$ 320,734</u> | 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, 2019
(In Thousands)

| | Special Revenue | | | | |
|---|-------------------|---|------------------------------------|-----------|--|
| | General Grants | Police and Fire Public Safety Oil Production Act | Community Development Grants | Health | Belmont Shore Parking Meter Revenue |
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property | \$ - | \$ - | \$ - | \$ 5,820 | \$ - |
| Sales | - | - | - | 2,437 | - |
| Other Taxes | - | 3,244 | - | - | - |
| Licenses and Permits | - | - | - | 3,913 | - |
| Fines and Forfeitures | - | - | - | - | - |
| Use of Money and Property | 96 | 32 | 583 | 174 | 808 |
| From Other Agencies | 18,178 | - | 13,817 | 37,744 | - |
| Charges for Services | 591 | - | - | 1,523 | - |
| Other | 787 | - | 1,203 | 17 | - |
| Total Revenues | 19,652 | 3,276 | 15,603 | 51,628 | 808 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | 916 | - | 69 | 74 | 6 |
| Public Safety | 13,654 | 3,310 | 686 | - | - |
| Public Health | 178 | - | - | 41,297 | - |
| Community and Cultural | 4,105 | - | 14,052 | - | 666 |
| Public Works | 110 | - | - | - | - |
| Total Current Expenditures | 18,963 | 3,310 | 14,807 | 41,371 | 672 |
| Capital Improvements | 664 | - | - | 1,766 | - |
| Total Expenditures | 19,627 | 3,310 | 14,807 | 43,137 | 672 |
| Excess of Revenues over (under) Expenditures | 25 | (34) | 796 | 8,491 | 136 |
| Other Financing Sources (Uses) | | | | | |
| Transfers In | 1,519 | - | 16 | 997 | - |
| Transfers Out | (48) | (6) | (835) | (8,383) | (100) |
| Total Other Financing Sources (Uses) | 1,471 | (6) | (819) | (7,386) | (100) |
| Net Change in Fund Balances | 1,496 | (40) | (23) | 1,105 | 36 |
| Fund Balances - October 1 | 1,778 | 221 | 5,701 | 11,740 | 333 |
| Fund Balances - September 30 | \$ 3,274 | \$ 181 | \$ 5,678 | \$ 12,845 | \$ 369 |

See accompanying independent auditors' report.

| Special Revenue | | | | | |
|--------------------|---------------------|-------------------------|-----------------------------|-----------------------------|--|
| Housing Assistance | Housing Development | Development Impact Fees | Other Special Revenue Funds | Total Special Revenue Funds | |
| | | | | | Revenues: |
| | | | | | Taxes: |
| \$ - | \$ - | \$ - | \$ - | \$ 5,820 | Property |
| - | - | - | - | 2,437 | Sales |
| - | - | - | 11,346 | 14,590 | Other Taxes |
| - | 131 | 7,561 | 3,254 | 14,859 | Licenses and Permits |
| - | - | - | - | - | Fines and Forfeitures |
| 167 | 1,320 | 238 | 479 | 3,897 | Use of Money and Property |
| 91,304 | - | - | - | 161,043 | From Other Agencies |
| - | - | - | 179 | 2,293 | Charges for Services |
| 229 | 4,317 | - | 299 | 6,852 | Other |
| 91,700 | 5,768 | 7,799 | 15,557 | 211,791 | Total Revenues |
| | | | | | Expenditures: |
| | | | | | Current: |
| 1 | 153 | - | 239 | 1,458 | General Government |
| - | - | - | - | 17,650 | Public Safety |
| - | - | - | 2,006 | 43,481 | Public Health |
| 90,092 | 8,069 | - | 12,255 | 129,239 | Community and Cultural |
| - | - | - | - | 110 | Public Works |
| 90,093 | 8,222 | - | 14,500 | 191,938 | Total Current Expenditures |
| - | - | 125 | 923 | 3,478 | Capital Improvements |
| 90,093 | 8,222 | 125 | 15,423 | 195,416 | Total Expenditures |
| 1,607 | (2,454) | 7,674 | 134 | 16,375 | Excess of Revenues Over (Under) Expenditures |
| | | | | | Other Financing Sources (Uses) |
| 217 | 2,148 | - | 112 | 5,009 | Transfers In |
| (35) | (321) | (5,743) | (597) | (16,068) | Transfers Out |
| 182 | 1,827 | (5,743) | (485) | (11,059) | Total Other Financing Sources (Uses) |
| 1,789 | (627) | 1,931 | (351) | 5,316 | Net Change in Fund Balances |
| 11,239 | 31,818 | 3,972 | 12,980 | 79,782 | Fund Balances - October 1 |
| \$ 13,028 | \$ 31,191 | \$ 5,903 | \$ 12,629 | \$ 85,098 | 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, 2019
(In Thousands)

| | General Grants | | | Variance with Final Budget - Favorable (unfavorable) |
|---|------------------|---------|---------------------------------|--|
| | Budgeted Amounts | | Actual on Budgetary Basis | |
| | Original | Final | | |
| Sources: | | | | |
| Use of Money and Property | \$ (4) | \$ 6 | \$ 96 | \$ 90 |
| From Other Agencies | 16,350 | 26,075 | 18,178 | (7,897) |
| Charges for Services | 726 | 1,978 | 591 | (1,387) |
| Other Revenues | 283 | 6,438 | 787 | (5,651) |
| Transfers In | 1,102 | 1,212 | 1,519 | 307 |
| Total Sources | 18,457 | 35,709 | 21,171 | (14,538) |
| Uses: | | | | |
| General Government | 2,015 | 2,671 | 916 | 1,755 |
| Public Safety | 11,593 | 25,033 | 13,859 | 11,174 |
| Public Health | 263 | 398 | 178 | 220 |
| Community and Cultural | 3,621 | 7,852 | 4,202 | 3,650 |
| Public Works | 297 | 287 | 110 | 177 |
| Capital Improvements | 728 | 850 | 787 | 63 |
| Transfers Out | 173 | 173 | 48 | 125 |
| Total Uses | 18,690 | 37,264 | 20,100 | 17,164 |
| Net Change in Budgetary Fund Balance | (233) | (1,555) | 1,071 | \$ 2,626 |
| Fund Balances - October 1, GAAP Basis | 1,778 | 1,778 | 374 | |
| Fund Balances - September 30, Budgetary Basis | \$ 1,545 | \$ 223 | \$ 1,445 | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|-----------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ 1,071</u> |
| Add: Encumbrances | <u>425</u> |
| Change in Fund Balance - September 30, GAAP Basis | <u>1,496</u> |
| Fund Balance, October 1, GAAP Basis | <u>1,778</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 3,274</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, 2019
(In Thousands)

| Police and Fire Public Safety Oil Production Tax | | | | |
|---|-------------------------|---------------|--|---|
| | <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: | | | | |
| Other Taxes | \$ 3,316 | \$ 3,316 | \$ 3,244 | \$ (72) |
| Use of Money and Property | - | - | 32 | 32 |
| Total Sources | <u>3,316</u> | <u>3,316</u> | <u>3,276</u> | <u>(40)</u> |
| Uses: | | | | |
| Public Safety | 3,316 | 3,316 | 3,310 | 6 |
| Transfers Out | - | - | 6 | (6) |
| Total Uses | <u>3,316</u> | <u>3,316</u> | <u>3,316</u> | <u>-</u> |
| Net Change in Budgetary Fund Balance | - | - | (40) | <u>\$ (40)</u> |
| Fund Balances - October 1, GAAP Basis | <u>221</u> | <u>221</u> | <u>221</u> | |
| Fund Balances - September 30, Budgetary Basis | <u>\$ 221</u> | <u>\$ 221</u> | <u>\$ 181</u> | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|----------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ (40)</u> |
| Change in Fund Balance - September 30, GAAP Basis | <u>(40)</u> |
| Fund Balance, October 1, GAAP Basis | <u>221</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 181</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, 2019
(In Thousands)

| | Community Development Grants | | | |
|---|-------------------------------------|------------------|---------------------------------|--|
| | <u>Budgeted Amounts</u> | | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
| | <u>Original</u> | <u>Final</u> | | |
| Sources: | | | | |
| Licenses and Permits | \$ - | \$ - | \$ - | \$ - |
| Use of Money and Property | 323 | 223 | 583 | 360 |
| From Other Agencies | 19,311 | 37,487 | 13,817 | (23,670) |
| Charges for Services | 2,129 | (182) | - | 182 |
| Other Revenues | - | 4,314 | 1,203 | (3,111) |
| Transfers In | - | 562 | 16 | (546) |
| Total Sources | <u>21,763</u> | <u>42,404</u> | <u>15,619</u> | <u>(26,785)</u> |
| Uses: | | | | |
| General Government | 373 | 371 | 69 | 302 |
| Public Safety | 1,748 | 894 | 686 | 208 |
| Community and Cultural | 19,110 | 34,513 | 14,654 | 19,859 |
| Transfers Out | 1,164 | 2,325 | 835 | 1,490 |
| Total Uses | <u>22,395</u> | <u>38,103</u> | <u>16,244</u> | <u>21,859</u> |
| Net Change in Budgetary Fund Balance | (632) | 4,301 | (625) | <u>\$ (4,926)</u> |
| Fund Balances - October 1, GAAP Basis | <u>5,701</u> | <u>5,701</u> | <u>5,701</u> | |
| Fund Balances - September 30, Budgetary Basis | <u>\$ 5,069</u> | <u>\$ 10,002</u> | <u>\$ 5,076</u> | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|-----------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ (625)</u> |
| Add: Encumbrances | <u>602</u> |
| Change in Fund Balance - September 30, GAAP Basis | <u>(23)</u> |
| Fund Balance, October 1, GAAP Basis | <u>5,701</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 5,678</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, 2019
(In Thousands)

| | Health | | | |
|---|------------------|----------|---------------------------------|--|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
| | Original | Final | | |
| Sources | | | | |
| Property Taxes | \$ 5,800 | \$ 2,791 | \$ 5,820 | \$ 3,029 |
| Sales Taxes | 2,400 | 2,400 | 2,437 | 37 |
| Licenses and Permits | 3,664 | 3,664 | 3,913 | 249 |
| Use of Money and Property | 38 | 38 | 174 | 136 |
| From Other Agencies | 52,459 | 70,834 | 37,744 | (33,090) |
| Charges for Services | 4,683 | 5,876 | 1,523 | (4,353) |
| Other Revenues | 3,495 | 5,015 | 17 | (4,998) |
| Transfers In | 235 | 1,167 | 997 | (170) |
| Total Sources | 72,774 | 91,785 | 52,625 | (39,160) |
| Uses | | | | |
| General Government | - | - | 74 | (74) |
| Public Health | 71,486 | 91,881 | 42,233 | 49,648 |
| Capital Improvements | 1,767 | 1,767 | 1,766 | 1 |
| Transfers Out | 12 | 12 | 8,383 | (8,371) |
| Total Uses | 73,265 | 93,660 | 52,456 | 41,204 |
| Net Change in Budgetary Fund Balance | (491) | (1,875) | 169 | \$ 2,044 |
| Fund Balances - October 1, GAAP Basis | 11,740 | 11,740 | 11,740 | |
| Fund Balances - September 30, Budgetary Basis | \$ 11,249 | \$ 9,865 | \$ 11,909 | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|-----------|
| Change in Fund Balance - September 30, Budgetary Basis | \$ 169 |
| Add: Encumbrances | 936 |
| Change in Fund Balance - September 30, GAAP Basis | 1,105 |
| Fund Balance, October 1, GAAP Basis | 11,740 |
| Fund Balance, September 30, GAAP Basis | \$ 12,845 |

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, 2019
(In Thousands)

| Belmont Shore Parking Meter Revenues | | | |
|---|-------------------------|---------------|--|
| | <u>Budgeted Amounts</u> | | Variance with Final Budget - Favorable (unfavorable) |
| | <u>Original</u> | <u>Final</u> | <u>Actual on Budgetary Basis</u> |
| Sources | | | |
| Use of Money and Property | \$ 765 | \$ 798 | \$ 1,606 |
| Total Sources | <u>765</u> | <u>798</u> | <u>1,606</u> |
| Uses | | | |
| General Government | - | - | 6 |
| Community and Cultural | 765 | 798 | 670 |
| Transfers Out | - | - | 100 |
| Total Uses | <u>765</u> | <u>798</u> | <u>776</u> |
| Net Change in Budgetary Fund Balance | - | - | 830 |
| Fund Balances - October 1, GAAP Basis | <u>333</u> | <u>333</u> | <u>333</u> |
| Fund Balances - September 30, Budgetary Basis | <u>\$ 333</u> | <u>\$ 333</u> | <u>\$ 1,163</u> |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|---------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ 830</u> |
| Add: Encumbrances | 4 |
| Less: Change in Mark-to-Market and Other Adjustments | <u>(798)</u> |
| Change in Fund Balance - September 30, GAAP Basis | <u>36</u> |
| Fund Balance, October 1, GAAP Basis | <u>333</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 369</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, 2019
(In Thousands)

| | Housing Assistance | | | Variance with Final Budget - Favorable (unfavorable) |
|---|--------------------|----------|---------------------------------|--|
| | Budgeted Amounts | | Actual on Budgetary Basis | |
| | Original | Final | | |
| Sources | | | | |
| Use of Money and Property | \$ 92 | \$ 92 | \$ 167 | \$ 75 |
| From Other Agencies | 73,887 | 79,324 | 91,304 | 11,980 |
| Charges for Services | - | 11,064 | - | (11,064) |
| Other Revenues | 123 | 123 | 229 | 106 |
| Transfers In | - | - | 217 | 217 |
| Total Sources | 74,102 | 90,603 | 91,917 | 1,314 |
| Uses | | | | |
| General Government | 174 | 174 | 1 | 173 |
| Public Health | - | - | - | - |
| Community and Cultural | 76,356 | 92,172 | 90,092 | 2,080 |
| Transfers Out | - | - | 35 | (35) |
| Total Uses | 76,530 | 92,346 | 90,128 | 2,218 |
| Net Change in Budgetary Fund Balance | (2,428) | (1,743) | 1,789 | \$ 3,532 |
| Fund Balances - October 1, GAAP Basis | 11,239 | 11,239 | 11,239 | |
| Fund Balances - September 30, Budgetary Basis | \$ 8,811 | \$ 9,496 | \$ 13,028 | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|------------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ 1,789</u> |
| Change in Fund Balance - September 30, GAAP Basis | <u>1,789</u> |
| Fund Balance, October 1, GAAP Basis | <u>11,239</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 13,028</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, 2019
(In Thousands)

| | Housing Development | | | |
|---|---------------------|-----------|-----------|---------------|
| | Budgeted Amounts | | Actual on | Variance |
| | Original | Final | Budgetary | with Final |
| | | | Basis | Budget - |
| | | | | Favorable |
| | | | | (unfavorable) |
| Sources | | | | |
| Licenses and Permits | \$ 341 | \$ 341 | \$ 131 | \$ (210) |
| Use of Money and Property | 190 | 190 | 1,320 | 1,130 |
| From Other Agencies | 165 | 165 | - | (165) |
| Charges for Services | 119 | - | - | - |
| Other Revenues | 493 | 493 | 4,317 | 3,824 |
| Transfers In | 2,181 | 2,181 | 2,148 | (33) |
| Total Sources | 3,489 | 3,370 | 7,916 | 4,546 |
| Uses | | | | |
| General Government | 195 | 193 | 153 | 40 |
| Community and Cultural | 14,623 | 14,748 | 8,149 | 6,599 |
| Transfers Out | - | - | 321 | (321) |
| Total Uses | 14,818 | 14,941 | 8,623 | 6,318 |
| Net Change in Budgetary Fund Balance | (11,329) | (11,571) | (707) | \$ 10,864 |
| Fund Balances - October 1, GAAP Basis | 31,818 | 31,818 | 31,818 | |
| Fund Balances - September 30, Budgetary Basis | \$ 20,489 | \$ 20,247 | \$ 31,111 | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|------------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ (707)</u> |
| Less: Encumbrances | 80 |
| Change in Fund Balance - September 30, GAAP Basis | <u>(627)</u> |
| Fund Balance, October 1, GAAP Basis | <u>31,818</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 31,191</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, 2019
(In Thousands)

| | Development Impact Fees | | | |
|---|-------------------------|----------|---------------------------|--|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
| | Original | Final | | |
| Sources | | | | |
| Licenses and Permits | \$ 415 | \$ 2,235 | \$ 7,561 | \$ 5,326 |
| Use of Money and Property | 1 | 13 | 238 | 225 |
| Total Sources | 416 | 2,248 | 7,799 | 5,551 |
| Uses | | | | |
| Capital Improvements | 991 | 790 | 210 | 580 |
| Transfers Out | 3,243 | 5,850 | 5,743 | 107 |
| Total Uses | 4,234 | 6,640 | 5,953 | 687 |
| Net Change in Budgetary Fund Balance | (3,818) | (4,392) | 1,846 | \$ 6,238 |
| Fund Balances - October 1, GAAP Basis | 3,972 | 3,972 | 3,972 | |
| Fund Balances - September 30, Budgetary Basis | \$ 154 | \$ (420) | \$ 5,818 | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|----------|
| Change in Fund Balance - September 30, Budgetary Basis | \$ 1,846 |
| Less: Encumbrances | 85 |
| Change in Fund Balance - September 30, GAAP Basis | 1,931 |
| Fund Balance, October 1, GAAP Basis | 3,972 |
| Fund Balance, September 30, GAAP Basis | \$ 5,903 |

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, 2019
(In Thousands)

| | Other Special Revenue Funds | | | |
|---|------------------------------------|--------------|--|---|
| | <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 | | | | |
| Other Taxes | \$ 9,869 | \$ 9,869 | \$ 11,346 | \$ 1,477 |
| Licenses and Permits | 2,942 | 2,942 | 3,254 | 312 |
| Use of Money and Property | 29 | 33 | 479 | 446 |
| Charges for Services | - | - | 179 | 179 |
| Other Revenues | 737 | 3,281 | 299 | (2,982) |
| Transfers In | 156 | 156 | 112 | (44) |
| Total Sources | 13,733 | 16,281 | 15,669 | (612) |
| Uses | | | | |
| General Government | 123 | 308 | 239 | 69 |
| Public Health | 2,054 | 2,051 | 2,006 | 45 |
| Community and Cultural | 12,535 | 15,440 | 12,316 | 3,124 |
| Capital Improvements | - | 1,000 | 923 | 77 |
| Transfers Out | - | 500 | 597 | (97) |
| Total Uses | 14,712 | 19,299 | 16,081 | 3,218 |
| Net Change in Budgetary Fund Balance | (979) | (3,018) | (412) | \$ 2,606 |
| Fund Balances - October 1, GAAP Basis | 12,980 | 12,980 | 12,980 | |
| Fund Balances - September 30, Budgetary Basis | \$ 12,001 | \$ 9,962 | \$ 12,568 | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|------------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ (412)</u> |
| Less: Encumbrances | <u>61</u> |
| Change in Fund Balance - September 30, GAAP Basis | <u>(351)</u> |
| Fund Balance, October 1, GAAP Basis | <u>12,980</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 12,629</u> |

See accompanying independent auditors' report.

NONMAJOR DEBT SERVICE FUND

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

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

The 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, 2019
(In Thousands)

| | General Debt Service Fund | Successor Agency Debt Service Fund | Total Debt Service Funds |
|--|------------------------------------|--|-----------------------------------|
| ASSETS | | | |
| Pooled Cash and Cash Equivalents | \$ 17,213 | \$ - | \$ 17,213 |
| Non-Pooled Cash and Cash Equivalents | 11,839 | 17,450 | 29,289 |
| Total Assets | <u>\$ 29,052</u> | <u>\$ 17,450</u> | <u>\$ 46,502</u> |
| LIABILITIES | | | |
| Deposits and Collections Held in Trust | \$ 1,185 | \$ - | \$ 1,185 |
| Total Liabilities | <u>1,185</u> | <u>-</u> | <u>1,185</u> |
| FUND BALANCES | | | |
| Restricted | <u>27,867</u> | <u>17,450</u> | <u>45,317</u> |
| Total Fund Balance | <u>27,867</u> | <u>17,450</u> | <u>45,317</u> |
| Total Liabilities and Fund Balances | <u>\$ 29,052</u> | <u>\$ 17,450</u> | <u>\$ 46,502</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, 2019
(In Thousands)

| | General Debt Service Fund | Successor Agency Debt Service Fund | Total Debt Service Funds |
|---|------------------------------------|--|-----------------------------------|
| Revenues: | | | |
| Taxes: | | | |
| Property | \$ - | \$ 26,030 | \$ 26,030 |
| Use of Money and Property | 588 | 1,128 | 1,716 |
| Total Revenues | 588 | 27,158 | 27,746 |
| Expenditures: | | | |
| Current: | | | |
| General Government | 396 | - | 396 |
| Total Current Expenditures | 396 | - | 396 |
| Debt Service: | | | |
| Principal | 7,673 | 15,300 | 22,973 |
| Interest | 2,922 | 11,177 | 14,099 |
| Debt Administration Fees | 3 | 12 | 15 |
| Total Expenditures | 10,994 | 26,489 | 37,483 |
| Excess of Revenues over (under) Expenditures | (10,406) | 669 | (9,737) |
| Other Financing Sources (Uses): | | | |
| Debt Issuance | 25,671 | - | 25,671 |
| Payment to Refunded Bond Escrow Agent | (15,020) | - | (15,020) |
| Cost of Issuance | (411) | - | (411) |
| Transfers In | 20,124 | 12 | 20,136 |
| Total Other Financing Sources | 30,364 | 12 | 30,376 |
| Net Change in Fund Balances | 19,958 | 681 | 20,639 |
| Fund Balances - October 1 | 7,909 | 16,769 | 24,678 |
| Fund Balances - September 30 | \$ 27,867 | \$ 17,450 | \$ 45,317 |

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, 2019
(In Thousands)

| General Debt Service Fund | | | | |
|---|-------------------------|--------------|--|---|
| | <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 | \$ 588 | \$ 588 | \$ 588 | \$ - |
| Debt Issuance | - | - | 25,671 | 25,671 |
| Transfers In | 8,363 | 8,363 | 20,124 | 11,761 |
| Total Sources | 8,951 | 8,951 | 46,383 | 37,432 |
| Uses: | | | | |
| General Government | - | - | 396 | (396) |
| Debt Service | 11,103 | 11,103 | 10,598 | 505 |
| Cost of Issuance | 125 | 125 | 411 | (286) |
| Payment to Refunded Bond Escrow Agent | - | - | 15,020 | (15,020) |
| Total Uses | 11,228 | 11,228 | 26,425 | (15,197) |
| Net Change in Budgetary Fund Balance | (2,277) | (2,277) | 19,958 | \$ 22,235 |
| Fund Balances - October 1, GAAP Basis | 11,232 | 11,232 | 7,909 | |
| Fund Balances - September 30, Budgetary Basis | \$ 8,955 | \$ 8,955 | \$ 27,867 | |
| Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis | | | | |
| Change in Fund Balance - September 30, Budgetary Basis | | | \$ 19,958 | |
| Change in Fund Balance - September 30, GAAP Basis | | | 19,958 | |
| Fund Balance, October 1, GAAP Basis | | | 7,909 | |
| Fund Balance, September 30, GAAP Basis | | | \$ 27,867 | |

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, 2019
(In Thousands)

| Successor Agency Debt Service Fund | | | |
|---|-------------------------|--------------|--|
| | <u>Budgeted Amounts</u> | | Variance |
| | <u>Original</u> | <u>Final</u> | with Final Budget - Favorable (unfavorable) |
| Sources: | | | |
| Property Taxes | \$ - | \$ - | \$ 26,030 |
| Use of Money and Property | - | - | 1,128 |
| Transfers In | 30,162 | 30,162 | 12 |
| Total Sources | 30,162 | 30,162 | 27,170 |
| | | | (2,992) |
| Uses: | | | |
| Debt Service | 26,369 | 26,369 | 26,489 |
| Total Uses | 26,369 | 26,369 | 26,489 |
| Net Change in Budgetary Fund Balance | 3,793 | 3,793 | 681 |
| Fund Balances - October 1, GAAP Basis | 20,894 | 20,894 | 16,769 |
| Fund Balances - September 30, Budgetary Basis | \$ 24,687 | \$ 24,687 | \$ 17,450 |
| Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis | | | |
| Change in Fund Balance - September 30, Budgetary Basis | | | \$ 681 |
| Change in Fund Balance - September 30, GAAP Basis | | | 681 |
| Fund Balance, October 1, GAAP Basis | | | 16,769 |
| Fund Balance, September 30, GAAP Basis | | | \$ 17,450 |

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 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, 2019
(In Thousands)

| | Special Assessment Projects | Successor Agency Capital Projects | Total Capital Projects Funds |
|--|-----------------------------------|--|---------------------------------------|
| ASSETS | | | |
| Pooled Cash and Cash Equivalents | \$ 1,776 | \$ 7,774 | \$ 9,550 |
| Non-Pooled Cash and Cash Equivalents | 62 | 141 | 203 |
| Receivables: | | | |
| Interest Receivable | - | 1 | 1 |
| Accounts Receivable | - | 23 | 23 |
| Other Noncurrent Receivables | - | 6,116 | 6,116 |
| Total Assets | <u>\$ 1,838</u> | <u>\$ 14,055</u> | <u>\$ 15,893</u> |
| LIABILITIES | | | |
| Accounts Payable | \$ - | \$ 41 | \$ 41 |
| Accrued Wages and Benefits Payable | - | 3 | 3 |
| Unearned Revenues | - | 33 | 33 |
| Deposits and Collections Held in Trust | - | 100 | 100 |
| Total Liabilities | <u>-</u> | <u>177</u> | <u>177</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows | <u>-</u> | <u>6,108</u> | <u>6,108</u> |
| FUND BALANCES | | | |
| Restricted | <u>1,838</u> | <u>7,770</u> | <u>9,608</u> |
| Total Fund Balance | <u>1,838</u> | <u>7,770</u> | <u>9,608</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 1,838</u> | <u>\$ 14,055</u> | <u>\$ 15,893</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, 2019
(In Thousands)

| | Special Assessment Projects | Successor Agency Capital Projects | Total Capital Projects Funds |
|---|-----------------------------------|--|---------------------------------------|
| Revenues: | | | |
| Taxes: | | | |
| Property | \$ - | \$ 2,086 | \$ 2,086 |
| Use of Money and Property | 25 | 861 | 886 |
| From Other Agencies | - | 915 | 915 |
| Other | - | 229 | 229 |
| Total Revenues | <u>25</u> | <u>4,091</u> | <u>4,116</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | - | 13 | 13 |
| Community and Cultural | - | 1,289 | 1,289 |
| Total Current Expenditures | <u>-</u> | <u>1,302</u> | <u>1,302</u> |
| Capital Improvements | <u>1</u> | <u>-</u> | <u>1</u> |
| Total Expenditures | <u>1</u> | <u>1,302</u> | <u>1,303</u> |
| Excess of Revenues Over (under) Expenditures | <u>24</u> | <u>2,789</u> | <u>2,813</u> |
| Other Financing Sources (Uses): | | | |
| Transfers Out | <u>-</u> | <u>(10,753)</u> | <u>(10,753)</u> |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(10,753)</u> | <u>(10,753)</u> |
| Net Change in Fund Balances | 24 | (7,964) | (7,940) |
| Fund Balances - October 1 | <u>1,814</u> | <u>15,734</u> | <u>17,548</u> |
| Fund Balances - September 30 | <u><u>\$ 1,838</u></u> | <u><u>\$ 7,770</u></u> | <u><u>\$ 9,608</u></u> |

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Capital Projects Funds
Schedule of Sources, Uses, and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended September 30, 2019

| Special Assessment Capital Projects Fund | | | | |
|---|------------------|----------|---------------------------------|--|
| | Budgeted Amounts | | Actual on Budgetary Basis | Variance with Final Budget - Favorable (unfavorable) |
| | Original | Final | | |
| Sources: | | | | |
| Use of Money and Property | \$ 15 | \$ 15 | \$ 25 | \$ 10 |
| Other Revenues | - | 39 | - | (39) |
| Total Sources | 15 | 54 | 25 | (29) |
| Uses: | | | | |
| Capital Improvements | 55 | 45 | 1 | 44 |
| Total Uses | 55 | 45 | 1 | 44 |
| Net Change in Budgetary Fund Balance | (40) | 9 | 24 | \$ 15 |
| Fund Balances - October 1, GAAP Basis | 1,814 | 1,814 | 1,814 | |
| Fund Balances - September 30, Budgetary Basis | \$ 1,774 | \$ 1,823 | \$ 1,838 | |
| Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis | | | | |
| Change in Fund Balance - September 30, Budgetary Basis | | | \$ 24 | |
| Adjust for: | | | | |
| Change in Fund Balance - September 30, GAAP Basis | | | 24 | |
| Fund Balance, October 1, GAAP Basis | | | 1,814 | |
| Fund Balance, September 30, GAAP Basis | | | \$ 1,838 | |

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, 2019

| Successor Agency Capital Projects Fund | | | | |
|---|-------------------------|------------------|--|---|
| | <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: | | | | |
| Property Taxes | \$ 44,229 | \$ 44,229 | \$ 2,086 | \$ (42,143) |
| Licenses and Permits | 15 | 15 | - | (15) |
| Use of Money and Property | 797 | 797 | 861 | 64 |
| From Other Agencies | - | - | 915 | 915 |
| Other Revenues | 12,661 | 13,916 | 229 | (13,687) |
| Transfers In | (9,717) | (9,717) | - | 9,717 |
| Total Sources | <u>47,985</u> | <u>49,240</u> | <u>4,091</u> | <u>(45,149)</u> |
| Uses: | | | | |
| General Government | 3 | 3 | 13 | (10) |
| Community and Cultural | 9,832 | 9,834 | 1,289 | 8,545 |
| Transfers Out | <u>40,923</u> | <u>40,923</u> | <u>10,753</u> | <u>30,170</u> |
| Total Uses | <u>50,758</u> | <u>50,760</u> | <u>12,055</u> | <u>38,705</u> |
| Net Change in Budgetary Fund Balance | (2,773) | (1,520) | (7,964) | <u>\$ (6,444)</u> |
| Fund Balances - October 1, GAAP Basis | <u>15,734</u> | <u>15,734</u> | <u>15,734</u> | |
| Fund Balances - September 30, Budgetary Basis | <u>\$ 12,961</u> | <u>\$ 14,214</u> | <u>\$ 7,770</u> | |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | |
|---|-------------------|
| Change in Fund Balance - September 30, Budgetary Basis | <u>\$ (7,964)</u> |
| Adjust for: | |
| Change in Fund Balance - September 30, GAAP Basis | <u>(7,964)</u> |
| Fund Balance, October 1, GAAP Basis | <u>15,734</u> |
| Fund Balance, September 30, GAAP Basis | <u>\$ 7,770</u> |

See accompanying independent auditors' report.



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See accompanying independent auditors' report.

NONMAJOR ENTERPRISE FUNDS

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

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

The Airport Fund is used to account for the operations, maintenance and facility improvements of the Airport.

The Solid Waste Management Fund is used to account for the City's refuse collection, recycling, 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, 2019
(In Thousands)

| | Sewer | Airport | Solid Waste Management | Towing | Subsidence | Development Services | Total Nonmajor Proprietary Funds |
|---|-----------|------------|---------------------------|------------|------------|-------------------------|---|
| ASSETS | | | | | | | |
| Current Assets: | | | | | | | |
| Pooled Cash and Cash Equivalents | \$ 15,889 | \$ 80,031 | \$ 29,744 | \$ 661 | \$ 185,923 | \$ 46,680 | \$ 358,928 |
| Non-Pooled Cash and Cash Equivalents | - | 4,780 | 3 | 2 | - | - | 4,785 |
| Receivables: | | | | | | | |
| Interest Receivable | - | 48 | 1 | - | 4 | - | 53 |
| Accounts Receivable | 922 | 4,398 | 5,959 | 145 | - | (493) | 10,931 |
| Due from Other Governments | - | 19,556 | 37 | - | - | 57 | 19,650 |
| Due from Other Funds | 833 | 2,227 | 2,756 | 650 | 500 | 672 | 7,638 |
| Allowance for Receivables | (44) | (10) | (90) | (138) | - | (160) | (442) |
| Inventory | 125 | - | - | - | - | - | 125 |
| Other Assets - Current | - | 91 | - | - | - | - | 91 |
| Total Current Assets | 17,725 | 111,121 | 38,410 | 1,320 | 186,427 | 46,756 | 401,759 |
| Noncurrent Assets: | | | | | | | |
| Restricted Noncurrent Assets: | | | | | | | |
| Non-Pooled Investments | - | 8,424 | - | - | - | - | 8,424 |
| Noncurrent Receivables | | | | | | | |
| Advances to Other Funds | - | - | - | - | 1,114 | - | 1,114 |
| Capital Assets: | | | | | | | |
| Land and Other Capital Assets Not Being Depreciated | 8,387 | 30,559 | 7,003 | - | - | - | 45,949 |
| Capital Assets Net of Accumulated Depreciation | 68,989 | 221,902 | 2,907 | - | - | 35 | 293,833 |
| Total Noncurrent Assets | 77,376 | 260,885 | 9,910 | - | 1,114 | 35 | 349,320 |
| Total Assets | 95,101 | 372,006 | 48,320 | 1,320 | 187,541 | 46,791 | 751,079 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred Outflows | 1,395 | 2,029 | 1,888 | 525 | - | 2,549 | 8,386 |
| LIABILITIES | | | | | | | |
| Current Liabilities Payable from Current Assets: | | | | | | | |
| Accounts Payable | 1,161 | 6,636 | 7,468 | 36 | - | 905 | 16,206 |
| Accrued Wages | 193 | 323 | 322 | 84 | - | 412 | 1,334 |
| Accrued Interest Payable | 153 | 2,122 | - | - | - | - | 2,275 |
| Due to Other Funds | 782 | 179 | 199 | 43 | - | 256 | 1,459 |
| Unearned Revenues | - | 161 | - | - | 1,614 | 3,217 | 4,992 |
| Collections Held in Trust | - | - | 877 | - | - | 1 | 878 |
| Customers Deposits | - | 345 | - | - | - | 584 | 929 |
| Advances from Developers | 264 | - | - | - | - | 11,089 | 11,353 |
| Compensated Absences | 68 | 726 | 807 | 225 | - | 742 | 2,568 |
| Bonds Payable Due within One Year | 360 | 3,015 | - | - | - | - | 3,375 |
| Total Current Liabilities | 2,981 | 13,507 | 9,673 | 388 | 1,614 | 17,206 | 45,369 |
| Noncurrent Liabilities: | | | | | | | |
| Unearned Revenues | - | 5,371 | - | - | - | - | 5,371 |
| Compensated Absences | 1,046 | 1,494 | 1,879 | 458 | - | 1,526 | 6,403 |
| Bonds Payable | 9,658 | 98,954 | - | - | - | - | 108,612 |
| Total OPEB Liability | 180 | 250 | 311 | 75 | - | 262 | 1,078 |
| Net Pension Liability | 7,744 | 16,033 | 16,494 | 3,493 | - | 21,113 | 64,877 |
| Total Noncurrent Liabilities | 18,628 | 122,102 | 18,684 | 4,026 | - | 22,901 | 186,341 |
| Total Liabilities | 21,609 | 135,609 | 28,357 | 4,414 | 1,614 | 40,107 | 231,710 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred Inflows | 730 | 1,328 | 1,570 | 441 | - | 1,746 | 5,815 |
| NET POSITION | | | | | | | |
| Net Investment in Capital Assets | 67,358 | 160,496 | 9,910 | - | - | 35 | 237,799 |
| Restricted for: | | | | | | | |
| Debt Service | 294 | 3,199 | - | - | - | - | 3,493 |
| Capital Projects | - | 28,063 | - | - | - | - | 28,063 |
| Airport | - | 9,570 | - | - | - | - | 9,570 |
| Subsidence | - | - | - | - | 185,927 | - | 185,927 |
| Unrestricted | 6,505 | 35,770 | 10,371 | (3,010) | - | 7,452 | 57,088 |
| Total Net Position | \$ 74,157 | \$ 237,098 | \$ 20,281 | \$ (3,010) | \$ 185,927 | \$ 7,487 | \$ 521,940 |

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, 2019
(In Thousands)

| | Sewer | Airport | Solid Waste Management | Towing | Subsidence | Development Services | Total Nonmajor Proprietary Funds |
|--|-----------|------------|---------------------------|------------|------------|-------------------------|---|
| Operating Revenues: | | | | | | | |
| Licenses and Permits | \$ - | \$ - | \$ 2,403 | \$ - | \$ - | \$ 28,398 | \$ 30,801 |
| Fines and Forfeitures | - | 21 | - | - | - | 1 | 22 |
| Fees, Concessions and Rentals | - | 42,573 | - | - | - | 1 | 42,574 |
| From Other Agencies | - | 1,767 | 617 | - | - | 92 | 2,476 |
| Charges for Services | 19,044 | 283 | 76,520 | 5,883 | - | 1,689 | 103,419 |
| Other | 86 | 136 | 46 | - | - | 622 | 890 |
| Total Operating Revenues | 19,130 | 44,780 | 79,586 | 5,883 | - | 30,803 | 180,182 |
| Operating Expenses: | | | | | | | |
| Personnel Services | 5,106 | 12,668 | 15,331 | 3,226 | - | 15,418 | 51,749 |
| Maintenance and Other Operations | 7,512 | 24,130 | 61,047 | 3,152 | - | 11,713 | 107,554 |
| Rental Expense | - | - | 11,449 | - | - | - | 11,449 |
| Depreciation | 2,424 | 11,867 | 158 | - | - | 13 | 14,462 |
| Total Operating Expenses | 15,042 | 48,665 | 87,985 | 6,378 | - | 27,144 | 185,214 |
| Operating Income (Loss) | 4,088 | (3,885) | (8,399) | (495) | - | 3,659 | (5,032) |
| Non-Operating Income (Expenses): | | | | | | | |
| Interest Income | 518 | 3,091 | 906 | 36 | 5,809 | 1,364 | 11,724 |
| Interest Expense | (50) | (6,715) | (26) | - | - | - | (6,791) |
| Gain (Loss) on Disposition of Capital Assets | 47 | (409) | 9 | - | - | 105 | (248) |
| Operating Grants | - | 39 | 364 | - | - | - | 403 |
| Other Income | 620 | 2,217 | 41 | 2 | 499 | - | 3,379 |
| Other Expense | - | - | (10) | - | - | - | (10) |
| Total Non-Operating Income (Expenses) | 1,135 | (1,777) | 1,284 | 38 | 6,308 | 1,469 | 8,457 |
| Income Before Contributions | 5,223 | (5,662) | (7,115) | (457) | 6,308 | 5,128 | 3,425 |
| Capital Grants and Contributions | 96 | 26,345 | - | - | - | - | 26,441 |
| Transfers: | | | | | | | |
| Transfers In | 52 | 41 | - | - | - | 41 | 134 |
| Transfers Out | (140) | (211) | (1,032) | (60) | - | (1,534) | (2,977) |
| Change in Net Position | 5,231 | 20,513 | (8,147) | (517) | 6,308 | 3,635 | 27,023 |
| Net Position - October 1 | 68,926 | 216,585 | 28,428 | (2,493) | 179,619 | 3,852 | 494,917 |
| Net Position - September 30 | \$ 74,157 | \$ 237,098 | \$ 20,281 | \$ (3,010) | \$ 185,927 | \$ 7,487 | \$ 521,940 |

See accompanying independent auditors' report.

City of Long Beach
Nonmajor Proprietary Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2019
(In Thousands)

| | | | | | | | Total Nonmajor Proprietary Funds |
|---|--------------|----------------|-----------------------------------|---------------|-------------------|---------------------------------|---|
| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u> | <u>Sewer</u> | <u>Airport</u> | <u>Solid Waste Management</u> | <u>Towing</u> | <u>Subsidence</u> | <u>Development Services</u> | |
| Cash Flows from Operating Activities: | | | | | | | |
| Receipts from Customers | \$ 19,186 | \$ 43,597 | \$ 81,963 | \$ 5,876 | \$ - | \$ 34,336 | \$ 184,958 |
| Receipts from Other Governments | - | (9,977) | 617 | - | - | - | (9,360) |
| Receipts from Other Funds | - | (39) | (2) | - | - | - | (41) |
| Payments for Employee Salaries | (4,406) | (11,456) | (14,566) | (2,792) | - | (14,650) | (47,870) |
| Payments for Goods and Services | (8,155) | (28,200) | (71,303) | (3,113) | - | (11,645) | (122,416) |
| Other Income | 294 | 1,085 | 41 | 2 | - | - | 1,422 |
| Other Expense | - | - | (10) | - | - | - | (10) |
| Net Cash Provided by (Used for) Operating Activities | 6,919 | (4,990) | (3,260) | (27) | - | 8,041 | 6,683 |
| Cash Flows from Non-Capital Financing Activities: | | | | | | | |
| Operating Grants Received from Other Governments | - | 39 | 364 | - | - | - | 403 |
| Transfers In | - | 41 | - | - | - | (16) | 25 |
| Transfers Out | - | (198) | (1,032) | (60) | - | (1,534) | (2,824) |
| Net Cash Used for Non-Capital Financing Activities | - | (118) | (668) | (60) | - | (1,550) | (2,396) |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | |
| Proceeds from the Sale of Capital Assets | 47 | (409) | 9 | - | - | 105 | (248) |
| Receipts of Contributed Capital | 96 | 19,296 | (4) | - | - | - | 19,388 |
| Payments for Capital Acquisitions | (7,340) | (18,962) | (2,883) | - | - | - | (29,185) |
| Payments of Principal on Bonds Payable | (345) | (2,864) | (10,954) | - | - | - | (14,163) |
| Receipts from Passenger Facility Charges | - | 7,049 | - | - | - | - | 7,049 |
| Payments of Interest | (382) | (7,300) | (216) | - | - | - | (7,898) |
| Receipt of Federal Subsidy | - | 1,132 | - | - | - | - | 1,132 |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (7,924) | (2,058) | (14,048) | - | - | 105 | (23,925) |
| Cash Flows from Investing Activities: | | | | | | | |
| Proceeds from the Sale of Investments | - | 1,144 | 11,875 | - | - | - | 13,019 |
| Receipts of Interest | 518 | 3,088 | 955 | 36 | 6,319 | 1,365 | 12,281 |
| Net Cash Provided by (Used for) Investing Activities | 518 | 4,232 | 12,830 | 36 | 6,319 | 1,365 | 25,300 |
| Net Increase (Decrease) in Cash and Cash Equivalents | (487) | (2,934) | (5,146) | (51) | 6,319 | 7,961 | 5,662 |
| Cash and Cash Equivalents - October 1 | 16,376 | 87,745 | 34,893 | 714 | 179,604 | 38,719 | 358,051 |
| Cash and Cash Equivalents - September 30 | \$ 15,889 | \$ 84,811 | \$ 29,747 | \$ 663 | \$ 185,923 | \$ 46,680 | \$ 363,713 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u> | | | | | | | |
| Operating Income (Loss) | \$ 4,088 | (3,885) | \$ (8,399) | \$ (495) | \$ - | \$ 3,659 | \$ (5,032) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities: | | | | | | | |
| Operating Activities: | | | | | | | |
| Depreciation and Amortization Expense | 2,424 | 11,867 | 158 | - | - | 13 | 14,462 |
| Other Income | 349 | 1,085 | 39 | 2 | - | - | 1,475 |
| Other Expense | - | - | (10) | - | - | - | (10) |
| (Increase) Decrease in Accounts Receivable, Net | 5 | (43) | 2,937 | (7) | - | 1,253 | 4,145 |
| Increase in Amounts Due from Other Governments | - | (11,744) | - | - | - | - | (11,744) |
| (Increase) Decrease in Amounts Due from Other Funds | 50 | (39) | 2 | - | 500 | 2 | 515 |
| Increase in Inventory | (28) | - | - | - | - | - | (28) |
| Increase in Other Operating Assets | - | (32) | - | - | - | - | (32) |
| Increase (Decrease) in Accounts Payable | (37) | (4,106) | 1,003 | (4) | - | (188) | (3,332) |
| Increase (Decrease) in Accrued Wages Payable | 704 | 1,212 | 929 | 472 | - | 979 | 4,296 |
| Increase in Amounts Due to Other Funds | (715) | - | 26 | 5 | - | 45 | (639) |
| Increase (Decrease) in Unearned Revenues | - | 627 | - | - | (500) | (263) | (136) |
| Increase in Collections Held in Trust | 79 | 68 | 55 | - | - | 2,541 | 2,743 |
| Total Adjustments | 2,831 | (1,105) | 5,139 | 468 | - | 4,382 | 11,715 |
| Net Cash Provided by (Used for) Operating Activities | \$ 6,919 | \$ (4,990) | \$ (3,260) | \$ (27) | \$ - | \$ 8,041 | \$ 6,683 |
| <u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u> | | | | | | | |
| Amortization of Bond Premium (Discount), Net | \$ - | \$ (10) | \$ 69 | \$ - | \$ - | \$ - | \$ 59 |
| Amortization of Deferred Outflows on Debt Refunding | - | - | (13) | - | - | - | (13) |

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 Workers' Compensation Insurance Fund is used to finance and account for the City's Workers' Compensation Insurance Program programs.

The General Liability Insurance Fund is used to finance and account for the City's General Liability 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, 2019
(In Thousands)

| | Civic Center | General Services | Fleet Services | Workers' Compensation | General Liability | Employee Benefits | Total Internal Service Funds |
|---|-----------------|---------------------|-------------------|--------------------------|----------------------|----------------------|---------------------------------------|
| ASSETS | | | | | | | |
| Current Assets: | | | | | | | |
| Pooled Cash and Cash Equivalents | \$ 2,456 | \$ 36,015 | \$ 48,042 | \$ 31,005 | \$ 331 | \$ 50,169 | \$ 168,018 |
| Non-Pooled Cash and Cash Equivalents | - | 10,418 | 4,584 | - | - | - | 15,002 |
| Receivables: | | | | | | | |
| Interest Receivable | - | - | - | - | - | 2 | 2 |
| Accounts Receivable | 70 | 1,345 | 190 | 3 | - | - | 1,608 |
| Due from Other Funds | 239 | 5,460 | 1,977 | 5,736 | 971 | 11,789 | 26,172 |
| Allowance for Receivables | - | - | (27) | - | - | - | (27) |
| Deposits | - | - | - | - | - | 8,325 | 8,325 |
| Inventory | - | - | 2,860 | - | - | - | 2,860 |
| Total Current Assets | 2,765 | 53,238 | 57,626 | 36,744 | 1,302 | 70,285 | 221,960 |
| Noncurrent Assets: | | | | | | | |
| Capital Assets: | | | | | | | |
| Land and Other Capital Assets Not Being Depreciated | 21,511 | 7,982 | - | - | - | - | 29,493 |
| Capital Assets Net of Accumulated Depreciation | 323,216 | 48,821 | 61,644 | 10 | 9 | - | 433,700 |
| Other Assets-Long-Term | 7,375 | - | - | - | - | - | 7,375 |
| Total Noncurrent Assets | 352,102 | 56,803 | 61,644 | 10 | 9 | - | 470,568 |
| Total Assets | 354,867 | 110,041 | 119,270 | 36,754 | 1,311 | 70,285 | 692,528 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | |
| Deferred Outflows | 190 | 3,475 | 2,707 | 1,022 | 512 | 975 | 8,881 |
| LIABILITIES | | | | | | | |
| Current Liabilities Payable from Current Assets: | | | | | | | |
| Accounts Payable | 3,230 | 6,470 | 1,834 | 188 | 994 | 4,351 | 17,067 |
| Accrued Wages and Benefits | 44 | 596 | 352 | 249 | 86 | 6,416 | 7,743 |
| Accrued Interest Payable | - | 611 | 146 | - | - | 627 | 1,384 |
| Due to Other Funds | 8 | 369 | 1,020 | 155 | 3,054 | 33,632 | 38,238 |
| Collections Held in Trust | - | - | - | - | - | 3,977 | 3,977 |
| Compensated Absences | - | 1,265 | 608 | 347 | 203 | 40,621 | 43,044 |
| Accrued Claims - Current | - | - | - | 21,640 | 7,994 | - | 29,634 |
| Environmental Remediation - Current | - | - | 180 | - | - | - | 180 |
| Obligations under Capital Leases - Current | - | 5,234 | 1,537 | - | - | - | 6,771 |
| Bonds Payable Due within One Year | - | - | 1,473 | - | - | 6,435 | 7,908 |
| Other Long Term Obligation-Current | 5,011 | - | - | - | - | - | 5,011 |
| Total Current Liabilities | 8,293 | 14,545 | 7,150 | 22,579 | 12,331 | 96,059 | 160,957 |
| Noncurrent Liabilities: | | | | | | | |
| Advances from Other Funds | 1,451 | - | - | - | - | - | 1,451 |
| Compensated Absences | - | 4,621 | 2,318 | 602 | 81 | 107,280 | 114,902 |
| Accrued Self-Insurance Claims | - | - | - | 116,413 | 25,509 | - | 141,922 |
| Environmental Remediation | - | - | 1,321 | - | - | - | 1,321 |
| Obligations under Capital Lease | - | 34,588 | 7,661 | - | - | - | 42,249 |
| Other Long Term Obligations | 294,864 | - | - | - | - | - | 294,864 |
| Bonds Payable | - | - | 20,066 | - | - | 6,749 | 26,815 |
| OPEB Liability | - | 745 | 372 | 80 | 45 | 165 | 1,407 |
| Net Pension Liability | 1,988 | 29,443 | 13,763 | 9,167 | 5,001 | 7,600 | 66,962 |
| Total Noncurrent Liabilities | 298,303 | 69,397 | 45,501 | 126,262 | 30,636 | 121,794 | 691,893 |
| Total Liabilities | 306,596 | 83,942 | 52,651 | 148,841 | 42,967 | 217,853 | 852,850 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | |
| Deferred Inflows | 544 | 2,898 | 1,620 | 726 | 519 | 858 | 7,165 |
| NET POSITION (DEFICIT) | | | | | | | |
| Net Investment in Capital Assets | 44,852 | 27,399 | 35,491 | 10 | 9 | - | 107,761 |
| Restricted for: | | | | | | | |
| Capital Projects | - | 1,641 | - | - | - | - | 1,641 |
| Insurance | - | - | - | - | - | 18,611 | 18,611 |
| Unrestricted | 3,065 | (2,364) | 32,215 | (111,801) | (41,672) | (166,062) | (286,619) |
| Total Net Position (Deficit) | \$ 47,917 | \$ 26,676 | \$ 67,706 | \$ (111,791) | \$ (41,663) | \$ (147,451) | \$ (158,606) |

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, 2019
(In Thousands)

| | Civic Center | General Services | Fleet Services | Workers' Compensation | General Liability | Employee Benefits | Total Internal Service Funds |
|---|-----------------|---------------------|-------------------|--------------------------|----------------------|----------------------|---------------------------------------|
| Operating Revenues: | | | | | | | |
| Billing to Other Departments | \$ 15,440 | \$ 48,231 | \$ 44,615 | \$ 27,100 | \$ 15,300 | \$ 276,145 | \$ 426,831 |
| Other | - | 4,416 | 946 | 372 | 1,291 | - | 7,025 |
| Total Operating Revenues | 15,440 | 52,647 | 45,561 | 27,472 | 16,591 | 276,145 | 433,856 |
| Operating Expenses: | | | | | | | |
| Personnel Services | 1,234 | 22,826 | 11,166 | 3,960 | 5,937 | 15,271 | 60,394 |
| Maintenance and Other Operations | 9,255 | 22,895 | 18,771 | 3,725 | 3,944 | 2,461 | 61,051 |
| Insurance Premiums | - | - | - | - | 3,484 | - | 3,484 |
| Self-Insured Losses | - | - | - | 16,681 | 30,399 | - | 47,080 |
| Compensated Absences | - | - | - | 4,396 | - | 54,643 | 59,039 |
| Employee Benefits | - | - | - | - | - | 214,042 | 214,042 |
| Depreciation | 3,601 | 3,448 | 9,807 | 4 | 1 | - | 16,861 |
| Total Operating Expenses | 14,090 | 49,169 | 39,744 | 28,766 | 43,765 | 286,417 | 461,951 |
| Operating Income (Loss) | 1,350 | 3,478 | 5,817 | (1,294) | (27,174) | (10,272) | (28,095) |
| Non-Operating Income (Expenses): | | | | | | | |
| Interest Income | 67 | 885 | 677 | 789 | 247 | 1,844 | 4,509 |
| Interest Expense | (1,761) | (1,434) | (755) | - | - | (646) | (4,596) |
| Gain (loss) on Disposition of Capital Assets | (8,285) | - | 384 | - | - | - | (7,901) |
| Operating Grants | - | 1,082 | - | - | - | - | 1,082 |
| Other Income | 14,394 | - | 1,425 | - | - | 5,653 | 21,472 |
| Other Expense | (1,537) | (23) | (28) | - | - | (5) | (1,593) |
| Total Non-Operating Income (Expenses) | 2,878 | 510 | 1,703 | 789 | 247 | 6,846 | 12,973 |
| Income (Loss) before Contributions and Transfers | 4,228 | 3,988 | 7,520 | (505) | (26,927) | (3,426) | (15,122) |
| Capital Grants and Contributions | 219 | - | - | - | - | - | 219 |
| Transfers: | | | | | | | |
| Transfers In | 965 | 12,536 | 309 | - | - | 217 | 14,027 |
| Transfers Out | (31) | (3,994) | (160) | (141) | (164) | (9,332) | (13,822) |
| Change in Net Position | 5,381 | 12,530 | 7,669 | (646) | (27,091) | (12,541) | (14,698) |
| Net Position (Deficit) - October 1 | 42,536 | 14,146 | 60,037 | (111,145) | (14,572) | (134,910) | (143,908) |
| Net Position (Deficit) - September 30 | \$ 47,917 | \$ 26,676 | \$ 67,706 | \$ (111,791) | \$ (41,663) | \$ (147,451) | \$ (158,606) |

See accompanying independent auditors' report.

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2019
(In Thousands)

| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | Civic Center | General Services | Fleet Services | Workers' Compensation | General Liability | Employee Benefits | Total Internal Service Funds |
|---|--------------|------------------|----------------|-----------------------|-------------------|-------------------|------------------------------|
| Cash Flows from Operating Activities: | | | | | | | |
| Receipts from Customers | \$ - | \$ 4,393 | \$ 843 | \$ - | \$ - | \$ - | \$ 5,236 |
| Receipts from Other Funds | 15,338 | 47,741 | 45,639 | 24,423 | 17,592 | 273,505 | 424,238 |
| Payments for Employee Salaries | (1,223) | (22,689) | (11,051) | (3,957) | (5,921) | (16,683) | (61,524) |
| Payments for Goods and Services | (9,634) | (27,391) | (19,782) | (3,687) | (3,902) | (2,938) | (67,334) |
| Payments for Compensated Absences | - | 521 | (62) | (4,111) | (108) | (42,897) | (46,657) |
| Payments for Employee Benefits | (227) | 1,766 | 967 | (2,040) | 2,612 | (217,524) | (214,446) |
| Payments for Liability Claims | - | - | - | (13,575) | (28,290) | - | (41,865) |
| Payments to Other Entities | (13) | 87 | (366) | (117) | 3,054 | - | 2,645 |
| Other Income | - | - | - | - | - | 5,653 | 5,653 |
| Other Expense | - | (23) | - | - | - | (5) | (28) |
| Net Cash Provided by (Used for) Operating Activities | 4,241 | 4,405 | 16,188 | (3,064) | (14,963) | (889) | 5,918 |
| Cash Flows from Non-Capital Financing Activities: | | | | | | | |
| Other Income | 14,394 | - | 1,425 | - | - | - | 15,819 |
| Other Expense | (1,537) | - | (28) | - | - | - | (1,565) |
| Operating Grants Received from Other Governments | - | 1,082 | - | - | - | - | 1,082 |
| Operating Subsidies Paid to Other Funds | 1,420 | (3,994) | (160) | (141) | (164) | (9,332) | (12,371) |
| Operating Subsidies Received from Other Funds | 965 | 12,536 | 309 | - | - | 217 | 14,027 |
| Net Cash Provided by (Used for) Non-Capital Financing Activities | 15,242 | 9,624 | 1,546 | (141) | (164) | (9,115) | 16,992 |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | |
| Proceeds from the Sale of Capital Assets | - | - | 617 | - | - | - | 617 |
| Proceeds from Issuance Of Long-Term Obligations | - | (13) | 8,782 | - | - | - | 8,769 |
| Receipts of Contributed Capital | 219 | - | - | - | - | - | 219 |
| Proceeds from (Payments for) Capital Acquisitions | - | (26,445) | (15,244) | - | 1 | - | (41,688) |
| Payments of Principal on Bonds Payable | - | - | (1,410) | - | - | (6,115) | (7,525) |
| Payments of Principal on Other Long-Term Obligations | (20,846) | (4,544) | (1,406) | - | - | - | (26,796) |
| Payments of Interest | (2,177) | (865) | (974) | - | - | (920) | (4,936) |
| Net Cash Provided by (Used for) Capital and Related Financing Activities | (22,804) | (31,867) | (9,635) | - | 1 | (7,035) | (71,340) |
| Cash Flows from Investing Activities: | | | | | | | |
| Receipts of Interest | 68 | 885 | 678 | 790 | 248 | 1,848 | 4,517 |
| Net Cash Provided by (Used for) Investing Activities | 68 | 885 | 678 | 790 | 248 | 1,848 | 4,517 |
| Net Decrease in Cash and Cash Equivalents | (3,253) | (16,953) | 8,777 | (2,415) | (14,878) | (15,191) | (43,913) |
| Cash and Cash Equivalents - October 1 | 5,709 | 63,386 | 43,849 | 33,420 | 15,209 | 65,360 | 226,933 |
| Cash and Cash Equivalents - September 30 | \$ 2,456 | \$ 46,433 | \$ 52,626 | \$ 31,005 | \$ 331 | \$ 50,169 | \$ 183,020 |
| <u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u> | | | | | | | |
| Operating Income (Loss) | \$ 1,350 | \$ 3,478 | \$ 5,817 | \$ (1,294) | \$ (27,174) | \$ (10,272) | \$ (28,095) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | | | |
| Depreciation and Amortization Expense | 3,601 | 3,448 | 9,807 | 4 | 1 | - | 16,861 |
| Other Income | - | - | - | - | - | 5,653 | 5,653 |
| Other Expense | - | (23) | - | - | - | (5) | (28) |
| (Increase) Decrease in Accounts Receivable, Net | (70) | (23) | (131) | (2) | 1,000 | - | 774 |
| Decrease in Amounts Due from Other Governments | - | - | 974 | - | - | - | 974 |
| (Increase) Decrease in Amounts Due from Other Funds | (32) | (490) | 78 | (3,047) | 1 | (2,640) | (6,130) |
| Increase in Inventory | - | - | (66) | - | - | - | (66) |
| Increase (Decrease) in Accounts Payable | 3,011 | 2,424 | (945) | 38 | 42 | 3,950 | 8,520 |
| Increase (Decrease) in Accrued Wages Payable | (216) | (4,496) | 1,020 | (1,752) | 2,564 | 9,782 | 6,902 |
| Increase (Decrease) in Amounts Due to Other Funds | (13) | 87 | (366) | (117) | 3,010 | (2,930) | (329) |
| Increase in Accrued Claims Payable | - | - | - | 3,106 | 5,593 | - | 8,699 |
| (Increase) Decrease in Other Non-operating Assets | (3,390) | - | - | - | - | - | (3,390) |
| Increase in Collections Held in Trust | - | - | - | - | - | (4,427) | (4,427) |
| Total Adjustments | 2,891 | 927 | 10,371 | (1,770) | 12,211 | 9,383 | 34,013 |
| Net Cash Provided by (Used for) Operating Activities | \$ 4,241 | \$ 4,405 | \$ 16,188 | \$ (3,064) | \$ (14,963) | \$ (889) | \$ 5,918 |
| <u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u> | | | | | | | |
| Borrowing under Capital Lease or Other Long-term Debt | \$ 99,287 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 99,287 |
| Amortization of Deferred Outflows on Debt Refunding | (680) | - | - | - | - | - | (680) |

See accompanying independent auditors' report.

FIDUCIARY FUNDS

Fiduciary Funds, comprised of Private Purpose Trust and Custodial 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.

Custodial Funds are used to account for funds held by the City 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.

City of Long Beach
Combining Statement of Fiduciary Net Position
Custodial Funds
September 30, 2019
(In Thousands)

| | Belmont Shore Parking District | Taxes Oil Rights | Special Assessment Districts | Intermodal Container Transfer Facility JPA |
|---|---|------------------------|------------------------------------|---|
| ASSETS: | | | | |
| Pooled Cash and Cash Equivalents | \$ 1 | \$ 3,371 | \$ 286 | \$ 7,233 |
| Non-pooled Investments | - | - | 1,050 | - |
| Non-Pooled Cash and Cash Equivalents | - | - | 8,329 | - |
| Property Taxes Receivable, Net | - | - | 8 | - |
| Accounts Receivable | - | - | - | - |
| Prepaid Expense | - | - | - | - |
| Land | - | - | - | - |
| Total Assets | 1 | 3,371 | 9,673 | 7,233 |
| LIABILITIES: | | | | |
| Accounts Payable | 1 | 90 | 8 | - |
| Collections Held in Trust | - | - | - | - |
| Total Liabilities | 1 | 90 | 8 | - |
| NET POSITION: | | | | |
| Held in Trust for Private Purpose Trust Funds | \$ - | \$ 3,281 | \$ 9,665 | \$ 7,233 |

City of Long Beach
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended September 30, 2018
(In Thousands)

| | Belmont Shore Parking District | Taxes Oil Rights | Special Assessment Districts | Intermodal Container Transfer Facility JPA |
|--------------------------------------|---|------------------------|------------------------------------|---|
| ADDITIONS: | | | | |
| Contributions | \$ - | \$ - | \$ 2,012 | \$ 5,370 |
| Taxes | - | - | 4,639 | - |
| Grants | - | - | - | - |
| Use of Money and Property | - | 59 | 229 | 223 |
| Miscellaneous Revenue | - | - | - | - |
| Total Additions | - | 59 | 6,880 | 5,593 |
| DEDUCTIONS: | | | | |
| Administrative Expense | - | - | - | - |
| Payments to Other Governments | - | - | - | - |
| Payments to Bond Holders | - | - | 6,432 | 4,000 |
| Payments to Others | - | 535 | 1,713 | - |
| Total Deductions | - | 535 | 8,145 | 4,000 |
| Change in Net Position | - | (476) | (1,265) | 1,593 |
| Net Position, October 1, as adjusted | - | 3,757 | 10,930 | 5,640 |
| Net Position, September 30 | \$ - | \$ 3,281 | \$ 9,665 | \$ 7,233 |

See accompanying independent auditors' report.

| Earthquake Assessment District | Los Cerritos Wetlands Authority | Other Custodial Funds | Total Custodial Funds | |
|--------------------------------------|---------------------------------------|-----------------------------|-----------------------------|---|
| \$ 808 | \$ - | \$ 1,447 | \$ 13,146 | ASSETS: |
| - | - | - | 1,050 | Pooled Cash and Cash Equivalents |
| - | 245 | - | 8,574 | Non-pooled Investments |
| 1 | - | 30 | 39 | Non-Pooled Cash and Cash Equivalents |
| - | 383 | 760 | 1,143 | Property Taxes Receivable |
| - | 8 | - | 8 | Accounts Receivable |
| - | 11,000 | - | 11,000 | Prepaid Expense |
| 809 | 11,636 | 2,237 | 34,960 | Land |
| | | | | Total Assets |
| - | 119 | 2,658 | 2,876 | LIABILITIES: |
| - | - | 31 | 31 | Accounts Payable |
| - | 119 | 2,689 | 2,907 | Collections Held in Trust |
| | | | | Total Liabilities |
| \$ 809 | \$ 11,517 | \$ (452) | \$ 32,053 | NET POSITION: |
| | | | | Held in Trust for Private Purpose Trust Funds |

| Earthquake Assessment District | Los Cerritos Wetlands Authority | Other Custodial Funds | Total Custodial Funds | |
|--------------------------------------|---------------------------------------|-----------------------------|-----------------------------|--------------------------------------|
| \$ - | \$ 20 | \$ - | \$ 7,402 | ADDITIONS: |
| - | - | 8,851 | 13,490 | Contributions |
| - | 545 | - | 545 | Taxes |
| 26 | 62 | 12 | 611 | Grants |
| - | 106 | 734 | 840 | Use of Money and Property |
| 26 | 733 | 9,597 | 22,888 | Miscellaneous Revenue |
| | | | | Total Additions |
| 2 | - | - | 2 | DEDUCTIONS: |
| - | - | - | - | Administrative Expense |
| - | - | - | 10,432 | Payments to Other Governments |
| - | 513 | 9,178 | 11,939 | Payments to Bond Holders |
| 2 | 513 | 9,178 | 22,373 | Payments to Others |
| 24 | 220 | 419 | 515 | Total Deductions |
| 785 | 11,297 | (871) | 31,538 | Change in Net Position |
| \$ 809 | \$ 11,517 | \$ (452) | \$ 32,053 | Net Position, October 1, as adjusted |
| | | | | Net Position, September 30 |

See accompanying independent auditors' report.

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Net position
September 30, 2019
(In Thousands)

| | Miller Library | Mayor's Fund for the Homeless | Total September 30, 2019 |
|--|-------------------|--|--------------------------------|
| ASSETS | | | |
| Pooled Cash and Cash Equivalents | \$ 691 | \$ 5 | \$ 696 |
| NET POSITION | | | |
| Held in Trust for Private Purpose Trust Funds | \$ 691 | \$ 5 | \$ 696 |

City of Long Beach
Fiduciary Funds
Private Purpose Trust Funds
Combining Statement of Changes in Net Position
Fiscal Year Ended September 30, 2018
(In Thousands)

| | Miller Library | Mayor's Fund for the Homeless | Total September 30, 2019 |
|----------------------------|-------------------|--|--------------------------------|
| Additions: | | | |
| Use of Money and Property | \$ 23 | \$ 4 | \$ 27 |
| Deductions: | | | |
| Administrative Expense | 32 | 144 | 176 |
| Change in Net Position | (9) | (140) | (149) |
| Net Position, October 1 | 700 | 145 | 845 |
| Net Position, September 30 | \$ 691 | \$ 5 | \$ 696 |

See accompanying independent auditors' report.

OTHER
SUPPLEMENTARY
INFORMATION

BLANK

City of Long Beach
General Fund
Combining Balance Sheet
September 30, 2019
(In Thousands)

| | General Fund | Uplands Oil Fund | Eliminations | Total Combined General Fund |
|---|-------------------|------------------------|--------------|--------------------------------------|
| ASSETS | | | | |
| Pooled Cash and Cash Equivalents | \$ 84,804 | \$ 11,414 | \$ - | \$ 96,218 |
| Non-Pooled Cash and Cash Equivalents | 1,370 | - | - | 1,370 |
| Receivables: | | | | |
| Interest Receivable | 2 | - | - | 2 |
| Property Taxes | 102,402 | - | - | 102,402 |
| Accounts Receivable | 23,437 | 1,615 | - | 25,052 |
| Due from Other Governments | 39,872 | - | - | 39,872 |
| Due from Other Funds | 11,341 | - | - | 11,341 |
| Allowance for Receivables | (9,260) | - | - | (9,260) |
| Other Assets | 1,424 | - | - | 1,424 |
| Total Assets | <u>\$ 255,392</u> | <u>\$ 13,029</u> | <u>\$ -</u> | <u>\$ 268,421</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 15,855 | \$ 105 | \$ - | \$ 15,960 |
| Accrued Wages and Benefits Payable | 11,683 | - | - | 11,683 |
| Due to Other Governments | 340 | - | - | 340 |
| Due to Other Funds | 8,203 | - | - | 8,203 |
| Unearned Revenues | 4,711 | - | - | 4,711 |
| Deposits and Collections Held in Trust | 1,916 | - | - | 1,916 |
| Advances from Other Funds | 1,114 | - | - | 1,114 |
| Total Liabilities | <u>43,822</u> | <u>105</u> | <u>-</u> | <u>43,927</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows (Note 24) | <u>97,988</u> | <u>-</u> | <u>-</u> | <u>97,988</u> |
| FUND BALANCES | | | | |
| Nonspendable | 1,424 | - | - | 1,424 |
| Restricted | 5,009 | - | - | 5,009 |
| Committed | 56,786 | 12,654 | - | 69,440 |
| Assigned | 50,495 | - | - | 50,495 |
| Unassigned | (132) | 270 | - | 138 |
| Total Fund Balances | <u>113,582</u> | <u>12,924</u> | <u>-</u> | <u>126,506</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 255,392</u> | <u>\$ 13,029</u> | <u>\$ -</u> | <u>\$ 268,421</u> |

See accompanying independent auditors' report.

City of Long Beach

General Fund

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

For the Fiscal Year Ended September 30, 2019

(In Thousands)

| | General Fund | Uplands Oil Fund | Eliminations | Total Combined General Fund |
|---|-------------------|------------------------|--------------|--------------------------------------|
| Revenues: | | | | |
| Taxes: | | | | |
| Property | \$ 176,720 | \$ - | \$ - | \$ 176,720 |
| Sales | 136,161 | - | - | 136,161 |
| Utility Users | 34,898 | - | - | 34,898 |
| Other Taxes | 36,476 | - | - | 36,476 |
| Franchise Fees | 18,126 | - | - | 18,126 |
| Licenses and Permits | 27,869 | - | - | 27,869 |
| Fines and Forfeitures | 17,674 | - | - | 17,674 |
| Use of Money and Property | 24,563 | 14,926 | - | 39,489 |
| From Other Agencies | 6,493 | - | - | 6,493 |
| Charges for Services | 43,156 | - | - | 43,156 |
| Other | 12,798 | - | - | 12,798 |
| Total Revenues | <u>534,934</u> | <u>14,926</u> | <u>-</u> | <u>549,860</u> |
| Expenditures: | | | | |
| Legislative and Legal | 13,458 | - | - | 13,458 |
| General Government | 37,135 | - | - | 37,135 |
| Public Safety | 365,572 | - | - | 365,572 |
| Public Health | 9,006 | - | - | 9,006 |
| Community and Cultural | 49,862 | - | - | 49,862 |
| Public Works | 49,797 | - | - | 49,797 |
| Oil Operations | - | 2,774 | - | 2,774 |
| Total Current Expenditures | <u>524,830</u> | <u>2,774</u> | <u>-</u> | <u>527,604</u> |
| Capital Improvements | 12,081 | - | - | 12,081 |
| Debt Service: | | | | |
| Principal | 383 | - | - | 383 |
| Interest | 56 | - | - | 56 |
| Debt Administration Fees | 12 | - | - | 12 |
| Total Expenditures | <u>537,362</u> | <u>2,774</u> | <u>-</u> | <u>540,136</u> |
| Excess of Revenues over Expenditures | <u>(2,428)</u> | <u>12,152</u> | <u>-</u> | <u>9,724</u> |
| Other Financing Sources (Uses): | | | | |
| Transfers In | 51,148 | - | - | 51,148 |
| Transfers Out | (70,723) | - | - | (70,723) |
| Total Other Financing Sources (Uses) | <u>(19,575)</u> | <u>-</u> | <u>-</u> | <u>(19,575)</u> |
| Net Change in Fund Balances | <u>(22,003)</u> | <u>12,152</u> | <u>-</u> | <u>(9,851)</u> |
| Fund Balances - October 1 | <u>124,312</u> | <u>12,045</u> | <u>-</u> | <u>136,357</u> |
| Fund Balances - September 30 | <u>\$ 102,309</u> | <u>\$ 24,197</u> | <u>\$ -</u> | <u>\$ 126,506</u> |

See accompanying independent auditors' report.

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, 2019
(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 | \$ 169,942 | \$ - | \$ - | \$ 169,942 | \$ 176,720 | \$ - | \$ 176,720 | \$ 6,778 |
| Sales Taxes | 117,087 | - | - | 117,087 | 136,161 | - | 136,161 | 19,074 |
| Utility Users Taxes | 36,286 | - | - | 36,286 | 34,898 | - | 34,898 | (1,388) |
| Other Taxes | 38,213 | - | - | 38,213 | 36,476 | - | 36,476 | (1,737) |
| Franchise Fees | 26,248 | - | - | 26,248 | 18,126 | - | 18,126 | (8,122) |
| Licenses and Permits | 18,018 | - | - | 18,018 | 27,869 | - | 27,869 | 9,851 |
| Fines and Forfeitures | 19,089 | - | - | 19,089 | 17,674 | - | 17,674 | (1,415) |
| Use of Money and Property | 19,721 | 14,140 | - | 33,861 | 24,563 | 14,926 | 39,489 | 5,628 |
| From Other Agencies | 6,606 | - | - | 6,606 | 6,493 | - | 6,493 | (113) |
| Charges for Services | 44,134 | - | - | 44,134 | 43,156 | - | 43,156 | (978) |
| Other | 8,015 | - | - | 8,015 | 12,798 | - | 12,798 | 4,783 |
| Proceeds from Long-term Debt | - | - | - | - | - | - | - | - |
| Transfers In | 52,414 | - | - | 52,414 | 51,148 | - | 51,148 | (1,266) |
| Total Sources | 555,773 | 14,140 | - | 569,913 | 586,082 | 14,926 | 601,008 | 31,095 |
| Uses: | | | | | | | | |
| Current: | | | | | | | | |
| Legislative and Legal | | | | | | | | |
| Mayor and City Council | 7,604 | - | - | 7,604 | 6,343 | - | 6,343 | 1,261 |
| City Attorney | 3,266 | - | - | 3,266 | 2,841 | - | 2,841 | 425 |
| City Clerk | 3,572 | - | - | 3,572 | 4,278 | - | 4,278 | (706) |
| General Government | | | | | | | | |
| City Auditor | 2,825 | - | - | 2,825 | 2,659 | - | 2,659 | 166 |
| City Manager | 5,142 | - | - | 5,142 | 5,302 | - | 5,302 | (160) |
| Civil Service | 2,825 | - | - | 2,825 | 3,129 | - | 3,129 | (304) |
| Financial Management | 35,086 | - | - | 35,086 | 25,376 | - | 25,376 | 9,710 |
| Planning and Building | 832 | - | - | 832 | 789 | - | 789 | 43 |
| Public Safety | | | | | | | | |
| Police | 242,718 | - | - | 242,718 | 243,627 | - | 243,627 | (909) |
| Fire | 97,845 | - | - | 97,845 | 99,705 | - | 99,705 | (1,860) |
| Disaster Preparedness | 12,723 | - | - | 12,723 | 12,498 | - | 12,498 | 225 |
| City Prosecutor | 6,171 | - | - | 6,171 | 6,089 | - | 6,089 | 82 |
| Planning and Building-Code Enforcement | 4,181 | - | - | 4,181 | 4,133 | - | 4,133 | 48 |
| Public Health | 9,008 | - | - | 9,008 | 9,006 | - | 9,006 | 2 |
| Community and Cultural | | | | | | | | |
| Development Services | 1,298 | - | - | 1,298 | 2,249 | - | 2,249 | (951) |
| Library | 14,140 | - | - | 14,140 | 17,741 | - | 17,741 | (3,601) |
| Parks and Recreation | 32,705 | - | - | 32,705 | 29,928 | - | 29,928 | 2,777 |
| Public Works | 50,919 | - | - | 50,919 | 49,912 | - | 49,912 | 1,007 |
| Oil Operations | - | 3,243 | - | 3,243 | - | 2,774 | 2,774 | 469 |
| Capital Outlay | 11,994 | - | - | 11,994 | 12,176 | - | 12,176 | (182) |
| Debt Service: | 512 | - | - | 512 | 451 | - | 451 | 61 |
| Transfers Out | 68,330 | - | - | 68,330 | 70,723 | - | 70,723 | (2,393) |
| Total Uses | 613,696 | 3,243 | - | 616,939 | 608,955 | 2,774 | 611,729 | 5,210 |
| Net Change in Budgetary Fund Balance: | \$ (57,923) | \$ 10,897 | \$ - | \$ (47,026) | \$ (22,873) | \$ 12,152 | \$ (10,721) | \$ 36,305 |

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

| | General | Uplands | Combined |
|--|-------------|-----------|-------------|
| Change in Fund Balance - September 30, Budgetary Basis | \$ (22,873) | \$ 12,152 | \$ (10,721) |
| Add: Encumbrances | 870 | - | 870 |
| Change in Fund Balance - September 30, GAAP Basis | (22,003) | 12,152 | (9,851) |
| Fund Balance, October 1, GAAP Basis | 124,312 | 12,045 | 136,357 |
| Fund Balance, September 30, GAAP Basis | \$ 102,309 | \$ 24,197 | \$ 126,506 |

See accompanying independent auditors' report.

City of Long Beach
Schedule of Sources, Uses and Changes in Funds Available
Budget and Actual (Non-GAAP Budgetary Basis)
Measure A Fund
For the Fiscal Year Ended September 30, 2019
(In Thousands)

| | Adopted Budget | Final Amended Budget | Actual on a Budgetary Basis | Variance with Final Budget Favorable / (unfavorable) |
|---|-------------------|----------------------------|-----------------------------------|---|
| Sources | | | | |
| Sales Taxes | \$ 54,501 | \$ 54,501 | \$ 66,368 | \$ 11,867 |
| Total Sources | 54,501 | 54,501 | 66,368 | 11,867 |
| Uses | | | | |
| General Government | 209 | 268 | 151 | 117 |
| Public Safety | 31,527 | 31,527 | 31,526 | 1 |
| Transfers Out ^(a) | 24,600 | 32,485 | 32,485 | - |
| Total Uses | 56,336 | 64,280 | 64,162 | 118 |
| Net Change in Fund Balance | (1,835) | (9,779) | 2,206 | 11,749 |
| Fund Balance October 1 GAAP Basis | 13,605 | 13,605 | 13,605 | |
| Fund Balance September 30 Budgetary Basis | \$ 11,770 | \$ 3,826 | \$ 15,811 | |

Fund Balances as September 30, 2019

| | | |
|--|----------|-----------|
| Assigned for Subsequent year Programmed Uses, October 1 | 13,605 | |
| Less: | | |
| Programmed Releases in Fiscal Year 2019 ^(b) | (10,324) | |
| Add: | | |
| New Programmed Assignments as of September 30 ^(c) | 7,568 | |
| Amounts Assigned for Subsequent Year Programmed Uses | | \$ 10,849 |
| Amounts Assigned for Measure B ^(d) | | 664 |
| Unassigned Fund Balance | | 4,298 |
| Total Measure A Fund Balance | | \$ 15,811 |

Notes:

- ^(a) Amounts "transferred out" are transferred to the City's Capital Projects fund for use in authorized Measure A projects.
- ^(b) Amounts released from reserves during fiscal year to fund Measure A projects as programmed in prior fiscal years.
- ^(c) Amounts reserved to fund future Measure A projects.
- ^(d) Amounts reserved per City Charter

TIDELANDS FUND

The Tideland Operating fund is used to account for the various business-type operations that the City oversees in the Tidelands Trust area. These operations include the Long Beach Convention and Entertainment Center, Queen Mary, Rainbow Harbor Area, marinas, beach maintenance, and beach/water safety programs directly related to the tidelands area, including lifeguards and patrol boats.

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.

Summary financial information for the consolidated Tidelands Enterprise Fund is presented on the following pages (in thousands) as of September 30, 2019:

City of Long Beach
Tidelands Operating Fund
Combining Schedule of Net Position
September 30, 2019
(In Thousands)

| | Tideland Operating | Tideland Parking | Marina | Queen Mary | Aquarium of the Pacific | Total Before Elimination | Eliminations Debit (Credit) | Consolidated Tidelands Operating Total |
|---|-----------------------|---------------------|-----------|---------------|-------------------------------|--------------------------------|-----------------------------------|---|
| ASSETS | | | | | | | | |
| Current Assets: | | | | | | | | |
| Pooled Cash and Cash Equivalents | \$ 121,172 | \$ 5,255 | \$ 25,982 | \$ 1,813 | \$ 11,360 | \$ 165,582 | \$ - | \$ 165,582 |
| Non-Pooled Cash and Cash Equivalents | 28 | - | 11,618 | 2,431 | 22,790 | 36,867 | - | 36,867 |
| Receivables: | | | | | | | | |
| Interest Receivable | 3 | - | 40 | - | 58 | 101 | - | 101 |
| Accounts Receivable | 2,981 | 81 | 555 | 1,826 | 204 | 5,647 | - | 5,647 |
| Notes and Loans Receivable | 49 | - | - | - | - | 49 | - | 49 |
| Due from Other Governments | 2 | - | - | - | - | 2 | - | 2 |
| Due from Other Funds | 25,326 | - | 3,175 | - | - | 28,501 | (20) | 28,481 |
| Allowance for Receivables | (14) | (3) | (291) | - | - | (308) | - | (308) |
| Total Current Assets | 149,547 | 5,333 | 41,079 | 6,070 | 34,412 | 236,441 | (20) | 236,421 |
| Noncurrent Assets: | | | | | | | | |
| Noncurrent Receivables: | | | | | | | | |
| Other Noncurrent Receivables | - | - | - | - | 10,180 | 10,180 | - | 10,180 |
| Capital Assets: | | | | | | | | |
| Land and Other Capital Assets Not Being Depreciated | 46,399 | - | 5,485 | - | 9,900 | 61,784 | - | 61,784 |
| Capital Assets Net of Accumulated Depreciation | 142,792 | 9,594 | 112,918 | 7,499 | 22,616 | 295,419 | - | 295,419 |
| Total Noncurrent Assets | 189,191 | 9,594 | 118,403 | 7,499 | 42,696 | 367,383 | - | 367,383 |
| Total Assets | 338,738 | 14,927 | 159,482 | 13,569 | 77,108 | 603,824 | (20) | 603,804 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | | | |
| Deferred Outflows | 5,726 | - | 1,694 | 65 | 5,415 | 12,900 | - | 12,900 |
| LIABILITIES | | | | | | | | |
| Current Liabilities payable from Current Assets: | | | | | | | | |
| Accounts Payable | 3,873 | 239 | 265 | - | - | 4,377 | - | 4,377 |
| Accrued Wages | 645 | 1 | 270 | 3 | - | 919 | - | 919 |
| Accrued Interest Payable | 107 | - | 2,063 | 181 | 1,584 | 3,935 | - | 3,935 |
| Due to Other Funds | 392 | 1 | 180 | 2 | - | 575 | (20) | 555 |
| Unearned Revenues | 377 | - | 1,891 | - | - | 2,268 | - | 2,268 |
| Collections Held in Trust | 114 | - | - | - | - | 114 | - | 114 |
| Customers Deposits | - | - | 402 | 25 | - | 427 | - | 427 |
| Compensated Absences | 649 | - | 618 | - | - | 1,267 | - | 1,267 |
| Obligations under Capital Leases - Current | 37 | - | - | - | - | 37 | - | 37 |
| Bonds Payable Due Within One Year | 2,635 | - | 1,550 | 2,015 | 4,620 | 10,820 | - | 10,820 |
| Other Long Term Obligation - Current | 28 | - | - | - | - | 28 | - | 28 |
| Total Current Liabilities | 8,857 | 241 | 7,239 | 2,226 | 6,204 | 24,767 | (20) | 24,747 |
| Noncurrent Liabilities: | | | | | | | | |
| Advances from Other Funds | 1,300 | - | - | - | - | 1,300 | - | 1,300 |
| Unearned Revenues | 4,489 | - | - | - | - | 4,489 | - | 4,489 |
| Compensated Absences | 1,842 | - | 1,116 | - | - | 2,958 | - | 2,958 |
| Obligations under Capital Leases | 265 | - | - | - | - | 265 | - | 265 |
| Other Long Term Obligations | 337 | - | - | - | - | 337 | - | 337 |
| Bonds Payable | 9,662 | - | 116,037 | 13,695 | 84,246 | 223,640 | - | 223,640 |
| Total OPEB Liability | 325 | - | 188 | - | - | 513 | - | 513 |
| Net Pension Liability | 34,473 | - | 13,281 | - | - | 47,754 | - | 47,754 |
| Total Noncurrent Liabilities | 52,693 | - | 130,622 | 13,695 | 84,246 | 281,256 | - | 281,256 |
| Total Liabilities | 61,550 | 241 | 137,861 | 15,921 | 90,450 | 306,023 | (20) | 306,003 |
| DEFERRED INFLOWS OF RESOURCES | | | | | | | | |
| Deferred Inflows | 3,462 | - | 1,737 | - | - | 5,199 | - | 5,199 |
| NET POSITION | | | | | | | | |
| Net Investment in Capital Assets | 176,227 | 9,594 | 12,471 | (8,211) | (48,126) | 141,955 | - | 141,955 |
| Restricted for: | | | | | | | | |
| Debt Service | 26 | - | 2 | 2,431 | 3,580 | 6,039 | - | 6,039 |
| Capital Projects | - | 178 | - | - | - | 178 | - | 178 |
| Tidelands | - | - | - | - | 10,601 | 10,601 | - | 10,601 |
| Unrestricted | 103,199 | 4,914 | 9,105 | 3,493 | 26,018 | 146,729 | - | 146,729 |
| Total Net Position | \$ 279,452 | \$ 14,686 | \$ 21,578 | \$ (2,287) | \$ (7,927) | \$ 305,502 | \$ - | \$ 305,502 |

See accompanying independent auditors' report.

City of Long Beach
Tidelands Operating Fund
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position
For the Fiscal Year Ended September 30, 2019
(In Thousands)

| | Tideland Operating | Tideland Parking | Marina | Queen Mary | Aquarium of the Pacific | Total Before Elimination | Eliminations Debit (Credit) | Consolidated Tidelands Operating Total |
|---|-----------------------|---------------------|------------------|-------------------|-------------------------------|--------------------------------|-----------------------------------|---|
| Operating Revenues: | | | | | | | | |
| Licenses and Permits | \$ 324 | \$ 51 | \$ - | \$ - | \$ - | \$ 375 | \$ - | \$ 375 |
| Fines and Forfeitures | 266 | - | - | - | - | 266 | - | 266 |
| Fees, Concessions, and Rentals | 3,067 | - | 23,326 | - | - | 26,393 | - | 26,393 |
| From Other Agencies | 49 | - | 16 | - | - | 65 | - | 65 |
| Charges for Services | 25,331 | 10,413 | 248 | - | 7,375 | 43,367 | - | 43,367 |
| Other | 80 | 4 | 108 | - | - | 192 | - | 192 |
| Total Revenues | 29,117 | 10,468 | 23,698 | - | 7,375 | 70,658 | - | 70,658 |
| Operating Expenses: | | | | | | | | |
| Personnel Services | 26,436 | 211 | 9,355 | 98 | - | 36,100 | - | 36,100 |
| Maintenance and Other Operations | 40,774 | 3,654 | 6,447 | 31 | - | 50,906 | - | 50,906 |
| Depreciation | 10,493 | 1,136 | 6,427 | 421 | 3,222 | 21,699 | - | 21,699 |
| Total Operating Expenses | 77,703 | 5,001 | 22,229 | 550 | 3,222 | 108,705 | - | 108,705 |
| Operating Income (Loss) | (48,586) | 5,467 | 1,469 | (550) | 4,153 | (38,047) | - | (38,047) |
| Non-Operating Income (Expense): | | | | | | | | |
| Interest Income | 5,474 | 116 | 1,178 | 41 | 913 | 7,722 | - | 7,722 |
| Interest Expense | (204) | - | (5,274) | (437) | (3,011) | (8,926) | - | (8,926) |
| Gain on Disposition of Fixed Assets | - | - | 9 | - | - | 9 | - | 9 |
| Operating Grants | 427 | - | 102 | - | - | 529 | - | 529 |
| Other Income | 5,478 | - | 1,754 | 2,704 | - | 9,936 | - | 9,936 |
| Other Expense | (1,344) | (2,336) | (10) | (2) | (497) | (4,189) | - | (4,189) |
| Total Non-Operating Income (Expense) | 9,831 | (2,220) | (2,241) | 2,306 | (2,595) | 5,081 | - | 5,081 |
| Income (Loss) before Contributions and Transfers | (38,755) | 3,247 | (772) | 1,756 | 1,558 | (32,966) | - | (32,966) |
| Transfers: | | | | | | | | |
| Transfers In | 36,019 | - | - | - | 2,378 | 38,397 | (2,378) | 36,019 |
| Transfers Out | (380) | (2,388) | (164) | - | - | (2,932) | 2,378 | (554) |
| Change in Net Position | (3,116) | 859 | (936) | 1,756 | 3,936 | 2,499 | - | 2,499 |
| Net Position, October 1 | 282,568 | 13,827 | 22,514 | (4,043) | (11,863) | 303,003 | - | 303,003 |
| Net Position, September 30 | <u>\$279,452</u> | <u>\$ 14,686</u> | <u>\$ 21,578</u> | <u>\$ (2,287)</u> | <u>\$ (7,927)</u> | <u>\$305,502</u> | <u>\$ -</u> | <u>\$ 305,502</u> |

See accompanying independent auditors' report.

City of Long Beach
Tidelands Operating Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2019
(In Thousands)

| | | | | | Aquarium of the Pacific | Eliminations Increase (Decrease) | Consolidated Tidelands Operating Total |
|--|-----------------------|---------------------|-----------|---------------|-------------------------------|--|---|
| <u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u> | Tideland Operating | Tideland Parking | Marina | Queen Mary | | | |
| Cash Flows from Operating Activities: | | | | | | | |
| Receipts from Customers | \$ 29,355 | \$ 10,417 | \$ 23,892 | \$ (105) | \$ 7,350 | \$ - | \$ 70,909 |
| Receipts from Other Funds | (527) | - | 1,016 | - | - | - | 489 |
| Receipts from Other Governments | 57 | - | 16 | - | - | - | 73 |
| Payments for Employee Salaries | (24,137) | (212) | (8,836) | (99) | - | - | (33,284) |
| Payments for Goods and Services | (40,213) | (3,950) | (8,803) | (815) | (2) | - | (53,783) |
| Payments to Other Entities | (604) | 1 | 180 | - | (297) | - | (720) |
| Other Income | 5,478 | - | 1,754 | 2,704 | - | - | 9,936 |
| Other Expense | (1,344) | (2,336) | (10) | (2) | (497) | - | (4,189) |
| Net Cash Provided by (Used for) Operating Activities | (31,935) | 3,920 | 9,209 | 1,683 | 6,554 | - | (10,569) |
| Cash Flows from Non-Capital Financing Activities: | | | | | | | |
| Operating Grants Received from Other Governments | 427 | - | 102 | - | - | - | 529 |
| Transfers In | 36,019 | - | - | - | 2,378 | (2,378) | 36,019 |
| Transfers Out | (380) | (2,388) | (164) | - | - | 2,378 | (554) |
| Net Cash Provided by Non-Capital Financing Activities | 36,066 | (2,388) | (62) | - | 2,378 | - | 35,994 |
| Cash Flows from Capital and Related Financing Activities: | | | | | | | |
| Proceeds from the Sale of Capital Assets | - | - | 9 | - | - | - | 9 |
| Payment of Cost of Issuance | - | - | - | 6 | - | - | 6 |
| Changes Related to Capital Acquisitions | (4,380) | 1 | (2,755) | - | - | - | (7,134) |
| Payments of Principal on Bonds Payable | (2,509) | - | (1,671) | (1,995) | (4,405) | - | (10,580) |
| Payments of Principal on Other Long-Term Obligations | (62) | - | - | - | - | - | (62) |
| Payments of Interest, Net of Amounts Capitalized | (693) | - | (5,300) | (452) | (3,428) | - | (9,873) |
| Net Cash Used for Capital and Related Financing Activities | (7,644) | 1 | (9,717) | (2,441) | (7,833) | - | (27,634) |
| Cash Flows from Investing Activities: | | | | | | | |
| Proceeds from the Sale of Investments | - | - | 8,047 | - | 8,326 | - | 16,373 |
| Payments of Interest | 5,481 | 116 | 1,189 | 44 | 909 | - | 7,739 |
| Net Cash Provided by (Used for) Investing Activities | 5,481 | 116 | 9,236 | 44 | 9,235 | - | 24,112 |
| Net Increase (Decrease) in Cash and Cash Equivalents | 1,968 | 1,649 | 8,666 | (714) | 10,334 | - | 21,903 |
| Cash and Cash Equivalents - October 1 | 119,232 | 3,606 | 28,934 | 4,958 | 23,816 | - | 180,546 |
| Cash and Cash Equivalents - September 30 | \$ 121,200 | \$ 5,255 | \$ 37,600 | \$ 4,244 | \$ 34,150 | \$ - | \$ 202,449 |
| <u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u> | | | | | | | |
| | Tideland Operating | Tideland Parking | Marina | Queen Mary | Aquarium of the Pacific | Eliminations Increase (Decrease) | Total |
| Operating Income (Loss) | \$ (48,586) | \$ 5,467 | \$ 1,469 | \$ (550) | \$ 4,153 | \$ - | \$ (38,047) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities: | | | | | | | |
| Depreciation and Amortization Expense | 10,493 | 1,136 | 6,427 | 421 | 3,222 | - | 21,699 |
| Other Income | 5,478 | - | 1,754 | 2,704 | - | - | 9,936 |
| Other Expense | (1,344) | (2,336) | (10) | (2) | (497) | - | (4,189) |
| (Increase) Decrease in Accounts Receivable, Net | 23 | (51) | (184) | (105) | (25) | - | (342) |
| (Increase) Decrease in Amounts Due from Other Funds | (527) | - | 1,016 | - | - | - | 489 |
| Decrease in Amounts Due from Other Governments | 8 | - | - | - | - | - | 8 |
| Decrease in Other Operating Assets | - | - | 27 | - | - | - | 27 |
| Increase (Decrease) in Accounts Payable | 684 | (296) | (2,383) | (784) | (2) | - | (2,781) |
| Increase (Decrease) in Accrued Wages Payable | 2,299 | (1) | 652 | (1) | - | - | 2,949 |
| Increase (Decrease) in Amounts Due to Other Funds | (604) | 1 | 47 | - | (297) | - | (853) |
| Increase in Unearned Revenues | 147 | - | 42 | - | - | - | 189 |
| Increase (Decrease) in Collections Held in Trust | (6) | - | 352 | - | - | - | 346 |
| Total Adjustments | 16,651 | (1,547) | 7,740 | 2,233 | 2,401 | - | 27,478 |
| Net Cash Provided by (Used for) Operating Activities | \$ (31,935) | \$ 3,920 | \$ 9,209 | \$ 1,683 | \$ 6,554 | \$ - | \$ (10,569) |
| <u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u> | | | | | | | |
| Amortization of Deferred Outflows on Debt Refunding | \$ (15) | \$ - | \$ - | \$ (6) | \$ (489) | \$ - | \$ (510) |
| Amortization of Bond (Premium) Discount, Net | 485 | - | 271 | - | 814 | - | 1,570 |

See accompanying independent auditors' report.

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

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Demographics and economic information

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

| | |
|---|-----|
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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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|--|-----|
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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.

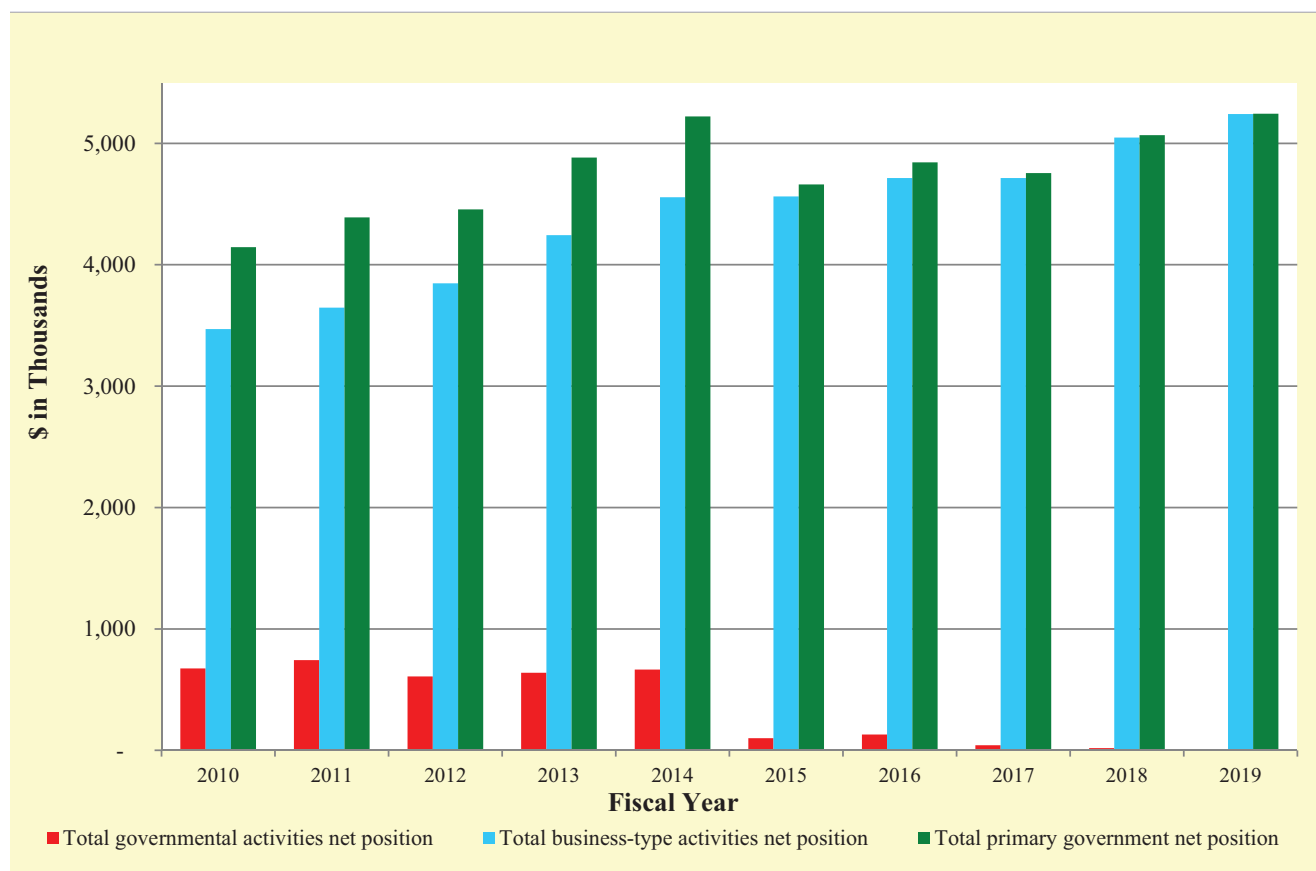


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City of Long Beach
Net Position by Component
Last Ten Fiscal Years
(Accrual basis of accounting)
(In Thousands)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Governmental activities: | | | | | | | | | | |
| Net Investment in capital assets | \$ 170,432 | \$ 215,317 | \$ 237,998 | \$ 242,105 | \$ 245,780 | \$ 344,839 | \$ 346,224 | \$ 361,370 | \$ 377,098 | \$ 418,191 |
| Restricted | 346,412 | 631,729 | 470,723 | 458,167 | 473,181 | 351,055 | 393,588 | 397,204 | 403,557 | 428,903 |
| Unrestricted | 157,316 | (104,327) | (100,337) | (61,528) | (53,167) | (595,857) | (610,409) | (716,979) | (761,817) | (844,483) |
| Total governmental activities net position | 674,160 | 742,719 | 608,384 | 638,744 | 665,794 | 100,037 | 129,403 | 41,595 | 18,838 | 2,611 |
| Business-type activities: | | | | | | | | | | |
| Net Investment in capital assets | 2,184,850 | 2,547,605 | 2,769,461 | 3,547,110 | 3,698,447 | 3,829,779 | 4,229,484 | 4,229,484 | 4,477,724 | 4,604,194 |
| Restricted | 603,007 | 289,999 | 289,864 | 297,694 | 439,163 | 494,526 | 323,827 | 323,827 | 298,613 | 297,552 |
| Unrestricted | 683,114 | 809,277 | 787,926 | 399,890 | 418,151 | 237,808 | 160,569 | 160,569 | 272,494 | 338,972 |
| Total business-type activities net position | 3,470,971 | 3,646,881 | 3,847,251 | 4,244,694 | 4,555,761 | 4,562,113 | 4,713,880 | 4,713,880 | 5,048,831 | 5,240,718 |
| Primary government: | | | | | | | | | | |
| Net Investment in capital assets | 2,355,282 | 2,762,922 | 3,007,459 | 3,789,215 | 3,944,227 | 4,174,618 | 4,575,708 | 4,590,854 | 4,854,822 | 5,022,385 |
| Restricted | 949,419 | 921,728 | 760,587 | 755,861 | 912,344 | 845,581 | 717,415 | 721,031 | 702,170 | 726,455 |
| Unrestricted | 840,430 | 704,950 | 687,589 | 338,362 | 364,984 | (358,049) | (449,840) | (556,410) | (489,323) | (505,511) |
| Total primary government net position | \$4,145,131 | \$4,389,600 | \$4,455,635 | \$4,883,438 | \$5,221,555 | \$4,662,150 | \$4,843,283 | \$4,755,475 | \$5,067,669 | \$5,243,329 |

Note: Effective fiscal year 2010 and beyond, unrestricted net position amounts have been changed to reflect the effects of the implementation of



See accompanying independent auditors' report.

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Expenses: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Legislative and Legal | \$ 11,527 | \$ 10,106 | \$ 10,998 | \$ 10,957 | \$ 12,001 | \$ 10,632 | \$ 11,814 | \$ 13,343 | \$ 13,025 | \$ 15,245 |
| General Government | 19,792 | 22,653 | 22,128 | 23,342 | 21,378 | 22,400 | 23,869 | 29,718 | 29,189 | 43,637 |
| Public Safety | 291,399 | 284,986 | 290,542 | 303,872 | 296,817 | 307,116 | 344,358 | 402,361 | 409,632 | 430,512 |
| Public Health | 44,731 | 44,428 | 42,712 | 41,966 | 41,877 | 43,710 | 46,150 | 49,688 | 53,045 | 57,729 |
| Community and Cultural | 258,512 | 193,886 | 331,170 | 173,239 | 153,206 | 165,501 | 155,792 | 173,637 | 167,624 | 183,825 |
| Public Works | 91,375 | 89,942 | 92,058 | 102,979 | 114,303 | 104,744 | 103,772 | 123,268 | 139,209 | 171,927 |
| Oil Operations | 6,923 | 7,318 | 9,256 | 7,101 | 4,869 | 3,961 | 6,466 | 9,694 | 3,755 | 3,777 |
| Interest on Long-Term Debt | 32,744 | 35,273 | 28,492 | 26,941 | 24,945 | 22,738 | 19,104 | 19,120 | 17,916 | 17,473 |
| Total Governmental Activities | | | | | | | | | | |
| Expenses | 757,003 | 688,592 | 827,356 | 690,397 | 669,396 | 680,802 | 711,325 | 820,829 | 833,395 | 924,125 |
| Business-type Activities: | | | | | | | | | | |
| Gas Utility | 77,531 | 84,003 | 77,157 | 82,693 | 80,651 | 68,414 | 66,896 | 80,680 | 83,276 | 110,991 |
| Water Utility | 71,442 | 82,050 | 81,377 | 89,767 | 93,297 | 102,501 | 93,959 | 96,082 | 98,204 | 95,970 |
| Tidelands Operating | 117,071 | 124,830 | 100,602 | 96,881 | 111,074 | 121,547 | 107,313 | 126,123 | 130,796 | 124,283 |
| Tideland Oil Revenue | 276,850 | 393,317 | 390,602 | 362,144 | 327,087 | 81,565 | 70,949 | 93,200 | 101,495 | 101,872 |
| Harbor | 218,262 | 217,335 | 193,773 | 195,335 | 233,410 | 236,186 | 307,546 | 298,756 | 298,441 | 309,722 |
| Non-major Enterprise Funds | 132,917 | 144,018 | 144,677 | 150,188 | 156,466 | 157,368 | 162,678 | 176,446 | 171,272 | 193,706 |
| Total Business-Type Activities | | | | | | | | | | |
| Expenses | 894,073 | 1,045,553 | 988,188 | 977,008 | 1,001,985 | 767,581 | 809,341 | 871,287 | 883,484 | 936,544 |
| Total Primary Government | | | | | | | | | | |
| Expenses | 1,651,076 | 1,734,145 | 1,815,544 | 1,667,405 | 1,671,381 | 1,448,383 | 1,520,666 | 1,692,116 | 1,716,879 | 1,860,669 |
| Program Revenues: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Legislative and Legal | 862 | 104 | 714 | 61 | 163 | 224 | 1,804 | 52 | 481 | 34 |
| General Government | 14,968 | 16,501 | 17,521 | 16,093 | 16,459 | 16,545 | 17,955 | 17,981 | 17,727 | 16,473 |
| Public Safety | 40,072 | 35,110 | 34,617 | 32,371 | 34,659 | 38,961 | 38,050 | 34,995 | 43,536 | 50,961 |
| Public Health | 8,422 | 8,725 | 9,538 | 11,856 | 8,498 | 8,178 | 7,284 | 8,052 | 8,550 | 10,232 |
| Community and Cultural | 26,186 | 20,825 | 13,978 | 14,656 | 12,168 | 15,084 | 17,051 | 25,801 | 21,980 | 35,649 |
| Public Works | 25,985 | 21,072 | 26,876 | 25,011 | 25,963 | 25,246 | 27,949 | 29,875 | 32,208 | 43,283 |
| Oil Operations | 25,556 | 31,552 | 39,156 | 39,869 | 36,942 | 19,414 | 10,900 | 12,176 | 16,060 | 14,926 |
| Operating Grants and Contributions | 185,899 | 198,198 | 175,647 | 171,937 | 183,789 | 164,621 | 170,614 | 176,643 | 187,038 | 167,793 |
| Capital Grants and Contributions | 10,395 | 7,588 | 6,147 | 10,778 | 8,530 | 3,780 | 2,085 | 12,286 | 10,739 | 67,976 |
| Total Governmental Activities | | | | | | | | | | |
| Program Revenues | \$ 338,345 | \$ 339,675 | \$ 324,194 | \$ 322,632 | \$ 327,171 | \$ 292,053 | \$ 293,692 | \$ 317,861 | \$ 338,319 | \$ 407,327 |

(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)

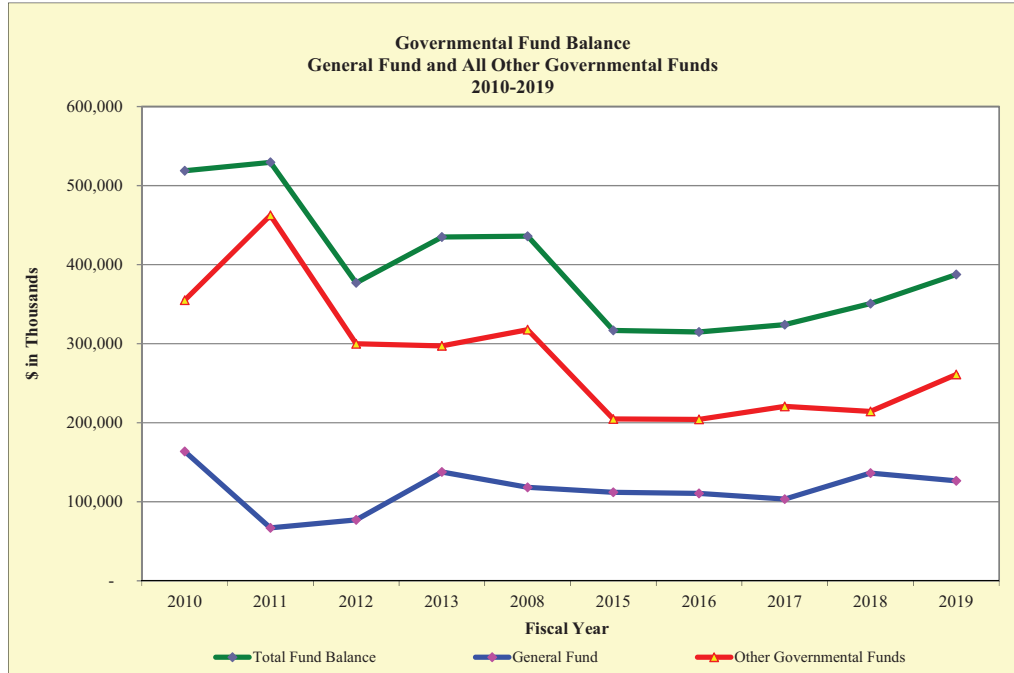
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------|------------|-----------|------------|------------|------------|------------|-----------|------------|------------|
| Business-Type activities: | | | | | | | | | | |
| Charges for Services: | | | | | | | | | | |
| Gas Utility | \$ 80,605 | \$ 88,240 | \$ 83,633 | \$ 87,141 | \$ 82,293 | \$ 77,398 | \$ 79,826 | \$ 97,033 | \$ 92,109 | \$ 120,562 |
| Water Utility | 87,151 | 88,576 | 87,073 | 93,036 | 101,345 | 101,158 | 98,677 | 100,761 | 104,701 | 102,474 |
| Tidelands Operating | 82,948 | 83,018 | 56,726 | 59,929 | 64,318 | 67,894 | 67,205 | 76,352 | 77,734 | 80,594 |
| Tideland Oil Revenue | 295,680 | 449,819 | 452,863 | 397,301 | 362,783 | 99,401 | 53,630 | 81,989 | 124,721 | 117,528 |
| Harbor | 341,744 | 345,389 | 333,887 | 346,244 | 362,752 | 363,309 | 363,343 | 388,834 | 406,420 | 415,321 |
| Non-major Enterprise Funds | 141,803 | 150,318 | 160,226 | 164,661 | 166,829 | 160,799 | 162,298 | 188,768 | 180,102 | 183,561 |
| Operating Grants and Contributions | 597 | 2,723 | 1,413 | 1,105 | 921 | 753 | 758 | 976 | 2,768 | 932 |
| Capital Grants and Contributions | 32,001 | 26,406 | 26,552 | 259,188 | 182,021 | 140,618 | 150,510 | 83,681 | 99,586 | 96,660 |
| Total Business-Type Activities | | | | | | | | | | |
| Program Revenues | 1,062,529 | 1,234,489 | 1,202,373 | 1,408,605 | 1,323,262 | 1,011,330 | 976,247 | 1,018,394 | 1,088,141 | 1,117,632 |
| Total Primary Government | | | | | | | | | | |
| Program Revenues | 1,400,874 | 1,574,164 | 1,526,567 | 1,731,237 | 1,650,433 | 1,303,383 | 1,269,939 | 1,336,255 | 1,426,460 | 1,524,959 |
| Net Revenues (expenses): | | | | | | | | | | |
| Governmental Activities | (418,658) | (348,917) | (503,162) | (367,765) | (342,225) | (388,749) | (417,633) | (502,968) | (495,076) | (516,798) |
| Business-Type Activities | 168,456 | 188,936 | 214,185 | 431,597 | 321,277 | 243,749 | 166,906 | 147,107 | 204,657 | 181,088 |
| Total Net Expenses | (250,202) | (159,981) | (288,977) | 63,832 | (20,948) | (145,000) | (250,727) | (355,861) | (290,419) | (335,710) |
| General Revenues and Other Changes in Net Position: | | | | | | | | | | |
| Governmental Activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property | 180,262 | 218,570 | 179,746 | 203,770 | 183,719 | 180,989 | 200,766 | 191,514 | 199,576 | 211,007 |
| Sales | 53,144 | 60,159 | 60,414 | 63,443 | 59,097 | 64,177 | 67,658 | 99,528 | 133,523 | 138,598 |
| Utility Users | 39,240 | 38,739 | 37,097 | 38,026 | 38,691 | 38,419 | 37,079 | 35,858 | 36,639 | 34,898 |
| Other | 62,889 | 43,254 | 43,360 | 46,446 | 41,504 | 45,517 | 47,746 | 46,837 | 51,558 | 51,066 |
| Franchise Taxes | - | 24,184 | 23,143 | 25,243 | 26,175 | 25,915 | 24,911 | 25,912 | 20,308 | 18,126 |
| Grants and Contributions not | | | | | | | | | | |
| Restricted to Specific Programs | 46,058 | - | - | 150 | - | - | - | - | - | - |
| Unrestricted Investment Earnings | 7,837 | 10,291 | 4,349 | 3,417 | 3,688 | 6,061 | 13,182 | 3,581 | 4,761 | 14,172 |
| Gain (Loss) on Sales of Capital Assets | 8,539 | - | - | - | - | - | - | - | - | - |
| Capital Asset Transfers | (101) | 1,266 | 5,090 | 4,786 | 2,365 | - | - | - | - | - |
| Transfers | 16,287 | 21,601 | 15,628 | 21,490 | 14,210 | 21,661 | 16,855 | 11,930 | 25,954 | 32,704 |
| Total Governmental Activities | 414,155 | 418,064 | 368,827 | 406,771 | 369,449 | 382,739 | 408,197 | 415,160 | 472,319 | 500,571 |
| Business-type Activities: | | | | | | | | | | |
| Unrestricted Investment Earnings | 14,554 | 9,253 | 6,903 | 5,557 | 6,365 | 8,887 | 10,802 | 7,714 | 13,357 | 43,503 |
| Capital Asset Transfers | 101 | (1,266) | (5,090) | (4,786) | (2,365) | - | - | - | - | - |
| Transfers | (16,287) | (21,601) | (15,628) | (21,490) | (14,210) | (21,661) | (16,855) | (11,930) | (25,954) | (32,704) |
| Total Business-type Activities | (1,632) | (13,614) | (13,815) | (20,719) | (10,210) | (12,774) | (6,053) | (4,216) | (12,597) | 10,799 |
| Total Primary Government | 412,523 | 404,450 | 355,012 | 386,052 | 359,239 | 369,965 | 402,144 | 410,944 | 459,722 | 511,370 |
| Change in Net Position | | | | | | | | | | |
| Government activities | (4,503) | 69,147 | (134,335) | 39,006 | 27,224 | (6,010) | (9,436) | (87,808) | (22,757) | (16,227) |
| Business-type Activities | 166,824 | 175,322 | 200,370 | 410,878 | 311,067 | 230,975 | 160,853 | 142,891 | 192,060 | 191,887 |
| Total Primary Government | \$ 162,321 | \$ 244,469 | \$ 66,035 | \$ 449,884 | \$ 338,291 | \$ 224,965 | \$ 151,417 | \$ 55,083 | \$ 169,303 | \$ 175,660 |

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)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund: | | | | | | | | | | |
| Nondisposable | \$ 104,591 | \$ 2,083 | \$ 2,008 | \$ 2,043 | \$ 6 | \$ 2 | \$ 102 | \$ 500 | \$ 1,375 | \$ 1,424 |
| Restricted | 8,673 | 675 | 2,929 | 2,311 | 4,266 | 4,308 | 4,498 | 4,469 | 4,807 | 5,009 |
| Committed | 1,486 | 4,108 | 5,394 | 5,711 | 61,079 | 62,598 | 63,568 | 64,539 | 67,640 | 69,440 |
| Assigned | 3,798 | 59,445 | 61,935 | 119,542 | 49,531 | 42,953 | 38,482 | 31,947 | 59,463 | 50,495 |
| Unassigned | 45,155 | 682 | 4,857 | 8,130 | 3,397 | 2,170 | 3,934 | 1,926 | 3,072 | 138 |
| Total General Fund | 163,703 | 66,993 | 77,123 | 137,737 | 118,279 | 112,031 | 110,584 | 103,381 | 136,357 | 126,506 |
| Other Governmental Funds: | | | | | | | | | | |
| Nondisposable | 24,902 | 1,654 | 45 | 8,009 | 8,012 | 2,846 | 2,577 | 2,613 | 1,324 | 2,406 |
| Restricted | 514,588 | 489,841 | 320,310 | 293,567 | 289,497 | 173,096 | 173,562 | 180,084 | 174,541 | 199,781 |
| Committed | 2,594 | 161 | 1,362 | 1,362 | 1,362 | 1,422 | 1,422 | 1,414 | 1,414 | 1,414 |
| Assigned | 41,581 | 10,664 | 10,791 | 24,433 | 36,476 | 39,197 | 26,710 | 36,582 | 37,067 | 57,443 |
| Unassigned | (228,576) | (39,867) | (32,643) | (30,112) | (17,646) | (11,819) | - | - | - | - |
| Total Other Governmental Funds | 355,089 | 462,453 | 299,865 | 297,259 | 317,701 | 204,742 | 204,271 | 220,693 | 214,346 | 261,044 |
| Total All Governmental Funds | \$ 518,792 | \$ 529,446 | \$ 376,988 | \$ 434,996 | \$ 435,980 | \$ 316,773 | \$ 314,855 | \$ 324,074 | \$ 350,703 | \$ 387,550 |



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)

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|------------|------------|--------------|------------|------------|--------------|------------|------------|------------|------------|
| Revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property | \$216,922 | \$ 218,593 | \$ 181,041 | \$ 214,816 | \$ 183,885 | \$ 179,999 | \$ 201,207 | \$ 191,808 | \$ 199,336 | \$ 210,656 |
| Sales | 53,144 | 60,159 | 60,414 | 63,443 | 59,097 | 64,177 | 67,658 | 99,528 | 133,523 | 138,598 |
| Utility Users | 39,240 | 38,739 | 37,097 | 38,026 | 38,691 | 38,419 | 37,079 | 35,858 | 36,639 | 34,898 |
| Other Taxes | 42,465 | 43,254 | 43,360 | 46,446 | 41,504 | 45,517 | 47,746 | 46,837 | 51,558 | 51,066 |
| Franchise Fees | 24,040 | 24,184 | 23,143 | 25,243 | 26,175 | 25,915 | 24,911 | 25,912 | 20,308 | 18,126 |
| Licenses and Permits | 24,864 | 24,812 | 24,278 | 19,941 | 22,341 | 23,329 | 25,456 | 24,926 | 26,076 | 42,728 |
| Fines and Forfeitures | 17,042 | 16,193 | 17,762 | 16,394 | 16,166 | 15,988 | 16,292 | 16,184 | 15,946 | 17,674 |
| Use of Money and Property | 47,526 | 56,415 | 58,398 | 58,441 | 56,687 | 41,816 | 40,991 | 33,815 | 39,419 | 48,033 |
| From Other Agencies | 195,940 | 208,167 | 184,470 | 181,039 | 191,423 | 166,988 | 170,780 | 187,872 | 197,570 | 235,841 |
| Charges for Services | 26,264 | 28,549 | 28,586 | 28,292 | 29,042 | 28,428 | 29,482 | 33,533 | 41,034 | 46,987 |
| Other Contributions | 2,898 | - | - | 1,385 | 341 | 556 | 249 | 194 | 137 | - |
| Other | 13,599 | 25,256 | 19,544 | 18,577 | 10,693 | 17,615 | 13,167 | 19,907 | 17,599 | 19,944 |
| Total Revenues | 703,944 | 744,321 | 678,093 | 712,043 | 676,045 | 648,747 | 675,018 | 716,374 | 779,145 | 864,551 |
| Expenditures: | | | | | | | | | | |
| Legislative and Legal | 10,806 | 9,683 | 10,316 | 9,673 | 11,373 | 9,604 | 11,420 | 11,522 | 13,378 | 13,458 |
| General Government | 15,480 | 20,035 | 17,441 | 17,785 | 17,951 | 18,116 | 21,793 | 23,285 | 25,426 | 39,002 |
| Public Safety | 291,618 | 289,538 | 285,807 | 288,979 | 300,519 | 297,901 | 307,065 | 353,456 | 360,879 | 383,222 |
| Public Health | 37,644 | 43,665 | 41,449 | 39,297 | 41,273 | 42,108 | 42,819 | 44,530 | 47,658 | 52,487 |
| Community and Cultural | 264,171 | 263,625 | 289,597 | 185,378 | 158,122 | 237,433 | 152,005 | 160,985 | 173,542 | 180,390 |
| Public Works | 46,002 | 44,178 | 60,368 | 65,484 | 66,498 | 70,921 | 74,580 | 73,103 | 82,450 | 71,989 |
| Oil Operations | 6,718 | 7,173 | 9,146 | 4,722 | 4,309 | 3,512 | 2,352 | 2,563 | 2,945 | 2,774 |
| Total Current Expenditures | 672,439 | 677,897 | 714,124 | 611,318 | 600,045 | 679,595 | 612,034 | 669,444 | 706,278 | 743,322 |
| Capital Improvements | 38,956 | 29,630 | 17,183 | 26,199 | 36,427 | 27,139 | 38,629 | 45,693 | 47,935 | 90,370 |
| Loss on Disposition of Land | | | | | | | | | | |
| Held for Resale | 9,524 | 519 | 79,111 | - | - | - | - | - | - | - |
| Debt Service: | | | | | | | | | | |
| Principal | 13,804 | 13,475 | 14,379 | 16,358 | 18,836 | 18,601 | 18,717 | 20,564 | 28,439 | 23,356 |
| Interest | 24,847 | 28,984 | 23,298 | 23,776 | 21,044 | 22,499 | 16,763 | 16,156 | 15,361 | 14,155 |
| Debt Administration Fees | 195 | 391 | 494 | 542 | 57 | 178 | 434 | 90 | 29 | 27 |
| Total Expenditures | 759,765 | 750,896 | 848,589 | 678,193 | 676,409 | 748,012 | 686,577 | 751,947 | 798,042 | 871,230 |
| (Deficiency) of Revenues over (under) Expenditures | (55,821) | (6,575) | (170,496) | 33,850 | (364) | (99,265) | (11,559) | (35,573) | (18,897) | (6,679) |
| Other Financing Sources (Uses): | | | | | | | | | | |
| Debt Issuance | 34,417 | 297 | 753 | 54,186 | 1,012 | 155,820 | 13,150 | - | 2,306 | 26,458 |
| Premium (Discount) on Debt Issuance | - | - | - | - | - | 6,700 | 1,045 | - | - | - |
| Payment to Refunded Bond Escrow Agent | - | - | - | (57,611) | - | (179,330) | - | - | - | (15,020) |
| Reconveyance of Land | (41) | - | - | - | - | - | - | - | - | - |
| Cost of Issuance | - | - | - | - | - | (1,505) | - | - | - | (411) |
| Land Transfers | - | (6,233) | - | - | - | - | - | - | - | - |
| Transfers In | 56,406 | 271,094 | 409,802 | 114,615 | 106,128 | 91,363 | 60,641 | 104,983 | 125,473 | 130,312 |
| Transfers Out | (36,306) | (247,930) | (392,317) | (87,032) | (105,577) | (92,990) | (65,195) | (60,191) | (82,253) | (97,813) |
| Total Other Financing Sources | 54,476 | 17,228 | 18,238 | 24,158 | 1,563 | (19,942) | 9,641 | 44,792 | 45,526 | 43,526 |
| Net Change in Fund Balances | \$ (1,345) | \$ 10,653 | \$ (152,258) | \$ 58,008 | \$ 1,199 | \$ (119,207) | \$ (1,918) | \$ 9,219 | \$ 26,629 | \$ 36,847 |
| Debt Service as a Percentage of Noncapital Expenditures | 5.4% | 5.9% | 4.7% | 6.1% | 6.1% | 5.6% | 5.2% | 5.1% | 5.6% | 4.4% |

Debt Service as a Percentage of Noncapital Expenditures calculated as follows:

$$\frac{(\text{Principle} + \text{Interest})}{(\text{Total Expenditures} - \text{Capital Outlay})}$$

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 | Utility Users Taxes | Business License Taxes | Transient Lodging Taxes | Other (1) Taxes | Totals |
|---------------------------|-------------------|---------------------------|----------------------------|---------------------------|------------------------------|-------------------------------|--------------------|------------|
| 2010 | \$ 180,262 | \$ 53,144 | \$ 5,517 | \$ 39,240 | \$ 11,686 | \$ 15,461 | \$ 7,381 | \$ 312,691 |
| 2011 | 218,570 | 60,159 | 5,331 | 38,739 | 11,956 | 17,603 | 8,364 | 360,722 |
| 2012 | 179,746 | 60,414 | 5,259 | 37,097 | 11,537 | 17,759 | 8,805 | 320,617 |
| 2013 | 203,770 | 63,443 | 5,301 | 38,026 | 11,981 | 19,451 | 9,713 | 351,685 |
| 2014 | 183,719 | 59,097 | 5,653 | 38,691 | 11,862 | 21,265 | 2,724 | 323,011 |
| 2015 | 180,989 | 64,177 | 5,787 | 38,419 | 12,934 | 23,999 | 2,798 | 329,103 |
| 2016 | 200,766 | 67,658 | 5,582 | 37,079 | 12,512 | 26,382 | 3,271 | 353,250 |
| 2017 | 191,514 | 99,528 | 5,129 | 35,858 | 12,501 | 25,935 | 3,272 | 373,737 |
| 2018 | 199,336 | 133,523 | 5,026 | 36,639 | 12,940 | 30,612 | 2,980 | 421,056 |
| 2019 | 210,656 | 138,598 | 4,841 | 34,898 | 13,855 | 28,758 | 3,612 | 435,218 |

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.

See accompanying independent auditors' report.

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

| <u>Fiscal Year-end</u> | <u>Secured</u> | <u>Unsecured</u> | <u>Less: Exemptions</u> | <u>Taxable Assessed Value</u> | <u>Total Direct Tax Rate</u> |
|----------------------------|----------------|------------------|-----------------------------|---------------------------------------|--------------------------------------|
| 2010 | \$ 42,549,483 | \$ 2,916,792 | \$ (1,239,013) | \$ 44,227,262 | 1.00% |
| 2011 | 42,014,055 | 2,575,570 | (1,593,660) | 42,995,965 | 1.00% |
| 2012 | 42,641,685 | 2,780,087 | (1,318,100) | 44,103,672 | 1.00% |
| 2013 | 45,184,614 | 2,767,496 | (1,025,398) | 46,926,712 | 1.00% |
| 2014 | 47,768,304 | 2,730,192 | (1,630,080) | 48,868,416 | 1.00% |
| 2015 | 48,648,554 | 3,029,600 | (1,572,403) | 50,105,751 | 1.00% |
| 2016 | 49,939,578 | 2,959,078 | (1,424,373) | 51,474,283 | 1.00% |
| 2017 | 52,481,371 | 3,180,877 | (1,618,510) | 54,043,738 | 1.00% |
| 2018 | 55,394,865 | 3,239,627 | (1,580,969) | 57,053,523 | 1.00% |
| 2019 | 58,432,448 | 3,456,685 | (1,690,820) | 60,198,313 | 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 | City Direct Rate | Overlapping Rates | | | | Total |
|--------------------|---------------------|-----------------------|--------------------|----------------------|----------------------|----------|
| | | Los Angeles County | Unified Schools | Community College | Special Districts | |
| 2010 | 1.000000 | - | 0.151809 | 0.023112 | 0.004300 | 1.179221 |
| 2011 | 1.000000 | - | 0.186954 | 0.040310 | 0.003700 | 1.230964 |
| 2012 | 1.000000 | - | 0.168187 | 0.035296 | 0.003700 | 1.207183 |
| 2013 | 1.000000 | - | 0.175606 | 0.048750 | 0.003500 | 1.227856 |
| 2014 | 1.000000 | - | 0.146439 | 0.044541 | 0.003500 | 1.194480 |
| 2015 | 1.000000 | - | 0.146881 | 0.040174 | 0.003500 | 1.190555 |
| 2016 | 1.000000 | - | 0.129709 | 0.035755 | 0.003500 | 1.168964 |
| 2017 | 1.000000 | - | 0.122192 | 0.045990 | 0.003500 | 1.171682 |
| 2018 | 1.000000 | - | 0.123226 | 0.046213 | 0.003500 | 1.172939 |
| 2019 | 1.000000 | - | 0.125520 | 0.027175 | 0.003500 | 1.156195 |

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 2019 | | Fiscal Year 2010 | |
|--|-----------------------|---|-----------------------|---|
| | Assessed Valuation | Percentage of Total Net Assessed Valuation | Assessed Valuation | Percentage of Total Net Assessed Valuation |
| Participants in Long Beach Unit | \$ 766,612 | 1.42 % | | % |
| Hanjin America Inc. | 408,678 | 0.76 | | |
| Tidelands Oil Production Co. | 372,584 | 0.69 | | |
| International Trans Services | 344,049 | 0.64 | | |
| OOCL LC | 239,106 | 0.44 | | |
| SSAT - Long Beach LLC | 207,970 | 0.39 | | |
| The Boeing Company | 205,133 | 0.38 | 404,057 | 0.98 |
| Massachusetts Mutual Life Insurance | 173,795 | 0.32 | | |
| Pacific Maritime Services LLC | 166,380 | 0.31 | | |
| Kilroy Realty LP | 161,518 | 0.30 | | |
| 2009 CUSA Community Owner LLC | 155,692 | 0.29 | | |
| John Hancock Life Insurance | 145,984 | 0.27 | | |
| AGNL Clinic LP | 145,701 | 0.27 | | |
| Hyatt Long Beach | 124,079 | 0.23 | | |
| Studio Management Services Inc. | 118,607 | 0.22 | | |
| W GL Ocean Avernue LB Holdings | 110,126 | 0.20 | | |
| Terra Funding Shoreline Square | 109,569 | 0.20 | | |
| TABC Inc. | 101,940 | 0.19 | | |
| HCI 333 East Ocean Owner LP | 98,486 | 0.18 | | |
| Tesoro Logistics | 94,771 | 0.18 | | |
| AES Alamitos LLC | | | 226,400 | 0.55 |
| Legacy Partners II LB World Trade LLC | | | 153,840 | 0.37 |
| Camden USA | | | 137,021 | 0.33 |
| Trizechahn Centers, Inc. | | | 114,340 | 0.28 |
| GRE Shoreline Square LP | | | 94,605 | 0.23 |
| 200 Oceangate LLC | | | 94,100 | 0.23 |
| Arco Terminal Services Corp. | | | 87,271 | 0.21 |
| Noble Utah Long Beach LLC | | | 87,019 | 0.21 |
| Advanced Group 05-86 | | | 81,809 | 0.20 |
| City Place Long Beach LLC | | | 67,958 | 0.16 |
| HEI Long Beach LLC | | | 62,649 | 0.15 |
| Sunstone Ocean LLC | | | 54,525 | 0.13 |
| ASN Meadow Wood LLC | | | 49,637 | 0.12 |
| Pacific Terminals LLC | | | 48,020 | 0.12 |
| Los Altos Gateway LLC | | | 48,015 | 0.12 |
| Pacific Castle | | | 46,923 | 0.11 |
| Legacy Partners I Long Beach Oceangate | | | 38,760 | 0.09 |
| Bixby Land Company | | | 37,924 | 0.09 |
| Atlantic Richfield Company | | | 36,856 | 0.09 |
| | <u>\$4,250,780</u> | <u>7.88 %</u> | <u>\$1,971,729</u> | <u>4.77 %</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)

General Fund¹

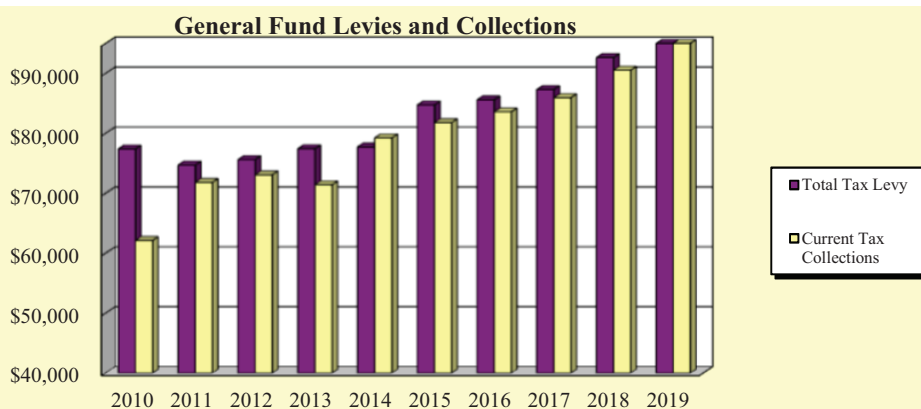
| Fiscal Year-end | Total Tax Levy | Current Tax Collections | Percentage of Levy Collected | Delinquent Tax Collections | Total Tax Collections ² | Collections as Percentage of Levy | Outstanding Delinquent Taxes | Delinquent Tax as Percentage of Current Levy |
|-----------------|----------------|-------------------------|------------------------------|----------------------------|------------------------------------|-----------------------------------|------------------------------|--|
| 2010 | \$ 77,388 | \$ 62,124 | 80.3% | \$ 4,261 | \$ 66,385 | 85.8% | \$ 11,857 | 15.3% |
| 2011 | 74,707 | 71,823 | 96.1% | 4,658 | 76,481 | 102.4% | 11,251 | 15.1% |
| 2012 | 75,613 | 73,073 | 96.6% | 3,285 | 76,358 | 101.0% | 10,698 | 14.1% |
| 2013 | 77,436 | 71,429 | 92.2% | 3,049 | 74,478 | 96.2% | 10,147 | 13.1% |
| 2014 | 77,740 | 79,255 | 101.9% | 3,975 | 83,230 | 107.1% | 4,458 | 5.7% |
| 2015 | 84,726 | 81,798 | 96.5% | 4,061 | 85,859 | 101.3% | 5,449 | 6.4% |
| 2016 | 85,609 | 83,582 | 97.6% | 2,821 | 86,403 | 100.9% | 5,605 | 6.5% |
| 2017 | 87,315 | 85,962 | 98.5% | 7,581 | 93,543 | 107.1% | 5,430 | 6.2% |
| 2018 | 92,661 | 90,551 | 97.7% | 3,068 | 93,619 | 101.0% | 5,472 | 5.9% |
| 2019 | 97,494 | 95,437 | 97.9% | 5,019 | 100,456 | 103.0% | 5,902 | 6.1% |

Redevelopment/Successor Agency

| | | | | | | | | |
|------|------------|-----------|-------|----------|------------|--------|------|------|
| 2010 | \$ 102,771 | \$ 99,231 | 96.6% | \$ 5,281 | \$ 104,512 | 101.7% | \$ - | 0.0% |
| 2011 | 99,318 | 74,660 | 75.2% | 2,810 | 77,470 | 78.0% | - | 0.0% |
| 2012 | 98,891 | 59,989 | 60.7% | 884 | 60,873 | 61.6% | - | 0.0% |
| 2013 | 102,702 | 65,387 | 63.7% | - | 65,387 | 63.7% | - | 0.0% |
| 2014 | 106,760 | 53,226 | 49.9% | - | 53,226 | 49.9% | - | 0.0% |
| 2015 | 122,477 | 44,903 | 36.7% | - | 44,903 | 36.7% | - | 0.0% |
| 2016 | 137,809 | 63,963 | 46.4% | - | 63,963 | 46.4% | - | 0.0% |
| 2017 | 108,194 | 46,189 | 42.7% | - | 46,189 | 42.7% | - | 0.0% |
| 2018 | 146,784 | 51,370 | 35.0% | - | 51,370 | 35.0% | - | 0.0% |
| 2019 | 146,551 | 53,256 | 36.3% | - | 53,256 | 36.3% | - | 0.0% |

Total City Tax Levy

| | | | | | | | | |
|------|------------|------------|-------|----------|------------|-------|-----------|------|
| 2010 | \$ 180,159 | \$ 161,355 | 89.6% | \$ 9,542 | \$ 170,897 | 94.9% | \$ 11,857 | 6.6% |
| 2011 | 174,025 | 146,483 | 84.2% | 7,468 | 153,951 | 88.5% | 11,251 | 6.5% |
| 2012 | 174,504 | 133,062 | 76.3% | 4,169 | 137,231 | 78.6% | 10,698 | 6.1% |
| 2013 | 180,138 | 136,816 | 76.0% | 3,049 | 139,865 | 77.6% | 10,147 | 5.6% |
| 2014 | 184,500 | 132,481 | 71.8% | 3,975 | 136,456 | 74.0% | 4,458 | 2.4% |
| 2015 | 207,203 | 126,701 | 61.1% | 4,061 | 130,762 | 63.1% | 5,449 | 2.6% |
| 2016 | 223,418 | 147,545 | 66.0% | 2,821 | 150,366 | 67.3% | 5,605 | 2.5% |
| 2017 | 195,509 | 132,151 | 67.6% | 7,581 | 139,732 | 71.5% | 5,430 | 2.8% |
| 2018 | 239,445 | 141,921 | 59.3% | 3,068 | 144,989 | 60.6% | 5,472 | 2.3% |
| 2019 | 244,045 | 148,693 | 60.9% | 5,019 | 153,712 | 63.0% | 5,902 | 2.4% |



Notes: 1 In FY 2014, a reduction to Prior Years Levies were due to write off of receivables more than 30 years old per County of Los Angeles Auditor-Controller.

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

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 | Pension Obligation Bonds | Tax Allocation Bonds | Notes Payable | Capital Leases | |
| 2010 | \$ 116,120 | \$ 62,775 | \$ 347,740 | \$ 8,415 | \$ 54,159 | \$ 589,209 |
| 2011 | 113,420 | 54,520 | 337,557 | 8,560 | 49,712 | 563,769 |
| 2012 | 111,415 | 50,205 | 326,852 | 8,118 | 46,064 | 542,654 |
| 2013 | 93,410 | 45,675 | 315,399 | 7,102 | 41,869 | 503,455 |
| 2014 | 99,084 | 40,822 | 309,160 | 6,137 | 38,150 | 493,353 |
| 2015 | 95,189 | 35,837 | 276,934 | 5,117 | 33,978 | 447,055 |
| 2016 | 105,349 | 30,597 | 262,871 | 5,258 | 30,682 | 434,757 |
| 2017 | 100,107 | 25,083 | 248,167 | 5,400 | 27,263 | 406,020 |
| 2018 | 86,754 | 19,283 | 233,113 | 7,751 | 67,670 | 414,571 |
| 2019 | 90,393 | 13,183 | 217,290 | 8,241 | 49,020 | 378,127 |

| | Business-type Activities | | | | Total Business-type Activities |
|------|--------------------------|----------------------------------|------------------|-------------------|--------------------------------------|
| | Revenue Bonds | Certificates of Participation | Notes Payable | Capital Leases | |
| 2010 | \$ 1,714,810 | \$ - | \$ 73,797 | \$ 541 | \$ 1,789,148 |
| 2011 | 1,709,685 | - | 56,687 | 3,541 | 1,769,913 |
| 2012 | 1,640,665 | - | 54,488 | 3,109 | 1,698,262 |
| 2013 | 1,564,045 | - | 147,020 | 2,667 | 1,713,732 |
| 2014 | 1,534,901 | - | 515,995 | 2,215 | 2,053,111 |
| 2015 | 1,696,772 | - | 499,248 | 19,752 | 2,215,772 |
| 2016 | 1,620,885 | - | 379,893 | 18,167 | 2,018,945 |
| 2017 | 1,736,215 | - | 343,821 | 16,688 | 2,096,724 |
| 2018 | 1,673,774 | - | 348,471 | 15,143 | 2,037,388 |
| 2019 | 1,781,199 | - | 339,056 | 40,356 | 2,160,611 |

| | Total Primary Government | Percentage of Personal Income | Per Capita |
|------|--------------------------------|-------------------------------------|---------------|
| 2010 | \$ 2,378,357 | 2.796% | \$ 5,140 |
| 2011 | 2,333,682 | 2.917% | 5,048 |
| 2012 | 2,240,916 | 3.019% | 4,813 |
| 2013 | 2,217,187 | 3.156% | 4,741 |
| 2014 | 2,546,464 | 3.307% | 5,425 |
| 2015 | 2,662,827 | 3.430% | 5,623 |
| 2016 | 2,453,702 | 3.573% | 5,175 |
| 2017 | 2,502,744 | 3.720% | 5,324 |
| 2018 | 2,451,959 | 3.879% | 5,223 |
| 2019 | 2,538,738 | 4.042% | 5,432 |

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

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) | | |
| 2010 | \$ 62,775 | 347,740 | \$ 57,937 | \$ 352,578 | 78% | \$ 762.03 |
| 2011 | 54,520 | 337,557 | 48,360 | 343,717 | 77% | 743.56 |
| 2012 | 50,205 | 326,852 | 32,615 | 344,442 | 76% | 739.82 |
| 2013 | 45,675 | 315,399 | 33,375 | 327,699 | 68% | 700.74 |
| 2014 | 40,822 | 309,160 | 32,471 | 317,511 | 63% | 676.38 |
| 2015 | 35,837 | 276,934 | 20,331 | 292,440 | 57% | 617.51 |
| 2016 | 30,597 | 262,870 | 20,591 | 272,876 | 52% | 575.52 |
| 2017 | 25,083 | 248,167 | 20,894 | 252,356 | 45% | 536.78 |
| 2018 | 19,283 | 233,113 | 16,769 | 235,627 | 40% | 501.92 |
| 2019 | 13,183 | 217,290 | 17,450 | 213,023 | 34% | 455.81 |

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, 2019 (In Thousands)

2018-19 Assessed Valuation: \$57,611,236

| | | Outstanding Debt | Exclusions | Estimated Overlapping Debt |
|--|---------------------|----------------------|----------------------|----------------------------------|
| <u>DIRECT DEBT:</u> | | | | |
| City of Long Beach | | | | |
| Lease Revenue Bonds | | \$ 77,210 | \$ - | \$ 77,210 |
| Tax Allocation Bonds | | 217,290 | - | 217,290 |
| Notes Payable | | 8,241 | - | 8,241 |
| Capital Leases | | 49,020 | - | 49,020 |
| Pension Obligations | | 13,183 | - | 13,183 |
| Total Direct Debt | | <u>\$ 364,944</u> | <u>\$ -</u> | <u>\$ 364,944</u> |
| <u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u> | | | | |
| | % Applicable | | | |
| Cerritos Community College District | 0.357 % | \$ 401,378 | \$ 399,945 | \$ 1,433 |
| Coast Community College District | 0.001 | 723,620 | 723,613 | 7 |
| Compton Community College District | 2.503 | 113,037 | 110,208 | 2,829 |
| Long Beach Community College District | 85.732 | 401,017 | 57,217 | 343,800 |
| Los Angeles Community College District | 0.048 | 3,834,900 | 3,833,059 | 1,841 |
| ABC Unified School District | 1.099 | 89,901 | 88,913 | 988 |
| Compton Unified School District | 0.022 | 263,251 | 263,193 | 58 |
| Long Beach Unified School District | 85.733 | 1,473,971 | 210,292 | 1,263,679 |
| Los Angeles Unified School District | 0.059 | 9,682,960 | 9,677,247 | 5,713 |
| Paramount Unified School District | 8.996 | 151,433 | 137,810 | 13,623 |
| Metropolitan Water District | 1.975 | 48,050 | 47,101 | 949 |
| TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT(1) | | <u>\$ 17,183,518</u> | <u>\$ 15,548,598</u> | <u>\$ 1,634,920</u> |
| <u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u> | | | | |
| Los Angeles County General Fund Obligations | 3.794 % | \$ 2,372,484 | \$ 2,282,472 | \$ 90,012 |
| Los Angeles County Superintendent of Schools Certificates of Participation | 3.802 | 5,182 | 4,985 | 197 |
| Compton Unified School District Certificates of Participation | 0.019 | 15,535 | 15,532 | 3 |
| Los Alamitos Unified School District Certificates of Participation | 0.010 | 39,231 | 39,227 | 4 |
| Los Angeles Unified School District Certificates of Participation | 0.059 | 179,065 | 178,959 | 106 |
| Paramount Unified School District Certificates of Participation | 8.996 | 28,190 | 25,654 | 2,536 |
| County Sanitation District No. 1 Certificates of Participation | 1.215 | 5,598 | 5,530 | 68 |
| County Sanitation District No. 2 Certificates of Participation | 0.197 | 8,644 | 8,627 | 17 |
| County Sanitation District No. 3 Certificates of Participation | 85.871 | 6,568 | 928 | 5,640 |
| County Sanitation District No. 8 Certificates of Participation | 2.632 | 3,419 | 3,329 | 90 |
| County Sanitation District No. 19 Certificates of Participation | 29.223 | 1,557 | 1,102 | 455 |
| TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT | | <u>\$ 2,665,473</u> | <u>\$ 2,566,345</u> | <u>\$ 99,128</u> |
| OVERLAPPING TAX INCREMENT DEBT (Successor Agency) : | 100.000 % | \$ 209,865 | \$ - | \$ 209,865 |
| TOTAL GROSS OVERLAPPING COMBINED DEBT | | \$ 20,058,856 | \$ 18,114,943 | \$ 1,943,913 |
| Los Angeles Unified School District General Obligation Bonds Election of 2005 Series J (2010) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside Repayment | | 27,330 | 27,314 | 16 |
| Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts) | | 7,400 | 7,396 | 4 |
| TOTAL NET OVERLAPPING COMBINED DEBT | | <u>\$ 20,024,126</u> | <u>\$ 18,080,233</u> | <u>\$ 1,943,893</u> |
| TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT | | <u>\$ 20,389,070</u> | <u>\$ 18,080,233</u> | <u>\$ 2,308,837</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 | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 |
| Assessed valuation | \$45,466,275 | \$44,589,625 | \$45,421,772 | \$47,952,110 | \$50,498,496 |
| Conversion percentage | 25% | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 11,366,569 | 11,147,406 | 11,355,443 | 11,988,028 | 12,624,624 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% |
| Debt limit | 1,704,985 | 1,672,111 | 1,703,316 | 1,798,204 | 1,893,694 |
| Total net debt applicable to limit: | | | | | |
| General obligation bonds | - | - | - | - | - |
| Legal debt margin | <u>\$ 1,704,985</u> | <u>\$ 1,672,111</u> | <u>\$ 1,703,316</u> | <u>\$ 1,798,204</u> | <u>\$ 1,893,694</u> |
| Total debt applicable to the limit | | | | | |
| as a percentage of debt limit | 0% | 0% | 0% | 0% | 0% |

| | Fiscal Year | | | | |
|-------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2015 | 2016 | 2017 | 2018 | 2019 |
| Assessed valuation | \$51,678,154 | \$52,898,656 | \$55,662,248 | \$58,634,492 | \$61,889,133 |
| Conversion percentage | 25% | 25% | 25% | 25% | 25% |
| Adjusted assessed valuation | 12,919,539 | 13,224,664 | 13,915,562 | 14,658,623 | 15,472,283 |
| Debt limit percentage | 15% | 15% | 15% | 15% | 15% |
| Debt limit | 1,937,931 | 1,983,700 | 2,087,334 | 2,198,793 | 2,320,842 |
| Total net debt applicable to limit: | | | | | |
| General obligation bonds | - | - | - | - | - |
| Legal debt margin | <u>\$ 1,937,931</u> | <u>\$ 1,983,700</u> | <u>\$ 2,087,334</u> | <u>\$ 2,198,793</u> | <u>\$ 2,320,842</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 | |
| 2010 | \$ 79,732 | \$ 39,803 | \$ 39,929 | \$ 1,566 | \$ 41,495 | \$ 9,480 | \$ 33,918 | \$ 43,398 | 1.0 |
| 2011 | 87,730 | 45,922 | 41,808 | 227 | 42,035 | 10,400 | 33,444 | 43,844 | 1.0 |
| 2012 | 82,671 | 38,902 | 43,769 | (348) | 43,421 | 10,035 | 32,955 | 42,990 | 1.0 |
| 2013 | 80,215 | 37,274 | 42,941 | (1,067) | 41,874 | 9,040 | 32,492 | 41,532 | 1.0 |
| 2014 | 81,992 | 42,503 | 39,489 | (946) | 38,543 | 7,305 | 32,079 | 39,384 | 1.0 |
| 2015 | 77,098 | 30,845 | 46,253 | 83 | 46,336 | 6,840 | 31,725 | 38,565 | 1.2 |
| 2016 | 79,526 | 28,135 | 51,391 | (949) | 50,442 | 7,150 | 31,375 | 38,525 | 1.3 |
| 2017 | 96,723 | 40,459 | 56,264 | 192 | 56,456 | 8,120 | 31,024 | 39,144 | 1.4 |
| 2018 | 91,786 | 44,279 | 47,507 | 59 | 47,566 | 8,925 | 30,628 | 39,553 | 1.2 |
| 2019 | 120,228 | 71,223 | 49,005 | 1,739 | 50,744 | 10,290 | 30,135 | 40,425 | 1.3 |

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

| | | | | | | | | | |
|------|-----------|-----------|-----------|-----------|-----------|----------|----------|----------|------|
| 2010 | \$ 87,151 | \$ 67,091 | \$ 20,060 | \$ 10,075 | \$ 30,135 | \$ 1,405 | \$ 1,588 | \$ 2,993 | 10.1 |
| 2011 | 88,576 | 70,565 | 18,011 | (207) | 17,804 | - | 861 | 861 | 20.7 |
| 2012 | 86,515 | 69,982 | 16,533 | (702) | 15,831 | 490 | 1,249 | 1,739 | 9.1 |
| 2013 | 91,949 | 76,217 | 15,732 | (1,789) | 13,943 | 2,110 | 1,484 | 3,594 | 3.9 |
| 2014 | 100,187 | 81,767 | 18,420 | 371 | 18,791 | 2,385 | 1,502 | 3,887 | 4.8 |
| 2015 | 99,475 | 91,395 | 8,080 | 1,561 | 9,641 | 2,510 | 1,390 | 3,900 | 2.5 |
| 2016 | 97,650 | 81,086 | 16,564 | (237) | 16,327 | 2,630 | 1,264 | 3,894 | 4.2 |
| 2017 | 97,383 | 80,127 | 17,256 | 887 | 18,143 | 2,730 | 1,165 | 3,895 | 4.7 |
| 2018 | 99,173 | 82,733 | 16,440 | 2,795 | 19,235 | 2,815 | 1,077 | 3,892 | 4.9 |
| 2019 | 99,289 | 81,439 | 17,850 | 4,802 | 22,652 | 2,930 | 964 | 3,894 | 5.8 |

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

| | | | | | | | | | |
|------|-----------|-----------|-----------|----------|-----------|----------|----------|-----------|-------|
| 2010 | \$ 77,419 | \$ 64,608 | \$ 12,811 | \$ 4,228 | \$ 17,039 | \$ 7,050 | \$ 4,121 | \$ 11,171 | 1.5 |
| 2011 | 73,797 | 64,198 | 9,599 | 1,867 | 11,466 | 7,305 | 3,860 | 11,165 | 1.0 |
| 2012 | 77,111 | 62,718 | 14,393 | 662 | 15,055 | 7,635 | 3,535 | 11,170 | 1.3 |
| 2013 | 79,327 | 65,010 | 14,317 | (716) | 13,601 | 8,005 | 3,165 | 11,170 | 1.2 |
| 2014 | 80,701 | 70,639 | 10,062 | 224 | 10,286 | 8,410 | 2,758 | 11,168 | 0.9 |
| 2015 | 80,176 | 68,626 | 11,550 | 609 | 12,159 | 8,860 | 2,311 | 11,171 | 1.1 |
| 2016 | 75,546 | 68,090 | 7,456 | 797 | 8,253 | 9,320 | 1,849 | 11,169 | 0.7 |
| 2017 | 82,803 | 71,626 | 11,177 | 757 | 11,934 | 9,805 | 1,365 | 11,170 | 1.1 |
| 2018 | 75,443 | 72,260 | 3,183 | 814 | 3,997 | 10,330 | 842 | 11,172 | 0.4 |
| 2019 | 79,586 | 87,827 | (8,241) | 1,310 | (6,931) | 10,885 | 285 | 11,170 | (0.6) |

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.

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 | |
| 2010 | \$ 31,033 | \$ 26,157 | \$ 4,876 | \$ 7,301 | \$ 12,177 | \$ 855 | \$ 1,998 | \$ 2,853 | 4.3 |
| 2011 | 32,416 | 28,150 | 4,266 | 7,224 | 11,490 | 905 | 5,668 | 6,573 | 1.7 |
| 2012 | 34,405 | 27,142 | 7,263 | 8,772 | 16,035 | 1,330 | 7,046 | 8,376 | 1.9 |
| 2013 | 34,760 | 26,513 | 8,247 | 8,060 | 16,307 | 2,260 | 7,004 | 9,264 | 1.8 |
| 2014 | 35,802 | 27,302 | 8,500 | 8,661 | 17,161 | 2,340 | 6,927 | 9,267 | 1.9 |
| 2015 | 33,811 | 27,842 | 5,969 | 3,134 | 9,103 | 2,420 | 6,844 | 9,264 | 1.0 |
| 2016 | 36,951 | 30,562 | 6,389 | 3,200 | 9,589 | 2,515 | 6,750 | 9,265 | 1.0 |
| 2017 | 46,678 | 33,250 | 13,428 | 3,199 | 16,627 | 2,625 | 6,640 | 9,265 | 1.8 |
| 2018 | 47,497 | 35,711 | 11,786 | 4,007 | 15,793 | 2,740 | 6,522 | 9,262 | 1.7 |
| 2019 | 44,780 | 36,798 | 7,982 | 4,938 | 12,920 | 2,875 | 6,388 | 9,263 | 1.4 |

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

| | | | | | | | | | |
|------|-----------|-----------|-----------|-------|-----------|--------|----------|----------|------|
| 2010 | \$ 33,028 | \$ 20,396 | \$ 12,632 | \$ 36 | \$ 12,668 | \$ 980 | \$ 1,449 | \$ 2,429 | 5.2 |
| 2011 | 33,460 | 22,348 | 11,112 | 1,011 | 12,123 | 1,025 | 1,493 | 2,518 | 4.8 |
| 2012 | 32,620 | 19,547 | 13,073 | 319 | 13,392 | 1,035 | 1,410 | 2,445 | 5.5 |
| 2013 | 30,015 | 19,843 | 10,172 | 409 | 10,581 | 820 | 1,512 | 2,332 | 4.5 |
| 2014 | 31,923 | 19,201 | 12,722 | 351 | 13,073 | - | 912 | 912 | 14.3 |
| 2015 | 32,660 | 23,719 | 8,941 | 1,592 | 10,533 | - | 912 | 912 | 11.5 |
| 2016 | 33,502 | 24,459 | 9,043 | 1,968 | 11,011 | - | 912 | 912 | 12.1 |
| 2017 | 36,539 | 27,341 | 9,198 | 2,036 | 11,234 | - | 912 | 912 | 12.3 |
| 2018 | 41,177 | 25,520 | 15,657 | 2,055 | 17,712 | 773 | 912 | 1,685 | 10.5 |
| 2019 | 45,561 | 29,937 | 15,624 | 2,458 | 18,082 | 1,410 | 884 | 2,294 | 7.9 |

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

| | | | | | | | | | |
|------|--------|--------|-------|-------|--------|-------|-------|-------|-----|
| 2010 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | - |
| 2011 | - | - | - | - | - | - | - | - | - |
| 2012 | - | - | - | - | - | - | - | - | - |
| 2013 | - | - | - | - | - | - | - | - | - |
| 2014 | - | - | - | - | - | - | - | - | - |
| 2015 | - | - | - | - | - | - | - | - | - |
| 2016 | 20,358 | 14,613 | 5,745 | 197 | 5,942 | - | 5,352 | 5,352 | 1.1 |
| 2017 | 22,050 | 13,975 | 8,075 | 261 | 8,336 | - | 5,634 | 5,634 | 1.5 |
| 2018 | 23,954 | 15,764 | 8,190 | 307 | 8,497 | 1,250 | 5,634 | 6,884 | 1.2 |
| 2019 | 23,698 | 15,802 | 7,896 | 3,033 | 10,929 | 1,400 | 5,571 | 6,971 | 1.6 |

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
Tideland Operating Segment
Revenue Bond Coverage
Last Ten Fiscal Years (2)
(In Thousands)

| | | | | | | | | | |
|------|-----------|-----------|-------------|----------|------------|----------|----------|----------|---|
| 2010 | \$ 55,288 | \$ 65,736 | \$ (10,448) | \$ 1,055 | \$ (9,393) | \$ 3,105 | \$ 6,147 | \$ 9,252 | - |
| 2011 | 55,287 | 73,809 | (18,522) | 1,524 | (16,998) | 3,240 | 6,010 | 9,250 | - |
| 2012 | 28,075 | 51,697 | (23,622) | 1,555 | (22,067) | 3,380 | 5,622 | 9,002 | - |
| 2013 | 31,481 | 46,924 | (15,443) | 753 | (14,690) | 5,560 | 4,578 | 10,138 | - |
| 2014 | 32,306 | 59,557 | (27,251) | 1,157 | (26,094) | 3,670 | 4,495 | 8,165 | - |
| 2015 | 38,858 | 69,007 | (30,149) | 1,630 | (28,519) | 3,780 | 4,374 | 8,154 | - |
| 2016 | 35,565 | 55,280 | (19,715) | 1,924 | (17,791) | 3,915 | 4,229 | 8,144 | - |
| 2017 | 40,965 | 58,709 | (17,744) | 2,845 | (14,899) | 4,070 | 4,070 | 8,140 | - |
| 2018 | 40,403 | 66,164 | (25,761) | 4,986 | (20,775) | 4,235 | 3,904 | 8,139 | - |
| 2019 | 39,585 | 71,075 | (31,490) | 7,815 | (23,675) | 1,995 | 656 | 2,651 | - |

Harbor Fund
Revenue Bond Coverage
Last Ten Fiscal Years (3)
(In Thousands)

| | | | | | | | | | |
|------|------------|-----------|------------|-----------|------------|-----------|-----------|-----------|-----|
| 2010 | \$ 321,639 | \$ 98,026 | \$ 223,613 | \$ 44,166 | \$ 267,779 | \$ 40,120 | \$ 42,427 | \$ 82,547 | 3.2 |
| 2011 | 345,389 | 81,423 | 263,966 | (12,490) | 251,476 | 42,175 | 37,247 | 79,422 | 3.2 |
| 2012 | 333,887 | 87,637 | 246,250 | (2,522) | 243,728 | 44,815 | 35,193 | 80,008 | 3.0 |
| 2013 | 346,244 | 97,696 | 248,548 | (818) | 247,730 | 46,965 | 33,026 | 79,991 | 3.1 |
| 2014 | 356,880 | 108,455 | 248,425 | 4,020 | 252,445 | 125,460 | 30,623 | 156,083 | 1.6 |
| 2015 | 355,450 | 130,013 | 225,437 | 44,386 | 269,823 | 145,215 | 26,558 | 171,773 | 1.6 |
| 2016 | 360,660 | 143,873 | 216,787 | 2,712 | 219,499 | 45,360 | 27,666 | 73,026 | 3.0 |
| 2017 | 381,010 | 142,349 | 238,661 | 8,445 | 247,106 | 44,905 | 27,171 | 72,076 | 3.4 |
| 2018 | 401,678 | 136,669 | 265,009 | 6,761 | 271,770 | 47,190 | 32,378 | 79,568 | 3.4 |
| 2019 | 412,273 | 140,144 | 272,129 | 12,277 | 284,406 | 45,965 | 31,059 | 77,024 | 3.7 |

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.
- (2) 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.
- (3) 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) |
|--------------------|--------------------------------|--|---|------------------------------------|-----------------------------|
| 2010 | 462,685 | \$ 12,938 | \$ 27,964 | 86,283 | 13.9 |
| 2011 | 462,257 | 13,486 | 29,173 | 84,812 | 13.4 |
| 2012 | 465,576 | 14,058 | 30,196 | 83,691 | 12.2 |
| 2013 | 467,646 | 14,757 | 31,556 | 82,256 | 10.3 |
| 2014 | 469,428 | 15,525 | 33,072 | 81,155 | 8.6 |
| 2015 | 473,577 | 16,242 | 34,296 | 79,709 | 6.8 |
| 2016 | 474,140 | 16,939 | 35,725 | 77,812 | 5.7 |
| 2017 | 470,130 | 17,490 | 37,203 | 76,428 | 5.3 |
| 2018 | 469,450 | 18,209 | 38,789 | 74,681 | 4.7 |
| 2019 | 467,354 | (6) 18,892 | 40,423 | 73,221 | 4.7 |

Sources:

(1) United States Census Bureau

(2) Bureau of Economic Analysis (BEA)

Personal income and per capita personal income are based on percentage change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area). The BEA's report does not have personal income and per capita personal income available for 2015, so an average of the last five years was used.

(3) California Department of Education Educational Demographic Unit. Annual school census from Long Beach Unified School District for preschool, grades kindergarten through 12.

(4) Average annual rate reported by California Employment Development Department (EDD).

(5) Data from 2008 - 2014 restated due to annual revisions.

(6) Data is estimated value from previous year

See accompanying independent auditors' report.

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

| Ranking | Employer | Fiscal Year 2019 | | Ranking | Fiscal Year 2010 | |
|---------|--|----------------------------|--|---------|----------------------------|--|
| | | Number of Employees (1) | Percentage of Total City Employment (2) | | Number of Employees (1) | Percentage of Total City Employment (2) |
| 1 | Long Beach Unified School District | 12,825 | 5.31% | 1 | 7,846 | 3.38% |
| 2 | City of Long Beach | 5,476 | 2.27% | 4 | 5,466 | 2.35% |
| 3 | Long Beach Memorial Medical Center | 5,106 | 2.12% | 5 | 5,105 | 2.20% |
| 4 | California State University Long Beach (CSULB) | 3,962 | 1.64% | 3 | 6,599 | 2.84% |
| 5 | Veteran Affairs Medical Center | 3,040 | 1.26% | 6 | 2,306 | 0.99% |
| 6 | Long Beach City College | 2,670 | 1.11% | 7 | 1,664 | 0.72% |
| 7 | Molina Healthcare Inc | 1,967 | 0.81% | | | |
| 8 | St. Mary Medical Center | 1,570 | 0.65% | 9 | 1,461 | 0.63% |
| 9 | CSULB Research Foundation | 1,524 | 0.63% | | | |
| 10 | The Boeing Company | 1,202 | 0.50% | 2 | 7,100 | 3.06% |
| | United States Postal Service | | | 8 | 1,471 | 0.63% |
| | Verizon | | | 10 | 1,200 | 0.52% |

Sources:

(1) Department of Financial Management Accounting and Business License

(2) State of California Employment Development Department Labor Market Info for 2010 and 2019

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

See accompanying independent auditors' report.

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

| Function | Fiscal Year | | | | | | | | | |
|---------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| Legislative and Legal | 138 | 133 | 130 | 129 | 130 | 130 | 122 | 140 | 136 | 141 |
| General Government ⁽¹⁾ | 483 | 438 | 424 | 382 | 398 | 415 | 513 | 534 | 556 | 607 |
| Public Safety | 1,927 | 1,826 | 1,796 | 1,765 | 1,757 | 1,843 | 1,698 | 1,738 | 1,729 | 1,862 |
| Public Health | 322 | 311 | 262 | 263 | 249 | 257 | 252 | 259 | 287 | 272 |
| Community and Cultural ⁽¹⁾ | 1,131 | 1,094 | 1,038 | 1,020 | 1,046 | 1,121 | 1,006 | 1,040 | 855 | 1,008 |
| Public Works | 321 | 336 | 287 | 273 | 275 | 258 | 263 | 310 | 305 | 297 |
| Gas Utility | 178 | 195 | 194 | 202 | 201 | 198 | 201 | 209 | 199 | 183 |
| Water Utility | 219 | 216 | 225 | 223 | 217 | 220 | 224 | 224 | 248 | 266 |
| Airport | 60 | 57 | 96 | 88 | 88 | 91 | 97 | 98 | 103 | 89 |
| Solid Waste Management | 200 | 205 | 189 | 177 | 181 | 183 | 177 | 187 | 183 | 198 |
| Towing | 32 | 34 | 29 | 22 | 26 | 26 | 26 | 26 | 27 | 27 |
| Tideland Oil Revenue | 22 | 22 | 19 | 15 | 15 | 15 | 16 | 17 | 15 | 17 |
| Harbor | 433 | 445 | 466 | 469 | 491 | 529 | 527 | 536 | 514 | 509 |
| Total | 5,466 | 5,312 | 5,155 | 5,028 | 5,074 | 5,286 | 5,122 | 5,318 | 5,157 | 5,476 |

(1) Restated 2013 and 2014 as Library Services was included as part of General Government and should have been classified as Community and Cultural.

Source: City of Long Beach, Department of Financial Management as of September 30, 2019.

See accompanying independent auditors' report.



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

| Function | Fiscal Year 2010 | Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Public Safety: | | | | | |
| Police priority one calls response time in minutes | 4.00 | 4.20 | 4.35 | 4.35 | 4.69 |
| Violent crime rate - per 1,000 residents | 6.42 | 5.90 | 6.18 | 5.85 | 4.37 |
| Fire on-scene arrival for emergency calls within six minutes | 67.7% | 62.9% | 60.8% | 55.1% | 50.0% |
| Public Health: | | | | | |
| Percentage of beach days that are safe for swimming in summer | 83% | 85% | 91% | 94% | 97% |
| Homeless population ratio vs. total population (1) | 0.79% | 0.93% | 0.93% | 0.93% | 0.75% |
| Community and Cultural: | | | | | |
| Public library computer session log-ons | 385,514 | 330,375 | 331,028 | N/A | N/A |
| Parks, recreation programs - youth and teen attendance | 699,391 | 744,103 | 745,052 | 636,796 | 760,641 |
| Public Works: | | | | | |
| Number of trees trimmed | 21,618 | 19,986 | 28,021 | 24,668 | 23,500 |
| Curbs and alleys swept in miles | 142,000 | 151,743 | 156,537 | 150,804 | 156,302 |
| Sidewalk repaired in square feet | 348,394 | 179,641 | 481,497 | 382,536 | 551,597 |
| Storm drain catch basins cleaned | 163,618 | 3,550 | 3,800 | 3,004 | 5,771 |
| Gas Utility: | | | | | |
| Gas consumption in sales dollars-total | \$ 67,674,000 | \$ 78,663,000 | \$ 70,193,000 | \$ 68,229,000 | \$ 72,544,000 |
| Gas consumption in cubic feet (In 000's) | 8,902,000 | 9,388,000 | 9,135,000 | 9,092,000 | 8,183,000 |
| Average daily gas consumption (MCF) | 24,389 | 25,721 | 24,959 | 24,910 | 22,421 |
| Gas mains installed/replaced/relocated in feet (2) | 61,855 | 66,567 | 84,594 | 108,646 | 110,900 |
| Gas meters installed/removed/replaced | 8,713 | 7,150 | 8,664 | 6,093 | 3,529 |
| Water Utility: | | | | | |
| Water daily demand in thousand gallons | 50,653 | 50,910 | 52,260 | 53,079 | 52,389 |
| Water annual demand in thousand gallons | 18,488,492 | 18,581,979 | 19,074,861 | 19,373,993 | 19,122,012 |
| Available supply total in thousand gallons | 20,687,237 | 20,604,243 | 21,330,532 | 21,538,947 | 21,019,736 |
| Sewer Utility: | | | | | |
| Sewer mains cleaned in miles | 547 | 470 | 414 | 535 | 498 |
| Sewer mains and laterals repaired in number of jobs | 182 | 259 | 261 | 241 | 213 |
| Airport: | | | | | |
| Number of commercial passengers enplaned | 1,460,041 | 1,532,442 | 1,643,383 | 1,497,503 | 1,433,273 |
| Number of commercial passengers deplaned | 1,461,890 | 1,549,164 | 1,634,345 | 1,492,430 | 1,426,830 |
| Number of aircraft landings and take offs | 317,328 | 302,763 | 287,699 | 284,193 | 325,527 |
| Solid Waste Management: | | | | | |
| Number of refuse tons collected | 209,289 | 194,462 | 187,505 | 187,146 | 182,452 |
| Number of recycling tons collected | 193,820 | 180,160 | 172,143 | 169,264 | 169,420 |
| SERRF tons of refuse received | 485,207 | 460,906 | 474,689 | 470,510 | 459,160 |
| SERRF energy sold to So Cal Edison megawatt-hours | 229,664 | 208,663 | 220,867 | 226,592 | 223,658 |
| Harbor: | | | | | |
| Number of container movements in twenty-foot equivalent units | 5,936,066 | 6,298,840 | 5,857,218 | 6,647,975 | 6,817,590 |
| Cargo in thousands of metric revenue tons | 147,357 | 154,417 | 145,144 | 162,257 | 165,526 |
| Number of ship calls | 4,826 | 4,758 | 3,993 | 3,425 | 2,752 |

Source: City Departments

(1) The homeless population count is biannual.

(2) Restated prior years (2009-2013), due to updated reports from Gas Department.

See accompanying independent auditors' report.

| Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Function |
|---------------------|---------------------|---------------------|---------------------|---------------------|---|
| | | | | | Public Safety: |
| 4.90 | 4.60 | 4.80 | 4.50 | 4.30 | Police priority one calls response time in minutes |
| 4.28 | 5.79 | 6.40 | 7.00 | 5.75 | Violent crime rate - per 1,000 residents |
| 46.3% | 43.4% | 41.7% | 41.1% | 38.6% | Fire on-scene arrival for emergency calls within six minutes |
| | | | | | Public Health: |
| 95% | 94% | 90% | 88% | 89% | Percentage of beach days that are safe for swimming in summer |
| 0.51% | 0.51% | 0.51% | 0.39% | 0.40% | Homeless population ratio vs. total population (1) |
| | | | | | Community and Cultural: |
| 222,360 | 218,717 | 254,974 | 225,983 | 186,873 | Public library computer session log-ons |
| 779,641 | 835,358 | 892,556 | 793,226 | 820,748 | Parks, recreation programs - youth and teen attendance |
| | | | | | Public Works: |
| 23,839 | 19,500 | 23,112 | 21,857 | 22,055 | Number of trees trimmed |
| 153,527 | 154,300 | 141,132 | 142,851 | 147,316 | Curbs and alleys swept in miles |
| 363,476 | 333,039 | 296,865 | 603,504 | 537,666 | Sidewalk repaired in square feet |
| 5,800 | 5,800 | 5,800 | 5,800 | 5,800 | Storm drain catch basins cleaned |
| | | | | | Gas Utility: |
| \$ 62,281,000 | \$ 64,382,000 | \$ 78,467,000 | \$ 77,999,000 | \$ 98,355,000 | Gas consumption in sales dollars-total |
| 7,689,000 | 8,542,000 | 9,237,000 | 8,802,000 | 9,116,009 | Gas consumption in cubic feet (In 000's) |
| 21,065 | 23,404 | 25,307 | 24,114 | 24,975 | Average daily gas consumption (MCF) |
| 40,589 | 22,556 | 40,737 | 17,327 | 32,032 | Gas mains installed/replaced/relocated in feet |
| 4,440 | 29,873 | 34,465 | 2,944 | 1,279 | Gas meters installed/removed/replaced |
| | | | | | Water Utility: |
| 47,441 | 46,417 | 45,869 | 47,620 | 44,478 | Water daily demand in thousand gallons |
| 17,315,820 | 16,942,297 | 16,742,192 | 17,381,120 | 16,234,549 | Water annual demand in thousand gallons |
| 19,000,372 | 19,412,932 | 19,045,926 | 19,172,030 | 17,439,187 | Available supply total in thousand gallons |
| | | | | | Sewer Utility: |
| 492 | 405 | 113 | 439 | 477 | Sewer mains cleaned in miles |
| 224 | 215 | 169 | 157 | 164 | Sewer mains and laterals repaired in number of jobs |
| | | | | | Airport: |
| 1,276,679 | 1,327,001 | 1,793,753 | 2,006,292 | 1,757,499 | Number of commercial passengers enplaned |
| 1,273,232 | 1,325,537 | 1,794,245 | 2,007,872 | 1,752,650 | Number of commercial passengers deplaned |
| 300,184 | 295,007 | 294,303 | 266,892 | 293,587 | Number of aircraft landings and take offs |
| | | | | | Solid Waste Management: |
| 173,895 | 187,432 | 193,622 | 185,403 | 192,483 | Number of refuse tons collected |
| 161,997 | 158,852 | 160,037 | 133,932 | 40,955 | Number of recycling tons collected |
| 447,535 | 417,169 | 426,430 | 359,752 | 385,541 | SERRF tons of refuse received |
| 200,994 | 158,400 | 201,438 | 165,702 | 182,342 | SERRF energy sold to So Cal Edison / CAISO megawatt-hours |
| | | | | | Harbor: |
| 7,087,699 | 6,946,255 | 7,230,758 | 8,000,929 | 7,747,251 | Number of container movements in twenty-foot equivalent units |
| 164,274 | 161,322 | 168,100 | 180,593 | 172,961 | Cargo in thousands of metric revenue tons |
| 2,676 | 2,227 | 2,149 | 2,278 | 2,095 | 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 2010 | Fiscal Year 2011 | Fiscal Year 2012 | Fiscal Year 2013 | Fiscal Year 2014 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Public Safety: | | | | | |
| Number of police stations | 1 | 1 | 1 | 1 | 1 |
| Number of police substations (full facility) | 3 | 3 | 3 | 3 | 3 |
| Number of police storefront stations | 3 | 3 | - | - | - |
| Number of fire stations | 23 | 23 | 23 | 23 | 23 |
| Community and Cultural: | | | | | |
| Number of parks | 159 | 160 | 162 | 161 | 162 |
| Parks and golf courses in acres | 3,120 | 3,120 | 3,124 | 3,121 | 3,123 |
| Number of libraries | 12 | 12 | 12 | 12 | 12 |
| Number of library holdings (books, videos, tapes) | 889,669 | 888,975 | 818,390 | 782,571 | 798,809 |
| Number of library circulations | 1,644,125 | 1,561,713 | 1,551,997 | 1,391,825 | 1,391,617 |
| Public Works: | | | | | |
| Street in miles | 815 | 823 | 823 | 823 | 823 |
| Storm drain lines in miles | 180 | 180 | 180 | 180 | 180 |
| Number of street lights (1) | 31,000 | 31,000 | 31,000 | 31,550 | 31,550 |
| Gas Utility: | | | | | |
| Gas mains in miles (2) | 930 | 929 | 929 | 930 | 928 |
| Water Utility: | | | | | |
| Water mains in miles | 909 | 911 | 911 | 912 | 912 |
| Number of fire hydrants | 6,529 | 6,603 | 6,594 | 6,589 | 6,604 |
| Number of water services | 95,398 | 95,629 | 95,643 | 95,607 | 95,999 |
| Sewer Utility: | | | | | |
| Sanitary sewers in miles | 712 | 712 | 712 | 714 | 714 |
| Number of manholes | 16,135 | 16,147 | 16,148 | 16,158 | 16,170 |
| Sanitary sewer pump stations | 28 | 28 | 28 | 28 | 28 |
| Storm drain pump stations | 23 | 23 | 23 | 23 | 23 |
| Harbor: | | | | | |
| Sanitary sewer pump stations | 34 | 36 | 34 | 37 | 37 |
| Storm drain pump stations | 20 | 20 | 23 | 21 | 23 |
| Solid Waste Management: | | | | | |
| Number of waste-to-energy facilities | 1 | 1 | 1 | 1 | 1 |

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

(2) Restated prior years (2009-2013), due to updated reports from Gas Department.

Source: City Departments

See accompanying independent auditors' report.

| Fiscal Year 2015 | Fiscal Year 2016 | Fiscal Year 2017 | Fiscal Year 2018 | Fiscal Year 2019 | Function |
|---------------------|---------------------|---------------------|---------------------|---------------------|---|
| | | | | | Public Safety: |
| 1 | 1 | 1 | 1 | 1 | Number of police stations |
| 3 | 3 | 3 | 3 | 3 | Number of police substations (full facility) |
| - | - | - | - | - | Number of police storefront stations |
| 23 | 23 | 23 | 23 | 23 | Number of fire stations |
| | | | | | Community and Cultural: |
| 164 | 168 | 169 | 169 | 169 | Number of parks |
| 3,122 | 3,124 | 3,125 | 3,125 | 3,126 | Parks and golf courses in acres |
| 12 | 12 | 12 | 12 | 12 | Number of libraries |
| 808,957 | 851,614 | 795,629 | 798,760 | 740,442 | Number of library holdings (books, videos, tapes) |
| 1,205,523 | 1,233,309 | 1,335,819 | 1,302,021 | 1,273,997 | Number of library circulations |
| | | | | | Public Works: |
| 823 | 823 | 823 | 823 | 823 | Street in miles |
| 180 | 180 | 180 | 180 | 180 | Storm drain lines in miles |
| 31,337 | 32,283 | 27,439 | 32,481 | 32,502 | Number of street lights (1) |
| | | | | | Gas Utility: |
| 929 | 929 | 931 | 916 | 917 | Gas mains in miles (2) |
| | | | | | Water Utility: |
| 912 | 912 | 912 | 912 | 916 | Water mains in miles |
| 6,631 | 6,894 | 6,910 | 6,953 | 7,036 | Number of fire hydrants |
| 95,775 | 95,749 | 95,667 | 95,586 | 95,690 | Number of water services |
| | | | | | Sewer Utility: |
| 714 | 714 | 715 | 714 | 714 | Sanitary sewers in miles |
| 15,129 | 15,127 | 15,112 | 15,122 | 15,125 | Number of manholes |
| 28 | 28 | 28 | 28 | 28 | Sanitary sewer pump stations |
| 23 | 22 | 23 | 23 | 23 | Storm drain pump stations |
| | | | | | Harbor: |
| 37 | 39 | 39 | 39 | 39 | Sanitary sewer pump stations |
| 23 | 22 | 22 | 22 | 22 | 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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