

# City of Long Beach

California



## Comprehensive Annual

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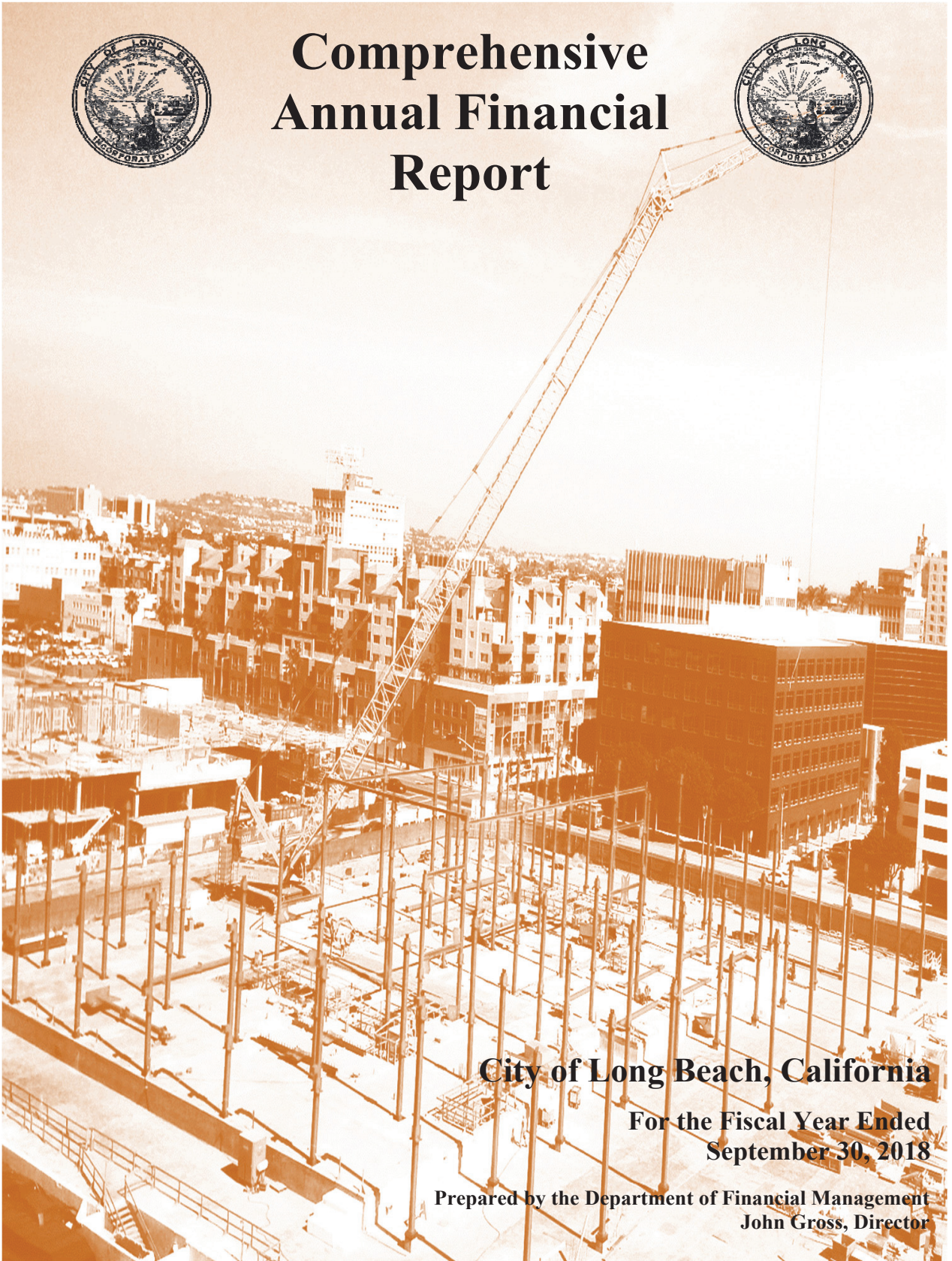
## Financial Report

Fiscal Year Ended September 30, 2018

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# Comprehensive Annual Financial Report



**City of Long Beach, California**

**For the Fiscal Year Ended  
September 30, 2018**

**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, 2018

*Prepared by the Department of Financial Management*

John Gross  
Director of Financial Management

Stephen W. Hannah  
City Controller

Ruby Carrillo-Quincey  
Assistant City Controller

Francine Wiegelman  
Assistant City Controller

Angie Tran  
Senior Accountant

Michael Carrigg  
Senior Accountant

Glenda Pakingan  
Senior Accountant

Lilia Hom  
Senior Accountant

Kalpna Desai  
Senior Accountant

Georgia Will  
Senior Accountant

Kim-Hang Nguyen  
Accountant

Amanda Johnson  
Accountant

Alex Powers  
Accountant

Toulip Torn  
Accountant

Shelby Miller  
Accountant

Gretchen Monroe  
Accountant

Sarah Castillo  
Accountant

Avneet Brar  
Accountant

Vivian Li  
Accountant

Jennifer Mota  
Accounting Technician

Phuong Pham  
Accounting Technician

Mandie Bentley  
Accounting Technician

Doreen Sovolskis  
Accounting Technician

Elaine Harmon  
Accounting Technician

Reuben Belleza  
Accounting Technician

Marziah Sepahifar  
Accounting Clerk

Jackie Pham  
Accounting Technician

Joanne Medina  
Accounting Technician

Cathy Pingol  
Senior Accountant

Elsa Castaneda  
Administrative Analyst

Cassandra Tan  
Assistant City Treasurer

Fidel Aguayo  
Assistant City Treasurer

Cover Photography *SWH*

Insert Photography by *Georgia Will*



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City of Long Beach  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended September 30, 2018

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# INTRODUCTORY SECTION

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# CITY OF LONG BEACH

OFFICE OF THE CITY MANAGER

333 West Ocean Boulevard • Long Beach, CA 90802 • (562) 570-6711 • Fax (562) 570 -6583

PATRICK H. WEST  
CITY MANAGER

March 26, 2019

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, 2018. 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 in conjunction 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, although legally separate entities, are, 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 480,000 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.

Many award-winning facilities and services are available to our citizens. 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 2018, the average response time for police priority calls was just 4.1 minutes, one of the fastest for any large city in the U.S. The City's fleet operation received the Top 10 "Leading Fleet Award for excellence in Fleet Management from Government Fleet Magazine. The City-run health department is one of only three in California achieving national accreditation through the Public Health Accreditation Board, which recognizes that a health department meets or exceeds national public health quality standards and measures. The vibrant and growing television and film industry has selected Long Beach for the filming of many feature films like Bumblebee, Peppermint, Once Upon a Time in Hollywood, and Ford vs Ferrari. Long Beach airport was ranked number 12th in Best Airports in America.

Long Beach is making continuous improvement in livability throughout the community with its investment in public parks, including two parks earning national awards for planning and urban design, increased resources for streets and infrastructure, awards for technology, equality, city planning and more. Long Beach was recognized as having one of the Top 25 Best Parks systems in the U.S, and for the eighth consecutive year, the City was recognized as a Top 10 Digital City. Long Beach was awarded a 2018 Helen Putnam Award for Excellence from the League of California Cities for the Pow Wow! Long Beach program, which brings art and culture to public spaces by beautifying the City and cultivating community pride and we remain one of the most bike friendly cities in the nation. The City's Water Utility received the Partnership for Safe Water Directors Award from the American Water Works Association for the fifth consecutive year.

The Port of Long Beach is the world's premier green port. The City's dedication to protecting the environment is demonstrated by the amazing biodiversity and thriving marine habitat found in our Port's waters. The Port also has one of the highest credit ratings for any US seaport which underscores the City's commitment to compete on the world stage.

### Economic Outlook

Long Beach has drawn from the strength and adaptability of the local economy to endure the challenges of, and to benefit from, the opportunities in our global world economy. The blend of local, national and international businesses continues to keep Long Beach thriving. During 2018, the unemployment rate in Long Beach reached its lowest level, 4.1 percent, since 1990. As the City's business community grows, the need for housing of all types also grows. To accommodate this growth, thousands of new residential projects have been approved for construction.

With an improving economy and the voter-approved tax (Measure A) to help ensure public safety and address the City's infrastructure needs, the City has a renewed sense of optimism that is evidenced by the City's changing sky-line. During 2018, the City issued \$506 million in new building permits. The favorable Long Beach economy is also providing jobs, including those being created by a multitude of multi-family housing projects, the Port's Middle Harbor redevelopment, and the Gerald Desmond Bridge replacement projects.

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 entered into a contract to procure 100% renewable natural gas (biofuel) to eventually displace the compressed natural gas used by the City's fleet of CNG-powered refuse trucks and street sweepers. The City completed the citywide LED Streetlight Retrofit Program, converting over 25,000 lights at signalized intersections and in residential and commercial districts.

The Mayor and City Council continue to emphasize economic development. Through a unique public-private partnership, the City is constructing a new Civic Center complex that is a key part of the continued revitalization of the Downtown area. The Civic Center will be highly energy efficient and a super-block of public-private development. Economic Development is a long-term effort and an important component of addressing the City's ability to continue to maintain and improve services.

The City continues to use innovation as a way to maintain and improve services. The 2019 budget includes innovative changes throughout the City's organization to improve service delivery. Some of these improvements include: additional Police and Fire positions focused on meeting the specialized needs the homeless, implementing a new seven-day service model for Long Beach's libraries, upgrading of the 911 emergency telephone system and a pilot program to increase animal adoptions at the Animal Care Center.

Additionally, the City will also engage in two new FUSE fellow projects; the first project will be to prepare for the 2020 Census, and the second project will study and develop opportunities to increase economic inclusion.

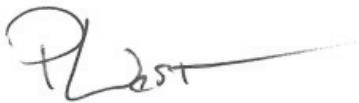
While the economy is expected to continue growing, there will always be important challenges which will require current and future commitment of the City to actively address. Long Beach will continue to meet these challenges and show the world what it means to be "many unique neighborhoods, one great 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 eleventh 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, 2017. 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,



PATRICK H. WEST  
CITY MANAGER



JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT



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**Directory of City Officials  
As of September 30, 2018**

***Dr. Robert Garcia***

Mayor

***Dee Andrews***

Vice-Mayor - 6<sup>th</sup> District

***Lena Gonzalez***

Councilmember - 1<sup>st</sup> District

***Suzie A. Price***

Councilmember - 3<sup>rd</sup> District

***Stacy Mungo***

Councilmember - 5<sup>th</sup> District

***Al Austin***

Councilmember - 8<sup>th</sup> District

***Jeannine Pearce***

Councilmember - 2<sup>nd</sup> District

***Daryl Supernaw***

Councilmember - 4<sup>th</sup> District

***Roberto Uranga***

Councilmember - 7<sup>th</sup> District

***Rex Richardson***

Councilmember - 9<sup>th</sup> 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

Kandice Taylor-Sherwood

Chief Executive - Harbor

Mario Cordero

General Manager - Water

Christopher J. Garner

**City Management**

City Manager

Patrick H. West

Assistant City Manager

Tom Modica

Deputy City Manager

Kevin J. Jackson

Chief of Police

Robert G. Luna

Fire Chief

Michael A. Duree

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

Jess L. Romo

Director of Human Resources

Alejandrina Basquez

Director of Library Services

Glenda Williams

Director of Long Beach Gas and Oil

Robert Dowell

Interim Director of Parks, Recreation, and Marine

Stephen P. Scott

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  
Lena Gonzalez



Council District 2  
Jeannine Pierce



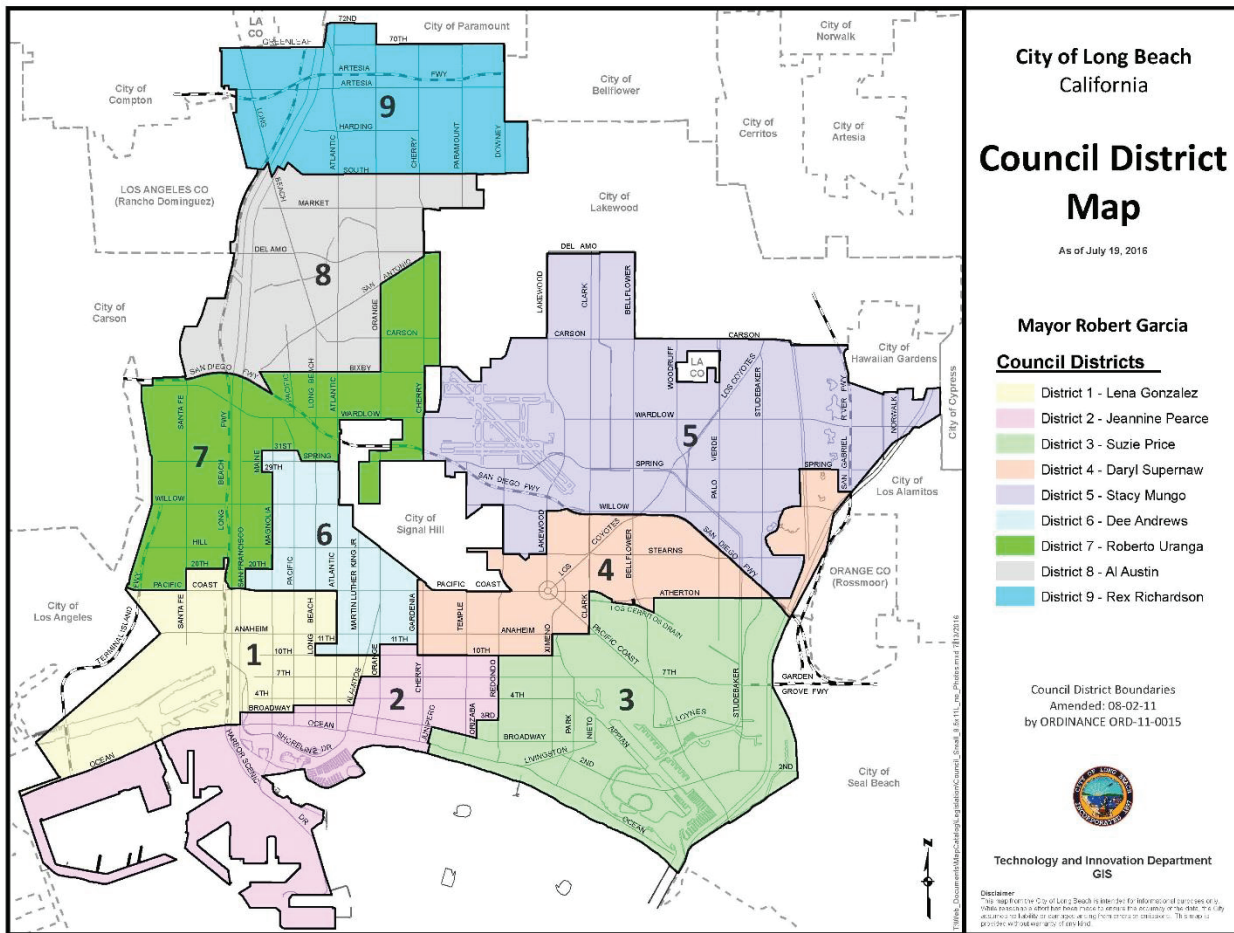
Mayor  
Robert Garcia



Council District 3  
Suzie Price



Council District 4  
Daryl Supernaw



Council District 5  
Stacy Mungo



Council District 6  
Dee Andrews



Council District 7  
Roberto Uranga



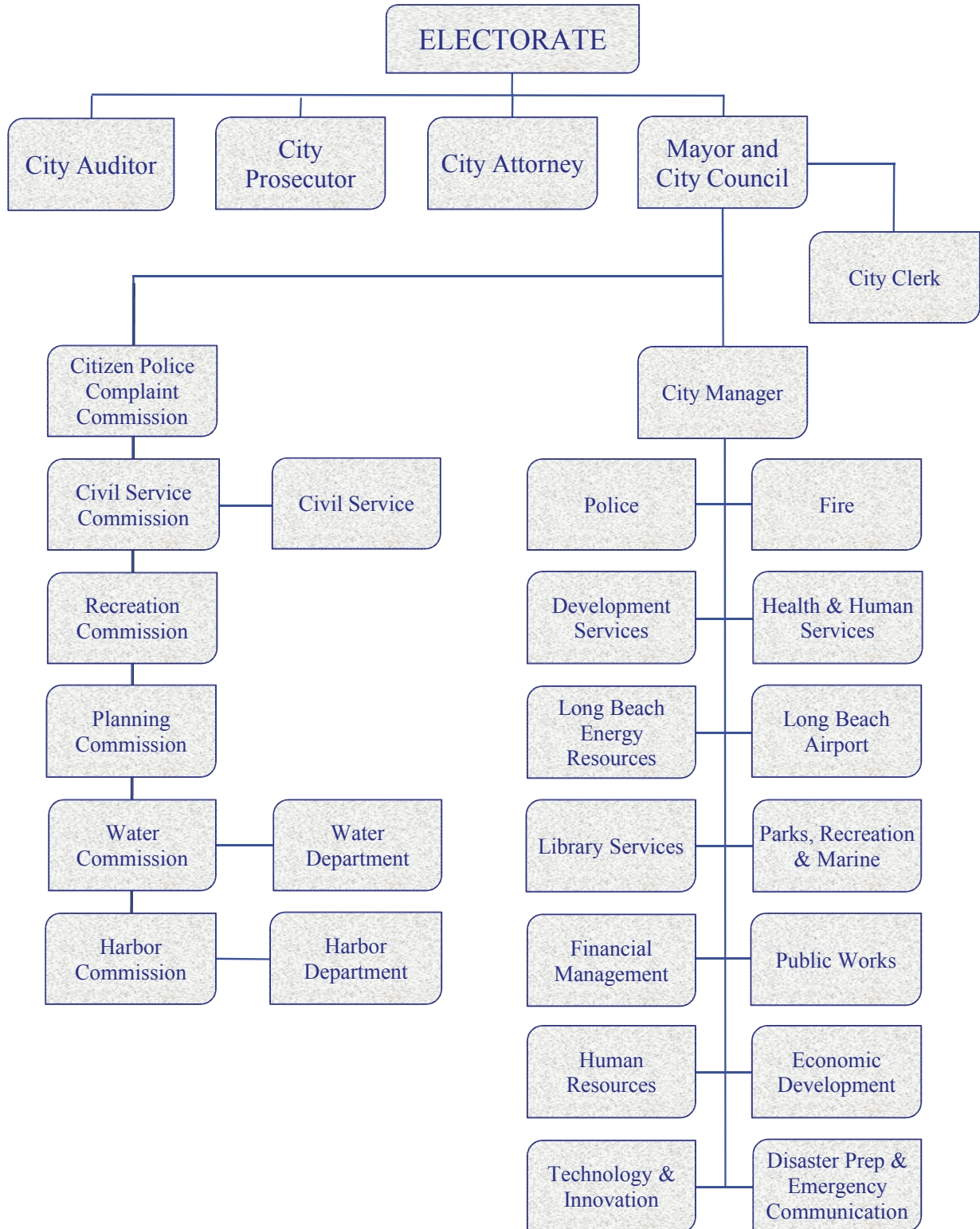
Council District 8  
Al Austin



Council District 9  
Rex Richardson



**ORGANIZATIONAL CHART  
LONG BEACH, CALIFORNIA  
As of September 30, 2018**





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, 2017**

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION

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

## **Independent Auditors' Report**

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2018, 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 another auditor 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 the other auditor. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



### *Opinions*

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the 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, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the City's General Fund for the year 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 on pages 5–23 and the schedules listed under Required Supplementary Information in the table of contents on pages 115–119 (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'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 section, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The additional financial information and other supplementary information sections are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional financial information 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 them.



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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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'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's internal control over financial reporting and compliance.

KPMG LLP

Irvine, California  
March 26, 2019



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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, 2018

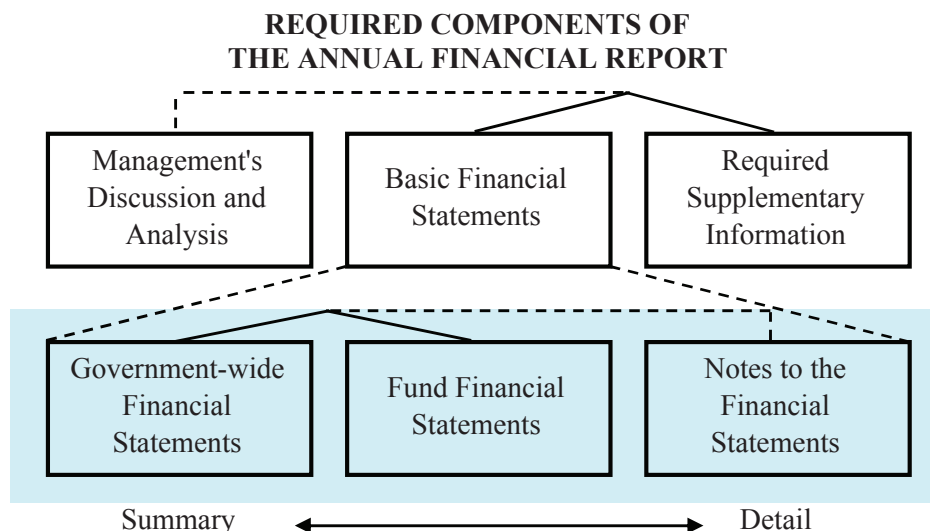
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2018. We encourage readers to consider this information 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 \$5.1 billion. Of this amount, \$4.9 billion represents net investment in capital assets, and \$702.2 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 \$489.3 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$350.7 million, an increase of \$26.6 million or 8.2 percent, from the prior fiscal year end. Of these balances, \$2.7 million are nonspendable, \$179.3 million are restricted, \$69.1 million are committed, \$96.5 million are assigned, and \$3.1 million is unassigned.
- The fund balance of the General Fund was \$136.4 million. This represents an increase of \$33.0 or 31.9 percent from the prior fiscal year. Of this balance, \$1.4 million is nonspendable, \$4.8 million is restricted, \$67.6 million is committed, \$59.5 million is assigned, and \$3.1 million is unassigned.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements 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, 2018 (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, 2018 (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, 2018 (Continued)

	Government-wide Statements	Fund Financial Statements		
		Governmental	Proprietary	Fiduciary
<b>Scope</b>	Entire Entity (except fiduciary funds)	The day-to-day operating activities of the City for basic governmental services.	The day-to-day operating activities of the City for business-type enterprises	Instances in which the City administers resources on behalf of other entities or groups.
<b>Accounting basis and measurement focus</b>	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial resources focus.	Accrual accounting and economic resources focus.	Accrual accounting and economic resources focus.
<b>Type of asset and liability information</b>	All assets and liabilities, both financial and capital, short-term and long-term.	Current assets and liabilities that come due during the year or soon thereafter. Excludes capital assets and long-term debt.	All assets and liabilities, both financial and capital, short and long-term.	All assets held in trustee or custodial capacity for others.
<b>Type of inflow and outflow information</b>	All revenues and expenses during year, regardless of when cash is received or paid.	Revenues for which cash is received during the year or soon thereafter; expenditures when goods and services have been received and the related liability is due and payable.	All revenues and expenses during year regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

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

As noted earlier, *net position* may serve over time as a useful indicator of a government's financial position. As of September 30, 2018, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$5.1 billion, an increase of \$169.3 million, or 3.5 percent, from the prior fiscal year.

Net investment in capital assets accounted for \$4.9 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 \$177.1 thousand, or 3.8 percent, from the prior fiscal year. The increase of \$15.7 million in governmental activities is mostly attributable payment of related debt. The \$161.4 million increase in business-type activities is due to increases in net investment in capital assets in the Harbor fund. The increase in Harbor resulted from the defeasement of related debt, investment in their new headquarters building and Gerald Desmond Bridge projects.

Restricted net position amounted to \$702.2 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. This component of the City's net position increased \$13 million, or 1.9 percent, from the prior fiscal year.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

The remaining deficit balance of \$489.3 million is the net of the \$761.8 million governmental activities deficit unrestricted net position and the \$272.5 million business-type activities unrestricted net position balance. The unrestricted component of net position decreased \$20.9 million, or 4.5 percent, from the prior fiscal year.

**Net Position**  
**September 30, 2018 and 2017**  
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
<b>Assets:</b>						
Current and Other Assets	\$ 999,557	\$ 948,268	\$ 2,532,212	\$ 2,531,686	\$ 3,531,769	\$ 3,479,954
Capital Assets	939,802	831,821	5,964,298	5,724,956	6,904,100	6,556,777
Total Assets	1,939,359	1,780,089	8,496,510	8,256,642	10,435,869	10,036,731
Deferred Outflows	167,435	300,941	69,786	122,333	237,221	423,274
Total Assets and Deferred Outflows	2,106,794	2,081,030	8,566,296	8,378,975	10,673,090	10,460,005
<b>Liabilities:</b>						
Current Liabilities	214,009	196,636	527,448	286,117	741,457	482,753
Noncurrent Liabilities, Net	1,661,268	1,640,525	2,416,853	2,631,147	4,078,121	4,271,672
Total Liabilities	1,875,277	1,837,161	2,944,301	2,917,264	4,819,578	4,754,425
Deferred Inflows	212,679	202,274	573,164	604,940	785,843	807,214
Total Liabilities and Deferred Inflows	2,087,956	2,039,435	3,517,465	3,522,204	5,605,421	5,561,639
<b>Net Position:</b>						
Net Investment in Capital Assets	377,098	361,370	4,477,724	4,316,371	4,854,822	4,677,741
Restricted	403,557	397,204	298,613	291,847	702,170	689,051
Unrestricted	(761,817)	(716,979)	272,494	248,553	(489,323)	(468,426)
Total Net Position	\$ 18,838	\$ 41,595	\$ 5,048,831	\$ 4,856,771	\$ 5,067,669	\$ 4,898,366

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

The City's current and other assets increased \$51.8 million, or 1.5 percent, from the prior fiscal year. Governmental activities increased \$51.3 million, primarily due to increased Measure A revenues transferred into the Capital Projects fund for capital improvements. Business-type activities increased a slight \$526 thousand.

Citywide, capital assets increased \$347.3 million or 5.3 percent. Governmental activities increased \$108.0 million, or 13.0 percent, and is primarily attributable to the ongoing construction of the new Civic Center complex. Business-type activities increased \$239.3 million, or 4.2 percent. The change in business-type activities resulted from ongoing asset construction of the following: new Port of Long Beach Headquarters and improvements, Gerald Desmond Bridge project, and Deepening The West Basin Approach project.

Deferred outflows decreased \$186.1 million. Governmental activities deferred outflows decreased \$133.5 million and business-type activities decreased \$52.6 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 of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

The City's current liabilities increased \$258.7 million, or 53.6 percent. Governmental activities increased \$17.4 million, or 8.8 percent, and business-type activities increased \$241.3 million or 84.3 percent. The increase in governmental activities resulted from increased accounts payable and a higher deferral of property tax revenue at fiscal year-end. The increase in business-type activity pertains to the reclassification of debt for \$199.3 million from a long-term capital lease for the Port Headquarters to a current liability, as this debt is expected to be refunded in the next fiscal year.

Overall, noncurrent liabilities decreased \$193.6 million or 4.5 percent City-wide. Governmental activities increased \$20.7 million, or 1.3 percent, and business-type activities decreased \$214.3 million or 8.1 percent. As explained above, the Harbor Department recognized a portion of long-term bonds to short-term due to a planned refunding in the next fiscal year.

Deferred inflows decreased \$21.4 million, or 2.6 percent. The change is due to an increase in Governmental activities of \$10.4 million mostly due to an increase in unavailable revenues and property taxes, offset by a decrease of \$31.8 million in business-type activities resulting from the decrease in the gas commodity swap.



**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

**Analysis of Changes in Net Position**

The following table presents condensed information from the statement of activities for the fiscal years 2018 and 2017. 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.

<b>Changes in Net Position</b>						
<b>September 30, 2018 and 2017</b>						
<b>(In Thousands)</b>						
	Governmental Activities		Business-type Activities		Totals	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Revenues:						
Program Revenues:						
Charges for Services	\$ 140,542	\$ 128,932	\$ 985,787	\$ 933,737	\$ 1,126,329	\$ 1,062,669
Operating Grants and Contributions	187,038	176,643	2,768	976	189,806	177,619
Capital Grants and Contributions	10,739	12,286	99,586	83,681	110,325	95,967
General Revenues:						
Taxes:						
Property	199,576	191,514	-	-	199,576	191,514
Sales	133,523	99,528	-	-	133,523	99,528
Utility Users	36,639	35,858	-	-	36,639	35,858
Other	51,558	46,837	-	-	51,558	46,837
Franchise Fees	20,308	25,912	-	-	20,308	25,912
Unrestricted Investment Earnings	4,761	3,581	13,357	7,714	18,118	11,295
<b>Total Revenues</b>	<b>784,684</b>	<b>721,091</b>	<b>1,101,498</b>	<b>1,026,108</b>	<b>1,886,182</b>	<b>1,747,199</b>
Expenses:						
Legislative and Legal	13,025	13,343	-	-	13,025	13,343
General Government	29,189	29,718	-	-	29,189	29,718
Public Safety	409,632	402,361	-	-	409,632	402,361
Public Health	53,045	49,688	-	-	53,045	49,688
Community and Cultural	167,624	173,637	-	-	167,624	173,637
Public Works	139,209	123,268	-	-	139,209	123,268
Oil Operations	3,755	9,694	-	-	3,755	9,694
Interest on Long-Term Debt	17,916	19,120	-	-	17,916	19,120
Gas Utility	-	-	83,276	80,680	83,276	80,680
Water Utility	-	-	98,204	96,082	98,204	96,082
Tidelands Operating	-	-	130,796	126,123	130,796	126,123
Tideland Oil Revenue	-	-	101,495	93,200	101,495	93,200
Harbor	-	-	298,441	298,756	298,441	298,756
Non-major Enterprise Funds	-	-	171,272	176,446	171,272	176,446
<b>Total Expenses</b>	<b>833,395</b>	<b>820,829</b>	<b>883,484</b>	<b>871,287</b>	<b>1,716,879</b>	<b>1,692,116</b>
Increase (Decrease) in Net						
Position before Transfers	(48,711)	(99,738)	218,014	154,821	169,303	55,083
Transfers	25,954	11,930	(25,954)	(11,930)	-	-
<b>Total Change in Net Position</b>	<b>(22,757)</b>	<b>(87,808)</b>	<b>192,060</b>	<b>142,891</b>	<b>169,303</b>	<b>55,083</b>
Net Position, Beginning of Year	41,595	129,403	4,856,771	4,713,880	4,898,366	4,843,283
<b>Net Position, End of Year</b>	<b>\$ 18,838</b>	<b>\$ 41,595</b>	<b>\$ 5,048,831</b>	<b>\$ 4,856,771</b>	<b>\$ 5,067,669</b>	<b>\$ 4,898,366</b>

**The City of Long Beach**  
 Management's Discussion and Analysis (Unaudited)  
 For the Year Ended September 30, 2018 (Continued)

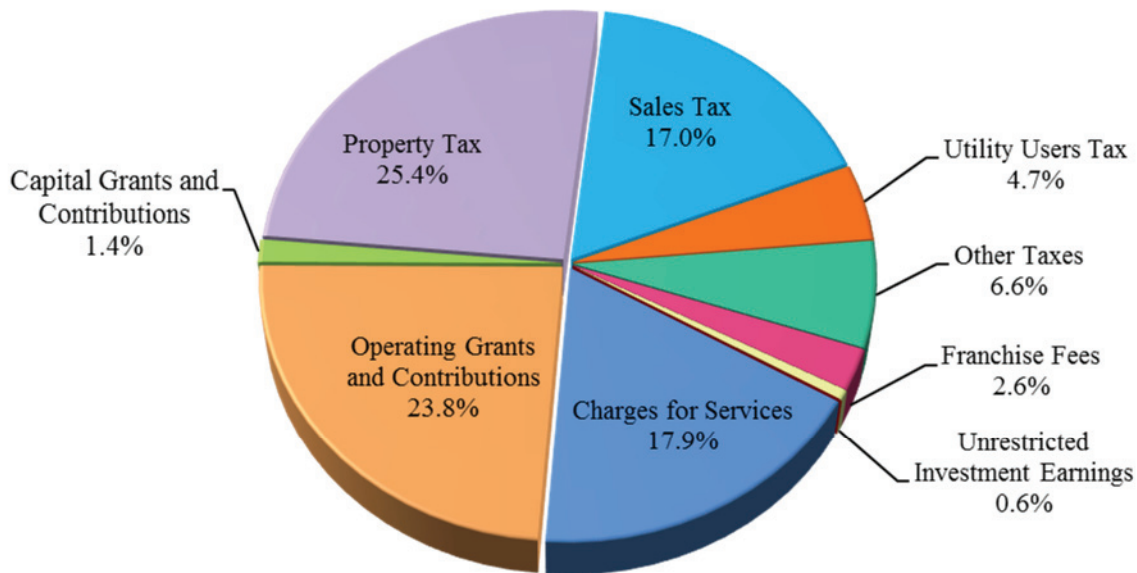
**Governmental activities**

Governmental activities net position decreased \$22.8 million when compared to the fiscal year 2017 financial report.

Total revenues for governmental activities (excluding transfers) increased \$63.6 million, or 8.8 percent. Contributing to this increase were increases in general revenues, such as sales taxes which increased by 34.2 percent. Total governmental program expenses increased \$12.6 million, or 1.5 percent. These changes are further discussed in the paragraphs that follow.

The following chart illustrates governmental activities revenues by source.

**Governmental Activities - Revenues by Source  
 For the Year Ended September 30, 2018**



- The three largest revenue sources for governmental activities are property taxes, operating grants and contributions, and charges for services. Excluding transfers, these sources accounted for 67.1 percent of revenues. Together, these primary sources of governmental revenues increased \$30.1 million, or 6.1 percent, from the previous year. Property tax revenues increased \$8.1 million primarily due to an increase in the Agency's RPTTF revenues. Operating grants and contributions increased by \$10.4 million due to increased reimbursements from grantor agencies. Charges for services increased \$11.6 million primarily due to reimbursements for transit law enforcement services provided to L.A. Metro and for cannabis license application fees and taxes.

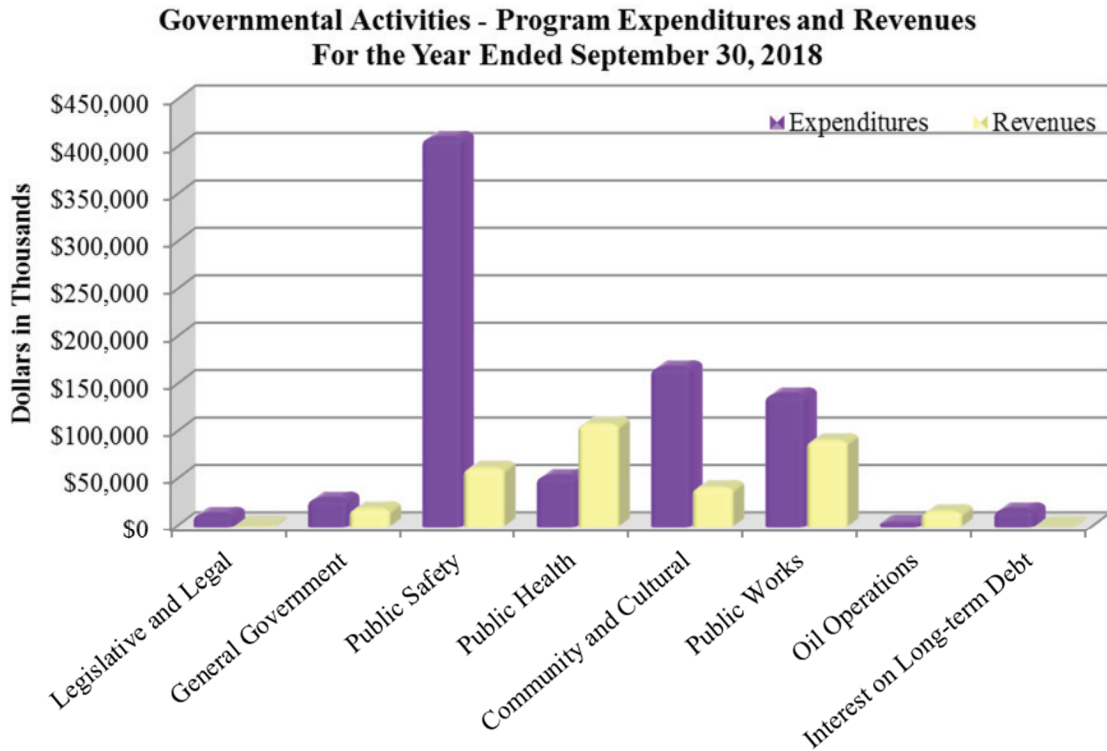
**The City of Long Beach**  
 Management’s Discussion and Analysis (Unaudited)  
 For the Year Ended September 30, 2018 (Continued)

Sales tax revenues increased 34.2 percent or \$34.0 million as a result of a full year of the voter-approved tax (Measure A). Property tax revenues increased 4.2% or \$8.1 million due to an \$4.7 million increase in the Agency’s RPTTF revenues and a \$2.1 million increase in property tax in-lieu of VLF taxes. Other taxes increased 10.1 percent or \$4.7 million primarily as result of a similar year-over-year increase in transient occupancy taxes.

Governmental activities expenses, excluding transfers, increased 1.5 percent, or \$12.6 million.

- Public safety expenses increased \$7.3 million, or 1.8 percent. The change is attributable to an increases in staffing levels, overtime and pension costs.
- Public health expenses increased \$3.4 million, or 6.8 percent. The change is attributable to increased personnel and pension costs including the annual lump sum payment to CalPERS.
- Community and cultural expenses decreased \$6.0 million or 3.5 percent resulting from decreased capital expenses for park improvements and the conversion from modified accrual to accrual basis related to housing loan activity.
- Public works expenses increased \$15.9 million or 12.9 percent. The change is attributable to increased project spending related to Measure A revenue.
- Oil operations expenses decreased \$5.9 million, or 61.3 percent, reflecting a reduction in the amount accrued for oil field abandonment costs.

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

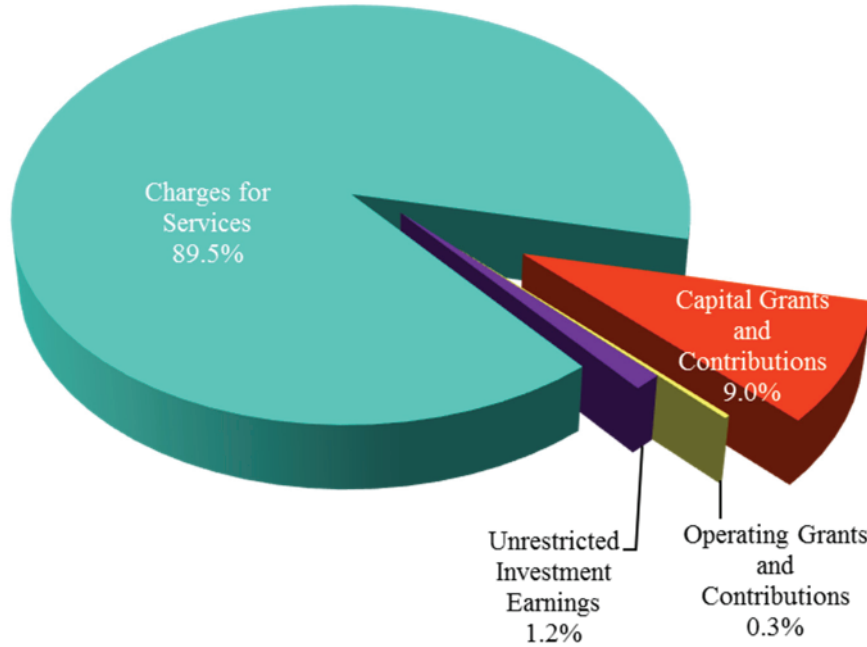


**The City of Long Beach**  
 Management's Discussion and Analysis (Unaudited)  
 For the Year Ended September 30, 2018 (Continued)

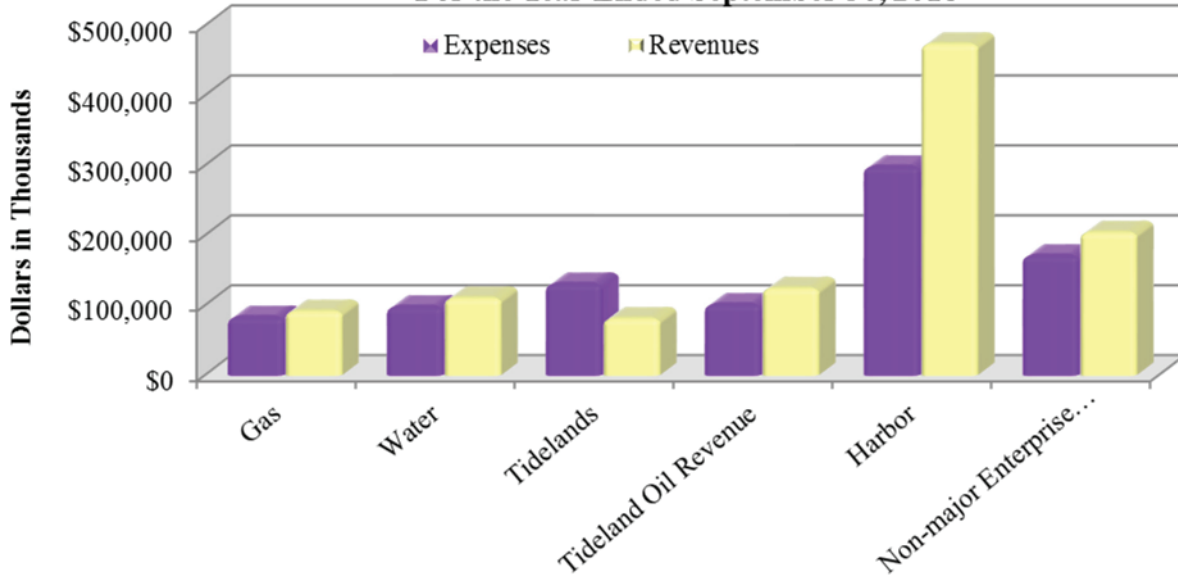
**Business-type activities**

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, 2018**



**Business-type Activities - Program Expenditures and Revenues  
 For the Year Ended September 30, 2018**



**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

Business-type activities increased net position \$192.1 million or 4.0 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 \$15.8 million, a \$10.4 million decrease from the prior fiscal year. On average, in FY18, the cost of gas increased 43% compared to FY17.
- Water Utility net position at fiscal year-end was \$295.2 million, a \$12.4 million 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 net position decreased \$11.3 million, totaling \$303.0 million at fiscal year-end. Net loss before contributions and transfers amounted to \$48.6 million. Transfers from Tidelands Oil and Harbor amounted to \$37.1 million. Of this amount Harbor transferred \$20.1 million, consistent with City Charter mandated revenue sharing; and Tidelands Oil transferred \$17.0 million to fund tidelands operations and capital improvements.
- The Tidelands Oil Revenue fund posted a deficit net position of \$78.0 million, a decrease of \$6.1 million from the prior year. The change resulted primarily from an increase in oil prices to an average of \$65 per barrel.
- Harbor's net position increased \$155.0 million, reaching \$4.1 billion at fiscal year-end. The increase primarily resulted from operating income of \$117.8 million along with the receipt of \$67.7 million in capital grants.
- Total net position for non-major business-type activities increased \$33.2 million, to \$494.9 million at fiscal year-end primarily due to an increase in the Airport fund of passenger facilities fee and federal grant revenues.

**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, 2018, the City's governmental funds reported combined fund balances of \$350.7 million, an increase of \$26.6 million from the prior year. Further information can be found in *Note 16 – Government Activities Fund Balance*.

Governmental fund assets increased \$48.7 million, or 6.9 percent, from the prior fiscal year. Pooled and non-pooled Cash and Investments increase \$29.8 million, total receivables increased \$9.0 million, and land held for resale increased \$4.0 million. Other Noncurrent Receivables increased \$6.3 million.

Governmental fund liabilities increased \$11.5 million, or 13.8 percent. Deferred revenues increased \$12.4 million due to the receipt of \$11.1 million from the Orange County Transportation Authority for traffic mitigation per a settlement agreement.

Of the \$350.7 million total fund balances, \$179.3 million or 51.1 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

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Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

Restricted for Debt Service

Amounts restricted for debt service totaled \$24.7 million. Of this, \$16.8 is restricted for payment of Agency related debt and the balance for various debt issuances of other governmental funds.

Restricted for Public Safety

Amounts restricted for public safety totaled \$2.9 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$3.3 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, 2018, Prop H funds for police and fire amounted to \$354 thousand and deficit \$133 thousand, respectively.
- Impact fees restricted for police and fire amounted to \$408 thousand and \$382 thousand, respectively.
- Disaster Preparedness reported a deficit of \$1.2 million pertaining to unbilled receivables for Homeland Security grants.

Restricted for Public Health

Fund balance restricted for public health amounted to \$13.0 million.

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$79.4 million. Restrictions include the following:

- Fund balance restricted within the Housing fund for the provision of low-and-moderate-income housing amounted to \$31.6 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 \$11.2 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$15.7 million.
- The Belmont Shore Parking Meter fund has restricted \$333 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 \$1.5 million is restricted in the General Grants fund.
- Fund balance restricted within the Community Development Grant fund amounted to \$5.5 million.
- Fund balance restricted within the Other Special Revenue fund for economic development totaled \$10.5 million at the close of the fiscal year.
- Capital Projects fund balance restricted for parks development amounted to \$1.6 million.

Restricted for Public Works

As of September 30, 2018, fund balance restricted for public works amounted to \$57.8 million. Restrictions include:

- General Capital Projects fund balance restricted for traffic mitigation impact fees amounted to \$1.7 million at the close of the fiscal year.
- Gas Tax fund balance restricted for the research, planning, construction, improvement, maintenance, and operation of public street and highways, including the mitigation of their environmental effects, totaled \$13.3 million.
- Transportation fund balance restrictions totaled \$41.0 million and include: \$12.5 million pursuant to the provisions of Proposition A; \$21.0 million pursuant to the provisions of Proposition C; \$1.8 million pursuant to Measure R; \$2.8 million pursuant to Air Quality Management District AB2766 requirements; and \$2.9 million pursuant to Measure M. Proposition A funds are to be used exclusively to benefit public transit and may be traded with other jurisdiction in exchange for

**The City of Long Beach**  
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For the Year Ended September 30, 2018 (Continued)

general or other funds. Proposition C also benefits public transit, but has a wider range of uses including congestion management programs, bikeways and bike lanes, street improvement supporting public transit, and pavement management projects. Measure R is a one-half cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes, including bus and highway corridor projects, streets and roads, and traffic control management. AB2766 funding is used to assist the City in meeting federal and state Clean Air Acts. Measure M is a half-cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes.

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, 2018 and 2017**  
(In Thousands)

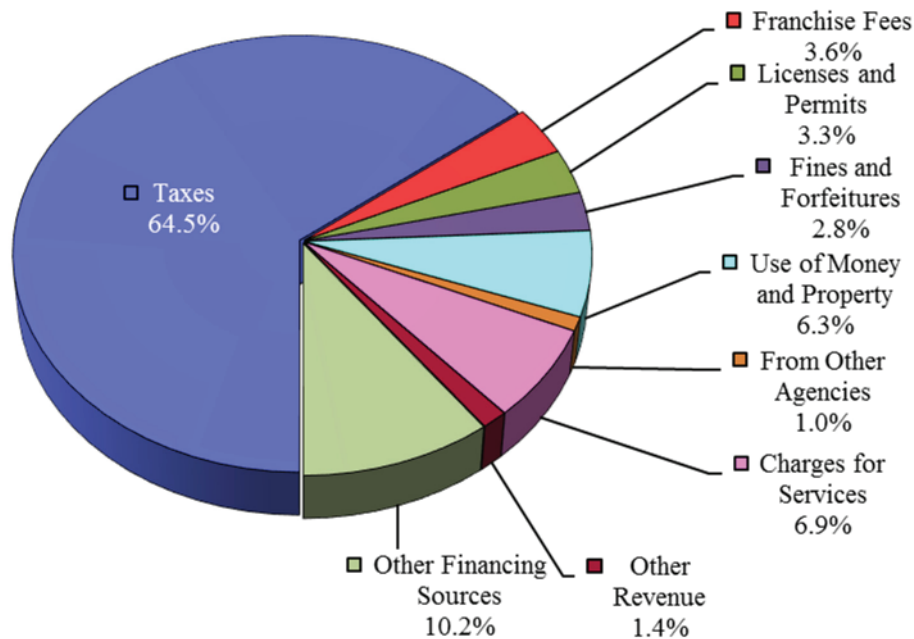
<i>Revenues and Other Financing Sources</i>	<i>Fiscal Year 2018</i>	<i>Percent of Total</i>	<i>Fiscal Year 2017</i>	<i>Percent of Total</i>
Taxes	\$ 363,848	64.5%	\$ 324,145	64.5%
Franchise Fees	20,308	3.6%	25,912	5.2%
Licenses and Permits	18,501	3.3%	17,057	3.3%
Fines and Forfeitures	15,946	2.8%	16,184	3.2%
Use of Money and Property	35,470	6.3%	30,119	6.0%
From Other Agencies	5,723	1.0%	3,798	0.8%
Charges for Services	38,797	6.9%	31,663	6.3%
Other Revenue	7,749	1.4%	6,838	1.4%
Other Financing Sources	57,689	10.2%	46,525	9.3%
	<u>\$ 564,031</u>	<u>100%</u>	<u>\$ 502,241</u>	<u>100%</u>

General Fund revenues and other financing sources increased \$61.8 million, or 12.3 percent, from the prior fiscal year. Significant year-over-year changes include:

- Taxes increased \$39.7 million, or 12.3 percent primarily reflecting \$22.7 million in additional sales tax revenues generated for a full year of the voter-approved Measure A tax, a \$7.5 million increase in property taxes, a \$4.7 million increase in transient occupancy taxes reflecting the improved economy.
- Licenses and Permits increased \$1.4 million or 8.5 percent mostly due to cannabis license application fees and taxes.
- Charges for services increased \$7.1 million or 22.5 percent due to reimbursements for transit law enforcement services provided to the Los Angeles County Metropolitan Transportation District.
- Use of money and property increased \$5.4 million or 17.8 percent due to higher investment earnings and crude oil sales.
- Revenues derived from other financing sources increased \$11.2 million, of this amount \$10.1 million was attributable to a transfer from the Successor Agency for a loan repayment to the General Fund.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

**General Fund Revenues and Other Financing Sources  
For the Year Ended September 30, 2018**



**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, 2018 and 2017  
(In Thousands)**

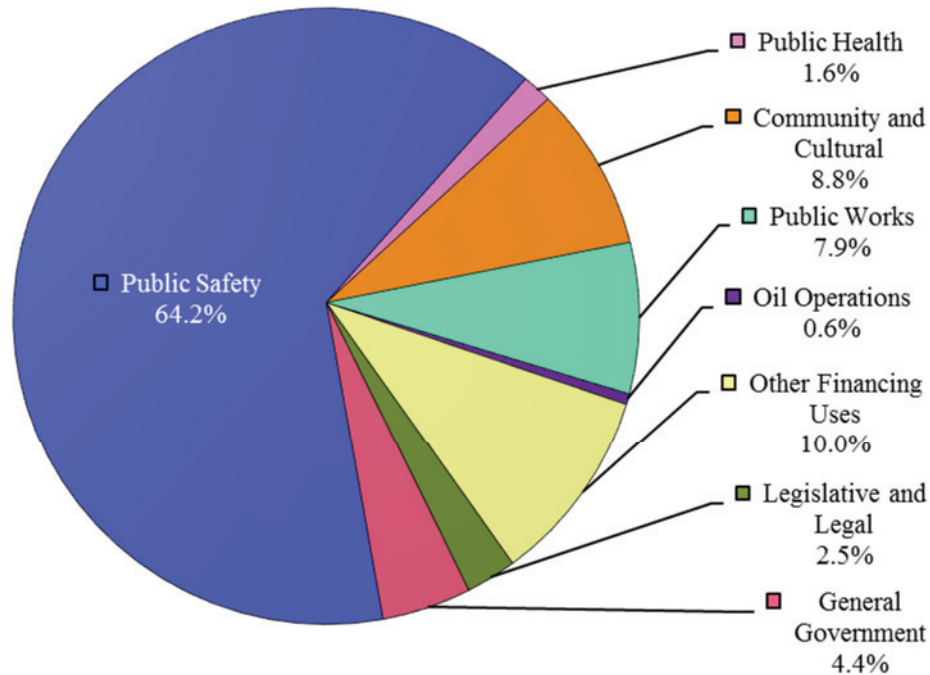
<i>Expenditures and Other Financing Uses</i>	<i>Fiscal Year 2018</i>	<i>Percent of Total</i>	<i>Fiscal Year 2017</i>	<i>Percent of Total</i>
Legislative and Legal	\$ 13,378	2.5%	\$ 11,518	2.2%
General Government	23,520	4.4%	20,823	4.1%
Public Safety	341,051	64.2%	332,143	65.2%
Public Health	8,464	1.6%	6,774	1.3%
Community and Cultural	46,607	8.8%	46,781	9.2%
Public Works	41,975	7.9%	43,113	8.5%
Oil Operations	2,945	0.6%	2,563	0.5%
Other Financing Uses	53,026	10.0%	45,720	9.0%
	<u>\$ 530,966</u>	<u>100%</u>	<u>\$ 509,435</u>	<u>100%</u>

Expenditures, including other financing uses, increased \$21.5 million, or 4.2 percent, from fiscal year 2017. The largest increase was in public safety which increased \$8.9 million, or 2.7 percent. This increase reflects an increase in staffing for both the police and fire departments, and increased pension costs. Other significant changes include an increase of \$7.3 million in other financing uses related to transfers from the General Fund to the Capital Projects fund due to increased Measure A revenues.



**The City of Long Beach**  
 Management's Discussion and Analysis (Unaudited)  
 For the Year Ended September 30, 2018 (Continued)

**General Fund Expenditures and Other Financing Uses  
 For the Year Ended September 30, 2018**



**Proprietary Funds Financial Analysis**

**Enterprise Funds:** The combined net position of enterprise funds totaled \$5.1 billion at the close of the fiscal year. Total unrestricted net position amounted to \$304.1 million before the allocation of internal service fund activities. The total growth in net position was \$192.1 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 \$130.4 million and \$381.7 million, respectively. The Water Utility reported a total net position of \$295.2 million, an increase of \$12.4 million. Tidelands Oil Revenue fund had a deficit net position of \$78.0 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 \$15.8 million. Other Proprietary funds reported unrestricted net position of \$58.7 million.

**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, 2018, internal service funds reported a \$143.9 million deficit net position. This is attributable to the deficit net positions of the Insurance fund and Employee Benefits fund, which reported deficit balances of \$125.7 million and \$134.9 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 \$42.5 million, \$14.1 million, and \$60.0 million, respectively.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

**Fiduciary Funds**

The City maintains fiduciary funds for the assets of private purpose trust and custodial funds including the Miller 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 2018 final budget for estimated revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$13.9 million. The change between original and final budgeted amounts was \$14.3 million and consisted of additional appropriation for expenditures and other financing uses of \$30.7 million offset by an increase in revenue and other financing sources of \$16.4 million.

Significant changes in revenue forecasts include:

- A \$12.1 million increase in use of money and property related to the Uplands Oil fund.
- A \$3.2 million increase in revenues from other agencies related to mutual aid reimbursements.

Significant changes in the appropriations budget include:

- A \$7.3 million increase in General Government with \$4.0 million from general liability increases for various legal settlements and a \$5.2 million increase in Public Safety primarily related to Fire overtime incurred in mutual aid activities.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$44.8 million. This consists of favorable variances in both revenues and other financing sources of \$43.5 million and expenditures and other financing uses of \$1.3 million.

General Fund revenues and other financing sources reflect a positive budget to actual variance of \$43.6 million. For the year, the General Fund received 108.4 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include a \$38.8 million in transfers in reflecting such favorable actions as \$11.8 million for loan repayments from the former redevelopment agency and \$6.8 million from the City's employee benefits fund.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$1.3 million. 0.2 percent of the General Fund appropriations and other financing uses went unspent.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

**Capital Assets and Debt Administration**

**Capital assets:** As of September 30, 2018, the City's capital assets held by governmental and business-type activities amounted to \$6.9 billion (net of accumulated depreciation). There was an overall increase of \$347.3 million, or 5.3 percent, in the City's capital assets over the prior fiscal year.

**Capital Assets, Net of Depreciation**  
**September 30, 2018 and 2017**  
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2018	2017	2018	2017	2018	2017
Land	\$ 235,638	\$ 237,170	\$ 1,312,926	\$ 1,278,658	\$ 1,548,564	\$ 1,515,828
Rights-of-way	81,340	81,340	212,452	212,451	293,792	293,791
Water Rights	-	-	40	40	40	40
Construction in Progress	256,646	136,255	1,696,961	1,420,071	1,953,607	1,556,326
Buildings	152,769	161,124	1,860,596	1,908,126	2,013,365	2,069,250
Improvements Other than Buildings	58,466	52,229	265,210	279,271	323,676	331,500
Infrastructure	91,597	103,393	513,123	524,618	604,720	628,011
Machinery and Equipment	6,321	7,758	20,626	18,572	26,947	26,330
Vehicles and Aircrafts	47,151	42,311	76,701	75,969	123,852	118,280
Software and Patents	9,874	10,241	5,663	7,180	15,537	17,421
Total Net Capital Assets	\$ 939,802	\$ 831,821	\$ 5,964,298	\$ 5,724,956	\$ 6,904,100	\$ 6,556,777

Governmental activities' net capital assets increased \$108.0 million, or 13.0 percent. Construction in progress increased \$120.4 million primarily attributable to the recognition of \$99.0 million for work performed on the new civic center complex. Vehicles and Aircraft increased \$4.8 million related to fleet replacements and upgrades. Improvements other than Buildings increased \$6.2 million reflecting the completion of the Deforest Wetlands and Drake Chavez Greenbelt and Soccer Fields projects. Routine depreciation charges amounted to \$36.1 million at the close of the fiscal year.

Business-type activities' net capital assets increased \$239.3 million, or 4.2 percent, over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor capital assets increased \$214.8 million. The increase was comprised largely of the following: Gerald Desmond Bridge replacement project for \$139.6 million and continued work on the new port headquarters building of \$89.8 million.
- Repair and replacement of aging gas pipelines increased Gas Utility capitals assets \$8.2 million over the prior fiscal year.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$15.2 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 23.

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

**Long-Term Indebtedness:** As of September 30, 2018, the City's net long-term obligations outstanding totaled \$4.5 billion. Of this amount, \$2.5 billion relates to notes, bonds, and capital leases, \$401.4 million to the new Civic Center complex, and \$1.1 billion is NPL. The remainder pertains to estimated oil field abandonment costs, environmental remediation, self-insurance, employee' benefit obligations, and amounts due to the state of California.

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

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

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

**Outstanding Debt Obligations**  
**September 30, 2018 and 2017**  
(In Thousands)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Totals</i>	
	2018	2017	2018	2017	2018	2017
Notes Payable	\$ 7,751	\$ 5,400	\$ 348,471	\$ 343,821	\$ 356,222	\$ 349,221
Bonds Payable	339,150	373,357	1,673,774	1,736,215	2,012,924	2,109,572
Capital Leases	67,670	27,263	15,143	16,688	82,813	43,951
Other Obligations	202,069	103,055	199,325	109,533	401,394	212,588
<b>Total Outstanding</b>	<b>\$ 616,640</b>	<b>\$ 509,075</b>	<b>\$ 2,236,713</b>	<b>\$ 2,206,257</b>	<b>\$ 2,853,353</b>	<b>\$ 2,715,332</b>

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

**Governmental Activities**

- Bonds payable decreased \$34.2 million as a result of annual principal payments and premium amortization. For capital leases, the City is reporting an increase of \$40.4 million due to new capital leases for data center improvements, Motorola radios, and other capital equipment. A liability of \$99.0 million was added related to the City's commitment to a new City hall and civic center complex currently under construction.

**Business-Type Activities**

- Bonds payable reported a net decrease of \$62.4 million. The decrease was due annual principal payments and premium amortization for a total of \$90.3, as well as Tidelands issuing \$27.9 million in Revenue Bonds, Series 2017AB, the proceeds of which were used to pay or reimburse costs for capital improvements at the Queen Mary and Aquarium of the Pacific.
- Additionally, a liability of \$89.8 million was added related to the Harbor's commitment to the construction of the new headquarters building.

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

**The City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Year Ended September 30, 2018 (Continued)

**Economic Outlook**

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

**Requests for Information**

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



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# BASIC FINANCIAL STATEMENTS

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**City of Long Beach**  
**Statement of Net Position**  
**September 30, 2018**  
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Long Beach Public Transportation Company
<b>ASSETS</b>				
<b>Current Assets:</b>				
Pooled Cash and Cash Equivalents	\$ 93,082	\$ 198,131	\$ 291,213	\$ -
Non-Pooled Cash and Cash Equivalents	49,514	155,527	205,041	41,779
Pooled Investments	242,988	517,225	760,213	-
Interest Receivable	184	348	532	-
Property Tax Receivable, Net	94,238	-	94,238	-
Accounts and Loans Receivables, Net	19,793	136,151	155,944	10,350
Due from Other Governments	67,410	43,751	111,161	-
Internal Balances	9,883	(9,883)	-	-
Inventory	2,794	7,870	10,664	1,457
Other Assets	10,117	37,080	47,197	811
Land Held for Resale	8,182	-	8,182	-
Total Current Assets:	598,185	1,086,200	1,684,385	54,397
<b>Noncurrent Restricted Assets:</b>				
Non-Pooled Cash and Cash Equivalents	-	2,659	2,659	26,183
Non-Pooled Investments	-	95,434	95,434	-
Total Noncurrent Restricted Assets:	-	98,093	98,093	26,183
<b>Other Noncurrent Assets:</b>				
Pooled Investments	178,318	379,569	557,887	-
Other Noncurrent Receivables	212,289	13,554	225,843	-
Prepaid Gas - Long-term	-	381,398	381,398	-
Fair Value - Commodity Swap	-	527,051	527,051	-
Land and Other Capital Assets not being Depreciated	573,624	3,222,379	3,796,003	19,332
Capital Assets, net of Accumulated Depreciation	366,178	2,741,919	3,108,097	83,620
Other Assets	10,765	46,347	57,112	-
Total Other Noncurrent Assets:	1,341,174	7,312,217	8,653,391	102,952
Total Assets	1,939,359	8,496,510	10,435,869	183,532
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows	167,435	69,786	237,221	16,633
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	53,873	137,569	191,442	4,710
Accrued Wages and Benefits Payable	19,839	4,766	24,605	4,163
Accrued Interest Payable	4,475	29,895	34,370	-
Due to Other Governments	499	-	499	-
Unearned Revenue, Credits, and Other Payables	32,332	33,582	65,914	31,001
Employee Benefits and Accrued Long-Term Obligations	65,445	16,007	81,452	17,090
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	37,546	305,629	343,175	-
Total Current Liabilities	214,009	527,448	741,457	56,964
<b>Noncurrent Liabilities:</b>				
Fair Value - Interest Rate Swap	-	7,473	7,473	-
Unearned Revenue, Credits, and Other Payables	-	10,828	10,828	16,123
Employee Benefits and Accrued Long-Term Obligations	274,140	146,103	420,243	3,889
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	579,094	1,952,648	2,531,742	-
Total OPEB Liability	40,716	10,785	51,501	-
Net Pension Liability	767,318	289,016	1,056,334	34,345
Total Noncurrent Liabilities:	1,661,268	2,416,853	4,078,121	54,357
Total Liabilities	1,875,277	2,944,301	4,819,578	111,321
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows	212,679	573,164	785,843	-
<b>NET POSITION</b>				
Net Investment in Capital Assets	377,098	4,477,724	4,854,822	102,951
<b>Restricted for:</b>				
Debt Service	24,678	28,359	53,037	-
Capital Projects	58,972	67,592	126,564	87
Public Safety	2,884	-	2,884	-
Public Health	13,047	-	13,047	-
Community and Cultural	284,999	-	284,999	-
Healthcare Insurance	18,977	-	18,977	-
Tidelands	-	14,785	14,785	-
Airport	-	8,258	8,258	-
Subsidence	-	179,619	179,619	-
Unrestricted	(761,817)	272,494	(489,323)	(14,194)
Total Net Position	\$ 18,838	\$ 5,048,831	\$ 5,067,669	\$ 88,844

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, 2018  
(In Thousands)

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>				
Legislative and Legal	\$ 13,025	\$ 481	\$ -	\$ -
General Government	29,189	17,727	301	927
Public Safety	409,632	43,536	18,436	-
Public Health	53,045	8,550	99,854	-
Community and Cultural	167,624	21,980	19,998	(450)
Public Works	139,209	32,208	48,449	10,262
Oil Operations	3,755	16,060	-	-
Interest on Long-Term Debt	17,916	-	-	-
Total Governmental Activities	<u>833,395</u>	<u>140,542</u>	<u>187,038</u>	<u>10,739</u>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Gas Utility	83,276	92,109	-	-
Water Utility	98,204	104,701	-	6,122
Tidelands Operating	130,796	77,734	2,520	1,207
Tideland Oil Revenue	101,495	124,721	-	-
Harbor	298,441	406,420	-	67,692
Non-major Enterprise Funds	171,272	180,102	248	24,565
Total Business-Type Activities	<u>883,484</u>	<u>985,787</u>	<u>2,768</u>	<u>99,586</u>
Total Primary Government	<u>\$ 1,716,879</u>	<u>\$ 1,126,329</u>	<u>\$ 189,806</u>	<u>\$ 110,325</u>
<b>COMPONENT UNIT</b>				
Long Beach Public Transportation Company	<u>\$ 104,678</u>	<u>\$ 17,032</u>	<u>\$ 70,611</u>	<u>\$ 30,062</u>

Taxes:  
Property  
Sales  
Utility Users  
Other  
Franchise Fees  
Unrestricted Investment Earnings  
Transfers  
Total General Revenues and Transfers  
Change in Net Position  
Net Position, Beginning of Year  
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
\$ (12,544)	\$ -	\$ (12,544)	\$ -
(10,234)	-	(10,234)	-
(347,660)	-	(347,660)	-
55,359	-	55,359	-
(126,096)	-	(126,096)	-
(48,290)	-	(48,290)	-
12,305	-	12,305	-
(17,916)	-	(17,916)	-
(495,076)	-	(495,076)	-
-	8,833	8,833	-
-	12,619	12,619	-
-	(49,335)	(49,335)	-
-	23,226	23,226	-
-	175,671	175,671	-
-	33,643	33,643	-
-	204,657	204,657	-
(495,076)	204,657	(290,419)	-
-	-	-	13,027
199,576	-	199,576	-
133,523	-	133,523	-
36,639	-	36,639	-
51,558	-	51,558	-
20,308	-	20,308	-
4,761	13,357	18,118	383
25,954	(25,954)	-	-
472,319	(12,597)	459,722	383
(22,757)	192,060	169,303	13,410
41,595	4,856,771	4,898,366	75,434
\$ 18,838	\$ 5,048,831	\$ 5,067,669	\$ 88,844

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

**City of Long Beach**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2018**  
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2018
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 107,895	\$ 207,339	\$ 315,234
Non-Pooled Cash and Cash Equivalents	1,331	20,404	21,735
Receivables:			
Interest Receivable	8	13	21
Property Taxes	98,472	-	98,472
Accounts Receivable	37,741	1,982	39,723
Notes and Loans Receivable	1,346	-	1,346
Due from Other Governments	41,229	25,207	66,436
Due from Other Funds	9,469	1,227	10,696
Allowance for Receivables	(25,025)	(2,840)	(27,865)
Other Assets	1,375	1,324	2,699
Advances to Other Funds	-	3,810	3,810
Land Held for Resale	-	8,182	8,182
Other Noncurrent Receivables	-	212,289	212,289
<b>Total Assets</b>	<b>\$ 273,841</b>	<b>\$ 478,937</b>	<b>\$ 752,778</b>
<b>LIABILITIES</b>			
Liabilities:			
Accounts Payable	\$ 15,054	\$ 23,352	\$ 38,406
Accrued Wages and Benefits Payable	9,546	1,420	10,966
Due to Other Governments	494	5	499
Due to Other Funds	7,206	5,102	12,308
Unearned Revenues	1,726	19,042	20,768
Deposits and Collections Held in Trust	3,413	2,669	6,082
Advances from Other Funds	1,614	3,810	5,424
<b>Total Liabilities</b>	<b>39,053</b>	<b>55,400</b>	<b>94,453</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows	98,431	209,191	307,622
<b>FUND BALANCES</b>			
Nonspendable	1,375	1,324	2,699
Restricted	4,807	174,541	179,348
Committed	67,640	1,414	69,054
Assigned	59,463	37,067	96,530
Unassigned	3,072	-	3,072
<b>Total Fund Balances</b>	<b>136,357</b>	<b>214,346</b>	<b>350,703</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 273,841</b>	<b>\$ 478,937</b>	<b>\$ 752,778</b>

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, 2018  
 (In Thousands)

Total governmental fund balances \$ 350,703

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

Capital assets, consisting of \$328,753 of non-depreciable assets and \$270,912 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. 599,665

Deferred outflows related to pension related items and economic losses from the refinancing of debt are not included in the governmental funds. 153,506

Deferred inflows related to pension related items are not included in the governmental fund activity. 103,691

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. (1,076,452)

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. (112,275)

Net position of governmental activities \$ 18,838

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, 2018  
(In Thousands)

	General	Other Governmental Funds	Total September 30, 2018
Revenues:			
Taxes:			
Property	\$ 157,906	\$ 41,430	\$ 199,336
Sales	130,852	2,671	133,523
Utility Users	36,639	-	36,639
Other Taxes	38,451	13,107	51,558
Franchise Fees	20,308	-	20,308
Licenses and Permits	18,501	7,575	26,076
Fines and Forfeitures	15,946	-	15,946
Use of Money and Property	35,470	3,949	39,419
From Other Agencies	5,723	191,847	197,570
Charges for Services	38,797	2,237	41,034
Contributions and Donations	-	137	137
Other	7,749	9,850	17,599
<b>Total Revenues</b>	<b>506,342</b>	<b>272,803</b>	<b>779,145</b>
Expenditures:			
Current:			
Legislative and Legal	13,378	-	13,378
General Government	23,520	1,906	25,426
Public Safety	341,051	19,828	360,879
Public Health	8,464	39,194	47,658
Community and Cultural	46,607	126,935	173,542
Public Works	41,975	40,475	82,450
Oil Operations	2,945	-	2,945
<b>Total Current Expenditures</b>	<b>477,940</b>	<b>228,338</b>	<b>706,278</b>
Capital Improvements	-	47,935	47,935
Debt Service:			
Principal	80	28,359	28,439
Interest	-	15,361	15,361
Debt Administration Fees	9	20	29
<b>Total Expenditures</b>	<b>478,029</b>	<b>320,013</b>	<b>798,042</b>
Excess of Revenues over (under) Expenditures	28,313	(47,210)	(18,897)
Other Financing Sources (Uses):			
Debt Issuance	-	2,306	2,306
Transfers In	57,689	67,784	125,473
Transfers Out	(53,026)	(29,227)	(82,253)
<b>Total Other Financing Sources (Uses)</b>	<b>4,663</b>	<b>40,863</b>	<b>45,526</b>
<b>Net Change in Fund Balances</b>	<b>32,976</b>	<b>(6,347)</b>	<b>26,629</b>
Fund Balances - October 1	103,381	220,693	324,074
Fund Balances - September 30	<b>\$ 136,357</b>	<b>\$ 214,346</b>	<b>\$ 350,703</b>

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, 2018**  
**(In Thousands)**

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$	26,629
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 (\$11,634) is less than depreciation (\$24,468) in the current period.		(12,834)
The net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, and donations) results in a decrease to net position.		(2,162)
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.		13,189
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.		10,462
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.		(78,470)
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.		27,205
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.		(9,959)
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.		3,183
Change in net position of governmental activities	\$	<u>(22,757)</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, 2018**  
**(In Thousands)**

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Sources:</b>				
Property Taxes	\$ 160,339	\$ 160,339	\$ 157,906	\$ (2,433)
Sales Taxes	108,916	108,916	130,852	21,936
Utility Users Taxes	38,831	38,831	36,639	(2,192)
Other Taxes	37,324	37,324	38,451	1,127
Franchise Fees	25,797	25,797	20,308	(5,489)
Licenses and Permits	23,185	23,185	18,501	(4,684)
Fines and Forfeitures	15,592	15,592	15,946	354
Use of Money and Property	28,446	40,560	33,996	(6,564)
From Other Agencies	4,398	7,593	5,723	(1,870)
Charges for Services	35,042	36,854	38,797	1,943
Other	4,293	5,141	7,749	2,608
Transfers In	20,421	18,859	57,689	38,830
Total Sources	502,584	518,991	562,557	43,566
<b>Uses:</b>				
Legislative and Legal				
Mayor and City Council	5,844	5,902	5,891	11
City Attorney	3,125	3,154	2,779	375
City Clerk	5,669	5,641	4,708	933
General Government				
City Auditor	2,703	2,789	2,719	70
City Manager	4,005	4,154	4,276	(122)
Civil Service	3,011	2,981	3,015	(34)
Financial Management	11,565	18,397	12,789	5,608
Planning and Building	758	987	1,015	(28)
Public Safety				
Police	224,501	225,735	225,009	726
Fire	87,462	91,529	92,374	(845)
Disaster Preparedness	12,565	12,440	12,616	(176)
City Prosecutor	5,733	5,727	5,878	(151)
Planning and Building - Code Enforcement	-	-	4,130	(4,130)
Police and Fire Annuity	-	-	1,072	(1,072)
Public Health	7,981	8,517	8,472	45
Community and Cultural				
Community Development	5,050	5,280	622	4,658
Library	15,807	15,702	16,232	(530)
Parks and Recreation	28,783	29,396	29,733	(337)
Public Works	40,016	43,249	42,257	992
Oil Operations	1,299	4,299	2,945	1,354
Debt Service	-	-	89	(89)
Transfers Out	36,386	47,054	53,026	(5,972)
Total Uses	502,263	532,933	531,647	1,286
Net Change in Budgetary Fund Balance:	\$ 321	\$ (13,942)	\$ 30,910	\$ 44,852
<b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>				
<b>Change in Fund Balance - September 30, Budgetary Basis</b>			\$ 30,910	
<b>Add:</b>	Encumbrances		592	
	Change in Mark-to-Market and Other Adjustments		1,474	
<b>Change in Fund Balance - September 30, GAAP Basis</b>			32,976	
<b>Fund Balance, October 1, GAAP Basis</b>			103,381	
<b>Fund Balance, September 30, GAAP Basis</b>			\$ 136,357	

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, 2018**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
<b>ASSETS</b>				
<b>Current Assets:</b>				
Pooled Cash and Cash Equivalents	\$ 35,795	\$ 34,116	\$ 156,855	\$ 43,679
Non-Pooled Cash and Cash Equivalents	265	34	23,691	-
<b>Receivables:</b>				
Interest Receivable	22	13	118	-
Accounts Receivable	9,029	6,992	5,325	29,857
Due from Other Governments	-	322	10	-
Due from Other Funds	5,070	5,921	28,167	1,742
Allowance for Receivables	(288)	(271)	(281)	-
Deposits	-	-	-	-
Inventory	2,444	4,454	-	-
Prepaid Gas - Current	23,180	-	-	-
Other Assets - Current	57	2,552	27	-
Total Current Asset	<u>75,574</u>	<u>54,133</u>	<u>213,912</u>	<u>75,278</u>
<b>Noncurrent Assets:</b>				
<b>Restricted Noncurrent assets:</b>				
Non-Pooled Cash and Cash Equivalents	-	2,659	-	-
Non-Pooled Investments	22,552	-	16,373	-
<b>Noncurrent Receivables:</b>				
Other Noncurrent Receivables (net)	-	-	10,180	-
Advances to Other Funds	-	-	-	-
Fair Value - Commodity Swap	527,051	-	-	-
<b>Capital Assets:</b>				
Land and Other Capital Assets not being Depreciated	6,609	34,383	54,650	-
Capital Assets net of Accumulated Depreciation	164,029	284,893	317,118	11,105
Prepaid Gas - Long Term	381,398	-	-	-
Other Assets - Long-Term	-	-	-	-
Total Noncurrent Assets	<u>1,101,639</u>	<u>321,935</u>	<u>398,321</u>	<u>11,105</u>
Total Assets	<u>1,177,213</u>	<u>376,068</u>	<u>612,233</u>	<u>86,383</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows	<u>12,446</u>	<u>7,564</u>	<u>16,091</u>	<u>1,168</u>

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

<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
<u>Harbor</u>	<u>Other Proprietary Funds</u>	<u>Total Proprietary Funds</u>	<u>Activities Internal Service Funds</u>
\$ 470,290	\$ 354,190	\$ 1,094,925	\$ 199,154
127,676	3,861	155,527	27,779
87	108	348	9
73,162	15,135	139,500	2,385
35,574	7,845	43,751	974
-	7,653	48,553	20,043
(2,008)	(501)	(3,349)	(30)
-	-	-	7,418
875	97	7,870	2,794
-	-	23,180	-
11,205	59	13,900	-
<u>716,861</u>	<u>388,447</u>	<u>1,524,205</u>	<u>260,526</u>
-	-	2,659	-
35,066	21,443	95,434	-
3,374	-	13,554	-
1,300	1,614	2,914	-
-	-	527,051	-
3,082,373	44,364	3,222,379	244,871
1,684,453	280,321	2,741,919	95,266
-	-	381,398	-
46,347	-	46,347	10,765
<u>4,852,913</u>	<u>347,742</u>	<u>7,033,655</u>	<u>350,902</u>
<u>5,569,774</u>	<u>736,189</u>	<u>8,557,860</u>	<u>611,428</u>
<u>21,169</u>	<u>11,348</u>	<u>69,786</u>	<u>13,929</u>

(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, 2018**  
**(In Thousands)**

(Continued)

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
<b>LIABILITIES</b>				
Current Liabilities Payable from Current Assets:				
Accounts Payable	4,262	11,141	7,153	20,424
Accrued Wages	491	582	752	101
Accrued Interest Payable	10,699	402	4,091	-
Due to Other Funds	653	1,869	933	62
Unearned Revenues	1,639	-	1,988	-
Collections Held in Trust	-	-	198	414
Customers Deposits	3,026	148	-	-
Advances from Developers	-	1,755	-	-
Accrued Self-Insurance Claims - Current	-	-	-	-
Environmental Remediation - Current	-	-	-	-
Due to State of California	-	-	-	21,564
Compensated Absences	1,392	1,876	1,290	244
Obligations Under Capital Leases - Current	1,078	-	35	-
Bonds Payable Due Within One Year	10,290	2,930	10,310	-
Other Long-Term Obligations - Current	-	-	27	-
Total Current Liabilities	<u>33,530</u>	<u>20,703</u>	<u>26,777</u>	<u>42,809</u>
Noncurrent Liabilities:				
Advances from Other Funds	-	-	1,300	-
Unearned Revenues	-	-	4,577	-
Accrued Self-Insurance Claims	-	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-	114,000
Environmental Remediation	-	-	-	-
Site Restoration	-	1,000	-	-
Due to State of California	-	-	-	-
Fair Value - Interest Rate Swap	7,473	-	-	-
Compensated Absences	4,142	4,649	2,474	705
Obligations Under Capital Leases	13,728	-	302	-
Other Long-Term Obligations	-	-	365	-
Bonds Payable	583,844	20,702	236,029	-
Total OPEB Liability	1,651	1,855	1,081	288
Net Pension Liability	29,868	35,183	45,458	6,751
Total Noncurrent Liabilities	<u>640,706</u>	<u>63,389</u>	<u>291,586</u>	<u>121,744</u>
Total Liabilities	<u>674,236</u>	<u>84,092</u>	<u>318,363</u>	<u>164,553</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows	<u>531,248</u>	<u>4,380</u>	<u>6,958</u>	<u>954</u>
<b>NET POSITION (DEFICIT)</b>				
Net Investment in Capital Assets	155,831	299,325	149,108	11,105
Restricted for:				
Debt Service	-	1,706	8,552	-
Capital Projects	-	-	178	-
Insurance	-	-	-	-
Tidelands	-	-	14,785	-
Airport	-	-	-	-
Subsidence	-	-	-	-
Unrestricted	<u>(171,656)</u>	<u>(5,871)</u>	<u>130,380</u>	<u>(89,061)</u>
Total Net Position (Deficit)	<u>\$ (15,825)</u>	<u>\$ 295,160</u>	<u>\$ 303,003</u>	<u>\$ (77,956)</u>
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 Activities
Harbor	Other Proprietary Funds	Total Proprietary Funds	Internal Service Funds
75,048	19,541	137,569	15,467
1,722	1,118	4,766	8,873
11,647	3,056	29,895	1,523
22,815	2,085	28,417	38,567
8,037	5,961	17,625	-
-	10,207	10,819	8,404
-	24	3,198	-
-	185	1,940	-
5,000	-	5,000	28,814
-	-	-	120
-	-	21,564	-
3,659	2,546	11,007	36,440
-	-	1,113	7,472
45,965	14,105	83,600	7,525
199,325	-	199,352	-
<u>373,218</u>	<u>58,828</u>	<u>555,865</u>	<u>153,205</u>
-	-	1,300	-
1,713	4,538	10,828	-
-	-	-	134,043
-	-	114,000	-
3,800	-	3,800	-
-	-	1,000	-
-	-	-	2,274
-	-	7,473	-
9,365	5,968	27,303	109,124
-	-	14,030	57,201
348,079	-	348,444	202,069
637,425	112,174	1,590,174	35,005
3,467	2,443	10,785	3,172
110,982	60,774	289,016	64,424
<u>1,114,831</u>	<u>185,897</u>	<u>2,418,153</u>	<u>607,312</u>
<u>1,488,049</u>	<u>244,725</u>	<u>2,974,018</u>	<u>760,517</u>
<u>21,729</u>	<u>7,895</u>	<u>573,164</u>	<u>8,748</u>
3,642,910	219,445	4,477,724	79,027
17,237	864	28,359	-
39,351	28,063	67,592	15
-	-	-	18,977
-	-	14,785	-
-	8,258	8,258	-
-	179,619	179,619	-
381,667	58,668	304,127	(241,927)
<u>\$ 4,081,165</u>	<u>\$ 494,917</u>	<u>5,080,464</u>	<u>\$ (143,908)</u>
		(31,633)	
		<u>\$ 5,048,831</u>	

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

**City of Long Beach**  
**Proprietary Funds**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)**  
**For the Fiscal Year Ended September 30, 2018**  
**(In Thousands)**

	Business-type Activities - Enterprise Funds			
	Gas Utility	Water Utility	Tidelands Operating	Tideland Oil Revenue
Operating Revenues:				
Licenses and Permits	\$ -	\$ -	\$ 420	\$ -
Fines and Forfeitures	-	-	241	-
Fees, Concessions, and Rentals	60	-	46,558	119,894
From Other Agencies	-	-	89	-
Charges for Services	90,897	99,173	30,274	4,520
Other	829	-	116	-
Total Operating Revenues	91,786	99,173	77,698	124,414
Operating Expenses:				
Personnel Services	19,046	22,500	34,742	3,777
Purchases of Gas and Water	10,840	29,927	-	-
Maintenance and Other Operations	14,393	30,306	65,883	3,789
Rental Expense	-	-	-	-
Insurance Premiums	-	-	-	-
Self-Insured Losses	-	-	-	-
Compensated Absences	-	-	-	-
Employee Benefits	-	-	-	-
Payments to Other Entities	-	-	-	91,316
Amortization	-	-	500	-
Depreciation	7,497	12,553	21,200	1,427
Total Operating Expenses	51,776	95,286	122,325	100,309
Operating Income (Loss)	40,010	3,887	(44,627)	24,105
Non-Operating Income (Expenses):				
Interest Income	1,230	461	3,040	-
Interest Expense	(30,277)	(374)	(9,116)	-
Gain (Loss) on Disposition of Capital Assets	(748)	138	-	-
Oil Field Abandonment Costs	-	-	-	(1,300)
Operating Grants	-	-	2,520	-
Other Income	323	5,528	36	307
Other Expense	(746)	(3,332)	(406)	-
Total Non-Operating Income (Expenses)	(30,218)	2,421	(3,926)	(993)
Income (Loss) Before Contributions and Transfers	9,792	6,308	(48,553)	23,112
Capital Grants and Contributions	-	6,122	1,207	-
Transfers:				
Transfers In	-	-	37,487	-
Transfers Out	(20,177)	(34)	(1,472)	(17,017)
Change in Net Position	(10,385)	12,396	(11,331)	6,095
Net Position (Deficit) - October 1	(5,440)	282,764	314,334	(84,051)
Net Position (Deficit) - September 30	\$ (15,825)	\$ 295,160	\$ 303,003	\$ (77,956)
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
\$ -	\$ 27,176	\$ 27,596	\$ -
-	32	273	-
398,655	47,080	612,247	-
-	324	413	-
-	101,544	326,408	388,469
3,023	264	4,232	7,149
<u>401,678</u>	<u>176,420</u>	<u>971,169</u>	<u>395,618</u>
-	50,722	130,787	49,842
-	-	40,767	-
136,669	100,422	351,462	63,346
-	289	289	-
-	-	-	3,657
-	-	-	34,873
-	-	-	57,576
-	-	-	153,724
-	-	91,316	-
-	-	500	241
<u>147,223</u>	<u>13,753</u>	<u>203,653</u>	<u>11,672</u>
<u>283,892</u>	<u>165,186</u>	<u>818,774</u>	<u>374,931</u>
<u>117,786</u>	<u>11,234</u>	<u>152,395</u>	<u>20,687</u>
4,808	3,818	13,357	1,004
(14,536)	(7,990)	(62,293)	(3,890)
100	(100)	(610)	363
-	-	(1,300)	-
-	248	2,768	-
4,742	3,682	14,618	8,075
(2,889)	(174)	(7,547)	(7)
<u>(7,775)</u>	<u>(516)</u>	<u>(41,007)</u>	<u>5,545</u>
110,011	10,718	111,388	26,232
67,692	24,565	99,586	1,257
-	90	37,577	8,804
<u>(22,675)</u>	<u>(2,156)</u>	<u>(63,531)</u>	<u>(26,070)</u>
155,028	33,217	185,020	10,223
3,926,137	461,700	4,895,444	(154,131)
<u>\$ 4,081,165</u>	<u>\$ 494,917</u>	<u>5,080,464</u>	<u>\$ (143,908)</u>
		185,020	
		7,040	
		<u>\$ 192,060</u>	

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, 2018  
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Business-Type Activities - Enterprise Funds</u>			
	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>	<u>Tideland Oil Revenue</u>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 90,917	\$ 98,820	\$ 50,717	\$ -
Receipts from Oil Companies	-	-	-	105,983
Receipts from Other Governments	-	-	33,206	-
Receipts from Other Funds	-	-	3,849	-
Payments for Employee Salaries	(17,541)	(19,811)	(32,046)	(4,178)
Payments for Goods and Services	(30,503)	(56,659)	(74,640)	8,974
Payments for Compensated Absences	-	-	-	-
Payments for Employee Benefits	-	-	-	-
Payments for Liability Claims	-	-	-	-
Payments to Other Entities	-	-	(10,180)	(80,965)
Payments in Lieu of Taxes	-	(2,671)	-	-
Other Income	23,111	2,231	152	307
Other Expense	(757)	-	(267)	-
Net Cash Provided by (Used for) Operating Activities	<u>65,227</u>	<u>21,910</u>	<u>(29,209)</u>	<u>30,121</u>
Cash Flows from Non-Capital Financing Activities:				
Other Income	-	-	-	-
Operating Grants Received from Other Governments	-	-	-	-
Receipts from Prepayment of Gas Supply	5,964	-	-	-
Payments of Principal on Bonds Payable	(8,925)	-	-	-
Payments of Interest	(30,629)	-	-	-
Transfers In	-	-	43,087	-
Transfers Out	(20,177)	(34)	(9,235)	(17,017)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(53,767)</u>	<u>(34)</u>	<u>33,852</u>	<u>(17,017)</u>
Cash Flows from Capital and Related Financing Activities:				
Receipt of Capital Grants	-	-	-	-
Proceeds from the Sale of Capital Assets	-	134	-	-
Proceeds from Issuance of Long-Term Obligations	-	-	27,756	-
Payment of Cost of Issuance	-	-	139	-
Receipts of Contributed Capital	-	6,146	-	-
Receipts from Passenger Facility Charges	-	-	-	-
Payments to Developers	-	-	-	-
Payments for Capital Acquisitions	(11,829)	(23,658)	(19,383)	-
Payments of Principal on Bonds Payable	-	(2,815)	(7,900)	-
Payments of Principal on Other Long-Term Obligations	(1,512)	-	(59)	-
Payments to Defeasance Bonds	-	-	-	-
Payments of Interest	(764)	(1,077)	(9,486)	-
Receipt of Federal Subsidy	-	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(14,105)</u>	<u>(21,270)</u>	<u>(8,933)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	(1,070)	-	-	-
Payments for Investments	-	-	(19)	-
Payment from Joint Venture (Note 21)	-	-	-	-
Receipts of Interest	1,228	207	2,969	-
Net Cash Provided by Investing Activities	<u>158</u>	<u>207</u>	<u>2,950</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(2,487)</u>	<u>813</u>	<u>(1,340)</u>	<u>13,104</u>
Cash and Cash Equivalents - October 1	<u>38,547</u>	<u>35,996</u>	<u>181,886</u>	<u>30,575</u>
Cash and Cash Equivalents - September 30	<u><u>36,060</u></u>	<u><u>\$ 36,809</u></u>	<u><u>\$ 180,546</u></u>	<u><u>\$ 43,679</u></u>

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
\$ 396,664	\$ 176,979	\$ 814,097	\$ 7,475
-	-	105,983	-
-	(9)	33,197	-
-	8,662	12,511	386,445
(62,882)	(46,337)	(182,795)	(45,132)
119,283	(94,932)	(128,477)	(64,805)
-	-	-	(66,827)
-	-	-	(181,052)
-	-	-	(17,185)
-	-	(91,145)	(62)
-	(2,858)	(5,529)	-
3,995	2,537	32,333	5,280
-	(42)	(1,066)	(7)
<u>457,060</u>	<u>44,000</u>	<u>589,109</u>	<u>24,130</u>
-	-	-	1,692
-	701	701	129
-	-	5,964	-
-	-	(8,925)	-
-	-	(30,629)	-
-	90	43,177	(26,070)
<u>(19,050)</u>	<u>(2,465)</u>	<u>(67,978)</u>	<u>8,804</u>
<u>(19,050)</u>	<u>(1,674)</u>	<u>(57,690)</u>	<u>(15,445)</u>
86,041	8,990	95,031	-
100	36	270	559
-	-	27,756	-
-	-	139	-
-	-	6,146	1,257
-	8,123	8,123	-
-	549	549	-
(457,959)	(27,279)	(540,108)	67,062
(30,684)	(13,399)	(54,798)	-
-	-	(1,571)	(66,490)
-	-	-	(773)
(34,799)	(7,282)	(53,408)	(3,919)
-	1,126	1,126	-
<u>(437,301)</u>	<u>(29,136)</u>	<u>(510,745)</u>	<u>(2,304)</u>
23,317	(93)	22,154	-
-	-	(19)	-
4,000	-	4,000	-
<u>4,809</u>	<u>3,086</u>	<u>12,299</u>	<u>1,006</u>
<u>32,126</u>	<u>2,993</u>	<u>38,434</u>	<u>1,006</u>
32,835	16,183	59,108	7,387
565,131	341,868	1,194,003	219,546
<u>\$ 597,966</u>	<u>\$ 358,051</u>	<u>\$ 1,253,111</u>	<u>\$ 226,933</u>

(continued)

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

(Continued)

<u>Business-Type Activities - Enterprise Funds</u>				
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>	<u>Tideland Oil Revenue</u>
Operating Income (Loss)	\$ 40,010	\$ 3,887	\$ (44,627)	\$ 24,105
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization Expense	7,497	12,553	21,700	1,427
Other Income	23,111	2,269	3,764	307
Other Expense	(746)	2,819	(267)	-
(Increase) Decrease in Accounts Receivable, Net	(489)	(110)	(10,124)	(17,532)
Decrease in Amounts Due to Other Governments	-	-	4,125	14,008
(Increase) Decrease in Amounts Due from Other Governments	-	(291)	33	-
(Increase) Decrease in Amounts Due from Other Funds	(216)	-	-	-
(Increase) Decrease in Inventory	(604)	(612)	-	-
(Increase) Decrease in Other Assets	(6,146)	-	-	-
Increase (Decrease) in Accounts Payable	1,392	663	(6,445)	12,763
Increase (Decrease) in Accrued Wages Payable	1,500	(130)	2,667	(398)
Increase (Decrease) in Amounts Due to Other Funds	27	814	2	(3,660)
Increase in Accrued Claims Payable	-	-	-	-
Increase (Decrease) in Unearned Revenues	(51)	-	(15)	-
Increase (Decrease) in Collections Held in Trust	(58)	48	(22)	(899)
Total Adjustments	25,217	18,023	15,418	6,016
Net Cash Provided by (Used for) Operating Activities	\$ 65,227	\$ 21,910	\$ (29,209)	\$ 30,121
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>				
Contributed Capital Assets	\$ -	\$ 5,113	\$ -	\$ -
Amortization of Bond Premium (Discount), Net	22,788	-	(1,112)	-
Accrued Capital Asset Costs	-	1,844	-	-
Accrued Oilfield Abandonment Costs	-	-	-	1,300
Amortization of Deferred Outflows on Debt Refunding	-	-	485	-
Amortization of Deferred Inflows on Debt Refunding	-	-	-	-
Other Accrued Liabilities	-	-	-	-
Accrued Transfers	-	-	-	-

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

Business-Type Activities - Enterprise Funds			Governmental
	Other	Total	Activities
Harbor	Proprietary	Proprietary	Internal
	Funds	Funds	Service
			Funds
\$ 117,786	\$ 11,234	\$ 152,395	\$ 20,687
147,223	13,753	204,153	11,913
-	2,292	31,743	6,254
3,995	333	6,134	(7)
(4,079)	618	(31,716)	(636)
-	-	18,133	-
-	(23)	(281)	(974)
-	49	(167)	(1,810)
(145)	(20)	(1,381)	(265)
-	95	(6,051)	-
(12,155)	9,712	5,930	1,967
7,181	4,003	14,823	(24,237)
(1,136)	1,044	(2,909)	4,057
199,325	-	199,325	6,737
(935)	300	(701)	-
-	610	(321)	444
339,274	32,766	436,714	3,443
\$ 457,060	\$ 44,000	\$ 589,109	\$ 24,130

\$ -	\$ -	\$ 5,113	\$ -
18,799	(413)	40,062	-
66,088	-	67,932	-
-	-	1,300	-
791	-	1,276	80
3,492	-	3,492	-
89,792	-	89,792	99,014
20,084	-	20,084	-

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, 2018  
(In Thousands)

	Private Purpose Trust Funds	Custodial Funds
ASSETS:		
Pooled Cash and Cash Equivalents	\$ 845	\$ 12,427
Non-Pooled Investments	-	1,018
Non-Pooled Cash and Cash Equivalents	-	8,346
Property Taxes Receivable	-	31
Interest Receivable	-	6
Accounts Receivable	-	621
Prepaid Expense	-	8
Land	-	11,000
Total Assets	845	33,457
LIABILITIES:		
Accounts Payable	-	1,891
Collections Held in Trust	-	28
Total Liabilities	-	1,919
NET POSITION:		
Restricted for:		
Miller Library Trust	700	-
Mayor's Fund for the Homeless	145	-
Oil Rights	-	1,693
Special Assesment Districts	-	11,715
Intermodal Container Transfer Facility	-	5,640
Los Cerritos Wetlands Authority	-	11,297
Other Custodial Funds	-	1,193
Total Restricted Net Position	\$ 845	\$ 31,538

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

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions	\$ 33	\$ 7,554
Taxes	-	14,593
Grants	-	340
Use of Money and Property	5	193
Miscellaneous Revenue	-	2,609
Total Additions	38	25,289
DEDUCTIONS:		
Administrative Expense	40	97
Payments to Other Governments	-	8,492
Payments to Bond Holders	-	6,161
Payments to Others	-	14,908
Total Deductions	40	29,658
Change in Net Position	(2)	(4,369)
Net Position, October 1, as adjusted	847	35,907
Net Position, September 30	\$ 845	\$ 31,538

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, 2018

**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, 2018

*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, 2018

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.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

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

With this measurement focus, operating statements present increases and decreases in net current assets and unrestricted fund balance that is either committed, assigned, or unassigned, as a measure of available spendable resources. This is the traditional basis of accounting for governmental funds and 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 City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

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

*Fiduciary Funds* include private trust and 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, 2018

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 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 holding 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."

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

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 is remitted to the County for distribution.

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.

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, 2018, 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 other post-employment benefits (OPEB) liability in the accompanying financial statements. Per GASB recommendation, the OPEB liability of \$37.5 million associated with governmental funds will be reported only within the government-wide financial statements.

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As of September 30, 2018, 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>	35,600	90,235	3,172	129,007
<i>Enterprise Funds</i>	9,178	23,905	10,785	43,868
<i>Total</i>	<u>\$ 44,778</u>	<u>\$ 114,140</u>	<u>\$ 13,957</u>	<u>\$ 172,875</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>	\$ 35,600	\$ 109,965	\$ 40,716	\$ 186,281
<i>Business-Type Activities</i>	9,178	29,132	10,785	49,095
<i>Total</i>	<u>\$ 44,778</u>	<u>\$ 139,097</u>	<u>\$ 51,501</u>	<u>\$ 235,376</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>
<b>Nonspendable</b>	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	1. Inventories, prepaid items, long-term receivables, and permanent principal of endowment funds.
<b>Restricted</b>	Fund balance should be reported as restricted when constraints placed on the use of resources are either (a) Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) Imposed by law through constitutional provisions or enabling legislation.	1. Restricted by state statute; 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.
<b>Unrestricted</b>	<b>Committed</b>	Used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
	<b>Assigned</b>	Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
	<b>Unassigned</b>	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned.

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

Budgetary Principles

The City Council adopted the fiscal year 2018 budget prior to September 30, 2017 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, 2018, the reserve balance within the Subsidence Fund is \$180.8 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund 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, 2018, the remaining loan balance was \$2.1 million.

Implementation of New Accounting Pronouncements

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. The City is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

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In June 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 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.

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.

Estimates and Rounding

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

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**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)
<b>ASSETS</b>					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 315,234	\$ -	\$ 199,154	\$ (421,306)	\$ 93,082
Non-Pooled Cash and Cash Equivalents	21,735	-	27,779	-	49,514
Pooled Investments	-	-	-	242,988	242,988
Interest Receivable	21	154	9	-	184
Property Taxes Receivable, Net	98,472	-	-	(4,234)	94,238
Accounts Receivable	39,723	-	2,385	(42,108)	-
Notes and Loans Receivable	1,346	-	-	(1,346)	-
Due from Other Governments	66,436	-	974	-	67,410
Due from Other Funds	10,696	-	20,043	(30,739)	-
Allowance for Receivables	(27,865)	-	(30)	27,895	-
Accounts and Loans Receivables, Net	-	-	-	19,793	19,793
Internal Balances	-	-	-	9,883	9,883
Deposits	-	-	7,418	(7,418)	-
Inventory	-	-	2,794	-	2,794
Other Assets	2,699	-	-	7,418	10,117
Advances to Other Funds	3,810	-	-	(3,810)	-
Land Held for Resale	8,182	-	-	-	8,182
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	178,318	178,318
Other Noncurrent Receivables	212,289	-	-	-	212,289
Capital Assets:					
Nondepreciable	-	328,753	244,871	-	573,624
Depreciable, Net	-	270,912	95,266	-	366,178
Other Noncurrent Assets	-	-	10,765	-	10,765
Total Assets	<u>752,778</u>	<u>599,819</u>	<u>611,428</u>	<u>(24,666)</u>	<u>1,939,359</u>
Deferred Outflows of Resources	-	-	13,929	153,506	167,435
Total Assets and Deferred Outflows of Resources	<u>\$ 752,778</u>	<u>\$ 599,819</u>	<u>\$ 625,357</u>	<u>\$ 128,840</u>	<u>\$ 2,106,794</u>

*(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)
<b>LIABILITIES</b>					
Current Liabilities:					
Accounts Payable	\$ 38,406	\$ -	\$ 15,467	\$ -	\$ 53,873
Accrued Wages and Benefits Payable	10,966	-	8,873	-	19,839
Accrued Interest Payable	-	2,952	1,523	-	4,475
Due to Other Governments	499	-	-	-	499
Due to Other Funds	12,308	-	38,567	(50,875)	-
Unearned Revenue	20,768	(2,922)	-	14,486	32,332
Accrued Claims	-	-	-	-	-
Deposits and Collections Held in Trust	6,082	-	8,404	(14,486)	-
Advances from Other Funds	5,424	-	-	(5,424)	-
Long-term Liabilities Due Within One Year:					
Bonds Payable	-	19,975	7,525	(27,500)	-
Notes Payable	-	334	-	(334)	-
Capital Leases Payable	-	2,240	7,472	(9,712)	-
Environmental Remediation	-	71	120	(191)	-
Accrued Self Insurance Claims Payable	-	-	28,814	(28,814)	-
Total Employee Benefits and Accrued LT Obligations	-	-	36,440	29,005	65,445
Total LT Debt and Other LT Obligations	-	-	-	37,546	37,546
Long-term Liabilities Due Beyond One Year:					
Bonds Payable	-	276,793	35,005	(311,798)	-
Notes Payable	-	7,270	-	(7,270)	-
Capital Leases Payable	-	756	57,201	(57,957)	-
Other Long-term Obligation	-	-	202,069	(202,069)	-
Police and Fire Annuities Payable	-	6,810	-	(6,810)	-
Estimated Oil Field Abandonment Costs Payable	-	21,570	-	(21,570)	-
Environmental Remediation	-	319	2,274	(2,593)	-
Accrued Self Insurance Claims Payable	-	-	134,043	(134,043)	-
Employee Benefits Payable	-	-	109,124	(109,124)	-
Total OPEB Liability	-	37,544	3,172	-	40,716
Net Pension Liability	-	702,894	64,424	-	767,318
Total Employee Benefits and Accrued LT Obligations	-	-	-	274,140	274,140
Total LT Debt and Other LT Obligations	-	-	-	579,094	579,094
Total Liabilities	94,453	1,076,606	760,517	(56,299)	1,875,277
Deferred Inflows of Resources	307,622	-	8,748	(103,691)	212,679
Fund Balance / Net Position					
Total Fund Balance / Net Position	350,703	(476,787)	(143,908)	288,830	18,838
Total Liabilities, Deferred Inflows and Fund Balance / Net Position	\$ 752,778	\$ 599,819	\$ 625,357	\$ 128,840	\$ 2,106,794

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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)
<b>Revenues:</b>					
Taxes	\$ 421,056	\$ -	\$ -	\$ 240	\$ 421,296
Franchise Fees	20,308	-	-	-	20,308
Licenses and Permits	26,076	-	-	(26,076)	-
Fines and Forfeitures	15,946	-	-	(15,946)	-
<b>Use of Money and Property /</b>					
Unrestricted Investment Earnings	39,419	-	1,004	(35,662)	4,761
From Other Agencies	197,570	-	-	(197,570)	-
Charges for Services	41,034	-	-	(41,034)	-
Other Contributions	137	-	-	(137)	-
Other	17,599	-	-	(17,599)	-
<b>Program Revenue:</b>					
Charges for Services	-	-	7,149	133,393	140,542
Operating Grants and Contributions	-	-	-	187,038	187,038
Capital Grants and Contributions	-	-	-	10,739	10,739
<b>Other Financing Sources :</b>					
Issuance of Long-term Debt	2,306	-	-	(2,306)	-
Transfers, Net	43,220	-	(17,266)	-	25,954
<b>Total Revenues</b>	<b>824,671</b>	<b>-</b>	<b>(9,113)</b>	<b>(4,920)</b>	<b>810,638</b>
<b>Expenditures / Expenses:</b>					
<b>Current:</b>					
Legislative and Legal	13,378	2,026	(2,379)	-	13,025
General Government	25,426	4,565	(802)	-	29,189
Public Safety	360,879	56,378	(7,625)	-	409,632
Public Health	47,658	6,958	(1,571)	-	53,045
Community and Cultural	173,542	12,854	(2,980)	(15,792)	167,624
Public Works	82,450	57,588	(829)	-	139,209
Oil Operations	2,945	810	-	-	3,755
<b>Capital Improvements</b>					
Capital Improvements	47,935	(47,935)	-	-	-
<b>Debt Service:</b>					
Principal	28,439	(28,439)	-	-	-
Interest on Long-Term Debt	15,361	(1,335)	3,890	-	17,916
Debt Administration Fees	29	(29)	-	-	-
<b>Total Expenditures / Expenses</b>	<b>798,042</b>	<b>63,441</b>	<b>(12,296)</b>	<b>(15,792)</b>	<b>833,395</b>
<b>Net Change in Fund Balances</b>	<b>\$ 26,629</b>	<b>\$ (63,441)</b>	<b>\$ 3,183</b>	<b>\$ 10,872</b>	<b>\$ (22,757)</b>

**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, 2018 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Cash and investments in Pool	\$ 1,622,585
Non-pooled cash and investments	312,498
Total cash and investments	\$ 1,935,083

Cash and investments as of September 30, 2018 consist of the following:

Cash and deposits	\$ 78,231
Investments	1,856,852
Total cash and investments	\$ 1,935,083

A breakdown of cash, cash equivalents, and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2018 is as follows (in thousands):

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Fiduciary Funds</i>	<i>Total</i>
Pooled Cash and Cash Equivalents	\$ 93,082	\$ 198,131	\$ 13,272	\$ 304,485
Non-pooled Cash and Cash Equivalents	49,514	155,527	8,346	213,387
Pooled Investments	242,988	517,225	-	760,213
Non-pooled Investments	-	-	1,018	1,018
Noncurrent Pooled Investments	178,318	379,569	-	557,887
Restricted Assets:				
Non-pooled Cash and Cash Equivalents	-	2,659	-	2,659
Non-pooled Investments	-	95,434	-	95,434
Total Deposits and Investments	\$ 563,902	\$ 1,348,545	\$ 22,636	\$ 1,935,083

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, 2018. 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>Percentage of Portfolio</i>	<i>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, 2018 (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	\$ 133	-
U.S. Treasury notes	753,467	1.06
Federal agency securities	610,971	1.55
Local Agency Investment Fund (LAIF)	181,673	-
Subtotal Pooled Cash and Investments	1,546,244	
Cash and deposits	76,341	N/A
Total Pooled Cash and Investments	<u>\$ 1,622,585</u>	
Non-Pooled Cash And Investments		
Money market funds	\$ 211,497	-
U.S. Treasury notes	76,560	1.87
Guaranteed investment contracts	22,551	19.14
Subtotal Non-Pooled Cash And Investments	310,608	
Cash and deposits	1,890	N/A
Total Non-Pooled Cash And Investments	<u>\$ 312,498</u>	



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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, 2018 for each investment type (in thousands):

<i>Rating as of Year End</i>					
<i>Investment Type</i>	<i>Minimum Legal Rating</i>	<i>Total</i>	<i>AAA</i>	<i>AA+</i>	<i>Unrated</i>
Cash and investments in Pool					
Money market account	AAA	\$ 133	\$ 133	\$ -	\$ -
U.S. Treasury notes	N/A	753,467	-	753,467	-
Federal agency securities	N/A	610,971	-	610,971	-
Local Agency Investment Fund (LAIF)	N/A	181,673	-	-	181,673
Subtotal Pool		1,546,244	133	1,364,438	181,673
Cash and deposits	N/A	76,341	-	-	76,341
Total Pool		<u>\$ 1,622,585</u>	<u>\$ 133</u>	<u>\$ 1,364,438</u>	<u>\$ 258,014</u>
Non-pooled cash and investments					
Cash and deposits	N/A	\$ 1,890	\$ -	\$ -	\$ 1,890
Money market funds	AAA	211,497	-	-	211,497
U.S. Treasury notes	N/A	76,560	-	76,560	-
Guaranteed Investment Contracts	N/A	22,551	-	-	22,551
Total non-pooled cash and investments		<u>\$ 312,498</u>	<u>\$ -</u>	<u>\$ 76,560</u>	<u>\$ 235,938</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	\$ 753,467
Federal National Mtg Assn	Federal agency securities	324,108
Federal Home Loan Bank	Federal agency securities	133,936
Federal Home Loan Mtg Corp	Federal agency securities	126,281
Local Agency Investment Fund (LAIF)	Local agency securities	181,673

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

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

As of September 30, 2018, the City reported deposits of \$91 million, collateralized in compliance with California Government Code, \$14.3 million for checks outstanding.

Fair Value Hierarchy

The City has the following recurring fair value measurements as of September 30, 2018:

- U.S. Treasury Notes totaling \$830.0 million and Federal Agencies securities totaling \$611.0 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 \$181.7 million is measured at fair value, however, the investment is not required to be leveled.
- Money Market Funds and Guaranteed Investment Contracts totaling \$211.6 million and \$22.6 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, 2018 (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>
<b>Debt Securities</b>				
U.S. Treasury notes	\$ 830,027		\$ 830,027	\$ -
Federal agency securities	610,971	-	610,971	-
Total investments at fair value	1,440,998	\$ -	\$1,440,998	\$ -
<b><u>Other Investments at Fair Value</u></b>				
Local Agency Investment Fund (LAIF)	181,673			
<b><u>Other Investments at Cost or Contract Value</u></b>				
Money market funds	211,630			
Guaranteed investment contracts	22,551			
Total investments	<u>\$1,856,852</u>			

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**NOTE 5 – RECEIVABLES**

Receivables at September 30, 2018 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 \$155 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>Nonmajor Governmental Funds</i>	<i>Internal Service Funds</i>	<i>Total</i>
Governmental Activities:				
Receivables:				
Interest <sup>1</sup>	\$ 8	\$ 13	\$ 9	\$ 30
Taxes	98,472	-	-	98,472
Accounts, Unrestricted	37,741	1,982	2,385	42,108
Notes and Loans	1,346	-	-	1,346
Due from Other Governments	41,229	25,207	974	67,410
Other Noncurrent Receivables	-	212,289	-	212,289
Total Receivables	178,796	239,491	3,368	421,655
Less Allowance for Receivables	(25,025)	(2,840)	(30)	(27,895)
Net Receivables	<u>\$ 153,771</u>	<u>\$ 236,651</u>	<u>\$ 3,338</u>	<u>\$ 393,760</u>

<sup>1</sup> Excludes \$155 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	\$ 22	\$ 13	\$ 118	\$ -	\$ 87	\$ 108	\$ 348
Accounts, Unrestricted	9,029	6,992	5,325	29,857	73,162	15,135	139,500
Due from Other Governments	-	322	10	-	35,574	7,845	43,751
Other Noncurrent Receivables	-	-	10,180	-	3,374	-	13,554
Total Receivables	9,051	7,327	15,633	29,857	112,197	23,088	197,153
Less Allowance for Receivables	(288)	(271)	(281)	-	(2,008)	(501)	(3,349)
Net Receivables	<u>\$8,763</u>	<u>\$7,056</u>	<u>\$15,352</u>	<u>\$29,857</u>	<u>\$110,189</u>	<u>\$22,587</u>	<u>\$193,804</u>

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

The composition of interfund balances as of September 30, 2018 is as follows (in thousands):

	<i>Receivable - Due to:</i>								
	<i>Nonmajor</i>			<i>Nonmajor</i>			<i>Internal</i>	<i>Total</i>	
	<i>General</i>	<i>Gov'tal</i>	<i>Gas</i>	<i>Water</i>	<i>Tidelands</i>	<i>Oil</i>	<i>Proprietary</i>	<i>Service</i>	<i>Due</i>
	<i>Funds</i>	<i>Utility</i>	<i>Utility</i>	<i>Utility</i>	<i>Oil</i>	<i>Funds</i>	<i>Funds</i>	<i>from</i>	
Payable- Due from:									
General	\$ -	\$ 247	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 6,459	\$ 7,206
Nonmajor Gov'tal	3,885	180	-	114	-	-	49	874	5,102
Gas Utility	351	-	-	-	-	-	-	302	653
Water Utility	1,367	4	140	-	-	-	-	358	1,869
Tidelands Operating	-	-	-	-	-	470	-	463	933
Tidelands Oil	-	-	-	-	-	-	-	62	62
Harbor	31	490	-	214	21,017	-	-	1,063	22,815
Nonmajor Proprietary	1,120	185	91	-	-	-	-	689	2,085
Internal Service	2,715	121	4,839	5,593	7,150	1,272	7,104	9,773	38,567
Total Due to	<u>\$ 9,469</u>	<u>\$ 1,227</u>	<u>\$ 5,070</u>	<u>\$ 5,921</u>	<u>\$ 28,167</u>	<u>\$ 1,742</u>	<u>\$ 7,653</u>	<u>\$ 20,043</u>	<u>\$ 79,292</u>

	<i>Receivable - Advances from:</i>			
	<i>Nonmajor</i>		<i>Nonmajor</i>	<i>Total</i>
	<i>Nonmajor</i>	<i>Harbor</i>	<i>Proprietary</i>	<i>Advances</i>
	<i>Governmental</i>	<i>Funds</i>	<i>to</i>	
Payable - Advances to:				
General	\$ -	\$ -	\$ 1,614	\$ 1,614
Nonmajor Governmental	3,810	-	-	3,810
Tidelands	-	1,300	-	1,300
Total Advances from	<u>\$ 3,810</u>	<u>\$ 1,300</u>	<u>\$ 1,614</u>	<u>\$ 6,724</u>

**Due to / Due from Other Funds**

The General Fund has provided \$3.9 million to non-major governmental funds. Of this amount, \$2.2 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 \$1.7 million for temporary cash flow in order to cover expenses for the Homeland Security 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 2018 operating revenues is \$21.0 million and will be paid in fiscal year 2019.

The Employee Benefits Fund, as part of a change in CalPERS funding policy which resulted in the distribution of accrued paid time off liabilities to the owner proprietary funds, recoded a due to other funds of \$36.6 million.

**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

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repayment of \$500 thousand per year at zero percent interest. The balance outstanding as of September 30, 2018 is \$2.1 million, of which \$1.6 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, 2018.

Interfund Transfers

The City regularly executes transfers from one fund to another, such as for the reimbursement of services. At September 30, 2018, interfund transfers are as follows (in thousands):

	<i>Transfers To:</i>					
	<i>Nonmajor Governmental</i>		<i>Nonmajor Proprietary</i>		<i>Internal Service</i>	<i>Total Transfers</i>
	<i>General</i>	<i>Funds</i>	<i>Operating</i>	<i>Funds</i>	<i>Funds</i>	<i>Out</i>
Transfers Out of:						
General	\$ -	\$ 51,213	\$ -	\$ 50	\$ 1,763	\$ 53,026
Nonmajor Governmental	15,459	13,768	-	-	-	29,227
Gas Utility	19,150	796	-	40	191	20,177
Water Utility	-	-	-	-	34	34
Tidelands Operating	-	-	-	-	1,472	1,472
Tideland Oil Revenue	-	-	17,001	-	16	17,017
Harbor	-	-	20,084	-	2,591	22,675
Nonmajor Proprietary	250	1,418	-	-	488	2,156
Internal Service Funds	22,830	589	402	-	2,249	26,070
Total Transfers In	<u>\$57,689</u>	<u>\$ 67,784</u>	<u>\$ 37,487</u>	<u>\$ 90</u>	<u>\$ 8,804</u>	<u>\$171,854</u>

Significant transfers include the following:

The General Fund transferred a total of \$51.2 million to non-major governmental funds in fiscal year 2018. Of this \$13.4 million was transferred to the General Debt Service Fund for debt service payments and fiscal agent fees and \$35.6 million was transferred to the General Capital Projects Fund for ongoing projects.

The Employee Benefits Internal Service Fund transferred \$6.8 million to the General Fund to refund amounts collected through applied rates for pension expenses. These expenses are also recorded as period expenditures in the General Fund.

Non-major governmental funds transferred \$13.8 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 debts service payments.

The Harbor transferred \$20.1 million to the Tidelands Operating Fund as allowed by the City Charter. The Tidelands Oil Revenue Fund transferred \$17.1 million under the optimized water flood program to the Tidelands Fund. The Gas Utility Fund transferred \$19.2 million to the General Fund as allowed by City Charter.

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**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for governmental activity for the year ended September 30, 2018 is as follows (in thousands):

<b><i>Governmental Activities:</i></b>	<b><i>Balance at October 1, 2017</i></b>	<b><i>Increase</i></b>	<b><i>Decrease</i></b>	<b><i>Transfers</i></b>	<b><i>Balance at September 30, 2018</i></b>
Capital Assets not being Depreciated:					
Land	\$ 237,170	\$ -	\$ (1,532)	\$ -	\$ 235,638
Rights-of-way	81,340	-	-	-	81,340
Construction In Progress	136,255	132,913	(642)	(11,880)	256,646
Total Capital Assets not being Depreciated	<u>454,765</u>	<u>132,913</u>	<u>(2,174)</u>	<u>(11,880)</u>	<u>573,624</u>
Capital Assets being Depreciated:					
Buildings	319,371	-	(704)	-	318,667
Improvements Other than Buildings	120,891	164	(24)	11,880	132,911
Infrastructure	426,995	-	-	-	426,995
Machinery and Equipment	59,971	214	(670)	-	59,515
Vehicles and Aircraft	115,641	13,019	(6,951)	-	121,709
Software and Patents	23,652	813	(11)	-	24,454
Total Capital Assets being Depreciated	<u>1,066,521</u>	<u>14,210</u>	<u>(8,360)</u>	<u>11,880</u>	<u>1,084,251</u>
Less Accumulated Depreciation for:					
Buildings	(158,247)	(7,732)	81	-	(165,898)
Improvements Other than Buildings	(68,662)	(5,797)	14	-	(74,445)
Infrastructure	(323,602)	(11,796)	-	-	(335,398)
Machinery and Equipment	(52,213)	(1,649)	668	-	(53,194)
Vehicles and Aircraft	(73,330)	(7,986)	6,758	-	(74,558)
Software and Patents	(13,411)	(1,180)	11	-	(14,580)
Total Accumulated Depreciation	<u>(689,465)</u>	<u>(36,140)</u>	<u>7,532</u>	<u>-</u>	<u>(718,073)</u>
Total Capital Assets being Depreciated, Net	<u>377,056</u>	<u>(21,930)</u>	<u>(828)</u>	<u>11,880</u>	<u>366,178</u>
Governmental Activities Capital Assets, Net	<u>\$ 831,821</u>	<u>\$ 110,983</u>	<u>\$ (3,002)</u>	<u>\$ -</u>	<u>\$ 939,802</u>

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

General Government	\$ 53
Public Safety	3,754
Public Health	457
Community and Cultural	6,446
Public Works	13,758
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	<u>11,672</u>
Total governmental activities depreciation	<u>\$ 36,140</u>

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Capital asset activity for business-type activities for the year ended September 30, 2018 is as follows (in thousands):

<i><b>Business-type Activities:</b></i>	<i><b>Balance at October 1, 2017</b></i>	<i><b>Increase</b></i>	<i><b>Decrease</b></i>	<i><b>Transfers</b></i>	<i><b>Balance at September 30, 2018</b></i>
Capital Assets not being Depreciated:					
Land	\$ 1,278,658	\$ -	\$ (163)	\$ 34,431	\$ 1,312,926
Rights-of-way	212,451	1	-	-	212,452
Water Rights	40	-	-	-	40
Construction In Progress	1,420,071	456,651	(7,700)	(172,061)	1,696,961
Total Capital Assets not being Depreciated	<u>2,911,220</u>	<u>456,652</u>	<u>(7,863)</u>	<u>(137,630)</u>	<u>3,222,379</u>
Capital Assets being Depreciated:					
Buildings	3,729,760	-	(942)	93,579	3,822,397
Improvements Other than Buildings	603,364	-	(5,979)	8,844	606,229
Infrastructure	1,333,413	-	(14,431)	28,755	1,347,737
Machinery and Equipment	91,074	4,639	(971)	3,487	98,229
Vehicles and Aircraft	98,481	1,234	(1,271)	2,965	101,409
Software and Patents	23,670	1,255	-	-	24,925
Total Capital Assets being Depreciated	<u>5,879,762</u>	<u>7,128</u>	<u>(23,594)</u>	<u>137,630</u>	<u>6,000,926</u>
Less Accumulated Depreciation for:					
Buildings	(1,821,634)	(140,564)	397	-	(1,961,801)
Improvements Other than Buildings	(324,093)	(22,903)	5,977	-	(341,019)
Infrastructure	(808,795)	(27,880)	2,061	-	(834,614)
Machinery and Equipment	(72,502)	(6,072)	971	-	(77,603)
Vehicles and Aircraft	(22,512)	(3,462)	1,266	-	(24,708)
Software and Patents	(16,490)	(2,772)	-	-	(19,262)
Total Accumulated Depreciation	<u>(3,066,026)</u>	<u>(203,653)</u>	<u>10,672</u>	<u>-</u>	<u>(3,259,007)</u>
Total Capital Assets being Depreciated, Net	<u>2,813,736</u>	<u>(196,525)</u>	<u>(12,922)</u>	<u>137,630</u>	<u>2,741,919</u>
Business-type Activities Capital Assets, Net	<u>\$ 5,724,956</u>	<u>\$ 260,127</u>	<u>\$ (20,785)</u>	<u>\$ -</u>	<u>\$ 5,964,298</u>

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

Gas Utility	\$ 7,497
Tidelands Operating	21,200
Tidelands Oil	1,427
Harbor	147,223
Water Utility	12,553
Non-major Business-type Funds:	
Sewer Utility	2,490
Solid Waste Management	62
Airport	11,174
Development Services	27
Total Business-type Activities Depreciation	<u>\$ 203,653</u>

**Capitalized Interest**

The Harbor, Airport, Tidelands Operating, Gas Utility, Water Utility and Sewer Utility capitalized interest of \$14.9 million, \$274 thousand, \$1.3 million, \$364 thousand, \$729 thousand, and \$113 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, 2018 are as follows (in thousands).

<u>Governmental Activities:</u>	<i>Balance at October 1, 2017</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at September 30, 2018</i>	<i>Due Within One Year</i>
Bonds Payable:					
Revenue Bonds	\$ 92,515	\$ -	\$ (12,510)	\$ 80,005	\$ 6,085
Pension Obligation Bonds	25,130	-	(5,815)	19,315	6,115
Tax Allocation Bonds	239,695	-	(14,530)	225,165	15,300
Plus (Less) Unamortized Amounts:					
Premium	16,132	-	(1,372)	14,760	-
Discount	(115)	-	20	(95)	-
Total Bonds Payable	373,357	-	(34,207)	339,150	27,500
Notes, Loans and LOC Payable	5,400	2,447	(96)	7,751	334
Capital Leases	27,263	44,850	(4,443)	67,670	9,712
Police and Fire Annuities	7,634	248	(1,072)	6,810	-
Estimated Oil Field Abandonment Costs	20,980	590	-	21,570	-
Environmental Remediation	2,923	-	(140)	2,783	191
Accrued Self-Insured Claims	156,120	34,873	(28,136)	162,857	28,814
Accrued Employee Benefits	140,065	5,500	-	145,565	36,440
Total OPEB Liability	39,602	3,450	(2,336)	40,716	-
Net Pension Liability	857,430	-	(90,112)	767,318	-
Other LT Obligations-Civic Center	103,055	99,014	-	202,069	-
Total, Governmental Activities	<u>\$ 1,733,829</u>	<u>\$ 190,972</u>	<u>\$ (160,542)</u>	<u>\$ 1,764,259</u>	<u>\$ 102,991</u>
<u>Business-Type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 1,634,585	\$ 27,895	\$ (80,230)	\$ 1,582,250	\$ 83,600
Plus (Less) Unamortized Amounts:					
Premium	101,687	-	(10,121)	91,566	-
Discount	(57)	-	15	(42)	-
Total Bonds Payable	1,736,215	27,895	(90,336)	1,673,774	83,600
Notes, Loans and LOC Payable	325,417	327,050	(325,025)	327,442	27
Premium	18,404	21,029	(18,404)	21,029	-
Total Notes, Loans and Lines of Credit Payable	343,821	348,079	(343,429)	348,471	27
Capital Leases	16,688	-	(1,545)	15,143	1,113
Due to State of California	7,556	91,316	(77,308)	21,564	21,564
Estimated Oil Field Abandonment Costs	112,700	1,300	-	114,000	-
Fair Value of Derivative	11,881	7,473	(11,881)	7,473	-
Environmental Remediation	3,800	-	-	3,800	-
Accrued Claims Liability	5,000	-	-	5,000	5,000
Accrued Employee Benefits	36,799	1,511	-	38,310	11,007
Total OPEB Liability	10,338	990	(543)	10,785	-
Net Pension Liability	328,648	(39,632)	-	289,016	-
Other LT Obligations - Port Headquarters	109,533	678,008	(588,216)	199,325	199,325
Site Restoration	1,000	-	-	1,000	-
Total, Business-Type Activities	<u>\$ 2,723,979</u>	<u>\$ 1,116,940</u>	<u>\$ (1,113,258)</u>	<u>\$ 2,727,661</u>	<u>\$ 321,636</u>



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**NOTE 9 – BONDS PAYABLE**

At September 30, 2018, 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, 2018</i>
<b>GOVERNMENTAL ACTIVITIES</b>					
LEASE REVENUE BONDS:					
2006 Parks and Open Spaces	11/07/06	05/01/31	4.00% - 5.00%	\$ 24,320	\$ 16,370
2012A LBBFA	11/28/12	08/01/31	4.00% - 5.00%	32,969	31,792
2016 Courthouse Demolition	01/13/16	08/01/26	2.00% - 5.00%	13,150	10,955
Premium/Discount				-	4,390
Subtotal, General City Bonds				<u>70,439</u>	<u>63,507</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	12,055
2002B Downtown Project	12/05/02	11/01/22	2.25% - 5.50%	25,920	22,615
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	4,400
2005C North Long Beach Project	02/01/06	08/01/31	3.25% - 5.50%	27,145	19,895
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	5,605
2015AB SA	06/23/15	08/01/40	4.00% - 5.00%	155,820	138,360
Premium/Discount				-	7,948
Subtotal, Tax Allocation Bonds				<u>271,625</u>	<u>233,113</u>
INTERNAL SERVICE FUND BONDS:					
2002 Pension Obligation	08/15/02	09/01/21	5.18%	76,550	19,315
2012A LBBFA IS	11/28/12	08/01/31	4.00% - 5.00%	21,661	20,888
Premium/Discount				-	2,327
Subtotal, Internal Service Fund Bonds				<u>98,211</u>	<u>42,530</u>
Total, Governmental Activities				<u>\$ 440,275</u>	<u>\$ 339,150</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, 2018</i>
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
ENTERPRISE FUND BONDS:					
Gas Utility Fund:					
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.50%	\$ 635,665	\$ 513,735
2007B Natural Gas Purchase	10/18/07	11/15/33	4.90% - 5.07%	251,695	69,005
Premium/Discount				-	11,394
Subtotal, Gas Utility Bonds				<u>887,360</u>	<u>594,134</u>
Tidelands Fund:					
2012 Aquarium	03/14/12	11/01/30	3.50% - 5.00%	102,580	77,350
2015 Marina	06/03/15	05/15/45	4.00% - 5.00%	114,015	112,765
2016 Rainbow	07/26/16	08/01/23	3.00% - 5.00%	19,115	13,840
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	17,705
Premium/Discount				-	14,489
Subtotal, Tidelands Bonds				<u>263,605</u>	<u>246,339</u>
Harbor Fund:					
1998 Harbor	02/01/98	05/15/19	5.00% - 6.00%	206,330	16,600
2010A Harbor	04/22/10	05/15/25	0.40% - 5.00%	200,835	111,185
2010B Harbor	05/12/10	05/15/27	3.00% - 5.00%	158,085	124,855
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
Premium/Discount				-	62,600
Subtotal, Harbor Bonds				<u>954,000</u>	<u>683,390</u>
Water Utility Fund:					
2010A Water	09/15/10	05/01/24	3.00% - 5.00%	22,740	15,435
2012 Water	08/30/12	05/01/27	2.00% - 5.00%	9,850	6,660
Premium/Discount				-	1,537
Subtotal, Water Utility Bonds				<u>32,590</u>	<u>23,632</u>
Non-Major Enterprise Funds:					
2003 SERRF	11/12/03	12/01/18	4.00% - 5.375%	120,235	10,885
2009A Airport	12/08/09	06/01/22	4.00% - 5.00%	9,795	6,220
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	42,625
2010B Airport	11/23/10	06/01/40	3.00% - 5.00%	12,965	11,115
2016 Sewer	08/24/16	05/01/36	4.00% - 5.00%	9,830	9,040
Premium/Discount				-	1,504
Subtotal, Non-Major Enterprise Bonds				<u>246,150</u>	<u>126,279</u>
Total, Business-Type				<u>2,383,705</u>	<u>1,673,774</u>
Grand Total, Primary Government Bonds Payable				<u>\$ 2,823,980</u>	<u>\$ 2,012,924</u>

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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>Government Funds</i>		<i>Internal Service Funds</i>		<i>Annual Debt Service Requirements</i>		
	<i>Lease Revenue</i>	<i>Tax Allocation</i>	<i>Pension Obligation</i>	<i>Lease Revenue</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2019	\$ 4,675	\$ 15,300	\$ 6,115	\$ 1,410	\$ 27,500	\$ 15,783	\$ 43,283
2020	4,887	15,945	6,435	1,473	28,740	14,573	43,313
2021	5,113	15,405	6,765	1,542	28,825	13,255	42,080
2022	5,343	16,120	-	1,612	23,075	11,889	34,964
2023	5,552	19,705	-	1,683	26,940	10,836	37,776
2024 - 2028	25,787	50,750	-	9,643	86,180	39,577	125,757
2029 - 2033	7,760	45,330	-	3,525	56,615	21,100	77,715
2034 - 2038	-	34,310	-	-	34,310	8,361	42,671
2039 - 2043	-	12,300	-	-	12,300	994	13,294
Subtotal	59,117	225,165	19,315	20,888	324,485	136,368	460,853
Premium / Discount	4,390	7,948	(32)	2,359	14,665	-	14,665
Totals	\$ 63,507	\$ 233,113	\$ 19,283	\$ 23,247	\$339,150	\$136,368	\$475,518

Advance Refundings

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

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

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Business-Types 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>Principal</i>	<i>Interest</i>	<i>Total</i>
	<i>Gas Utility</i>	<i>Tidelands</i>	<i>Harbor</i>	<i>Water</i>				
2019	\$ 10,290	\$ 10,310	\$ 45,965	\$ 2,930	\$ 14,105	\$ 83,600	\$ 79,812	\$ 163,412
2020	11,905	10,820	37,300	3,050	3,375	66,450	75,807	142,257
2021	13,990	12,600	39,110	3,170	3,535	72,405	72,533	144,938
2022	16,040	13,165	41,065	3,300	3,700	77,270	68,972	146,242
2023	18,645	13,810	42,310	3,450	3,875	82,090	65,135	147,225
2024 - 2028	120,905	58,290	160,355	6,195	22,190	367,935	263,736	631,671
2029 - 2033	106,510	41,700	67,845	-	28,220	244,275	184,280	428,555
2034 - 2038	284,455	24,705	69,285	-	34,415	412,860	111,930	524,790
2039 - 2043	-	31,525	75,490	-	11,360	118,375	30,664	149,039
2044 - 2048	-	14,925	42,065	-	-	56,990	6,515	63,505
Subtotal	582,740	231,850	620,790	22,095	124,775	1,582,250	959,384	2,541,634
Premium / Discount	11,394	14,489	62,600	1,537	1,504	91,524	-	91,524
Totals	\$ 594,134	\$ 246,339	\$ 683,390	\$ 23,632	\$ 126,279	\$ 1,673,774	\$ 959,384	\$ 2,633,158

New Debt Issuance – Tidelands Revenue Bonds

On November 1, 2017, the City issued Tidelands Revenue Bonds, Series 2017A and Series 2017B, in the amount of \$10.2 million and \$17.7 million, respectively.

The Series 2017A bonds are being issued to (a) pay the costs of certain capital improvements to the Aquarium of the Pacific, and (b) pay a portion of the costs of issuance of the Series 2017 Bonds, including a portion of the cost of a municipal bond debt service reserve insurance policy. The bonds bear interest rate between 1.35 percent and 2.55 percent per annum payable in May and November of each year. Principal payments are due every November commencing in 2020, with bond terms maturing through the year 2027.

The Series 2017B bonds are being issued to (a) pay or reimburse the costs of certain capital improvements to the Queen Mary, and (b) pay a portion of the costs of issuance of the Series 2017 Bonds, including a portion of the cost of the Reserve Policy. The bonds bear interest rate between 1.794 percent and 3.487 percent per annum payable in May and November of each year. Principal payments are due every November commencing in 2018, with bond terms maturing through the year 2027.

The Series 2017 bonds are secured by a first lien on and pledge of (a) all the Tidelands Revenues and (b) all the moneys in the Bond Fund.

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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, 2018, total principal and interest requirement for the bonds is \$335.5 million (\$225.2 million for principal and \$110.3 million for interest), payable semiannually through 2040. For the current year, tax increment revenues received and total debt service paid were \$26.3 million.

Special Assessment Debt

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

At September 30, 2018, 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:	\$745,000 – \$30,685,000
• Aggregate Outstanding at September 30, 2018:	\$52,180,000

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

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

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

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*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, 2018, 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, 2018</i>
Carnival Bonds	2030	\$ 30,000	\$ 23,080
Grisham Housing Bonds Series A	2035	10,245	1,071
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 24,151</u>

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

At September 30, 2018, the City had notes, loans payable and other long-term obligations, consisting of the following (in thousands):

<u>Description</u>	<u>Date Issued</u>	<u>Final Maturity</u>	<u>Range of Interest Rates</u>	<u>Authorized and Issued</u>	<u>Outstanding at September 30, 2018</u>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
General Fund:					
Southern California Edison	12/08/17	05/25/25	2.11%	\$ 396	\$ 371
Southern California Edison	01/09/18	02/25/25	2.18%	877	835
Southern California Edison	05/08/18	10/23/24	2.69%	869	855
Premium/Discount					148
				2,142	2,209
Successor Agency Fund:					
Los Angeles County	01/21/92		3.75%	5,542	5,542
OTHER LONG-TERM OBLIGATIONS:					
Civic Center Fund:					
New Civic Center Complex	N/A	N/A	N/A	-	202,069
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	6,810
Total, Governmental Activities				\$ 45,284	\$ 216,630
<b><u>BUSINESS-TYPE ACTIVITIES</u></b>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
Tidelands Fund:					
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.50%	\$ 700	\$ 388
Southern Calif Edison Project 2417	04/06/12	10/20/21	N/A	13	4
Total Tidelands Fund				713	392
Harbor Fund:					
Harbor 2018A ST Refunding Note	09/19/18	12/15/20	5.00%	327,050	327,050
Premium/Discount				-	21,029
Total Harbor Fund				327,050	348,079
OTHER LONG-TERM OBLIGATIONS:					
Harbor Fund					
Port Headquarters	N/A	N/A	N/A	-	199,325
Total, Business-Type Activities				\$ 327,763	\$ 547,796

**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

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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, 2018 totaled \$5.5 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, 2018 totaled \$2.1 million.

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

<u>Year ending</u>	<b>Governmental Activities</b>					
	<b>General Fund</b>	<b>Successor Agency</b>	<b>Annual Debt Service Requirements</b>			
			<b>Principal</b>	<b>Interest</b>	<b>Total</b>	
2019	\$ 334	\$ -	\$ 334	\$ 45	\$ 379	
2020	342	-	342	37	379	
2021	351	-	351	29	380	
2022	359	-	359	20	379	
2023	368	-	368	12	380	
2024 - 2028	307	-	307	5	312	
2029 - 2033	-	5,542	5,542	-	5,542	
Subtotal	2,061	5,542	7,603	148	7,751	
Premium/Discount	148	-	148	-	148	
Total	\$ 2,209	\$ 5,542	\$ 7,751	\$ 148	\$ 7,899	

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 \$1.1 million for the fiscal year ended September 30, 2018. Program benefits are funded on a *pay-as-you-go* basis and the Program has no assets.

At September 30, 2018, the program liability was \$6.8 million, and the change in the Program's accrued liability is as follows (in thousands):

Accrued Program Liability at October 1, 2017	\$ 7,634
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(1,072)
Estimated Change in Annualized Value of Benefits	248
Accrued Program Liability at September 30, 2018	\$ 6,810

The number of program participants diminishes each year, and there were 20 total participants as of September 30, 2018. 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):



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<i>Year Ending</i>	<i>Number of Participants</i>	<i>Annuity Benefits Paid</i>	<i>Accrued Program Liability</i>
2014	38	\$ 2,826	\$ 12,514
2015	31	2,400	11,213
2016	24	2,120	10,574
2017	20	1,180	7,634
2018	18	1,072	6,810

**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>Year ending</i>	<i>Business-Type Activities</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>
2019	\$ 27	\$ -	\$ 27	\$ 11,510	\$ 11,537
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 - 2028	171	-	171	42	213
2029 - 2033	79	-	79	5	84
Subtotal	392	327,050	327,442	36,144	363,586
Premium / Discount	-	21,029	21,029	-	21,029
Totals	\$ 392	\$ 348,079	\$ 348,471	\$ 36,144	\$ 384,615

**Harbor Revenue Refunding Short-Term Notes**

On September 19, 2018, the Harbor Fund issued \$327 million in Harbor Revenue Refunding Short-Term Notes, Series 2018A (the “Notes”) to (a) refund and pay all of the principal and interest on the City’s Harbor Revenue Short-Term Notes, Series 2014C (the “Refunded Notes”), (b) fund capitalized interest on the Series 2018A Senior Notes through approximately April 24, 2020, and (c) pay the costs of issuing the Series 2018A Senior Notes. The Notes bear a 5.0 percent interest rate per annum payable in June and December of each year, commencing in October 2018. Principal is due on December 15, 2020. The Notes are secured by a pledge of and lien upon Revenues of the Board of Harbor.

**Other Long-term Obligation - New Civic Center Complex**

During fiscal 2016, the City entered into a multi-party Public-Private Partnership agreement (P3) with an unrelated third party that will result in the construction of a new LEED-certified City Hall, headquarters building for the Port of Long Beach (Harbor), Main Library, and a revitalized Lincoln Park (the Project). The P3 requires Plenary Edgemoor Civic Partners, LLC (PECP) to arrange for the financing of the Civic Center Project through privately placed taxable debt and equity.

The estimated \$522.5 million Project comprises two components; a \$300.7 million City project consisting of a new City Hall, new Main Library and revitalized Lincoln Park (Project Assets) and a \$221.8 million 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.

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The P3 requires limited City funding during the construction phase of the Project which commenced in the spring of 2016. The Project has a scheduled completion/occupancy date of June 2019 for all Project assets except Lincoln Park which has a scheduled completion date of November 30, 2020. Upon occupancy of the Harbor headquarters building, the Harbor will be required to make a one-time payment of \$212.6 million to PECP, net of a \$9.2 million true up payment from the City. This payment will be made from Harbor cash and investments on hand or possible future borrowings.

Upon occupancy of the new City Hall and the new Library, the City is required to begin 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 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.

For accounting purposes, due to the build-to-suit nature of the Project Agreement coupled with the Project being constructed on City and Harbor owned land, the City and Harbor are deemed to be the owners of the Project during construction. Accordingly, at September 30, 2018, the City and Harbor have recorded construction-in-progress and a corresponding long-term obligation of \$217.5 million and \$201.2 million, respectively, for their share of construction contract costs to date. The following schedule presents the expected long-term outflow of resources related to the City's new Civic Center.

Year	Payments		
	Fixed	Variable	Total
2019	\$ 2,550	\$ 1,382	\$ 3,932
2020	10,422	5,660	16,082
2021	10,649	5,796	16,445
2022	10,881	5,935	16,816
2023	11,118	6,078	17,196
2024 - 2028	59,336	32,648	91,984
2029 - 2033	66,091	36,758	102,849
2034 - 2038	73,616	41,386	115,002
2039 - 2043	81,998	46,596	128,594
2044 - 2048	91,334	52,463	143,797
2049 - 2053	101,733	59,068	160,801
2054 - 2058	113,316	66,505	179,821
2059 - 2061	53,066	31,384	84,450
Totals	<u>\$ 686,110</u>	<u>\$ 391,659</u>	<u>\$ 1,077,769</u>

The Project Agreement also calls for the exchange of other remuneration including a \$17.8 million payment from the PECP to the City on or before September 26, 2019, which will fund or reimburse the City's retirement of any outstanding debt on existing City Hall and expedite the conveyance of existing City Hall to PECP for redevelopment purposes. The conveyance of the existing City Hall will occur post-occupancy of new City Hall and is valued at approximately \$13.7 million. The items discussed herein are not reflected in the table above.

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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 as of September 30, 2018</i>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>					
General Fund:					
City Light and Power (a)	05/29/96	10/31/19	8.73%	\$ 20,968	\$ 2,866
Digital X-Ray (b)	03/30/12	03/15/19	2.06%	311	24
Tasers and Accessories (c)	08/26/14	08/26/19	3.53%	1,012	107
Total General Fund				22,291	2,997
Internal Service Funds:					
Civic Center Fund:					
Civic Center Projects (d)	08/13/10	04/01/27	4.30%	31,450	19,365
Total Civic Center Fund				31,450	19,365
General Services Fund:					
2015 PC and Equip (e)	11/26/14	12/15/18	1.93%	900	58
2016 PC and Equip (f)	11/23/15	10/23/19	1.34%	1,200	331
2017 PC and Equip (g)	10/03/16	10/03/20	1.50%	1,290	682
2018 PC and Equip (h)	04/10/18	04/19/23	2.48%	1,522	1,402
2018 Access Control System (i)	06/29/18	07/12/33	2.98%	7,050	6,907
2018 Surveillance Cameras (j)	06/29/18	07/12/23	2.62%	240	232
2018 Data Center (k)	08/01/18	08/09/33	2.66%	19,259	18,963
2018 Motorola Radios (l)	09/25/18	10/15/30	3.82%	15,804	15,804
Total General Services Fund				47,265	44,379
Fleet Services Fund:					
2018 Street Sweepers (m)	06/01/18	06/14/23	2.54%	975	929
Total Fleet Services Fund				975	929
Total Governmental Activities Leases				\$ 101,981	\$ 67,670
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>					
Gas Utility Fund:					
Advanced Metering Infrastructure (n)	08/03/15	05/01/30	2.40%	\$ 18,000	\$ 14,806
Tidelands Fund:					
Convention Center (o)	10/01/05	10/01/25	4.99%	649	337
Total Business-type Activities Leases				\$ 18,649	\$ 15,143

**Governmental Activities**

- (a) The City entered into a capital lease agreement in May 1996 to improve and replace the street lighting infrastructure in the City. The lease amount varies by year ranging from \$57 thousand per month at inception to \$169 thousand per month from year six through October 2019.

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- (b) The City entered into capital lease agreement in March 2012 to finance the acquisition of a digital X-Ray system for use by the Health and Human Services Department. Monthly installments of \$4 thousand are due through March 2019.
- (c) The City entered into a capital lease agreement for the purchase of tasers and accessories. The lease is payable in annual installments of \$1.0 million through August 2019.
- (d) The City entered into a private placement capital lease to redeem the 1997 Series A Lease Revenue and Refunding Bonds. The original bonds were used for Civic Center complex capital projects. The advanced refunding resulted in an accounting loss of \$1.3 million and an economic gain of \$1.2 million. The City pays annual debt service payment of approximately \$2.6 million per annum through 2027.
- (e) The City entered into a capital lease agreement for the purchase of computers, computer-related equipment, and servers in November 2014. The lease is payable in monthly installments of \$19 thousand through December 2018.
- (f) 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.
- (g) 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.
- (h) 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.
- (i) 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.
- (j) 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.
- (k) 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.
- (l) 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.
- (m) 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.

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

<i>Year ending</i>	<i>Principal Payments by Fund</i>				<i>Annual Debt Service Requirements</i>		
	<i>General</i>	<i>Civic Center</i>	<i>General Services</i>	<i>Fleet Services</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	2019	\$ 2,240	\$ 1,770	\$ 5,516	\$ 186	\$ 9,712	\$ 1,694
2020	757	1,855	5,315	191	8,118	1,321	9,439
2021	-	1,945	5,124	197	7,266	2,313	9,579
2022	-	2,035	6,563	201	8,799	1,465	10,264
2023	-	2,135	6,163	154	8,452	1,178	9,630
2024 - 2028	-	9,625	9,403	-	19,028	3,144	22,172
2029 - 2033	-	-	6,295	-	6,295	485	6,780
Totals	\$ 2,997	\$19,365	\$ 44,379	\$ 929	\$ 67,670	\$ 11,600	\$ 79,270

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.

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

<i>Year ending</i>	<i>Principal Payments by Fund</i>		<i>Annual Debt Service Requirements</i>		
	<i>Gas Utility</i>	<i>Tidelands</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
	2019	\$ 1,078	\$ 35	\$ 1,113	\$ 366
2020	1,104	37	1,141	338	1,479
2021	1,131	39	1,170	309	1,479
2022	1,158	41	1,199	280	1,479
2023	1,186	43	1,229	250	1,479
2024 - 2028	6,378	142	6,520	775	7,295
2029 - 2033	2,771	-	2,771	84	2,855
Totals	\$ 14,806	\$ 337	\$ 15,143	\$ 2,402	\$ 17,545

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 of current-year rental costs, as well as future minimum rental obligations required under a number of operating lease agreements entered into by the City for properties that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2018 (in thousands):

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<u><i>Year ending</i></u>	<u><i>Total</i></u>
2018	\$ 5,170
2019	4,940
2020	4,618
2021	4,374
2022	3,233
2023 - 2027	9,814
2028 - 2032	10,064
2033 - 2037	10,774
2038 - 2042	749
Total	<u>\$ 53,736</u>

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>
2019	\$ 362,500
2020	365,581
2021	387,107
2022	356,972
2023	323,282
2024 - 2028	1,311,922
2029 - 2033	531,362
2034 - 2038	492,235
2039 - 2043	1,140,017
2044 - 2048	66,498
2049 - 2053	65,693
2054 - 2058	28,432
2059 - 2063	26,858
2064 - 2068	26,550
2069 - 2073	13,452
2074 - 2078	13,490
2079 - 2083	12,738
2084 - 2088	1,421
Total	<u>\$ 5,526,110</u>

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**NOTE 12 – DERIVATIVE INSTRUMENTS**

At September 30, 2018, 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 <sup>1</sup>	11/18/2007	9/30/2037	Pay variable receive fixed for scheduled notional quantities.

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

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

<i>Maturity Date</i>	<i>Notional Amounts (in thousands)</i>	<i>Synthetic Fixed Rate</i>	<i>Variable Rate</i>	<i>Spread</i>
11/15/2025	\$ 19,195	4.903%	3.017%	1.410%
11/15/2026	25,175	4.930%	3.037%	1.430%
11/15/2027	24,630	4.955%	3.057%	1.450%
11/15/2033	5	5.067%	3.157%	1.550%
	<u>\$ 69,005</u>	4.931% <sup>2</sup>	3.038% <sup>3</sup>	1.432% <sup>2</sup>

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

<sup>3</sup> The weighted average floating rate is based on the present value of 67% of the forward three-month LIBOR rate curve at September 30, 2018, 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

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(BBA), plus a spread as defined above, not to exceed a rate of 15 percent per annum for any calculation period.

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

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

*Fair Value:* The interest rate swap, with the market price quoted by Bank of America-Merrill Lynch, had a negative fair value of approximately \$11.9 million at October 1, 2017. During the current period, ending September 30, 2018, the fair value increased \$4.4 million to a negative fair value of \$7.5 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 \$572.7 million at October 1, 2017. During the current period, fair value decreased \$45.6 million to a fair value of \$527.1 million as of September 30, 2018. 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><b>Maturity Date</b></i>	<i><b>Fair Value, October 1, 2017</b></i>	<i><b>Change in Fair Value</b></i>	<i><b>Fair Value, September 2018</b></i>
<i>Interest Rate Swap</i>			
11/15/2025	\$ (3,002)	\$ 1,159	\$ (1,843)
11/15/2026	(4,312)	1,604	(2,708)
11/15/2027	(4,566)	1,645	(2,921)
11/15/2033	(1)	-	(1)
	(11,881)	4,408	(7,473)
<i>Commodity Swap</i>			
9/30/2037	572,684	(45,633)	527,051
Total	\$ 560,803	\$ (41,225)	\$ 519,578

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, 2018, the interest rate swap counterparty was rated A3 by Moody's Investor Services. As of September 30, 2018, 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, 2018, 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>Principal</i>		
<i>September 30</i>			<i>Payments</i>	<i>Interest</i>
2019	\$ -	\$ 3,403	\$ 266	\$ 3,669
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 - 2028	69,000	7,937	698	8,635
2029 - 2033	-	1	-	1
2034	5	-	-	-
Total	\$ 69,005	\$ 24,953	\$ 1,807	\$ 26,760

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

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

The Plans’ provisions and benefits in effect at September 30, 2018, are summarized in the following table:

<b><i>Miscellaneous</i></b>			
	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date			
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
<b>Required Contribution Rates</b>			
Employee	8.0%	8.0%	6.5%
Employer	22.459%	22.459%	22.459%
<b>Percentage of Eligible Compensation</b>			
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%
<b><i>Safety</i></b>			
	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date			
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
<b>Required Contribution Rates</b>			
Employee	9.0%	9.0%	12.3%
Employer	34.272%	34.272%	34.272%
<b>Percentage of Eligible Compensation</b>			
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, 2015 funding valuation report, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	3,258	1,180
Inactive employees or beneficiaries currently receiving benefits	4,078	1,692
Inactive employees entitled to but not yet receiving benefits	3,481	308

*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, 2018 (measurement date), using the actuarial valuation report as of June 30, 2017 rolled forward using standard update procedures. At September 30, 2018, 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>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2017	June 30, 2017
Measurement Date	June 30, 2018	June 30, 2018
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by entry age and service	
Investment Rate of Return	7.15% <sup>1</sup>	7.15% <sup>1</sup>
Mortality	<sub>2</sub>	<sub>2</sub>

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

<sup>2</sup> The mortality table used was developed based on CalPERS’ specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2017 Actuarial Valuation Report were based on the results of an actuarial experience study for the period from 1997 to 2015. Further details of the experience study 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 discount rate should be determined without reduction for pension plan administrative expense. The 7.15 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.30 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference to the Plans.

The long-term expected rate of return on pension plan investments of 7.15% 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<sup>a</sup></i>	<i>Real Return Years 11+<sup>b</sup></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)

<sup>a</sup> An expected inflation of 2.00% used for this period

<sup>b</sup> 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, 2017	\$ 2,612,351	\$ 1,936,477	\$ 675,874
Changes in the year:			
Service Cost	43,138	-	43,138
Interest on Total Pension Liability	178,030	-	178,030
Differences between Actual and Expected Experience	(28,800)	-	(28,800)
Changes in Assumptions	(49,554)	-	(49,554)
Contribution - Employer	-	53,278	(53,278)
Contribution - Employee	-	18,339	(18,339)
Net Investment Income	-	162,226	(162,226)
Administrative Expenses	-	(3,018)	3,018
Net Plan to Plan Resource Movement	-	(5)	5
Benefit Payments, including Refunds of Employee Contributions	(131,268)	(131,268)	-
Other Miscellaneous Expense	-	(5,730)	5,730
Net changes	11,546	93,822	(82,276)
Balance at June 30, 2018	\$ 2,623,897	\$ 2,030,299	\$ 593,598

<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, 2017	\$ 2,458,914	\$ 1,948,660	\$ 510,254
Changes in the year:			
Service Cost	40,757	-	40,757
Interest on Total Pension Liability	170,018	-	170,018
Differences between Actual and Expected Experience	(102)	-	(102)
Changes in Assumptions	(43,795)	-	(43,795)
Contribution - Employer	-	46,437	(46,437)
Contribution - Employee	-	14,047	(14,047)
Net Investment Income	-	162,720	(162,720)
Administrative Expenses	-	(3,037)	3,037
Net Plan to Plan Resource Movement	-	(5)	5
Benefit Payments, including Refunds of Employee Contributions	(115,029)	(115,029)	-
Other Miscellaneous Expense	-	(5,766)	5,766
Net Changes	51,849	99,367	(47,518)
Balance at June 30, 2018	\$ 2,510,763	\$ 2,048,027	\$ 462,736

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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:

<u>Net Pension Liability/ (Asset)</u>	<u>Miscellaneous</u>	<u>Safety</u>
1% Decrease (6.15%)	\$ 933,731	\$ 802,063
Current Discount Rate (7.15%)	593,599	462,736
1% Increase (8.15%)	312,012	183,841

*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, 2018, the City recognized pension expense of \$98.5 million and \$80.0 million for the Miscellaneous and Safety Plan respectively.

At September 30, 2018, the City reported pension related deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

	<u>Miscellaneous Plan:</u>		<u>Safety Plan:</u>		<u>Total</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<i>Pension Contributions Subsequent to the Measurement Date</i>	\$ 44,130	\$ -	\$ 33,849	\$ -	\$ 77,979	\$ -
<i>Differences Between Actual and Expected Experience</i>	-	(35,456)	-	(34,316)	-	(69,772)
<i>Changes in Assumptions</i>	41,190	(33,036)	64,278	(32,566)	105,468	(65,602)
<i>Net Differences between Projected and Actual Earnings on Plan Investments</i>	7,483	-	9,196	-	16,679	-
<i>Change in Proportion</i>	4,655	(4,655)	1,307	(1,307)	5,962	(5,962)
<b>Total</b>	<u>\$ 97,458</u>	<u>\$ (73,147)</u>	<u>\$ 108,630</u>	<u>\$ (68,189)</u>	<u>\$ 206,088</u>	<u>\$ (141,336)</u>

The \$78.0 million reported as a deferred outflow of resources relates to contributions made by the City subsequent to the measurement date of June 30, 2018 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. 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):

<u>Miscellaneous Plan:</u>		<u>Safety Plan:</u>		<u>Total</u>	
<u>Year Ending September 30</u>	<u>Amount</u>	<u>Year Ending September 30</u>	<u>Amount</u>	<u>Year Ending September 30</u>	<u>Amount</u>
2019	\$ 25,012	2019	\$ 30,990	2019	\$ 56,002
2020	(19,831)	2020	10,299	2020	(9,532)
2021	(19,713)	2021	(29,549)	2021	(49,262)
2022	(5,287)	2022	(5,148)	2022	(10,435)
Total	<u>\$ (19,819)</u>	Total	<u>\$ 6,592</u>	Total	<u>\$ (13,227)</u>

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**NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS**

Plan Description

The City provides postemployment healthcare benefits through its City of Long Beach Retiree Health Care plan (the Plan), a single-employer plan. The Plan covers all eligible full-time employees of the City. City Council has the authority to establish and amend the benefit terms currently permitted by Ordinance No. C-7556. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Plan provides health, dental and long-term care insurance for retirees and their dependents as long as (a) that employee participated in a City provided insurance program of that type during the year immediately preceding retirement, (b) the employee has not attained the eligibility age for Medicare payments, and (c) the employee has attained the minimum retirement age for the employee's retirement plan.

Benefits are administered through a third-party provider, and the full cost of benefits is covered by the plan up to the point where the value of the retirees unused sick leave has been exhausted. Retirees who have exhausted their unused sick leave can still access the plan by paying the plan premium out of pocket. At September 30, 2018, the count of employees covered by the benefit terms was:

Inactive employees currently receiving benefits	1,471
Active employees	<u>4,415</u>
Total	<u><u>5,886</u></u>

Total OPEB Liability

At September 30, 2018, the City's total OPEB liability was \$51.5 million. The total OPEB liability in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	September 30, 2016	
Measurement Date	September 30, 2017	
Actuarial Cost Method	Entry Age	
Actuarial Assumptions:		
Inflation	2.75%	
Discount Rate	3.50%	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll Increases	Aggregate	3.00%
	Merit	CalPERS 1997-2011 Experience Study
Health Care Cost Trend Rates	7.5% for 2019, decreasing to 4% for 2076 and later	
Mortality, Withdrawal, Disability, Retirement	CalPERS 1997-2011 Experience Study	
Mortality Improvement	Mortality projected fully generational with Scale MP-2017	
Participation Rates:		
Miscellaneous Plan	75%, 100% select City plans	
Safety	90%, 85% select City plans	

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Changes in the Total OPEB Liability (in thousands)

Balance at October 1, 2017		\$ 49,940
Service Cost	\$ 2,818	
Interest on total OPEB liability	1,621	
Change in Assumptions	(2,023)	
Benefit Payments	<u>(855)</u>	
Net Change		<u>1,561</u>
Balance at September 30, 2018		<u>\$ 51,501</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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate (in thousands):

	<i>1 Percent Decrease (2.50 %)</i>	<i>Discount Rate (3.50 %)</i>	<i>1 Percent Increase (4.50 %)</i>
Total OPEB Liability	\$ 56,707	\$ 51,501	\$ 46,782

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	\$ 45,342	\$ 51,501	\$ 58,759

OPEB Expense and Deferred Outflows and Deferred Inflows Related to OPEB

For the year ended September 30, 2018, the City recognized an OPEB expense of \$4.5 million. At September 30, 2018, 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	\$ 1,074	\$ -
Difference between expected and actual experience	-	6,770
Change in assumptions	8,419	1,782
Total	<u>\$ 9,493</u>	<u>\$ 8,552</u>



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The \$1.1 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 8.3 years as follows (in thousands):

<i>Year Ending September 30</i>	<i>Amount to be Recognized</i>
2019	\$ 21
2020	21
2021	21
2022	21
2023	21
2024-2028	(238)
Total	<u>\$ (133)</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 \$4 million and first \$3 million per occurrence, respectively. In addition, the City has excess insurance coverage up to \$100 million and \$50 million, respectively.

At September 30, 2018, the City accrued non-discounted estimates totaling \$162.9 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has recorded a current liability of \$28.8 million and a long-term liability of \$134.1 million in the Insurance Internal Service Fund.

The ultimate amount of losses incurred through September 30, 2018 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, 2018 and 2017 is as follows (in thousands):

	<i>Workers' Compensation Claims</i>	<i>General Liability Claims</i>	<i>Total</i>
Balance at October 1, 2016	\$ 114,351	\$ 20,602	\$ 134,953
Additions	18,595	12,675	31,270
Payments	(3,197)	(6,906)	(10,103)
Balance at September 30, 2017	129,749	26,371	156,120
Additions	19,653	15,220	34,873
Payments	(14,455)	(13,681)	(28,136)
Balance at September 30, 2018	<u>\$ 134,947</u>	<u>\$ 27,910</u>	<u>\$ 162,857</u>

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**NOTE 16 – GOVERNMENTAL FUND BALANCES AND FUND DEFICITS**

As of September 30, 2018, total fund balances for the City’s major and non-major governmental funds are as follows (in thousands):

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>Fund Balances (Deficit):</u></b>			
<b>Nonspendable</b>			
Prepaid Expense and Deposits	\$ 1,375	\$ 1,324	\$ 2,699
Subtotal	<u>1,375</u>	<u>1,324</u>	<u>2,699</u>
<b>Restricted for:</b>			
Debt Service	-	24,678	24,678
Public Safety	3,321	(437)	2,884
Public Health	-	13,047	13,047
Community and Cultural	-	79,425	79,425
Other Purposes - Operating Reserve	1,486	-	1,486
Public Works	-	57,828	57,828
Subtotal	<u>4,807</u>	<u>174,541</u>	<u>179,348</u>
<b>Committed to:</b>			
Public Safety	1,000	-	1,000
Community and Cultural	-	1,414	1,414
Other Purposes - Emergency Reserve	44,986	-	44,986
Other Purposes - Operating Reserve	13,682	-	13,682
Oil Abandonment	7,972	-	7,972
Subtotal	<u>67,640</u>	<u>1,414</u>	<u>69,054</u>
<b>Assigned to:</b>			
Subsequent Year's Appropriations	13,499	-	13,499
Unfunded Liabilities and Commitments	45,939	-	45,939
Infrastructure Reserve	25	-	25
Community and Cultural	-	295	295
Public Works	-	36,772	36,772
Subtotal	<u>59,463</u>	<u>37,067</u>	<u>96,530</u>
<b>Unassigned</b>	<u>3,072</u>	<u>-</u>	<u>3,072</u>
Total Fund Balances	<u>\$ 136,357</u>	<u>\$ 214,346</u>	<u>\$ 350,703</u>

**Fund Deficits**

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$15.8 million as of September 30, 2018. This deficit resulted from the recognition of a net pension liability of \$29.9 million, compensated absences of \$5.5 million, and a Net OPEB liability of \$1.7 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 \$78.0 million as of September 30, 2018. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability, which increased by \$1.3 million during the fiscal year. City management intends 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 \$2.5 million as of September 30, 2018. This deficit primarily resulted from the recognition of a net pension liability of

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\$3.3 million. City management believes that the cash position of the fund is sufficient to support ongoing operations.

The Insurance and Employee Benefits Internal Service Funds reflect deficit net positions of \$125.7 million and \$134.5 million, respectively. The City's management believes the cash position is sufficient to cover the current costs related to retired health insurance, workers' compensation, general liability claims, and current operating costs in the Insurance and Employee Benefits Internal Service Funds. The City's management believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, from other funds and has made reasonable adjustments to amounts charged to City departments to ensure that 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, 2018, the State's total estimated abandonment cost liability is \$904.7 million increasing by \$68.5 million from fiscal year 2017. 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, 2018, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$904.7 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve.

At September 30, 2018, the Tidelands Operating Fund recorded an estimated oil field abandonment cost liability of \$114.0 million increasing by \$1.3 million from fiscal year 2017. 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 \$21.6 million of which \$7.9 million has been funded in the Upland Oil Fund as of September 30, 2018.

**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, 2018, the reserve balance within the Subsidence Fund is \$179.6 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, 2018, total loan to the City's General Fund and interest retained amounts to \$2.1 million.

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**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, 2018, 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, 2018, 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, 2018, 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.

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

The City operated the Paramount Landfill from 1945 to 1948. After closure, the landfill was partitioned and all but one parcel has been sold. The remaining parcel was developed into Davenport Park in 2006. The City purchased an adjacent parcel in 2006 and is currently developing plans to expand Phase II of Davenport Park to this parcel. In May 2009, the Los Angeles Regional Water Quality Control Board (LA Board) notified the City that additional groundwater monitoring is required for this site. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$60 thousand. The City implements an ongoing Solid Waste Assessment Test (SWAT) groundwater monitoring program for the 55<sup>th</sup> 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. As of September 30, 2018, the cost estimate for groundwater monitoring is approximately \$12 thousand per year. There is no reasonable expectation of any recovery associated with these remediation efforts.

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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, 2018, the remaining liability for the monitoring was \$337 thousand. There is a possibility that the cost of monitoring may increase. There is no reasonable expectation of any recovery associated with these remediation efforts.

Cowelco

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, 2018, 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.

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, and Fire Station 17. The LA Board has directed that these sites be evaluated for remediation and continued monitoring activities. On June 10, 2016, the City submitted Remedial Action Plans (RAPs) for Fire Station 10 and Fire Station 11. As of September 30, 2018, the City remains under a Board order to continue monitoring the sites. The estimated related liability for the future remediation is \$2.1 million. For its monitoring and remediation efforts, the City submitted claims for reimbursable remediation cost to the State UST Cleanup Fund of \$2.6 million. As of September 30, 2018, the City obtained a partial reimbursement of costs related to the closed sites amounting to \$1.4 million.

Unauthorized LUST Release – 2929 East Willow Street

In November of 2014, the LA Board named the City as a responsible party for potential remediation related to an unauthorized LUST site located at 2929 East Willow Street. The LA Board has directed that this site be evaluated for remediation and continued monitoring activities. On July 27, 2017, the Water Board approved the City's revised work plan for groundwater investigation at the site and work started in October 2017. As of September 30, 2018, the City was under a LA Board order to continue monitoring the site. The estimated related liability for the future remediation is \$270 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.

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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 stands at \$3.8 million for the year ended September 30, 2018. 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.

**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. During fiscal year 2018, the Harbor received a distribution of \$2.0 million from the Joint Venture. The ICTF financial statements for the year ended June 30, 2018 can be obtained from the Harbor.

**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 – GAS UTILITY FUND**

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

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Gas Utility Fund  
Consolidated Schedule of Net Position  
September 30, 2018  
(In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Elimination Debit (Credit)</i>	<i>Total Gas Utility Fund</i>
<b>ASSETS</b>					
<b>Current Assets:</b>					
Pooled Cash and Cash Equivalents	\$ 35,696	\$ 99	\$ 35,795	\$ -	\$ 35,795
Non-Pooled Cash and Cash Equivalents	1	264	265	-	265
<b>Receivables:</b>					
Interest Receivable	4	18	22	-	22
Accounts Receivable	7,189	2,627	9,816	(787)	9,029
Due from Other Funds	5,665	-	5,665	(595)	5,070
Allowance for Receivables	(288)	-	(288)	-	(288)
Inventory	2,444	-	2,444	-	2,444
Prepaid Gas - Current	-	23,180	23,180	-	23,180
Other Assets	57	-	57	-	57
<b>Total Current Assets</b>	<b>50,768</b>	<b>26,188</b>	<b>76,956</b>	<b>(1,382)</b>	<b>75,574</b>
<b>Noncurrent Assets:</b>					
<b>Restricted Noncurrent assets:</b>					
Non-Pooled Investments	-	22,552	22,552	-	22,552
Fair Value - Commodity Swap	-	527,051	527,051	-	527,051
<b>Capital Assets:</b>					
Land and Other Assets Not Being Depreciated	6,609	-	6,609	-	6,609
Capital Assets Net of Accumulated Depreciation	164,029	-	164,029	-	164,029
Prepaid Gas - Long-term	-	381,398	381,398	-	381,398
<b>Total Noncurrent Assets</b>	<b>170,638</b>	<b>931,001</b>	<b>1,101,639</b>	<b>-</b>	<b>1,101,639</b>
<b>Total Assets</b>	<b>221,406</b>	<b>957,189</b>	<b>1,178,595</b>	<b>(1,382)</b>	<b>1,177,213</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows	4,973	7,473	12,446	-	12,446
<b>LIABILITIES</b>					
<b>Current Liabilities Payable from Current Assets:</b>					
Accounts Payable	5,040	9	5,049	(787)	4,262
Accrued Wages	491	-	491	-	491
Accrued Interest Payable	148	10,551	10,699	-	10,699
Due to Other Funds	653	595	1,248	(595)	653
Unearned Revenues	1,639	-	1,639	-	1,639
Customers Deposits	3,026	-	3,026	-	3,026
Compensated Absences	1,392	-	1,392	-	1,392
Obligations under Capital Leases - Current	1,078	-	1,078	-	1,078
Bonds Payable Due within One Year	-	10,290	10,290	-	10,290
<b>Total Current Liabilities</b>	<b>13,467</b>	<b>21,445</b>	<b>34,912</b>	<b>(1,382)</b>	<b>33,530</b>
<b>Noncurrent Liabilities:</b>					
Fair Value - Interest Rate Swap	-	7,473	7,473	-	7,473
Compensated Absences	4,142	-	4,142	-	4,142
Obligations under Capital Lease	13,728	-	13,728	-	13,728
Bonds Payable	-	583,844	583,844	-	583,844
Net Pension Liability	29,868	-	29,868	-	29,868
Total OPEB Liability	1,651	-	1,651	-	1,651
<b>Total Noncurrent Liabilities</b>	<b>49,389</b>	<b>591,317</b>	<b>640,706</b>	<b>-</b>	<b>640,706</b>
<b>Total Liabilities</b>	<b>62,856</b>	<b>612,762</b>	<b>675,618</b>	<b>(1,382)</b>	<b>674,236</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows	4,197	527,051	531,248	-	531,248
<b>NET POSITION (DEFICIT)</b>					
Net Investment in Capital Assets	155,831	-	155,831	-	155,831
Unrestricted	3,495	(175,151)	(171,656)	-	(171,656)
<b>Total Net Position (Deficit)</b>	<b>\$ 159,326</b>	<b>\$ (175,151)</b>	<b>\$ (15,825)</b>	<b>\$ -</b>	<b>\$ (15,825)</b>

**The City of Long Beach**  
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Gas Utility Fund  
Consolidated Schedule of Revenues, Expenses, and Changes in Fund Net Position  
For the Fiscal Year Ended September 30, 2018  
(In Thousands)

	<i><b>Gas Operating Function</b></i>	<i><b>LBBFA Gas Prepay Function</b></i>	<i><b>Total Before Elimination</b></i>	<i><b>Elimination Debit (credit)</b></i>	<i><b>Total Gas Utility Fund</b></i>
Operating Revenues:					
Fees, Concessions and Rentals	\$ 60	\$ -	\$ 60	\$ -	\$ 60
Charges for Services	90,897	11,858	102,755	(11,858)	90,897
Other	829	-	829	-	829
Total Revenues	<u>91,786</u>	<u>11,858</u>	<u>103,644</u>	<u>(11,858)</u>	<u>91,786</u>
Operating Expenses:					
Personnel Services	19,043	3	19,046	-	19,046
Purchases of Gas	28,796	(6,098)	22,698	(11,858)	10,840
Maintenance and Other Operations	14,380	13	14,393	-	14,393
Depreciation	7,497	-	7,497	-	7,497
Total Operating Expenses	<u>69,716</u>	<u>(6,082)</u>	<u>63,634</u>	<u>(11,858)</u>	<u>51,776</u>
Operating Income	<u>22,070</u>	<u>17,940</u>	<u>40,010</u>	<u>-</u>	<u>40,010</u>
Non-Operating Income (Expense):					
Interest Income	542	688	1,230	-	1,230
Interest Expense	(389)	(29,888)	(30,277)	-	(30,277)
Loss on Disposition of Capital Assets	(748)	-	(748)	-	(748)
Other Income	323	-	323	-	323
Other Expense	(72)	(674)	(746)	-	(746)
Total Non-Operating Income (Expense)	<u>(344)</u>	<u>(29,874)</u>	<u>(30,218)</u>	<u>-</u>	<u>(30,218)</u>
Income (loss) before Contributions and Transfers	21,726	(11,934)	9,792	-	9,792
Transfers:					
Transfers Out	(20,177)	-	(20,177)	-	(20,177)
Change in Net Position	1,549	(11,934)	(10,385)	-	(10,385)
Net Position (Deficit), October 1	<u>157,777</u>	<u>(163,217)</u>	<u>(5,440)</u>	<u>-</u>	<u>(5,440)</u>
Net Position (Deficit), September 30	<u>\$ 159,326</u>	<u>\$ (175,151)</u>	<u>\$ (15,825)</u>	<u>\$ -</u>	<u>\$ (15,825)</u>



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Gas Utility Fund  
Consolidated Schedule of Cash Flows  
For the Fiscal Year Ended September 30, 2018  
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Cash Flows from Operating Activities:				
Receipts from Customers	\$ 90,917	\$ 11,924	\$ (11,924)	\$ 90,917
Payments for Employee Salaries	(17,538)	(3)	-	(17,541)
Payments for Goods and Services	(42,405)	(22)	11,924	(30,503)
Other Income	323	22,788	-	23,111
Other Expense	(72)	(685)	-	(757)
Net Cash Provided by Operating Activities	<u>31,225</u>	<u>34,002</u>	<u>-</u>	<u>65,227</u>
Cash Flows from Non-Capital Financing Activities:				
Receipts from Prepayment of Gas Supply	-	5,964	-	5,964
Payments of Principal on Bonds Payable	-	(8,925)	-	(8,925)
Payments of Interest	-	(30,629)	-	(30,629)
Transfers Out	(20,177)	-	-	(20,177)
Net Cash Used for Non-Capital Financing Activities	<u>(20,177)</u>	<u>(33,590)</u>	<u>-</u>	<u>(53,767)</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(11,829)	-	-	(11,829)
Payments of Principal on Other Long-Term Obligations	(1,512)	-	-	(1,512)
Payments of Interest	(764)	-	-	(764)
Net Cash Used for Capital and Related Financing Activities	<u>(14,105)</u>	<u>-</u>	<u>-</u>	<u>(14,105)</u>
Cash Flows from Investing Activities:				
Proceeds from the Sale of Investments	-	(1,070)	-	(1,070)
Receipts of Interest	542	686	-	1,228
Net Cash Provided by (Used for) Investing Activities	<u>542</u>	<u>(384)</u>	<u>-</u>	<u>158</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,515)	28	-	(2,487)
Cash and Cash Equivalents - October 1	38,212	335	-	38,547
Cash and Cash Equivalents - September 30	<u>\$ 35,697</u>	<u>\$ 363</u>	<u>\$ -</u>	<u>\$ 36,060</u>
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Operating Income	\$ 22,070	\$ 17,940	\$ -	\$ 40,010
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	7,497	-	-	7,497
Other Income	323	22,788	-	23,111
Other Expense	(72)	(674)	-	(746)
(Increase) Decrease in Accounts Receivable, Net	(555)	66	-	(489)
Increase in Amounts Due from Other Funds	(205)	(11)	-	(216)
Increase in Inventory	(604)	-	-	(604)
Increase in Other Operating Assets/Gas Prepay	(48)	(6,098)	-	(6,146)
Increase (Decrease) in Accounts Payable	1,401	(9)	-	1,392
Increase in Accrued Wages Payable	1,500	-	-	1,500
Increase in Amounts Due to Other Funds	27	-	-	27
Decrease in Unearned Revenues	(51)	-	-	(51)
Decrease in Collections Held in Trust	(58)	-	-	(58)
Total Adjustments	<u>9,155</u>	<u>16,062</u>	<u>-</u>	<u>25,217</u>
Net Cash Provided by Operating Activities	<u>\$ 31,225</u>	<u>\$ 34,002</u>	<u>\$ -</u>	<u>\$ 65,227</u>
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Contribution of Capital Assets	\$ -	\$ -	-	\$ -
Amortization of Bond Premium (Discount), Net	-	22,788	-	22,788

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Gas Rates

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

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

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

**NOTE 22 – SOLID WASTE MANAGEMENT FUND**

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

A final settlement to the contractor litigation provided that the City would receive \$6 million in cash and approximately \$10 million over a 20-year period in monthly installments which began in 1999. Additionally, a \$6 million payment from the present operator for future improvements has been accounted for as contributed capital. The balance due from the former contractor of approximately \$10 million has been accounted for as a receivable with a balance at September 30, 2018 of \$82 thousand.

In October 1995, the lease, between the joint powers authority and the City's SERRF operations, was revised when SERRF refunded the 1985, 1985-1, and 1986 bond issues. The lease was revised again in conjunction with the 2003 refunding of the 1995 Bonds. Base rental payments are calculated to be sufficient to pay the principal and interest of the Series 2003 Bonds when due.

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Solid Waste Management Fund  
Consolidating Schedule of Net Position (Deficit)  
September 30, 2018  
(In Thousands)

	<i>Solid Waste Management</i>			<i>Total</i>	<i>Eliminations</i>	<i>Solid Waste</i>
	<i>Refuse</i>	<i>SERRF</i>	<i>SERRF</i>	<i>Before</i>	<i>Debit</i>	<i>Management</i>
	<i>Function</i>	<i>Function</i>	<i>Authority</i>	<i>Elimination</i>	<i>(Credit)</i>	<i>Fund</i>
<b>ASSETS</b>						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 12,023	\$ 22,743	\$ 1	\$ 34,767	\$ -	\$ 34,767
Non-Pooled Cash and Cash Equivalents	3	-	123	126	-	126
Receivables:						
Interest Receivable	2	-	46	48	-	48
Accounts Receivable	2,519	6,415	190	9,124	(190)	8,934
Due from Other Governments	-	33	-	33	-	33
Due from Other Funds	2,660	98	-	2,758	-	2,758
Capital Leases Receivable - Current	-	-	10,885	10,885	(10,885)	-
Allowance for Receivables	(128)	-	-	(128)	-	(128)
Total Current Assets	<u>17,079</u>	<u>29,289</u>	<u>11,245</u>	<u>57,613</u>	<u>(11,075)</u>	<u>46,538</u>
Noncurrent Assets:						
Restricted Noncurrent assets:						
Non-Pooled Investments	-	-	11,875	11,875	-	11,875
Capital Assets:						
Land and Capital Assets not being Depreciated	483	6,520	-	7,003	-	7,003
Capital Assets Net of Accumulated Depreciation	35	147	-	182	-	182
Total Noncurrent Assets	<u>518</u>	<u>6,667</u>	<u>11,875</u>	<u>19,060</u>	<u>-</u>	<u>19,060</u>
Total Assets	<u>17,597</u>	<u>35,956</u>	<u>23,120</u>	<u>76,673</u>	<u>(11,075)</u>	<u>65,598</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows	<u>2,587</u>	<u>194</u>	<u>13</u>	<u>2,794</u>	<u>(13)</u>	<u>2,781</u>
<b>LIABILITIES</b>						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,402	5,253	-	6,655	190	6,465
Accrued Wages	271	10	-	281	-	281
Accrued Interest Payable	-	-	190	190	-	190
Due to Other Funds	167	6	-	173	-	173
Collections Held in Trust	758	64	-	822	-	822
Compensated Absences	726	53	-	779	-	779
Obligations under Capital Leases - Current	-	10,885	-	10,885	10,885	-
Bonds Payable Due within One Year	-	-	10,885	10,885	-	10,885
Total Current Liabilities	<u>3,324</u>	<u>16,271</u>	<u>11,075</u>	<u>30,670</u>	<u>11,075</u>	<u>19,595</u>
Noncurrent Liabilities:						
Deferred Credits and Other Deferred Liabilities	-	13	-	13	13	-
Compensated Absences	1,453	324	-	1,777	-	1,777
Bonds Payable	-	-	69	69	-	69
Total OPEB Liability	600	123	-	723	-	723
Net Pension Liability	14,802	832	-	15,634	-	15,634
Total Noncurrent Liabilities	<u>16,855</u>	<u>1,292</u>	<u>69</u>	<u>18,216</u>	<u>13</u>	<u>18,203</u>
Total Liabilities	<u>20,179</u>	<u>17,563</u>	<u>11,144</u>	<u>48,886</u>	<u>11,088</u>	<u>37,798</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows	<u>2,015</u>	<u>138</u>	<u>-</u>	<u>2,153</u>	<u>-</u>	<u>2,153</u>
<b>NET POSITION (DEFICIT)</b>						
Net Investment in Capital Assets	518	(4,218)	11,819	8,119	-	8,119
Restricted for:						
Debt Service	-	-	170	170	-	170
Unrestricted	(2,528)	22,667	-	20,139	-	20,139
Total Net Position (Deficit)	<u>\$ (2,010)</u>	<u>\$ 18,449</u>	<u>\$ 11,989</u>	<u>\$ 28,428</u>	<u>\$ -</u>	<u>\$ 28,428</u>

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Solid Waste Management Fund  
Consolidating Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)  
For the Fiscal Year Ended September 30, 2018  
(In Thousands)

	<u>Solid Waste Management</u>			<u>Total Before Elimination</u>	<u>Eliminations Debit (Credit)</u>	<u>Solid Waste Management Fund</u>
	<u>Refuse Function</u>	<u>SERRF Function</u>	<u>SERRF Authority</u>			
Operating Revenues:						
Fees, Concessions, and Rentals	\$ -	\$ -	\$ 372	\$ 372	\$ 372	\$ -
Charges for Services	42,605	40,988	-	83,593	8,162	75,431
Other	1	11	-	12	-	12
Total Operating Revenues	<u>42,606</u>	<u>40,999</u>	<u>372</u>	<u>83,977</u>	<u>8,534</u>	<u>75,443</u>
Operating Expenses:						
Personnel Services	14,055	609	-	14,664	-	14,664
Maintenance and Other Operations	30,677	34,792	-	65,469	(8,162)	57,307
Rental Expense	-	661	-	661	(372)	289
Amortization	-	(80)	80	-	-	-
Depreciation	6	56	-	62	-	62
Total Operating Expenses	<u>44,738</u>	<u>36,038</u>	<u>80</u>	<u>80,856</u>	<u>(8,534)</u>	<u>72,322</u>
Operating Income (Loss)	<u>(2,132)</u>	<u>4,961</u>	<u>292</u>	<u>3,121</u>	<u>-</u>	<u>3,121</u>
Non-Operating Income (Expenses):						
Interest Income	208	241	152	601	-	601
Interest Expense	(79)	-	38	(41)	-	(41)
Operating Grants	248	-	-	248	-	248
Other Income	7	-	-	7	-	7
Other Expenses	-	(42)	-	(42)	-	(42)
Total Non-Operating Income (Expenses)	<u>384</u>	<u>199</u>	<u>190</u>	<u>773</u>	<u>-</u>	<u>773</u>
Income (Loss) before Contributions and Transfers	<u>(1,748)</u>	<u>5,160</u>	<u>482</u>	<u>3,894</u>	<u>-</u>	<u>3,894</u>
Transfers:						
Transfers Out	(649)	-	-	(649)	-	(649)
Change in Net Position	<u>(2,397)</u>	<u>5,160</u>	<u>482</u>	<u>3,245</u>	<u>-</u>	<u>3,245</u>
Net Position - October 1	<u>387</u>	<u>13,289</u>	<u>11,507</u>	<u>25,183</u>	<u>-</u>	<u>25,183</u>
Net Position (Deficit) - September 30	<u>\$ (2,010)</u>	<u>\$ 18,449</u>	<u>\$ 11,989</u>	<u>\$ 28,428</u>	<u>\$ -</u>	<u>\$ 28,428</u>

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Solid Waste Management Fund  
Consolidating Schedule of Cash Flows  
(In Thousands)

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Refuse Function</u>	<u>SERRF Function</u>	<u>SERRF Authority</u>	<u>Total Before Elimination</u>	<u>Eliminations Increase (Decrease)</u>	<u>Solid Waste Management Fund</u>
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 42,347	\$ 33,395	\$ -	\$ 75,742	\$ -	\$ 75,742
Receipts from Capital Lease	-	-	552	552	(552)	-
Receipts from Other Funds	431	8,166	-	8,597	-	8,597
Payments for Employee Salaries	(13,483)	(536)	-	(14,019)	-	(14,019)
Payments for Goods and Services	(30,280)	(34,134)	-	(64,414)	552	(63,862)
Other Income	7	-	-	7	-	7
Other Expense	-	(42)	-	(42)	-	(42)
Net Cash Provided by (Used for) Operating Activities	(978)	6,849	552	6,423	-	6,423
Cash Flows from Non-Capital Financing Activities:						
Operating Grants Received from Other Governments	248	-	-	248	-	248
Transfers Out	(672)	-	-	(672)	-	(672)
Net Cash Used for Non-Capital Financing Activities	(424)	-	-	(424)	-	(424)
Cash Flows from Capital and Related Financing Activities:						
Payments for Capital Acquisitions	(1)	(1)	-	(2)	-	(2)
Payments of Principal on Bonds Payable	-	-	(10,330)	(10,330)	-	(10,330)
Payments of Principal on Other Long-Term Obligations	-	(10,330)	-	(10,330)	10,330	-
Payments of Interest	(79)	-	(555)	(634)	-	(634)
Net Cash Used for Capital and Related Financing Activities	(80)	(10,331)	(10,885)	(21,296)	10,330	(10,966)
Cash Flows from Investing Activities:						
Proceeds from the Sale of Investments	-	-	(69)	(69)	-	(69)
Principal Received under Capital Lease	-	-	10,330	10,330	(10,330)	-
Receipts of Interest	209	241	152	602	-	602
Net Cash Provided by Investing Activities	209	241	10,413	10,863	(10,330)	533
Net Increase (Decrease) in Cash and Cash Equivalents	(1,273)	(3,241)	80	(4,434)	-	(4,434)
Cash and Cash Equivalents - October 1	13,299	25,984	44	39,327	-	39,327
Cash and Cash Equivalents - September 30	<u>\$ 12,026</u>	<u>\$ 22,743</u>	<u>\$ 124</u>	<u>\$ 34,893</u>	<u>\$ -</u>	<u>\$ 34,893</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<u>Refuse Function</u>	<u>SERRF Function</u>	<u>SERRF Authority</u>	<u>Total before Elimination</u>	<u>Eliminations Increase (Decrease)</u>	<u>Solid Waste Management Fund</u>
Operating Income (Loss)	\$ (2,132)	\$ 4,961	\$ 292	\$ 3,121	\$ -	\$ 3,121
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	6	(24)	80	62	-	62
Other Income	7	-	-	7	-	7
Other Expense	-	(42)	-	(42)	-	(42)
(Increase) Decrease in Accounts Receivable, Net	190	582	180	952	(180)	772
Increase in Amounts Due from Other Governments	-	(21)	-	(21)	-	(21)
Decrease in Amounts Due from Other Funds	8	1	-	9	-	9
Increase in Other Assets	-	95	-	95	-	95
Increase in Accounts Payable	397	1,224	-	1,621	180	1,801
Increase in Accrued Wages Payable	572	73	-	645	-	645
Decrease in Collections Held in Trust	(26)	-	-	(26)	-	(26)
Total Adjustments	1,154	1,888	260	3,302	-	3,302
Net Cash Provided by (Used for) Operating Activities	<u>\$ (978)</u>	<u>\$ 6,849</u>	<u>\$ 552</u>	<u>\$ 6,423</u>	<u>\$ -</u>	<u>\$ 6,423</u>

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

**NOTE 23 – COMMITMENTS AND CONTINGENCIES**

Commitments

At September 30, 2018, 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	\$ 592
Non-major Governmental funds	31,918
Internal Service Funds	<u>14,602</u>
Total	<u>\$ 47,112</u>
<u>Business-Type Activities</u>	
Gas Utility	\$ 293
Water	10,340
Tidelands	11,645
Harbor	15,475
Non-major business-type funds	<u>5,618</u>
Total	<u>\$ 43,371</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.

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.

**The City of Long Beach**  
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September 30, 2018

On May 24, 2016, ACTA issued Series 2016 Bonds to restructured a portion of its debt. This potentially helped reduced the frequency and amount of future Shortfall Advances. Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. Reimbursement could begin as soon as 2018. The most recent Notice date March 12, 2018 indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2018.

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, 2018, the Harbor has invested \$1.2 billion into the project.

Environmental Mitigation Credits

The Harbor contributed a total of \$50.8 million to federal and state regulatory agencies, \$39.4 million in fiscal year 1997 and \$11.4 million in fiscal 2006, 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 land was transferred to the State of California in return for environmental mitigation credits to allow for the construction of up to 267 acres of landfill in the outer harbor area.

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, 2018, the Harbor has utilized a total of \$11.4 million of environmental credits for completed land fill as part of capital projects within the port boundaries to date. No costs were incurred during fiscal year 2018. No other environmental credit has been acquired. The existing \$39.4 million or 238 credits will be partially used in completing the Middle Harbor project that is currently underway and estimated to complete in fiscal year 2020; and other remaining credits will be used in future projects.

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.

Pipeline Permit Fee Settlement

In November 2017, the City entered into a settlement agreement which limits the City's ability to collect pipeline permit fees from its associated Water and Sewer Utilities. As part of the settlement, the City will return \$12 million from its General Fund to the Water and Sewer Utilities, allocated at 57 percent and 43 percent respectively, in four equal annual payments of \$3 million beginning in fiscal year 2018. The settlement has resulted in reduced customer rates for the affected utilities.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

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

Deferred Outflows of Resources

At September 30, 2018, 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>
<b><i>Deferred Outflows of Resources:</i></b>					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	\$ 1,205	\$ 1,205
Pension contributions after measurement date	-	-	-	51,732	51,732
CalPERS Difference between actual and expected investment returns	-	-	-	12,047	12,047
CalPERS change in assumptions	-	-	-	79,261	79,261
Change in pension allocation proportion	-	-	-	1,847	1,847
OPEB contributions after measurement date	-	-	-	783	783
OPEB Change in Assumptions	-	-	-	6,137	6,137
Change in OPEB allocation proportion	-	-	-	494	494
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 153,506</u>	<u>\$ 153,506</u>
<b><i>Deferred Inflows of Resources:</i></b>					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 2,388	\$ 2,388
Unavailable revenue and property taxes	98,431	209,191	307,622	(207,571)	100,051
CalPERS change in assumptions	-	-	-	45,575	45,575
CalPERS difference between actual and expected experience	-	-	-	48,312	48,312
Change in pension allocation proportion	-	-	-	968	968
OPEB Change in Assumptions	-	-	-	1,299	1,299
OPEB difference between actual and expected experience	-	-	-	4,935	4,935
Change in OPEB allocation proportion	-	-	-	403	403
Total deferred inflows of resources	<u>\$ 98,431</u>	<u>\$ 209,191</u>	<u>\$ 307,622</u>	<u>\$ (103,691)</u>	<u>\$ 203,931</u>



**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

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

	<i>Civic Center</i>	<i>General Services</i>	<i>Fleet Services</i>	<i>Insurance</i>	<i>Employee Benefits</i>	<i>Total Internal Service Funds</i>
<b><i>Deferred Outflows of Resources:</i></b>						
Economic loss from the refunding of debt	\$ 680	\$ -	\$ 1,035	\$ -	\$ -	\$ 1,715
Pension contributions after measurement date	170	2,095	996	1,009	519	4,789
CalPERS Difference between actual and expected investment returns	29	355	169	171	91	815
CalPERS change in assumptions	158	1,955	930	941	487	4,471
Change in pension allocation proportion	-	674	670	51	14	1,409
OPEB contributions after measurement date	-	33	19	6	8	66
OPEB Change in Assumptions	-	261	148	48	62	519
Change in OPEB allocation proportion	-	67	34	44	-	145
Total deferred outflows of resources	<u>\$ 1,037</u>	<u>\$ 5,440</u>	<u>\$ 4,001</u>	<u>\$ 2,270</u>	<u>\$ 1,181</u>	<u>\$ 13,929</u>
<b><i>Deferred Inflows of Resources</i></b>						
CalPERS change in assumptions	\$ 127	\$ 1,568	\$ 746	\$ 755	\$ 389	\$ 3,585
CalPERS difference between actual and expected experience	136	1,683	800	811	419	3,849
Change in pension allocation proportion	381	-	-	185	118	684
OPEB Change in Assumptions	-	55	31	10	13	109
OPEB difference between actual and expected experience	-	209	119	38	50	416
Change in OPEB allocation proportion	-	-	-	-	105	105
Total deferred inflows of resources	<u>\$ 644</u>	<u>\$ 3,515</u>	<u>\$ 1,696</u>	<u>\$ 1,799</u>	<u>\$ 1,094</u>	<u>\$ 8,748</u>

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

**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>
<b>Deferred Outflows of Resources:</b>							
Economic loss from the refunding of debt	\$ -	\$ 1,105	\$ 6,050	\$ -	\$ 3,084	\$ -	\$ 10,239
Pension contributions after measurement date	2,220	2,616	3,352	502	8,251	4,517	21,458
CalPERS change in assumptions	2,073	2,441	4,824	468	7,701	4,229	21,736
CalPERS Difference between actual and expected investment returns	376	443	747	85	1,399	767	3,817
Change in pension allocation proportion	-	535	823	60	-	1,288	2,706
OPEB contributions after measurement date	34	39	23	6	72	52	226
OPEB change in assumptions	270	303	177	47	662	398	1,857
Change in OPEB allocation proportion	-	82	95	-	-	97	274
Derivative instrument							
Interest rate swap	7,473	-	-	-	-	-	7,473
Total deferred outflows of resources	<u>\$ 12,446</u>	<u>\$ 7,564</u>	<u>\$ 16,091</u>	<u>\$ 1,168</u>	<u>\$ 21,169</u>	<u>\$ 11,348</u>	<u>\$ 69,786</u>
<b>Deferred Inflows of Resources:</b>							
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ -	\$ 5,458	\$ -	\$ 5,458
CalPERS change in assumptions	1,662	1,958	2,884	376	6,177	3,385	16,442
CalPERS difference between actual and expected experience	1,784	2,101	3,062	403	6,629	3,632	17,611
Change in pension allocation proportion	387	-	775	36	2,762	350	4,310
OPEB change in assumptions	57	64	37	10	120	85	373
OPEB difference between actual and expected experience	217	244	142	38	456	322	1,419
Change in OPEB allocation proportion	90	13	58	91	127	121	500
Derivative instrument							
Commodity swap	527,051	-	-	-	-	-	527,051
Total deferred inflows of resources	<u>\$ 531,248</u>	<u>\$ 4,380</u>	<u>\$ 6,958</u>	<u>\$ 954</u>	<u>\$ 21,729</u>	<u>\$ 7,895</u>	<u>\$ 573,164</u>

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

**NOTE 25 - 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)**

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, the agreements rebate 50% (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.

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, 2018, sales tax abatements totaled \$4.3 million.

**Transient Occupancy Tax (TOT) Incentive Agreement**

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. 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%.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

The City participates in TOT sharing agreements whereby it 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 amount of TOT to be shared will not exceed 25% of the net incremental growth on the hotel's TOT received by the City. The amount of transient occupancy taxes abated totaled \$230 thousand in fiscal year 2018.

**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 2018, the City had agreements for which re-assessments were completed by the County Assessor's office with a total property tax valuation of \$143.8 million, and an estimated tax abatement of \$158 thousand.

**NOTE 26 – SUBSEQUENT EVENTS**

**City of Long Beach 2018 Ambulances Lease**

On December 6, 2018, the City entered into a capital lease agreement for the purchase of seven 2018 E-450 ambulances with related equipment and accessories, in the amount of \$2 million. The lease is payable in monthly installments of \$30 thousand through December 2024.

**City of Long Beach 2018 Equipment Lease for Water Department**

On December 20, 2018, the City entered into a capital lease agreement for the purchase of various types of equipment such as smart meters, communications collectors, & data management systems, in the amount of \$27.4 million. The lease is payable in monthly installments of \$194 thousand through December 2033.

REQUIRED SUP-  
PLEMENTARY  
INFORMATION

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**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 Years<sup>1</sup>  
(unaudited)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Total Pension Liability (TPL)</b>				
<b>TPL - beginning</b>	<b>\$2,362,579</b>	<b>\$2,368,500</b>	<b>\$2,431,211</b>	<b>\$2,612,351</b>
Service cost	37,502	37,306	42,500	43,138
Interest in the TPL	171,128	175,727	177,096	178,030
Differences between actual and expected experience	(45,118)	(29,800)	(56,898)	(28,799)
Changes in assumptions <sup>2</sup>	(40,892)	-	144,164	(49,554)
Benefit payments <sup>3</sup>	<u>(116,699)</u>	<u>(120,522)</u>	<u>(125,722)</u>	<u>(131,268)</u>
<b>Net change in TPL</b>	<b><u>5,921</u></b>	<b><u>62,711</u></b>	<b><u>181,140</u></b>	<b><u>11,547</u></b>
<b>TPL - ending (a)</b>	<b><u>\$2,368,500</u></b>	<b><u>\$2,431,211</u></b>	<b><u>\$2,612,351</u></b>	<b><u>\$2,623,898</u></b>
<b>Plan Fiduciary Net Position</b>				
<b>Plan fiduciary net position - beginning</b>	<b>\$1,881,680</b>	<b>\$1,857,249</b>	<b>\$1,802,786</b>	<b>\$1,936,477</b>
Net Plan to Plan Resource Movement	-	-	(39)	(5)
Contribution - employer	35,136	39,877	45,864	53,278
Contribution - employees	17,652	17,959	17,793	18,339
Net investment income	41,570	9,355	198,457	162,226
Administrative expenses	(2,090)	(1,132)	(2,662)	(3,018)
Benefit payments <sup>3</sup>	(116,699)	(120,522)	(125,722)	(131,268)
Other miscellaneous expense	-	-	-	(5,730)
<b>Net change in fiduciary net position</b>	<b><u>(24,431)</u></b>	<b><u>(54,463)</u></b>	<b><u>133,691</u></b>	<b><u>93,822</u></b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$1,857,249</u></b>	<b><u>\$1,802,786</u></b>	<b><u>\$1,936,477</u></b>	<b><u>\$2,030,299</u></b>
<b>Net pension liability - ending (a)-(b)</b>	<b><u>\$ 511,251</u></b>	<b><u>\$ 628,425</u></b>	<b><u>\$ 675,874</u></b>	<b><u>\$ 593,599</u></b>
<b>Fiduciary net position as a percentage of the TPL</b>	<b>78.41%</b>	<b>74.15%</b>	<b>74.13%</b>	<b>77.38%</b>
Covered payroll	\$ 239,867	\$ 250,298	\$ 256,466	\$ 267,276
<b>NPL as percentage of covered payroll</b>	<b>213.14%</b>	<b>251.07%</b>	<b>263.53%</b>	<b>222.09%</b>

**Notes to Schedule:**

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

<sup>2</sup> 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.

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

See accompanying independent auditors' report.

**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 Years<sup>1</sup>

(unaudited)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Total Pension Liability</b>				
<b>TPL - beginning</b>	<b>\$2,209,454</b>	<b>\$2,222,223</b>	<b>\$2,286,528</b>	<b>\$2,458,914</b>
Service cost	34,835	34,636	38,622	40,757
Interest in the TPL	160,374	165,092	166,486	170,018
Differences between actual and expected experience	(38,807)	(27,528)	(61,909)	(102)
Changes in assumptions <sup>2</sup>	(39,710)	-	139,900	(43,795)
Benefit payments <sup>3</sup>	<u>(103,922)</u>	<u>(107,895)</u>	<u>(110,713)</u>	<u>(115,029)</u>
<b>Net change in TPL</b>	<b><u>12,770</u></b>	<b><u>64,305</u></b>	<b><u>172,386</u></b>	<b><u>51,849</u></b>
<b>TPL - ending (a)</b>	<b><u>\$2,222,224</u></b>	<b><u>\$2,286,528</u></b>	<b><u>\$2,458,914</u></b>	<b><u>\$2,510,763</u></b>
<b>Plan Fiduciary Net Position</b>				
<b>Plan fiduciary net position - beginning</b>	<b>\$1,889,902</b>	<b>\$1,866,598</b>	<b>\$1,811,258</b>	<b>\$1,948,660</b>
Net Plan to Plan Resource Movement	-	-	39	(5)
Contribution - employer	29,815	32,845	39,371	46,437
Contribution - employees	11,737	11,733	12,802	14,047
Net investment income	41,167	9,115	198,577	162,720
Administrative expenses	(2,101)	(1,138)	(2,674)	(3,037)
Benefit payments <sup>3</sup>	<u>(103,922)</u>	<u>(107,895)</u>	<u>(110,713)</u>	<u>(115,029)</u>
Other miscellaneous expense	-	-	-	(5,766)
<b>Net change in fiduciary net position</b>	<b><u>(23,304)</u></b>	<b><u>(55,340)</u></b>	<b><u>137,402</u></b>	<b><u>99,367</u></b>
<b>Plan fiduciary net position - ending (b)</b>	<b><u>\$1,866,598</u></b>	<b><u>\$1,811,258</u></b>	<b><u>\$1,948,660</u></b>	<b><u>\$2,048,027</u></b>
<b>Net pension liability - ending (a)-(b)</b>	<b><u>\$ 355,626</u></b>	<b><u>\$ 475,270</u></b>	<b><u>\$ 510,254</u></b>	<b><u>\$ 462,736</u></b>
<b>Fiduciary net position as a percentage of the TPL</b>	<b>84.00%</b>	<b>79.21%</b>	<b>79.25%</b>	<b>81.57%</b>
Covered payroll	\$ 155,208	\$ 159,226	\$ 173,037	\$ 184,492
<b>NPL as percentage of covered payroll</b>	<b>229.13%</b>	<b>298.49%</b>	<b>294.88%</b>	<b>250.82%</b>

**Notes to Schedule:**

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

<sup>2</sup> 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.

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

See accompanying independent auditors' report.



**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

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

As of and for the year ended September 30, 2018 (dollars in thousands)

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Actuarially Determined Contribution <sup>2</sup>	\$ 35,136	\$ 39,877	\$ 45,864	\$ 53,278
Contributions in relation to the actuarially determined contribution <sup>3</sup>	(35,136)	(39,877)	(45,864)	(53,278)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 239,897	\$ 246,490	\$ 258,248	\$ 269,936
Contributions as a percentage of covered payroll	14.65%	16.18%	17.76%	19.74%

**Notes to schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from June 30, 2015 public agency valuations.

Valuation Date:	6/30/2015
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2015 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.15%, 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**

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

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

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

See accompanying independent auditors' report.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

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

As of and for the year ended September 30, 2018 (dollars in thousands)

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Actuarially Determined Contribution <sup>2</sup>	\$ 29,815	\$ 32,845	\$ 39,371	\$ 46,437
Contributions in relation to the actuarially determined contribution <sup>3</sup>	(29,815)	(32,845)	(39,371)	(46,437)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 155,208	\$ 159,773	\$ 177,401	\$ 186,217
Contributions as a percentage of covered payroll	19.21%	20.56%	22.19%	24.94%

**Notes to schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2018 were from June 30, 2015 public agency valuations.

Valuation Date:	6/30/2015
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2015 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2015 Funding Valuation Report.
Inflation	2.75%
Salary Increases	Varies by entry age and service
Payroll Growth	3.00%
Investment Rate of Return	7.15%, 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**

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

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

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

See accompanying independent auditors' report.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018

**Schedule of Changes in Total OPEB Liability and Related Ratios<sup>1</sup>**

(As of September 30, dollars in thousands)

Last 10 Years<sup>2</sup>  
(unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Total OPEB liability - beginning</b>	<b>\$ 42,493</b>	<b>\$ 45,122</b>	<b>\$ 49,940</b>
Service cost	2,077	2,145	2,818
Interest on total OPEB liability	1,655	1,754	1,622
Difference between expected and actual experience	-	(8,920)	-
Changes of assumptions	-	11,093	(2,023)
Benefit payments	(1,103)	(1,254)	(855)
<b>Net change in total OPEB liability</b>	<b><u>2,629</u></b>	<b><u>4,818</u></b>	<b><u>1,562</u></b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 45,122</u></b>	<b><u>\$ 49,940</u></b>	<b><u>\$ 51,502</u></b>
Covered payroll	\$ 406,263	\$ 435,649	\$ 417,383
Total OPEB liability as a percentage of covered payroll	11.1%	11.5%	12.3%

**Notes to Schedule:**

<sup>1</sup> No assets are accumulated in a trust to pay related benefits

<sup>2</sup> Fiscal year 2016 was the first year of implementation.

See accompanying independent auditors' report.

**The City of Long Beach**  
The Notes to the Basic Financial Statements  
September 30, 2018



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ADDITIONAL  
FINANCIAL  
SECTION

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**City of Long Beach**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2018**  
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 121,952	\$ 7,605	\$ 77,782	\$ 207,339
Non-Pooled Cash and Cash Equivalents	1,637	18,381	386	20,404
Receivables:				
Interest Receivable	7	-	6	13
Accounts Receivable	1,982	-	-	1,982
Due from Other Governments	20,697	-	4,510	25,207
Due from Other Funds	1,014	-	213	1,227
Allowance for Receivables	(2,840)	-	-	(2,840)
Other Assets	1,118	-	206	1,324
Advances to Other Funds	3,810	-	-	3,810
Land Held for Resale	8,182	-	-	8,182
Other Noncurrent Receivables	206,016	-	6,273	212,289
Total Assets	<u>\$ 363,575</u>	<u>\$ 25,986</u>	<u>\$ 89,376</u>	<u>\$ 478,937</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 11,657	\$ -	\$ 11,695	\$ 23,352
Accrued Wages and Benefits Payable	1,233	-	187	1,420
Due to Other Governments	5	-	-	5
Due to Other Funds	4,645	-	457	5,102
Unearned Revenues	6,985	-	12,057	19,042
Deposits and Collections Held in Trust	1,259	1,308	102	2,669
Advances from Other Funds	3,810	-	-	3,810
Total Liabilities	<u>29,594</u>	<u>1,308</u>	<u>24,498</u>	<u>55,400</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows	202,925	-	6,266	209,191
<b>FUND BALANCES</b>				
Nonspendable	1,118	-	206	1,324
Restricted	128,229	24,678	21,634	174,541
Committed	1,414	-	-	1,414
Assigned	295	-	36,772	37,067
Total Fund Balance	<u>131,056</u>	<u>24,678</u>	<u>58,612</u>	<u>214,346</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 363,575</u>	<u>\$ 25,986</u>	<u>\$ 89,376</u>	<u>\$ 478,937</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, 2018  
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes:				
Property	\$ 5,844	\$ 23,585	\$ 12,001	\$ 41,430
Sales	2,671	-	-	2,671
Other Taxes	13,107	-	-	13,107
Licenses and Permits	7,002	-	573	7,575
Use of Money and Property	2,371	654	924	3,949
From Other Agencies	180,929	-	10,918	191,847
Charges for Services	2,237	-	-	2,237
Other Contributions	-	-	137	137
Other	5,503	-	4,347	9,850
<b>Total Revenues</b>	<b>219,664</b>	<b>24,239</b>	<b>28,900</b>	<b>272,803</b>
Expenditures:				
Current:				
General Government	1,881	-	25	1,906
Public Safety	19,828	-	-	19,828
Public Health	39,194	-	-	39,194
Community and Cultural	123,086	-	3,849	126,935
Public Works	40,475	-	-	40,475
<b>Total Current Expenditures</b>	<b>224,464</b>	<b>-</b>	<b>3,874</b>	<b>228,338</b>
Capital Improvements	-	-	47,935	47,935
Debt Service:				
Principal	-	28,359	-	28,359
Interest	-	15,361	-	15,361
Debt Administration Fees	-	20	-	20
<b>Total Expenditures</b>	<b>224,464</b>	<b>43,740</b>	<b>51,809</b>	<b>320,013</b>
Excess of Revenues over (under) Expenditures	(4,800)	(19,501)	(22,909)	(47,210)
Other Financing Sources (Uses):				
Debt Issuance	-	-	2,306	2,306
Transfers In	7,824	16,057	43,903	67,784
Transfers Out	(3,266)	(4,004)	(21,957)	(29,227)
<b>Total Other Financing Sources (Uses)</b>	<b>4,558</b>	<b>12,053</b>	<b>24,252</b>	<b>40,863</b>
<b>Net Change in Fund Balances</b>	<b>(242)</b>	<b>(7,448)</b>	<b>1,343</b>	<b>(6,347)</b>
Fund Balances - October 1	131,298	32,126	57,269	220,693
<b>Fund Balances - September 30</b>	<b>\$ 131,056</b>	<b>\$ 24,678</b>	<b>\$ 58,612</b>	<b>\$ 214,346</b>

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 Gasoline Tax Fund was established to account for the receipt and expenditure of gasoline tax funds apportioned under the State Streets and Highways code, as well as other sources, including U.S. Department of Transportation, and Federal Highway Administration Grants, dedicated to street improvements. Expenditures may be made for any street-related purpose on the City's system of streets, including maintenance.

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

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

**City of Long Beach**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2018**  
**(In Thousands)**

	Special Revenue					
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue	Housing Assistance
<b>ASSETS</b>						
Pooled Cash and Cash Equivalents	\$ 2,711	\$ 652	\$ 928	\$ 7,800	\$ 377	\$ 9,792
Non-Pooled Cash and Cash Equivalents	-	-	11	1	-	1,589
Receivables:						
Interest Receivable	-	-	-	-	-	-
Accounts Receivable	225	284	13	656	-	3
Due from Other Governments	5,229	-	2,083	9,047	-	1,222
Due from Other Funds	336	-	343	335	-	-
Allowance for Receivables	-	-	(2,185)	(393)	-	-
Other Assets-Current	1	-	192	-	-	-
Advances to Other Funds	-	-	3,810	-	-	-
Land Held for Resale	-	-	821	-	-	-
Other Noncurrent Receivables (net)	-	-	65,793	-	-	-
<b>Total Assets</b>	<b>\$ 8,502</b>	<b>\$ 936</b>	<b>\$ 71,809</b>	<b>\$ 17,446</b>	<b>\$ 377</b>	<b>\$ 12,606</b>
<b>LIABILITIES</b>						
Accounts Payable	\$ 453	\$ 436	\$ 706	\$ 2,261	\$ 34	\$ 213
Accrued Wages	131	-	201	671	-	114
Due to Other Governments	-	-	-	-	-	5
Due to Other Funds	2,497	-	1,587	414	-	70
Unearned Revenues	3,643	279	6	2,138	-	-
Deposits and Collections Held in Trust	-	-	-	222	10	965
Advances from Other Funds	-	-	-	-	-	-
<b>Total Liabilities</b>	<b>6,724</b>	<b>715</b>	<b>2,500</b>	<b>5,706</b>	<b>44</b>	<b>1,367</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows	-	-	63,608	-	-	-
<b>FUND BALANCES (DEFICIT)</b>						
Nonspendable	1	-	192	-	-	-
Restricted	1,482	221	5,509	11,740	333	11,239
Committed	-	-	-	-	-	-
Assigned	295	-	-	-	-	-
<b>Total Fund Balances</b>	<b>1,778</b>	<b>221</b>	<b>5,701</b>	<b>11,740</b>	<b>333</b>	<b>11,239</b>
<b>Total Liabilities, Deferred Inflows     and Fund Balances</b>	<b>\$ 8,502</b>	<b>\$ 936</b>	<b>\$ 71,809</b>	<b>\$ 17,446</b>	<b>\$ 377</b>	<b>\$ 12,606</b>

See accompanying independent auditors' report.

Special Revenue					
Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total Special Revenue Funds	
					ASSETS
\$ 28,423	\$ 12,602	\$ 45,650	\$ 13,017	\$ 121,952	Pooled Cash and Cash Equivalents
36	-	-	-	1,637	Non-Pooled Cash and Cash Equivalents
					Receivables:
3	1	3	-	7	Interest Receivable
2	-	-	799	1,982	Accounts Receivable
-	2,964	152	-	20,697	Due from Other Governments
-	-	-	-	1,014	Due from Other Funds
-	-	-	(262)	(2,840)	Allowance for Receivables
-	840	83	2	1,118	Other Assets-Current
-	-	-	-	3,810	Advances to Other Funds
7,361	-	-	-	8,182	Land Held for Resale
138,603	-	-	1,620	206,016	Other Noncurrent Receivables
<u>\$ 174,428</u>	<u>\$ 16,407</u>	<u>\$ 45,888</u>	<u>\$ 15,176</u>	<u>\$ 363,575</u>	Total Assets
					LIABILITIES
\$ 142	\$ 2,225	\$ 4,819	\$ 368	\$ 11,657	Accounts Payable
20	3	-	93	1,233	Accrued Wages
-	-	-	-	5	Due to Other Governments
13	2	-	62	4,645	Due to Other Funds
906	-	-	13	6,985	Unearned Revenues
22	-	-	40	1,259	Deposits and Collections Held in Trust
3,810	-	-	-	3,810	Advances from Other Funds
4,913	2,230	4,819	576	29,594	Total Liabilities
					DEFERRED INFLOWS OF RESOURCES
137,697	-	-	1,620	202,925	Deferred Inflows
					FUND BALANCES (DEFICIT)
-	840	83	2	1,118	Nonspendable
31,604	13,337	40,986	11,778	128,229	Restricted
214	-	-	1,200	1,414	Committed
-	-	-	-	295	Assigned
<u>31,818</u>	<u>14,177</u>	<u>41,069</u>	<u>12,980</u>	<u>131,056</u>	Total Fund Balances
<u>\$ 174,428</u>	<u>\$ 16,407</u>	<u>\$ 45,888</u>	<u>\$ 15,176</u>	<u>\$ 363,575</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, 2018**  
(In Thousands)

	Special Revenue					
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health	Belmont Shore Parking Meter Revenue	Housing Assistance
Revenues:						
Taxes:						
Property	\$ -	\$ -	\$ -	\$ 5,844	\$ -	\$ -
Sales	-	-	-	2,671	-	-
Other Taxes	-	3,351	-	-	-	-
Licenses and Permits	-	-	-	3,741	-	-
Use of Money and Property	58	7	333	-	862	119
From Other Agencies	16,469	-	17,164	24,036	-	75,612
Charges for Services	463	-	143	1,597	-	-
Other	206	-	2,332	71	5	256
Total Revenues	<u>17,196</u>	<u>3,358</u>	<u>19,972</u>	<u>37,960</u>	<u>867</u>	<u>75,987</u>
Expenditures:						
Current:						
General Government	1,082	-	352	-	-	1
Public Safety	16,064	3,764	-	-	-	-
Public Health	217	-	-	37,037	-	-
Community and Cultural	3,956	-	19,507	-	698	75,393
Public Works	-	-	48	-	-	-
Total Expenditures	<u>21,319</u>	<u>3,764</u>	<u>19,907</u>	<u>37,037</u>	<u>698</u>	<u>75,394</u>
Excess of Revenues over (under) Expenditures	<u>(4,123)</u>	<u>(406)</u>	<u>65</u>	<u>923</u>	<u>169</u>	<u>593</u>
Other Financing Sources (Uses)						
Transfers In	2,025	-	535	527	-	106
Transfers Out	(276)	-	(1,332)	(123)	(100)	-
Total Other Financing Sources (Uses)	<u>1,749</u>	<u>-</u>	<u>(797)</u>	<u>404</u>	<u>(100)</u>	<u>106</u>
Net Change in Fund Balances	<u>(2,374)</u>	<u>(406)</u>	<u>(732)</u>	<u>1,327</u>	<u>69</u>	<u>699</u>
Fund Balances - October 1	<u>4,152</u>	<u>627</u>	<u>6,433</u>	<u>10,413</u>	<u>264</u>	<u>10,540</u>
Fund Balances - September 30	<u>\$ 1,778</u>	<u>\$ 221</u>	<u>\$ 5,701</u>	<u>\$ 11,740</u>	<u>\$ 333</u>	<u>\$ 11,239</u>

See accompanying independent auditors' report.

Special Revenue					
Housing Development	Gasoline Tax	Transportation	Other Special Revenue Funds	Total Special Revenue Funds	
					Revenues:
\$ -	\$ -	\$ -	\$ -	\$ 5,844	Taxes:
-	-	-	-	2,671	Property
-	-	-	9,756	13,107	Sales
126	-	-	3,135	7,002	Other Taxes
566	68	194	164	2,371	Licenses and Permits
(164)	18,013	29,799	-	180,929	Use of Money and Property
-	-	-	34	2,237	From Other Agencies
2,314	-	-	319	5,503	Charges for Services
2,842	18,081	29,993	13,408	219,664	Other
					Total Revenues
					Expenditures:
					Current:
77	-	294	75	1,881	General Government
-	-	-	-	19,828	Public Safety
-	-	-	1,940	39,194	Public Health
12,568	-	-	10,964	123,086	Community and Cultural
-	18,589	21,838	-	40,475	Public Works
12,645	18,589	22,132	12,979	224,464	Total Expenditures
(9,803)	(508)	7,861	429	(4,800)	Excess of Revenues Over (Under) Expenditures
					Other Financing Sources (Uses)
4,481	-	-	150	7,824	Transfers In
(331)	-	-	(1,104)	(3,266)	Transfers Out
4,150	-	-	(954)	4,558	Total Other Financing Sources (Uses)
(5,653)	(508)	7,861	(525)	(242)	Net Change in Fund Balances
37,471	14,685	33,208	13,505	131,298	Fund Balances - October 1
\$ 31,818	\$ 14,177	\$ 41,069	\$ 12,980	\$ 131,056	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, 2018  
 (In Thousands)

	<b>General Grants</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources:</b>				
Use of Money and Property	\$ (8)	\$ 17	\$ 58	\$ 41
From Other Agencies	17,713	25,331	16,469	(8,862)
Charges for Services	(685)	(127)	463	590
Other Revenues	104	1,537	206	(1,331)
Transfers In	1,021	1,366	2,025	659
Total Sources	18,145	28,124	19,221	(8,903)
<b>Uses:</b>				
General Government	2,505	3,934	1,142	2,792
Public Safety	13,639	18,935	16,560	2,375
Public Health	432	579	217	362
Community and Cultural	5,312	8,579	3,956	4,623
Public Works	305	305	-	305
Transfers Out	-	-	276	(276)
Total Uses	22,193	32,332	22,151	10,181
Net Change in Budgetary Fund Balance	(4,048)	(4,208)	(2,930)	\$ 1,278
Fund Balances - October 1, GAAP Basis	4,152	4,152	374	
Fund Balances - September 30, Budgetary Basis	\$ 104	\$ (56)	\$ (2,556)	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ (2,930)
<b>Add:</b> Encumbrances	556
<b>Change in Fund Balance - September 30, GAAP Basis</b>	(2,374)
<b>Fund Balance, October 1, GAAP Basis</b>	4,152
<b>Fund Balance, September 30, GAAP Basis</b>	\$ 1,778

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, 2018  
 (In Thousands)

	<b>Police and Fire Public Safety Oil Production Tax</b>			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
<b>Sources:</b>				
Other Taxes	\$ 1,772	\$ 1,772	\$ 3,351	\$ 1,579
Use of Money and Property	(41)	(41)	10	51
Total Sources	1,731	1,731	3,361	1,630
<b>Uses:</b>				
General Government	400	400	-	400
Public Safety	5,819	5,819	3,764	2,055
Total Uses	6,219	6,219	3,764	2,455
Net Change in Budgetary Fund Balance	(4,488)	(4,488)	(403)	\$ 4,085
Fund Balances - October 1, GAAP Basis	627	627	627	
Fund Balances - September 30, Budgetary Basis	\$ (3,861)	\$ (3,861)	\$ 224	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ (403)
<b>Less: Change in Mark-to-Market and Other Adjustments</b>	(3)
<b>Change in Fund Balance - September 30, GAAP Basis</b>	(406)
<b>Fund Balance, October 1, GAAP Basis</b>	627
<b>Fund Balance, September 30, GAAP Basis</b>	\$ 221

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, 2018  
 (In Thousands)

	<b>Community Development Grants</b>			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Sources:</b>				
Licenses and Permits	\$ (10)	\$ (10)	\$ -	\$ 10
Use of Money and Property	(420)	(334)	333	667
From Other Agencies	35,586	37,944	17,164	(20,780)
Charges for Services	(97)	(97)	143	240
Other Revenues	5,684	6,038	2,332	(3,706)
Transfers In	(274)	236	535	299
Total Sources	<u>40,469</u>	<u>43,777</u>	<u>20,507</u>	<u>(23,270)</u>
<b>Uses:</b>				
General Government	26,475	26,474	352	26,122
Community and Cultural	19,670	22,504	20,563	1,941
Public Works	106	106	48	58
Transfers Out	(3,662)	(1,699)	1,332	(3,031)
Total Uses	<u>42,589</u>	<u>47,385</u>	<u>22,295</u>	<u>25,090</u>
Net Change in Budgetary Fund Balance	(2,120)	(3,608)	(1,788)	<u>\$ 1,820</u>
Fund Balances - October 1, GAAP Basis	<u>6,433</u>	<u>6,433</u>	<u>6,433</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 4,313</u>	<u>\$ 2,825</u>	<u>\$ 4,645</u>	
<b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>				
<b>Change in Fund Balance - September 30, Budgetary Basis</b>			<u>\$ (1,788)</u>	
<b>Add: Encumbrances</b>			<u>265</u>	
<b>Change in Fund Balance - September 30, GAAP Basis</b>			<u>(1,523)</u>	
<b>Fund Balance, October 1, GAAP Basis</b>			<u>6,433</u>	
<b>Fund Balance, September 30, GAAP Basis</b>			<u>\$ 4,910</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, 2018  
(In Thousands)

	<b>Health</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources</b>				
Property Taxes	\$ 5,800	\$ 5,800	\$ 5,844	\$ 44
Sales Taxes	2,500	2,500	2,671	171
Licenses and Permits	3,164	3,164	3,741	577
Use of Money and Property	32	32	-	(32)
From Other Agencies	45,327	43,222	24,036	(19,186)
Charges for Services	1,525	1,744	1,597	(147)
Other Revenues	3,110	(1,878)	71	1,949
Transfers In	281	37	527	490
Total Sources	<u>61,739</u>	<u>54,621</u>	<u>38,487</u>	<u>(16,134)</u>
<b>Uses</b>				
Public Health	62,663	65,034	40,087	24,947
Transfers Out	48	48	123	(75)
Total Uses	<u>62,711</u>	<u>65,082</u>	<u>40,210</u>	<u>24,872</u>
Net Change in Budgetary Fund Balance	(972)	(10,461)	(1,723)	<u>\$ 8,738</u>
Fund Balances - October 1, GAAP Basis	<u>10,413</u>	<u>10,413</u>	<u>10,413</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 9,441</u>	<u>\$ (48)</u>	<u>\$ 8,690</u>	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<u>\$ (1,723)</u>
<b>Add: Encumbrances</b>	<u>3,050</u>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<u>1,327</u>
<b>Fund Balance, October 1, GAAP Basis</b>	<u>10,413</u>
<b>Fund Balance, September 30, GAAP Basis</b>	<u>\$ 11,740</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, 2018  
 (In Thousands)

	<b>Belmont Shore Parking Meter Revenues</b>			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
Sources				
Use of Money and Property	\$ 765	\$ 798	\$ 862	\$ 64
Other Revenues	-	-	5	5
Total Sources	765	798	867	69
Uses				
Community and Cultural	765	798	698	100
Transfers Out	-	-	100	(100)
Total Uses	765	798	798	-
Net Change in Budgetary Fund Balance	-	-	69	\$ 69
Fund Balances - October 1, GAAP Basis	264	264	264	
Fund Balances - September 30, Budgetary Basis	\$ 264	\$ 264	\$ 333	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ 69
<b>Change in Fund Balance - September 30, GAAP Basis</b>	69
<b>Fund Balance, October 1, GAAP Basis</b>	264
<b>Fund Balance, September 30, GAAP Basis</b>	\$ 333

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, 2018  
 (In Thousands)

	<b>Housing Assistance</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources</b>				
Use of Money and Property	\$ 66	\$ 66	\$ 119	\$ 53
From Other Agencies	75,570	75,510	75,612	102
Other Revenues	157	(523)	256	779
Transfers In	-	-	106	106
Total Sources	75,793	75,053	76,093	1,040
<b>Uses</b>				
General Government	14	14	1	13
Public Health	93	93	-	93
Community and Cultural	77,097	77,097	75,393	1,704
Total Uses	77,204	77,204	75,394	1,810
Net Change in Budgetary Fund Balance	(1,411)	(2,151)	699	\$ 2,850
Fund Balances - October 1, GAAP Basis	10,540	10,540	10,540	
Fund Balances - September 30, Budgetary Basis	\$ 9,129	\$ 8,389	\$ 11,239	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ 699
<b>Change in Fund Balance - September 30, GAAP Basis</b>	699
<b>Fund Balance, October 1, GAAP Basis</b>	10,540
<b>Fund Balance, September 30, GAAP Basis</b>	\$ 11,239

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, 2018  
 (In Thousands)

	<b>Housing Development</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources</b>				
Licenses and Permits	\$ 218	\$ 218	\$ 126	\$ (92)
Use of Money and Property	(53)	25	566	541
From Other Agencies	3,141	3,472	(164)	(3,636)
Other Revenues	197	74	2,314	2,240
Transfers In	2,757	2,180	4,481	2,301
Total Sources	6,260	5,969	7,323	1,354
<b>Uses</b>				
General Government	21,634	21,716	77	21,639
Community and Cultural	7,527	7,945	12,561	(4,616)
Transfers Out	1,044	1,232	331	901
Total Uses	30,205	30,893	12,969	17,924
Net Change in Budgetary Fund Balance	(23,945)	(24,924)	(5,646)	\$ 19,278
Fund Balances - October 1, GAAP Basis	37,471	37,471	37,471	
Fund Balances - September 30, Budgetary Basis	\$ 13,526	\$ 12,547	\$ 31,825	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ (5,646)
<b>Less: Encumbrances</b>	(7)
<b>Change in Fund Balance - September 30, GAAP Basis</b>	(5,653)
<b>Fund Balance, October 1, GAAP Basis</b>	37,471
<b>Fund Balance, September 30, GAAP Basis</b>	\$ 31,818

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, 2018  
 (In Thousands)

	<b>Gasoline Tax</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources</b>				
Use of Money and Property	\$ 50	\$ 50	\$ 68	\$ 18
From Other Agencies	30,019	35,741	18,013	(17,728)
Total Sources	30,069	35,791	18,081	(17,710)
<b>Uses</b>				
Public Works	46,065	51,786	20,176	31,610
Total Uses	46,065	51,786	20,176	31,610
Net Change in Budgetary Fund Balance	(15,996)	(15,995)	(2,095)	\$ 13,900
Fund Balances - October 1, GAAP Basis	14,685	14,685	14,685	
Fund Balances - September 30, Budgetary Basis	\$ (1,311)	\$ (1,310)	\$ 12,590	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ (2,095)
<b>Less: Encumbrances</b>	1,587
<b>Change in Fund Balance - September 30, GAAP Basis</b>	(508)
<b>Fund Balance, October 1, GAAP Basis</b>	14,685
<b>Fund Balance, September 30, GAAP Basis</b>	\$ 14,177

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, 2018  
 (In Thousands)

	<b>Transportation</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources</b>				
Use of Money and Property	\$ 56	\$ 56	\$ 194	\$ 138
From Other Agencies	30,364	30,364	29,799	(565)
Total Sources	30,420	30,420	29,993	(427)
<b>Uses</b>				
Community and Cultural	82	26	-	26
Public Works	48,162	50,866	27,057	23,809
Total Uses	48,244	50,892	27,057	23,835
Net Change in Budgetary Fund Balance	(17,824)	(20,472)	2,936	\$ 23,408
Fund Balances - October 1, GAAP Basis	33,208	33,208	33,208	
Fund Balances - September 30, Budgetary Basis	\$ 15,384	\$ 12,736	\$ 36,144	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ 2,936
<b>Add:</b> Encumbrances	4,925
<b>Change in Fund Balance - September 30, GAAP Basis</b>	7,861
<b>Fund Balance, October 1, GAAP Basis</b>	33,208
<b>Fund Balance, September 30, GAAP Basis</b>	\$ 41,069

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, 2018  
 (In Thousands)

	<b>Other Special Revenue Funds</b>			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
<b>Sources</b>				
Other Taxes	\$ 8,895	\$ 8,895	\$ 9,756	\$ 861
Licenses and Permits	2,852	2,881	3,135	254
Use of Money and Property	26	175	164	(11)
From Other Agencies	400	297	-	(297)
Charges for Services	-	-	34	34
Other Revenues	1,585	1,835	319	(1,516)
Transfers In	1,004	740	150	(590)
Total Sources	<u>14,762</u>	<u>14,823</u>	<u>13,558</u>	<u>(1,265)</u>
<b>Uses</b>				
General Government	5,714	(11)	60	(71)
Public Safety	302	318	-	318
Public Health	1,651	1,654	1,940	(286)
Community and Cultural	7,115	13,702	10,964	2,738
Transfers Out	-	101	1,104	(1,003)
Total Uses	<u>14,782</u>	<u>15,764</u>	<u>14,068</u>	<u>1,696</u>
Net Change in Budgetary Fund Balance	(20)	(941)	(510)	<u>\$ 431</u>
Fund Balances - October 1, GAAP Basis	<u>13,505</u>	<u>13,505</u>	<u>13,505</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 13,485</u>	<u>\$ 12,564</u>	<u>\$ 12,995</u>	

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<u>\$ (510)</u>
<b>Less: Encumbrances</b>	<u>(15)</u>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<u>(525)</u>
<b>Fund Balance, October 1, GAAP Basis</b>	<u>13,505</u>
<b>Fund Balance, September 30, GAAP Basis</b>	<u>\$ 12,980</u>

See accompanying independent auditors' report.



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## NONMAJOR DEBT SERVICE FUND

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

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

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

**City of Long Beach**  
 Nonmajor Debt Service Funds  
 Combining Balance Sheet  
 September 30, 2018  
 (In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total Debt Service Funds
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 7,605	\$ -	\$ 7,605
Non-Pooled Cash and Cash Equivalents	1,612	16,769	18,381
Total Assets	<u>\$ 9,217</u>	<u>\$ 16,769</u>	<u>\$ 25,986</u>
<b>LIABILITIES</b>			
Deposits and Collections Held in Trust	\$ 1,308	\$ -	\$ 1,308
Total Liabilities	<u>1,308</u>	<u>-</u>	<u>1,308</u>
<b>FUND BALANCES</b>			
Restricted	<u>7,909</u>	<u>16,769</u>	<u>24,678</u>
Total Fund Balance	<u>7,909</u>	<u>16,769</u>	<u>24,678</u>
Total Liabilities and Fund Balances	<u>\$ 9,217</u>	<u>\$ 16,769</u>	<u>\$ 25,986</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, 2018  
 (In Thousands)

	General Debt Service Fund	Successor Agency Debt Service Fund	Total Debt Service Funds
Revenues:			
Taxes:			
Property	\$ -	\$ 23,585	\$ 23,585
Use of Money and Property	385	269	654
Total Revenues	<u>385</u>	<u>23,854</u>	<u>24,239</u>
Expenditures:			
Debt Service:			
Principal	13,829	14,530	28,359
Interest	3,598	11,763	15,361
Debt Administration Fees	6	14	20
Total Expenditures	<u>17,433</u>	<u>26,307</u>	<u>43,740</u>
Excess of Revenues over (under) Expenditures	<u>(17,048)</u>	<u>(2,453)</u>	<u>(19,501)</u>
Other Financing Sources (Uses):			
Transfers In	13,725	2,332	16,057
Transfers Out	-	(4,004)	(4,004)
Total Other Financing Sources	<u>13,725</u>	<u>(1,672)</u>	<u>12,053</u>
Net Change in Fund Balances	<u>(3,323)</u>	<u>(4,125)</u>	<u>(7,448)</u>
Fund Balances - October 1	<u>11,232</u>	<u>20,894</u>	<u>32,126</u>
Fund Balances - September 30	<u>\$ 7,909</u>	<u>\$ 16,769</u>	<u>\$ 24,678</u>

See accompanying independent auditors' report.

**City of Long Beach**  
 Nonmajor Debt Service Funds  
 Schedule of Sources, Uses, and Changes in Funds Available  
 Budget and Actual (Non-GAAP Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2018  
 (In Thousands)

	<b>General Debt Service Fund</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources:</b>				
Use of Money and Property	\$ 588	\$ 588	\$ 385	\$ (203)
Transfers In	8,363	8,363	13,725	5,362
Total Sources	8,951	8,951	14,110	5,159
<b>Uses:</b>				
Debt Service	11,099	17,433	17,433	-
Total Uses	11,099	17,433	17,433	-
Net Change in Budgetary Fund Balance	(2,148)	(8,482)	(3,323)	\$ 5,159
Fund Balances - October 1, GAAP Basis	3,190	3,190	11,232	
Fund Balances - September 30, Budgetary Basis	\$ 1,042	\$ (5,292)	\$ 7,909	
<b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>				
Change in Fund Balance - September 30, Budgetary Basis			\$ (3,323)	
Change in Fund Balance - September 30, GAAP Basis			(3,323)	
Fund Balance, October 1, GAAP Basis			11,232	
Fund Balance, September 30, GAAP Basis			\$ 7,909	

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, 2018  
 (In Thousands)

	<b>Successor Agency Debt Service Fund</b>			Variance with Final Budget - Favorable (unfavorable)
	Budgeted Amounts		Actual on Budgetary Basis	
	Original	Final		
<b>Sources:</b>				
Property Taxes	\$ -	\$ -	\$ 23,585	\$ 23,585
Use of Money and Property	-	-	269	269
Transfers In	30,162	30,162	2,332	(27,830)
Total Sources	<u>30,162</u>	<u>30,162</u>	<u>26,186</u>	<u>(3,976)</u>
<b>Uses:</b>				
Debt Service	28,797	28,797	26,307	2,490
Transfers Out	-	-	4,004	(4,004)
Total Uses	<u>28,797</u>	<u>28,797</u>	<u>30,311</u>	<u>(1,514)</u>
Net Change in Budgetary Fund Balance	1,365	1,365	(4,125)	<u>\$ (5,490)</u>
Fund Balances - October 1, GAAP Basis	<u>20,894</u>	<u>20,894</u>	<u>20,894</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ 22,259</u>	<u>\$ 22,259</u>	<u>\$ 16,769</u>	
<b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (4,125)</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>(4,125)</u>	
Fund Balance, October 1, GAAP Basis			<u>20,894</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 16,769</u>	

See accompanying independent auditors' report.



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## NONMAJOR CAPITAL PROJECTS FUND

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

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

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

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

**City of Long Beach**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2018**  
(In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 60,297	\$ 1,736	\$ 15,749	\$ 77,782
Non-Pooled Cash and Cash Equivalents	170	78	138	386
Receivables:				
Interest Receivable	2	-	4	6
Due from Other Governments	4,510	-	-	4,510
Due from Other Funds	213	-	-	213
Other Assets	206	-	-	206
Other Noncurrent Receivables	-	-	6,273	6,273
Total Assets	<u>\$ 65,398</u>	<u>\$ 1,814</u>	<u>\$ 22,164</u>	<u>\$ 89,376</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 11,649	\$ -	\$ 46	\$ 11,695
Accrued Wages and Benefits Payable	183	-	4	187
Due to Other Funds	455	-	2	457
Unearned Revenues	12,045	-	12	12,057
Deposits and Collections Held in Trust	2	-	100	102
Total Liabilities	<u>24,334</u>	<u>-</u>	<u>164</u>	<u>24,498</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows	-	-	6,266	6,266
<b>FUND BALANCES</b>				
Nonspendable	206	-	-	206
Restricted	4,086	1,814	15,734	21,634
Assigned	36,772	-	-	36,772
Total Fund Balance	<u>41,064</u>	<u>1,814</u>	<u>15,734</u>	<u>58,612</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 65,398</u>	<u>\$ 1,814</u>	<u>\$ 22,164</u>	<u>\$ 89,376</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, 2018  
 (In Thousands)

	General Capital Projects	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ 12,001	\$ 12,001
Licenses and Permits	573	-	-	573
Use of Money and Property	354	-	570	924
From Other Agencies	9,991	-	927	10,918
Other Contributions	137	-	-	137
Other	2,337	-	2,010	4,347
Total Revenues	<u>13,392</u>	<u>-</u>	<u>15,508</u>	<u>28,900</u>
Expenditures:				
Current:				
General Government	-	-	25	25
Community and Cultural	586	-	3,263	3,849
Total Current Expenditures	<u>586</u>	<u>-</u>	<u>3,288</u>	<u>3,874</u>
Capital Improvements	47,534	401	-	47,935
Total Expenditures	<u>48,120</u>	<u>401</u>	<u>3,288</u>	<u>51,809</u>
Excess of Revenues Over (under) Expenditures	<u>(34,728)</u>	<u>(401)</u>	<u>12,220</u>	<u>(22,909)</u>
Other Financing Sources (Uses):				
Debt Issuance	2,306	-	-	2,306
Transfers In	39,899	-	4,004	43,903
Transfers Out	(2,343)	-	(19,614)	(21,957)
Total Other Financing Sources (Uses)	<u>39,862</u>	<u>-</u>	<u>(15,610)</u>	<u>24,252</u>
Net Change in Fund Balances	5,134	(401)	(3,390)	1,343
Fund Balances - October 1	35,930	2,215	19,124	57,269
Fund Balances - September 30	<u>\$ 41,064</u>	<u>\$ 1,814</u>	<u>\$ 15,734</u>	<u>\$ 58,612</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, 2018  
 (In Thousands)

	<b>General Capital Projects Fund</b>			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
<b>Sources:</b>				
Licenses and Permits	\$ 835	\$ 1,431	\$ 573	\$ (858)
Use of Money and Property	1,772	1,799	354	(1,445)
From Other Agencies	52,182	62,079	9,991	(52,088)
Charges for Services	3,751	7,751	-	(7,751)
Other Contributions	-	-	137	137
Other Revenues	10,420	23,310	2,337	(20,973)
Debt Issuance	-	495	2,306	1,811
Transfers In	36,730	39,225	39,899	674
Total Sources	105,690	136,090	55,597	(80,493)
<b>Uses:</b>				
General Government	22	22	-	22
Public Safety	218	218	8	210
Community and Cultural	2,668	2,668	911	1,757
Capital Improvements	69,516	70,997	68,629	2,368
Transfers Out	332	510	2,343	(1,833)
Total Uses	72,756	74,415	71,891	2,524
Net Change in Budgetary Fund Balance	32,934	61,675	(16,294)	\$ (77,969)
Fund Balances - October 1, GAAP Basis	35,930	35,930	35,930	
Fund Balances - September 30, Budgetary Basis	\$ 68,864	\$ 97,605	\$ 19,636	
<b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>				
<b>Change in Fund Balance - September 30, Budgetary Basis</b>			\$ (16,294)	
<b>Add: Encumbrances</b>			21,428	
<b>Change in Fund Balance - September 30, GAAP Basis</b>			5,134	
<b>Fund Balance, October 1, GAAP Basis</b>			35,930	
<b>Fund Balance, September 30, GAAP Basis</b>			\$ 41,064	

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, 2018  
 (In Thousands)

	<b>Special Assessment Capital Projects Fund</b>			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	Original	Final		
<b>Sources:</b>				
Use of Money and Property	\$ 15	\$ 20	\$ -	\$ (20)
Total Sources	15	20	-	(20)
<b>Uses:</b>				
Capital Improvements	2,224	2,224	401	1,823
Total Uses	2,224	2,224	401	1,823
Net Change in Budgetary Fund Balance	(2,209)	(2,204)	(401)	\$ 1,803
Fund Balances - October 1, GAAP Basis	2,447	2,447	2,215	
Fund Balances - September 30, Budgetary Basis	\$ 238	\$ 243	\$ 1,814	
 <b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>				
Change in Fund Balance - September 30, Budgetary Basis			\$ (401)	
Change in Fund Balance - September 30, GAAP Basis			(401)	
Fund Balance, October 1, GAAP Basis			2,215	
Fund Balance, September 30, GAAP Basis			\$ 1,814	

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, 2018  
 (In Thousands)

	<u>Successor Agency Capital Projects Fund</u>			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Sources:</b>				
Property Taxes	\$ 44,229	\$ 44,229	\$ 12,001	\$ (32,228)
Licenses and Permits	15	15	-	(15)
Use of Money and Property From Other Agencies	797	878	570	(308)
Other Revenues	-	-	927	927
Transfers In	408	2,353	2,010	(343)
	-	(2,026)	4,004	6,030
Total Sources	<u>45,449</u>	<u>45,449</u>	<u>19,512</u>	<u>(25,937)</u>
<b>Uses:</b>				
General Government	84	30	25	5
Community and Cultural	76,060	76,114	3,263	72,851
Transfers Out	35,284	35,284	19,614	15,670
Total Uses	<u>111,428</u>	<u>111,428</u>	<u>22,902</u>	<u>88,526</u>
Net Change in Budgetary Fund Balance	(65,979)	(65,979)	(3,390)	<u>\$ 62,589</u>
Fund Balances - October 1, GAAP Basis	<u>11,618</u>	<u>11,618</u>	<u>19,124</u>	
Fund Balances - September 30, Budgetary Basis	<u>\$ (54,361)</u>	<u>\$ (54,361)</u>	<u>\$ 15,734</u>	
<b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (3,390)</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>(3,390)</u>	
Fund Balance, October 1, GAAP Basis			<u>19,124</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 15,734</u>	

See accompanying independent auditors' report.

## NONMAJOR ENTERPRISE FUNDS

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

The 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, 2018**  
**(In Thousands)**

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
<b>ASSETS</b>							
<b>Current Assets:</b>							
Pooled Cash and Cash Equivalents	\$ 16,376	\$ 84,012	\$ 34,767	\$ 712	\$ 179,604	\$ 38,719	\$ 354,190
Non-Pooled Cash and Cash Equivalents	-	3,733	126	2	-	-	3,861
Receivables:							
Interest Receivable	-	45	48	-	15	-	108
Accounts Receivable	930	4,373	8,934	153	-	745	15,135
Due from Other Governments	-	7,812	33	-	-	-	7,845
Due from Other Funds	883	2,188	2,758	650	500	674	7,653
Allowance for Receivables	(47)	(28)	(128)	(153)	-	(145)	(501)
Inventory	97	-	-	-	-	-	97
Other Assets - Current	-	59	-	-	-	-	59
<b>Total Current Assets</b>	<b>18,239</b>	<b>102,194</b>	<b>46,538</b>	<b>1,364</b>	<b>180,119</b>	<b>39,993</b>	<b>388,447</b>
<b>Noncurrent Assets:</b>							
<b>Restricted Noncurrent Assets:</b>							
Non-Pooled Investments	-	9,568	11,875	-	-	-	21,443
Noncurrent Receivables							
Advances to Other Funds	-	-	-	-	1,614	-	1,614
<b>Capital Assets:</b>							
Land and Other Capital Assets Not Being Depreciated	4,368	32,993	7,003	-	-	-	44,364
Capital Assets Net of Accumulated Depreciation	67,718	212,373	182	-	-	48	280,321
<b>Total Noncurrent Assets</b>	<b>72,086</b>	<b>254,934</b>	<b>19,060</b>	<b>-</b>	<b>1,614</b>	<b>48</b>	<b>347,742</b>
<b>Total Assets</b>	<b>90,325</b>	<b>357,128</b>	<b>65,598</b>	<b>1,364</b>	<b>181,733</b>	<b>40,041</b>	<b>736,189</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows	1,248	2,767	2,781	757	-	3,795	11,348
<b>LIABILITIES</b>							
<b>Current Liabilities Payable from Current Assets:</b>							
Accounts Payable	1,201	10,742	6,465	40	-	1,093	19,541
Accrued Wages	167	266	281	62	-	342	1,118
Accrued Interest Payable	159	2,707	190	-	-	-	3,056
Due to Other Funds	1,497	166	173	38	-	211	2,085
Unearned Revenues	-	367	-	-	2,114	3,480	5,961
Collections Held in Trust	-	277	822	-	-	9,108	10,207
Customers Deposits	-	-	-	-	-	24	24
Advances from Developers	185	-	-	-	-	-	185
Compensated Absences	72	759	779	219	-	717	2,546
Bonds Payable Due within One Year	345	2,875	10,885	-	-	-	14,105
<b>Total Current Liabilities</b>	<b>3,626</b>	<b>18,159</b>	<b>19,595</b>	<b>359</b>	<b>2,114</b>	<b>14,975</b>	<b>58,828</b>
<b>Noncurrent Liabilities:</b>							
Unearned Revenues	-	4,538	-	-	-	-	4,538
Compensated Absences	905	1,241	1,777	373	-	1,672	5,968
Bonds Payable	10,147	101,958	69	-	-	-	112,174
Total OPEB Liability	363	515	723	150	-	692	2,443
Net Pension Liability	6,677	15,038	15,634	3,288	-	20,137	60,774
<b>Total Noncurrent Liabilities</b>	<b>18,092</b>	<b>123,290</b>	<b>18,203</b>	<b>3,811</b>	<b>-</b>	<b>22,501</b>	<b>185,897</b>
<b>Total Liabilities</b>	<b>21,718</b>	<b>141,449</b>	<b>37,798</b>	<b>4,170</b>	<b>2,114</b>	<b>37,476</b>	<b>244,725</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows	929	1,861	2,153	444	-	2,508	7,895
<b>NET POSITION</b>							
Net Investment in Capital Assets	61,593	149,685	8,119	-	-	48	219,445
Restricted for:							
Debt Service	302	392	170	-	-	-	864
Capital Projects	-	28,063	-	-	-	-	28,063
Airport	-	8,258	-	-	-	-	8,258
Subsidence	-	-	-	-	179,619	-	179,619
Unrestricted	7,031	30,187	20,139	(2,493)	-	3,804	58,668
<b>Total Net Position</b>	<b>\$ 68,926</b>	<b>\$ 216,585</b>	<b>\$ 28,428</b>	<b>\$ (2,493)</b>	<b>\$ 179,619</b>	<b>\$ 3,852</b>	<b>\$ 494,917</b>

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, 2018**  
**(In Thousands)**

	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
<b>Operating Revenues:</b>							
Licenses and Permits	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ 27,173	\$ 27,176
Fines and Forfeitures	-	32	-	-	-	-	32
Fees, Concessions and Rentals	-	47,080	-	-	-	-	47,080
From Other Agencies	-	324	-	-	-	-	324
Charges for Services	18,872	-	75,431	5,134	-	2,107	101,544
Other	-	61	12	-	-	191	264
<b>Total Operating Revenues</b>	<b>18,872</b>	<b>47,497</b>	<b>75,443</b>	<b>5,137</b>	<b>-</b>	<b>29,471</b>	<b>176,420</b>
<b>Operating Expenses:</b>							
Personnel Services	4,206	13,273	14,664	2,865	-	15,714	50,722
Maintenance and Other Operations	7,759	22,438	57,307	2,557	-	10,361	100,422
Rental Expense	-	-	289	-	-	-	289
Depreciation	2,490	11,174	62	-	-	27	13,753
<b>Total Operating Expenses</b>	<b>14,455</b>	<b>46,885</b>	<b>72,322</b>	<b>5,422</b>	<b>-</b>	<b>26,102</b>	<b>165,186</b>
<b>Operating Income (Loss)</b>	<b>4,417</b>	<b>612</b>	<b>3,121</b>	<b>(285)</b>	<b>-</b>	<b>3,369</b>	<b>11,234</b>
<b>Non-Operating Income (Expenses):</b>							
Interest Income	184	1,043	601	7	1,514	469	3,818
Interest Expense	(271)	(7,398)	(41)	-	-	(280)	(7,990)
Gain (Loss) on Disposition of Capital Assets	(97)	(3)	-	-	-	-	(100)
Operating Grants	-	-	248	-	-	-	248
Other Income	706	2,967	7	2	-	-	3,682
Other Expense	(132)	-	(42)	-	-	-	(174)
<b>Total Non-Operating Income (Expenses)</b>	<b>390</b>	<b>(3,391)</b>	<b>773</b>	<b>9</b>	<b>1,514</b>	<b>189</b>	<b>(516)</b>
<b>Income Before Contributions</b>	<b>4,807</b>	<b>(2,779)</b>	<b>3,894</b>	<b>(276)</b>	<b>1,514</b>	<b>3,558</b>	<b>10,718</b>
<b>Capital Grants and Contributions</b>	<b>549</b>	<b>24,001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>	<b>24,565</b>
<b>Transfers:</b>							
Transfers In	-	-	-	-	-	90	90
Transfers Out	(19)	(171)	(649)	-	-	(1,317)	(2,156)
<b>Change in Net Position</b>	<b>5,337</b>	<b>21,051</b>	<b>3,245</b>	<b>(276)</b>	<b>1,514</b>	<b>2,346</b>	<b>33,217</b>
<b>Net Position - October 1</b>	<b>63,589</b>	<b>195,534</b>	<b>25,183</b>	<b>(2,217)</b>	<b>178,105</b>	<b>1,506</b>	<b>461,700</b>
<b>Net Position - September 30</b>	<b>\$ 68,926</b>	<b>\$ 216,585</b>	<b>\$ 28,428</b>	<b>\$ (2,493)</b>	<b>\$ 179,619</b>	<b>\$ 3,852</b>	<b>\$ 494,917</b>

See accompanying independent auditors' report.

**City of Long Beach**  
**Nonmajor Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2018**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 18,903	\$ 46,746	\$ 75,742	\$ 5,308	\$ -	\$ 30,280	\$ 176,979
Receipts from Other Governments	-	(9)	-	-	-	-	(9)
Receipts from Other Funds	-	324	8,597	-	-	(259)	8,662
Payments for Employee Salaries	(3,870)	(12,054)	(14,019)	(2,607)	-	(13,787)	(46,337)
Payments for Goods and Services	(3,629)	(14,924)	(63,862)	(2,095)	-	(10,422)	(94,932)
Payments in Lieu of Taxes	(2,358)	-	-	(500)	-	-	(2,858)
Other Income	443	1,894	7	2	-	191	2,537
Other Expense	-	-	(42)	-	-	-	(42)
Net Cash Provided by Operating Activities	<u>9,489</u>	<u>21,977</u>	<u>6,423</u>	<u>108</u>	<u>-</u>	<u>6,003</u>	<u>44,000</u>
Cash Flows from Non-Capital Financing Activities:							
Operating Grants Received from Other Governments	-	453	248	-	-	-	701
Transfers In	-	-	-	-	-	90	90
Transfers Out	(19)	(457)	(672)	-	-	(1,317)	(2,465)
Net Cash Used for Non-Capital Financing Activities	<u>(19)</u>	<u>(4)</u>	<u>(424)</u>	<u>-</u>	<u>-</u>	<u>(1,227)</u>	<u>(1,674)</u>
Cash Flows from Capital and Related Financing Activities:							
Receipt of Capital Grants	-	8,975	-	-	-	15	8,990
Proceeds from the Sale of Capital Assets	36	-	-	-	-	-	36
Contributions Received from Developers	549	-	-	-	-	-	549
Payments for Capital Acquisitions	(4,501)	(22,736)	(2)	-	-	(40)	(27,279)
Payments of Principal on Bonds Payable	(330)	(2,739)	(10,330)	-	-	-	(13,399)
Receipts from Passenger Facility Charges	-	8,123	-	-	-	-	8,123
Payments of Interest	(395)	(5,973)	(634)	-	-	(280)	(7,282)
Receipt of Federal Subsidy	-	1,126	-	-	-	-	1,126
Net Cash Used for Capital and Related Financing Activities	<u>(4,641)</u>	<u>(13,224)</u>	<u>(10,966)</u>	<u>-</u>	<u>-</u>	<u>(305)</u>	<u>(29,136)</u>
Cash Flows from Investing Activities:							
Proceeds from the Sale of Investments	-	(24)	(69)	-	-	-	(93)
Receipts of Interest	58	434	602	7	1,516	469	3,086
Net Cash Provided by (Used for) Investing Activities	<u>58</u>	<u>410</u>	<u>533</u>	<u>7</u>	<u>1,516</u>	<u>469</u>	<u>2,993</u>
Net Increase (Decrease) in Cash and Cash Equivalents	4,887	9,159	(4,434)	115	1,516	4,940	16,183
Cash and Cash Equivalents - October 1	11,489	78,586	39,327	599	178,088	33,779	341,868
Cash and Cash Equivalents - September 30	<u>\$ 16,376</u>	<u>\$ 87,745</u>	<u>\$ 34,893</u>	<u>\$ 714</u>	<u>\$ 179,604</u>	<u>\$ 38,719</u>	<u>\$ 358,051</u>

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

Operating Income (Loss)	\$ 4,417	612	\$ 3,121	\$ (285)	\$ -	\$ 3,369	\$ 11,234
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:							
Operating Activities:							
Depreciation and Amortization Expense	2,490	11,174	62	-	-	27	13,753
Other Income	443	1,840	7	2	-	-	2,292
Other Expense	375	-	(42)	-	-	-	333
(Increase) Decrease in Accounts Receivable, Net	6	(268)	772	170	-	(62)	618
Increase in Amounts Due from Other Governments	-	(2)	(21)	-	-	-	(23)
Decrease in Amounts Due from Other Funds	25	6	9	1	-	8	49
Increase in Inventory	(20)	-	-	-	-	-	(20)
Decrease in Other Operating Assets	-	-	95	-	-	-	95
Increase (Decrease) in Accounts Payable	496	7,514	1,801	(38)	-	(61)	9,712
Increase (Decrease) in Accrued Wages Payable	(38)	1,219	645	250	-	1,927	4,003
Increase (Decrease) in Amounts Due to Other Funds	1,295	-	-	8	-	(259)	1,044
Increase (Decrease) in Unearned Revenues	-	(118)	-	-	-	418	300
Increase (Decrease) in Collections Held in Trust	-	-	(26)	-	-	636	610
Total Adjustments	<u>5,072</u>	<u>21,365</u>	<u>3,302</u>	<u>393</u>	<u>-</u>	<u>2,634</u>	<u>32,766</u>
Net Cash Provided by Operating Activities	<u>\$ 9,489</u>	<u>\$ 21,977</u>	<u>\$ 6,423</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 6,003</u>	<u>\$ 44,000</u>

NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Amortization of Bond Premium (Discount), Net	\$ -	\$ -	\$ (413)	\$ -	\$ -	\$ -	\$ (413)
Accrued Capital Asset Costs	-	-	-	-	-	-	-

See accompanying independent auditors' report.



## INTERNAL SERVICE FUNDS

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

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

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

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

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

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

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Net Position (Deficit)**  
**September 30, 2018**  
**(In Thousands)**

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
<b>ASSETS</b>						
<b>Current Assets:</b>						
Pooled Cash and Cash Equivalents	\$ 5,709	\$ 35,610	\$ 43,846	\$ 48,629	\$ 65,360	\$ 199,154
Non-Pooled Cash and Cash Equivalents	-	27,776	3	-	-	27,779
<b>Receivables:</b>						
Interest Receivable	1	-	1	1	6	9
Accounts Receivable	-	1,322	62	1,001	-	2,385
Due from Other Governments	-	-	974	-	-	974
Due from Other Funds	207	4,970	2,055	3,662	9,149	20,043
Allowance for Receivables	-	-	(30)	-	-	(30)
Deposits	-	-	-	-	7,418	7,418
Inventory	-	-	2,794	-	-	2,794
Total Current Assets	<u>5,917</u>	<u>69,678</u>	<u>49,705</u>	<u>53,293</u>	<u>81,933</u>	<u>260,526</u>
<b>Noncurrent Assets:</b>						
<b>Capital Assets:</b>						
Land and Other Capital Assets Not Being Depreciated	220,478	24,393	-	-	-	244,871
Capital Assets Net of Accumulated Depreciation	29,388	9,413	56,440	25	-	95,266
Other Assets-Long-Term	10,765	-	-	-	-	10,765
Total Noncurrent Assets	<u>260,631</u>	<u>33,806</u>	<u>56,440</u>	<u>25</u>	<u>-</u>	<u>350,902</u>
Total Assets	<u>266,548</u>	<u>103,484</u>	<u>106,145</u>	<u>53,318</u>	<u>81,933</u>	<u>611,428</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows	<u>1,037</u>	<u>5,440</u>	<u>4,001</u>	<u>2,270</u>	<u>1,181</u>	<u>13,929</u>
<b>LIABILITIES</b>						
<b>Current Liabilities Payable from Current Assets:</b>						
Accounts Payable	219	10,966	2,779	1,102	401	15,467
Accrued Wages and Benefits	33	459	237	316	7,828	8,873
Accrued Interest Payable	416	42	148	-	917	1,523
Due to Other Funds	21	282	1,386	316	36,562	38,567
Collections Held in Trust	-	-	-	-	8,404	8,404
Compensated Absences	-	1,354	671	405	34,010	36,440
Accrued Claims - Current	-	-	-	28,814	-	28,814
Environmental Remediation - Current	-	-	120	-	-	120
Obligations under Capital Leases - Current	1,770	5,516	186	-	-	7,472
Bonds Payable Due within One Year	-	-	1,410	-	6,115	7,525
Total Current Liabilities	<u>2,459</u>	<u>18,619</u>	<u>6,937</u>	<u>30,953</u>	<u>94,237</u>	<u>153,205</u>
<b>Noncurrent Liabilities:</b>						
Compensated Absences	-	4,011	2,317	651	102,145	109,124
Accrued Self-Insurance Claims	-	-	-	134,043	-	134,043
Environmental Remediation	-	-	2,274	-	-	2,274
Obligations under Capital Lease	17,595	38,863	743	-	-	57,201
Other Long Term Obligations	202,069	-	-	-	-	202,069
Bonds Payable	-	-	21,837	-	13,168	35,005
OPEB Liability	-	1,592	907	294	379	3,172
Net Pension Liability	2,282	28,178	13,398	13,565	7,001	64,424
Total Noncurrent Liabilities	<u>221,946</u>	<u>72,644</u>	<u>41,476</u>	<u>148,553</u>	<u>122,693</u>	<u>607,312</u>
Total Liabilities	<u>224,405</u>	<u>91,263</u>	<u>48,413</u>	<u>179,506</u>	<u>216,930</u>	<u>760,517</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows	<u>644</u>	<u>3,515</u>	<u>1,696</u>	<u>1,799</u>	<u>1,094</u>	<u>8,748</u>
<b>NET POSITION (DEFICIT)</b>						
Net Investment in Capital Assets	28,696	17,161	33,145	25	-	79,027
<b>Restricted for:</b>						
Capital Projects	-	-	15	-	-	15
Insurance	-	-	-	-	18,977	18,977
Unrestricted	13,840	(3,015)	26,877	(125,742)	(153,887)	(241,927)
Total Net Position (Deficit)	<u>\$ 42,536</u>	<u>\$ 14,146</u>	<u>\$ 60,037</u>	<u>\$(125,717)</u>	<u>\$(134,910)</u>	<u>\$(143,908)</u>

See accompanying independent auditors' report.

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)**  
**For the Fiscal Year Ended September 30, 2018**  
**(In Thousands)**

	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
<b>Operating Revenues:</b>						
Billing to Other Departments	\$ 9,567	\$ 39,814	\$ 38,619	\$ 43,009	\$ 257,460	\$ 388,469
Other	245	4,346	2,558	-	-	7,149
Total Operating Revenues	9,812	44,160	41,177	43,009	257,460	395,618
<b>Operating Expenses:</b>						
Personnel Services	1,438	20,666	10,989	9,935	6,814	49,842
Maintenance and Other Operations	7,459	27,644	14,205	8,283	5,755	63,346
Insurance Premiums	-	-	-	3,657	-	3,657
Self-Insured Losses	-	-	-	34,873	-	34,873
Compensated Absences	-	-	326	5,334	51,916	57,576
Employee Benefits	-	-	-	-	153,724	153,724
Amortization	80	-	161	-	-	241
Depreciation	2,222	1,037	8,408	5	-	11,672
Total Operating Expenses	11,199	49,347	34,089	62,087	218,209	374,931
Operating Income (Loss)	(1,387)	(5,187)	7,088	(19,078)	39,251	20,687
<b>Non-Operating Income (Expenses):</b>						
Interest Income	2	63	7	600	332	1,004
Interest Expense	(899)	(393)	(836)	(299)	(1,463)	(3,890)
Gain on Disposition of Capital Assets	(2)	-	365	-	-	363
Other Income	9	129	1,683	2,891	3,363	8,075
Other Expense	-	(2)	-	-	(5)	(7)
Total Non-Operating Income (Expenses)	(890)	(203)	1,219	3,192	2,227	5,545
Income (Loss) before Contributions and Transfers	(2,277)	(5,390)	8,307	(15,886)	41,478	26,232
Capital Grants and Contributions	195	1,062	-	-	-	1,257
<b>Transfers:</b>						
Transfers In	3,455	4,401	115	-	833	8,804
Transfers Out	-	(5,037)	(448)	(497)	(20,088)	(26,070)
Change in Net Position	1,373	(4,964)	7,974	(16,383)	22,223	10,223
Net Position (Deficit) - October 1	41,163	19,110	52,063	(109,334)	(157,133)	(154,131)
Net Position (Deficit) - September 30	\$ 42,536	\$ 14,146	\$ 60,037	\$ (125,717)	\$ (134,910)	\$ (143,908)

See accompanying independent auditors' report.

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2018**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Civic Center	General Services	Fleet Services	Insurance	Employee Benefits	Total Internal Service Funds
<b>Cash Flows from Operating Activities:</b>						
Receipts from Customers	\$ 246	\$ 4,346	\$ 2,883	\$ -	\$ -	\$ 7,475
Receipts from Other Funds	9,634	39,557	39,794	42,009	255,451	386,445
Payments for Employee Salaries	(1,603)	(17,976)	(9,610)	(9,003)	(6,940)	(45,132)
Payments for Goods and Services	(7,677)	(20,486)	(19,246)	(11,814)	(5,582)	(64,805)
Payments for Compensated Absences	-	-	(326)	(16,285)	(50,216)	(66,827)
Payments for Employee Benefits	-	-	-	-	(181,052)	(181,052)
Payments for Liability Claims	-	-	-	(17,185)	-	(17,185)
Payments to Other Entities	-	(62)	-	-	-	(62)
Other Income	-	-	(974)	2,891	3,363	5,280
Other Expense	-	(2)	-	-	(5)	(7)
Net Cash Provided by (Used for) Operating Activities	600	5,377	12,521	(9,387)	15,019	24,130
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Other Income	9	-	1,683	-	-	1,692
Operating Grants Received from Other Governments	-	129	-	-	-	129
Operating Subsidies Paid to Other Funds	-	(5,037)	(448)	(497)	(20,088)	(26,070)
Operating Subsidies Received from Other Funds	3,455	4,401	115	-	833	8,804
Net Cash Provided by (Used for) Non-Capital Financing Activities	3,464	(507)	1,350	(497)	(19,255)	(15,445)
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Proceeds from the Sale of Capital Assets	-	-	559	-	-	559
Receipts of Contributed Capital	195	1,062	-	-	-	1,257
Proceeds from (Payments for) Capital Acquisitions	103,058	(23,379)	(12,618)	1	-	67,062
Payments of Principal on Other Long-Term Obligations	(103,900)	42,415	810	-	(5,815)	(66,490)
Payments to Defeasance Bonds	-	-	(773)	-	-	(773)
Payments of Interest	(483)	(353)	(1,060)	(299)	(1,724)	(3,919)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,130)	19,745	(13,082)	(298)	(7,539)	(2,304)
<b>Cash Flows from Investing Activities:</b>						
Receipts of Interest	2	64	7	600	333	1,006
Net Cash Provided by (Used for) Investing Activities	2	64	7	600	333	1,006
Net Decrease in Cash and Cash Equivalents	2,936	24,679	796	(9,582)	(11,442)	7,387
Cash and Cash Equivalents - October 1	2,773	38,707	43,053	58,211	76,802	219,546
Cash and Cash Equivalents - September 30	\$ 5,709	\$ 63,386	\$ 43,849	\$ 48,629	\$ 65,360	\$ 226,933
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ (1,387)	\$ (5,187)	\$ 7,088	\$ (19,078)	\$ 39,251	\$ 20,687
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>						
Depreciation and Amortization Expense	2,302	1,037	8,569	5	-	11,913
Other Income	-	-	-	2,891	3,363	6,254
Other Expense	-	(2)	-	-	(5)	(7)
(Increase) Decrease in Accounts Receivable, Net	1	38	325	(1,000)	-	(636)
Increase in Amounts Due from Other Governments	-	-	(974)	-	-	(974)
(Increase) Decrease in Amounts Due from Other Funds	68	(295)	(70)	496	(2,009)	(1,810)
Increase in Inventory	-	-	(265)	-	-	(265)
Increase (Decrease) in Accounts Payable	(218)	7,158	(4,776)	(370)	173	1,967
Increase (Decrease) in Accrued Wages Payable	(165)	2,690	1,379	861	(29,002)	(24,237)
Increase (Decrease) in Amounts Due to Other Funds	(1)	(62)	1,245	71	2,804	4,057
Increase in Accrued Claims Payable	-	-	-	6,737	-	6,737
Increase in Collections Held in Trust	-	-	-	-	444	444
Total Adjustments	1,987	10,564	5,433	9,691	(24,232)	3,443
Net Cash Provided by (Used for) Operating Activities	\$ 600	\$ 5,377	\$ 12,521	\$ (9,387)	\$ 15,019	\$ 24,130
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>						
Amortization of Deferred Outflows on Debt Refunding	\$ 80	\$ -	\$ -	\$ -	\$ -	\$ 80
Other Accrued Liabilities	99,014	-	-	-	-	99,014

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, 2018  
(In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
<b>ASSETS:</b>				
Pooled Cash and Cash Equivalents	\$ 90	\$ 1,693	\$ 1,677	\$ 5,640
Non-pooled Investments	-	-	1,018	-
Non-Pooled Cash and Cash Equivalents	-	-	8,236	-
Property Taxes Receivable, Net	-	-	-	-
Interest Receivable	-	-	6	-
Accounts Receivable	-	-	-	-
Prepaid Expense	-	-	-	-
Land	-	-	-	-
Total Assets	<u>90</u>	<u>1,693</u>	<u>10,937</u>	<u>5,640</u>
<b>LIABILITIES:</b>				
Accounts Payable	90	-	7	-
Collections Held in Trust	-	-	-	-
Total Liabilities	<u>90</u>	<u>-</u>	<u>7</u>	<u>-</u>
<b>NET POSITION:</b>				
Held in Trust for Private Purpose Trust Funds	<u>\$ -</u>	<u>\$ 1,693</u>	<u>\$ 10,930</u>	<u>\$ 5,640</u>

**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
<b>ADDITIONS:</b>				
Contributions	\$ -	\$ -	\$ 3,445	\$ 4,095
Taxes	-	-	2,964	-
Grants	-	-	-	-
Use of Money and Property	-	10	45	80
Miscellaneous Revenue	-	-	104	-
Total Additions	<u>-</u>	<u>10</u>	<u>6,558</u>	<u>4,175</u>
<b>DEDUCTIONS:</b>				
Administrative Expense	-	-	97	-
Payments to Other Governments	-	-	-	8,000
Payments to Bond Holders	-	-	6,161	-
Payments to Others	-	-	-	-
Total Deductions	<u>-</u>	<u>-</u>	<u>6,258</u>	<u>8,000</u>
Change in Net Position	<u>-</u>	<u>10</u>	<u>300</u>	<u>(3,825)</u>
Net Position, October 1, as adjusted	<u>-</u>	<u>1,683</u>	<u>10,630</u>	<u>9,465</u>
Net Position, September 30	<u>\$ -</u>	<u>\$ 1,693</u>	<u>\$ 10,930</u>	<u>\$ 5,640</u>

See accompanying independent auditors' report.

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ 782	\$ -	\$ 2,545	\$ 12,427	ASSETS:
-	-	-	1,018	Pooled Cash and Cash Equivalents
-	110	-	8,346	Non-pooled Investments
3	-	28	31	Non-Pooled Cash and Cash Equivalents
-	-	-	6	Property Taxes Receivable
-	357	264	621	Interest Receivable
-	8	-	8	Accounts Receivable
-	11,000	-	11,000	Prepaid Expense
785	11,475	2,837	33,457	Land
				Total Assets
-	178	1,616	1,891	LIABILITIES:
-	-	28	28	Accounts Payable
-	178	1,644	1,919	Collections Held in Trust
				Total Liabilities
\$ 785	\$ 11,297	\$ 1,193	\$ 31,538	NET POSITION:
				Held in Trust for Private Purpose Trust Funds

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ -	\$ 14	\$ -	\$ 7,554	ADDITIONS:
10	-	11,619	14,593	Contributions
-	340	-	340	Taxes
5	50	3	193	Grants
-	111	2,394	2,609	Use of Money and Property
15	515	14,016	25,289	Miscellaneous Revenue
				Total Additions
-	-	-	97	DEDUCTIONS:
-	-	492	8,492	Administrative Expense
-	-	-	6,161	Payments to Other Governments
-	546	14,362	14,908	Payments to Bond Holders
-	546	14,854	29,658	Payments to Others
15	(31)	(838)	(4,369)	Total Deductions
770	11,328	2,031	35,907	Change in Net Position
\$ 785	\$ 11,297	\$ 1,193	\$ 31,538	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, 2018  
(In Thousands)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2018</u>
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 700	\$ 145	\$ 845
<b>NET POSITION</b>			
Held in Trust for Private Purpose Trust Funds	\$ 700	\$ 145	\$ 845

**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)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2018</u>
<b>Additions:</b>			
Contributions	\$ -	\$ 33	\$ 33
Use of Money and Property	4	1	5
<b>Deductions:</b>			
Administrative Expense	22	18	40
Change in Net Position	(18)	16	(2)
Net Position, October 1	718	129	847
Net Position, September 30	\$ 700	\$ 145	\$ 845

See accompanying independent auditors' report.



OTHER  
SUPPLEMENTARY  
INFORMATION

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**City of Long Beach**  
**General Fund**  
**Combining Balance Sheet**  
**September 30, 2018**  
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 98,120	\$ 9,775	\$ -	\$ 107,895
Non-Pooled Cash and Cash Equivalents	1,331	-	-	1,331
Receivables:				
Interest Receivable	8	-	-	8
Property Taxes	98,472	-	-	98,472
Accounts Receivable	35,991	1,750	-	37,741
Notes and Loans Receivable	1,346	-	-	1,346
Due from Other Governments	41,229	-	-	41,229
Due from Other Funds	9,469	731	(731)	9,469
Allowance for Receivables	(25,025)	-	-	(25,025)
Other Assets	1,375	-	-	1,375
Total Assets	<u>\$ 262,316</u>	<u>\$ 12,256</u>	<u>\$ (731)</u>	<u>\$ 273,841</u>
<b>LIABILITIES</b>				
Accounts Payable	\$ 14,843	\$ 211	\$ -	\$ 15,054
Accrued Wages and Benefits Payable	9,546	-	-	9,546
Due to Other Governments	494	-	-	494
Due to Other Funds	7,937	-	(731)	7,206
Unearned Revenues	1,726	-	-	1,726
Deposits and Collections Held in Trust	3,413	-	-	3,413
Advances from Other Funds	1,614	-	-	1,614
Total Liabilities	<u>39,573</u>	<u>211</u>	<u>(731)</u>	<u>39,053</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows (Note 24)	98,431	-	-	98,431
<b>FUND BALANCES</b>				
Nonspendable	1,375	-	-	1,375
Restricted	4,807	-	-	4,807
Committed	56,286	11,354	-	67,640
Assigned	59,463	-	-	59,463
Unassigned	2,381	691	-	3,072
Total Fund Balances	<u>124,312</u>	<u>12,045</u>	<u>-</u>	<u>136,357</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 262,316</u>	<u>\$ 12,256</u>	<u>\$ (731)</u>	<u>\$ 273,841</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, 2018  
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
<b>Revenues:</b>				
<b>Taxes:</b>				
Property	\$ 157,906	\$ -	\$ -	\$ 157,906
Sales	130,852	-	-	130,852
Utility Users	36,639	-	-	36,639
Other Taxes	38,451	-	-	38,451
Franchise Fees	20,308	-	-	20,308
Licenses and Permits	18,501	-	-	18,501
Fines and Forfeitures	15,946	-	-	15,946
Use of Money and Property	19,412	16,058	-	35,470
From Other Agencies	5,723	-	-	5,723
Charges for Services	38,797	-	-	38,797
Other	7,749	-	-	7,749
<b>Total Revenues</b>	<b>490,284</b>	<b>16,058</b>	<b>-</b>	<b>506,342</b>
<b>Expenditures:</b>				
Legislative and Legal	13,378	-	-	13,378
General Government	23,520	-	-	23,520
Public Safety	341,051	-	-	341,051
Public Health	8,464	-	-	8,464
Community and Cultural	46,607	-	-	46,607
Public Works	41,975	-	-	41,975
Oil Operations	-	2,945	-	2,945
<b>Total Current Expenditures</b>	<b>474,995</b>	<b>2,945</b>	<b>-</b>	<b>477,940</b>
<b>Debt Service:</b>				
Principal	80	-	-	80
Debt Administration Fees	9	-	-	9
<b>Total Expenditures</b>	<b>475,084</b>	<b>2,945</b>	<b>-</b>	<b>478,029</b>
Excess of Revenues over Expenditures	15,200	13,113	-	28,313
<b>Other Financing Sources (Uses):</b>				
Transfers In	69,111	-	(11,422)	57,689
Transfers Out	(53,026)	(11,422)	11,422	(53,026)
<b>Total Other Financing Sources (Uses)</b>	<b>16,085</b>	<b>(11,422)</b>	<b>-</b>	<b>4,663</b>
<b>Net Change in Fund Balances</b>	<b>31,285</b>	<b>1,691</b>	<b>-</b>	<b>32,976</b>
Fund Balances - October 1	93,027	10,354	-	103,381
Fund Balances - September 30	<b>\$ 124,312</b>	<b>\$ 12,045</b>	<b>\$ -</b>	<b>\$ 136,357</b>

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, 2018  
(In Thousands)

	Final Amended Budget			Actual on Budgetary Basis		Combined Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)	
	General	Uplands	Eliminations	Combined	General			Uplands
<b>Sources:</b>								
Property Taxes	\$ 160,339	\$ -	\$ -	\$ 160,339	\$ 157,906	\$ -	\$ 157,906	\$ (2,433)
Sales Taxes	108,916	-	-	108,916	130,852	-	130,852	21,936
Utility Users Taxes	38,831	-	-	38,831	36,639	-	36,639	(2,192)
Other Taxes	37,324	-	-	37,324	38,451	-	38,451	1,127
Franchise Fees	25,797	-	-	25,797	20,308	-	20,308	(5,489)
Licenses and Permits	23,185	-	-	23,185	18,501	-	18,501	(4,684)
Fines and Forfeitures	15,592	-	-	15,592	15,946	-	15,946	354
Use of Money and Property	27,331	13,229	-	40,560	17,938	16,058	33,996	(6,564)
From Other Agencies	7,593	-	-	7,593	5,723	-	5,723	(1,870)
Charges for Services	36,854	-	-	36,854	38,797	-	38,797	1,943
Other	5,141	-	-	5,141	7,749	-	7,749	2,608
Transfers In	28,075	-	(9,216)	18,859	57,689	-	57,689	38,830
<b>Total Sources</b>	<b>514,978</b>	<b>13,229</b>	<b>(9,216)</b>	<b>518,991</b>	<b>546,499</b>	<b>16,058</b>	<b>562,557</b>	<b>43,566</b>
<b>Uses:</b>								
Current:								
Legislative and Legal								
Mayor and City Council	5,902	-	-	5,902	5,891	-	5,891	11
City Attorney	3,154	-	-	3,154	2,779	-	2,779	375
City Clerk	5,641	-	-	5,641	4,708	-	4,708	933
General Government								
City Auditor	2,789	-	-	2,789	2,719	-	2,719	70
City Manager	4,154	-	-	4,154	4,276	-	4,276	(122)
Civil Service	2,981	-	-	2,981	3,015	-	3,015	(34)
Financial Management	18,397	-	-	18,397	12,789	-	12,789	5,608
Planning and Building	987	-	-	987	1,015	-	1,015	(28)
Public Safety								
Police	225,735	-	-	225,735	225,009	-	225,009	726
Fire	91,529	-	-	91,529	92,374	-	92,374	(845)
Disaster Preparedness	12,440	-	-	12,440	12,616	-	12,616	(176)
City Prosecutor	5,727	-	-	5,727	5,878	-	5,878	(151)
Planning and Building-Code Enforcement	-	-	-	-	4,130	-	4,130	(4,130)
Police and Fire Annuity	-	-	-	-	1,072	-	1,072	(1,072)
Public Health	8,517	-	-	8,517	8,472	-	8,472	45
Community and Cultural								
Development Services	5,280	-	-	5,280	622	-	622	4,658
Library	15,702	-	-	15,702	16,232	-	16,232	(530)
Parks and Recreation	29,396	-	-	29,396	29,733	-	29,733	(337)
Public Works	43,249	-	-	43,249	42,257	-	42,257	992
Oil Operations	-	4,299	-	4,299	-	2,945	2,945	1,354
Debt Service:	-	-	-	-	89	-	89	(89)
Transfers Out	47,054	9,216	(9,216)	47,054	53,026	-	53,026	(5,972)
<b>Total Uses</b>	<b>528,634</b>	<b>13,515</b>	<b>(9,216)</b>	<b>532,933</b>	<b>528,702</b>	<b>2,945</b>	<b>531,647</b>	<b>1,286</b>
<b>Net Change in Budgetary Fund Balance:</b>	<b>\$ (13,656)</b>	<b>\$ (286)</b>	<b>\$ -</b>	<b>\$ (13,942)</b>	<b>\$ 17,797</b>	<b>\$ 13,113</b>	<b>\$ 30,910</b>	<b>\$ 44,852</b>

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

	General	Uplands	Combined
<b>Change in Fund Balance - September 30, Budgetary Basis</b>	\$ 17,797	\$ 13,113	\$ 30,910
<b>Add:</b> Encumbrances	592	-	592
Change in Mark-to-Market and Other Adjustments	1,474	-	1,474
<b>Adjust for:</b> Eliminations	11,422	(11,422)	-
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>31,285</b>	<b>1,691</b>	<b>32,976</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>93,027</b>	<b>10,354</b>	<b>103,381</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 124,312</b>	<b>\$ 12,045</b>	<b>\$ 136,357</b>

See accompanying independent auditors' report.

**City of Long Beach**  
**Insurance Fund**  
**Combining Schedule of Net Position**  
**September 30, 2018**  
**(In Thousands)**

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
<b>ASSETS</b>			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 33,069	\$ 15,560	\$ 48,629
Receivables:			
Accounts Receivable	1	1,000	1,001
Interest Receivable	1	-	1
Due from Other Funds	2,690	972	3,662
Total Current Assets	<u>35,761</u>	<u>17,532</u>	<u>53,293</u>
Noncurrent Assets:			
Capital Assets:			
Capital Assets Net of Accumulated Depreciation	14	11	25
Total Noncurrent Assets	<u>14</u>	<u>11</u>	<u>25</u>
Total Assets	<u>35,775</u>	<u>17,543</u>	<u>53,318</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows	<u>1,430</u>	<u>840</u>	<u>2,270</u>
<b>LIABILITIES</b>			
Current Liabilities Payable from Current Assets:			
Accounts Payable	150	952	1,102
Accrued Wages and Benefits	246	70	316
Due to Other Funds	272	44	316
Compensated Absences	62	343	405
Accrued Claims - Current	21,218	7,596	28,814
Total Current Liabilities	<u>21,948</u>	<u>9,005</u>	<u>30,953</u>
Noncurrent Liabilities:			
Accrued Self-Insurance Claims	113,729	20,314	134,043
Compensated Absences - REHIP	602	49	651
OPEB Liability	193	101	294
Net Pension Liability	11,153	2,412	13,565
Total Noncurrent Liabilities	<u>125,677</u>	<u>22,876</u>	<u>148,553</u>
Total Liabilities	<u>147,625</u>	<u>31,881</u>	<u>179,506</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows	<u>1,075</u>	<u>724</u>	<u>1,799</u>
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	14	11	25
Unrestricted	<u>(111,509)</u>	<u>(14,233)</u>	<u>(125,742)</u>
Total Net Position (Deficit)	<u>\$ (111,495)</u>	<u>\$ (14,222)</u>	<u>\$ (125,717)</u>

See accompanying independent auditors' report.

**City of Long Beach**  
**Insurance Fund**  
Combining Schedule of Revenues, Expenses and Changes in Fund Net Position  
For the Fiscal Year Ended September 30, 2018  
(In Thousands)

	Workers' Compensation Fund	General Liability Fund	Total Insurance Fund
Operating Revenues:			
Billing to Other Departments	\$ 28,566	\$ 14,443	\$ 43,009
Total Operating Revenues	<u>28,566</u>	<u>14,443</u>	<u>43,009</u>
Operating Expenses:			
Personnel Services	6,725	3,210	9,935
Maintenance and Other Operations	3,767	4,516	8,283
Insurance Premiums	2	3,655	3,657
Self-Insured Losses	19,653	15,220	34,873
Compensated Absences	5,334	-	5,334
Depreciation	4	1	5
Total Operating Expenses	<u>35,485</u>	<u>26,602</u>	<u>62,087</u>
Operating Income (Loss)	<u>(6,919)</u>	<u>(12,159)</u>	<u>(19,078)</u>
Non-Operating Income (Expenses):			
Interest Income	412	188	600
Interest Expense	(227)	(72)	(299)
Other Income	179	2,712	2,891
Total Non-Operating Income	<u>364</u>	<u>2,828</u>	<u>3,192</u>
Income (Loss) Before Contributions and Transfers	<u>(6,555)</u>	<u>(9,331)</u>	<u>(15,886)</u>
Transfers:			
Transfers Out	<u>(56)</u>	<u>(441)</u>	<u>(497)</u>
Change in Net Position	(6,611)	(9,772)	(16,383)
Net Position (Deficit) - October 1	<u>(104,884)</u>	<u>(4,450)</u>	<u>(109,334)</u>
Net Position (Deficit) - September 30	<u><u>\$ (111,495)</u></u>	<u><u>\$ (14,222)</u></u>	<u><u>\$ (125,717)</u></u>

See accompanying independent auditors' report.

**City of Long Beach**  
**Fleet Services Fund**  
**Combining Schedule of Net Position (Deficit)**  
**September 30, 2018**  
**(In Thousands)**

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
<b>ASSETS</b>						
<b>Current Assets:</b>						
Pooled Cash and Cash Equivalents	\$ 3,614	\$ 38,222	\$ 152	\$ 1,858	\$ -	\$ 43,846
Non-Pooled Cash and Cash Equivalents	-	3	-	-	-	3
<b>Receivables:</b>						
Interest Receivable	1	-	-	-	-	1
Accounts Receivable	62	-	-	-	-	62
Due from Other Governments	2	972	-	-	-	974
Due from Other Funds	1,980	75	-	-	-	2,055
Allowance for Receivables	(30)	-	-	-	-	(30)
Inventory	2,794	-	-	-	-	2,794
<b>Total Current Assets</b>	<b>8,423</b>	<b>39,272</b>	<b>152</b>	<b>1,858</b>	<b>-</b>	<b>49,705</b>
<b>Noncurrent Assets:</b>						
<b>Capital Assets:</b>						
Capital Assets Net of Accumulated Depreciation	56,440	-	-	-	-	56,440
<b>Total Noncurrent Assets</b>	<b>56,440</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>56,440</b>
<b>Total Assets</b>	<b>64,863</b>	<b>39,272</b>	<b>152</b>	<b>1,858</b>	<b>-</b>	<b>106,145</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows	2,966	-	1,035	-	-	4,001
<b>LIABILITIES</b>						
<b>Current Liabilities Payable from Current Assets:</b>						
Accounts Payable	1,594	1,185	-	-	-	2,779
Accrued Wages and Benefits	204	33	-	-	-	237
Accrued Interest Payable	-	1	147	-	-	148
Due to Other Funds	9,370	(7,984)	-	-	-	1,386
Compensated Absences	671	-	-	-	-	671
Environmental Remediation - Current	184	-	-	(64)	-	120
Obligations Under Capital Leases - Current	-	186	-	-	-	186
Bonds Payable Due Within One Year	-	-	1,410	-	-	1,410
<b>Total Current Liabilities</b>	<b>12,023</b>	<b>(6,579)</b>	<b>1,557</b>	<b>(64)</b>	<b>-</b>	<b>6,937</b>
<b>Noncurrent Liabilities:</b>						
Environmental Remediation	2,535	-	-	(261)	-	2,274
Obligations Under Capital Lease	-	743	-	-	-	743
Bonds Payable	-	-	21,837	-	-	21,837
Compensated Absences - REHIP	2,317	-	-	-	-	2,317
OPEB Liability	907	-	-	-	-	907
Net Pension Liability	13,398	-	-	-	-	13,398
<b>Total Noncurrent Liabilities</b>	<b>19,157</b>	<b>743</b>	<b>21,837</b>	<b>(261)</b>	<b>-</b>	<b>41,476</b>
<b>Total Liabilities</b>	<b>31,180</b>	<b>(5,836)</b>	<b>23,394</b>	<b>(325)</b>	<b>-</b>	<b>48,413</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows	1,696	-	-	-	-	1,696
<b>NET POSITION (DEFICIT)</b>						
Net Investment in Capital Assets	56,439	(930)	(22,364)	-	-	33,145
<b>Restricted for:</b>						
Capital Projects	15	-	-	-	-	15
Unrestricted	(21,501)	46,038	157	2,183	-	26,877
<b>Total Net Position (Deficit)</b>	<b>\$ 34,953</b>	<b>\$ 45,108</b>	<b>\$ (22,207)</b>	<b>\$ 2,183</b>	<b>\$ -</b>	<b>\$ 60,037</b>

See accompanying independent auditors' report.



**City of Long Beach**  
**Fleet Service Funds**  
Combining Schedule of Revenues, Expenses, and Changes in Fund Net Position (Deficit)  
For the Fiscal Year Ended September 30, 2018  
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
Operating Revenues:						
Billing to Other Departments	\$ 22,004	\$ 16,215	\$ -	\$ 400	\$ -	\$ 38,619
Other	1,546	1,012	-	-	-	2,558
Total Operating Revenues	<u>23,550</u>	<u>17,227</u>	<u>-</u>	<u>400</u>	<u>-</u>	<u>41,177</u>
Operating Expenses:						
Personnel Services	9,554	1,435	-	-	-	10,989
Maintenance and Other Operations	916	13,406	-	(117)	-	14,205
Compensated Absences	324	2	-	-	-	326
Amortization	-	-	161	-	-	161
Depreciation	8,408	-	-	-	-	8,408
Total Operating Expenses	<u>19,202</u>	<u>14,843</u>	<u>161</u>	<u>(117)</u>	<u>-</u>	<u>34,089</u>
Operating Income (Loss)	<u>4,348</u>	<u>2,384</u>	<u>(161)</u>	<u>517</u>	<u>-</u>	<u>7,088</u>
Non-Operating Income (Expenses):						
Interest Income	3	3	1	-	-	7
Interest Expense	(1,424)	(7)	595	-	-	(836)
Gain (Loss) on Disposition of Capital Assets	(194)	559	-	-	-	365
Other Income	430	1,067	-	186	-	1,683
Other Expense	(773)	-	773	-	-	-
Total Non-Operating Income (Expenses)	<u>(1,958)</u>	<u>1,622</u>	<u>1,369</u>	<u>186</u>	<u>-</u>	<u>1,219</u>
Income (Loss) Before Contributions and Transfers	<u>2,390</u>	<u>4,006</u>	<u>1,208</u>	<u>703</u>	<u>-</u>	<u>8,307</u>
Transfers:						
Transfers In	-	115	-	-	-	115
Transfers Out	(448)	(200)	-	200	-	(448)
Change in Net Position	1,942	3,921	1,208	903	-	7,974
Net Position (Deficit) - October 1	<u>33,011</u>	<u>41,187</u>	<u>(23,415)</u>	<u>1,280</u>	<u>-</u>	<u>52,063</u>
Net Position (Deficit) - September 30	<u>\$ 34,953</u>	<u>\$ 45,108</u>	<u>\$(22,207)</u>	<u>\$ 2,183</u>	<u>\$ -</u>	<u>\$ 60,037</u>

See accompanying independent auditors' report.

## **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, 2018:

**City of Long Beach**  
**Tidelands Operating Fund**  
**Combining Schedule of Net Position**  
**September 30, 2018**  
**(In Thousands)**

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Operating Total
<b>ASSETS</b>							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 128,214	\$ 20,667	\$ 2,511	\$ 5,463	\$ 156,855	\$ -	\$ 156,855
Non-Pooled Cash and Cash Equivalents	12,954	8,267	2,447	23	23,691	-	23,691
Receivables:							
Interest Receivable	64	51	3	-	118	-	118
Accounts Receivable	3,291	340	1,721	(27)	5,325	-	5,325
Due from Other Governments	10	-	-	-	10	-	10
Due from Other Funds	24,799	4,191	-	-	28,990	(823)	28,167
Allowance for Receivables	(5)	(260)	-	(16)	(281)	-	(281)
Other Assets	-	27	-	-	27	-	27
Total Current Assets	<u>169,327</u>	<u>33,283</u>	<u>6,682</u>	<u>5,443</u>	<u>214,735</u>	<u>(823)</u>	<u>213,912</u>
Noncurrent Assets:							
Non-Pooled Investments	8,326	8,047	-	-	16,373	-	16,373
Noncurrent Receivables:							
Other Noncurrent Receivables	10,180	-	-	-	10,180	-	10,180
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	40,809	2,731	-	11,110	54,650	-	54,650
Capital Assets Net of Accumulated Depreciation	153,814	119,344	7,920	36,040	317,118	-	317,118
Total Noncurrent Assets	<u>213,129</u>	<u>130,122</u>	<u>7,920</u>	<u>47,150</u>	<u>398,321</u>	<u>-</u>	<u>398,321</u>
Total Assets	<u>382,456</u>	<u>163,405</u>	<u>14,602</u>	<u>52,593</u>	<u>613,056</u>	<u>(823)</u>	<u>612,233</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows	<u>13,344</u>	<u>2,349</u>	<u>71</u>	<u>327</u>	<u>16,091</u>	<u>-</u>	<u>16,091</u>
<b>LIABILITIES</b>							
Current Liabilities payable from Current Assets:							
Accounts Payable	2,918	2,648	784	803	7,153	-	7,153
Accrued Wages	502	217	4	29	752	-	752
Accrued Interest Payable	1,693	2,089	196	113	4,091	-	4,091
Due to Other Funds	1,603	133	2	18	1,756	823	933
Unearned Revenues	124	1,849	-	15	1,988	-	1,988
Collections Held in Trust	123	50	25	-	198	-	198
Compensated Absences	693	597	-	-	1,290	-	1,290
Obligations under Capital Leases - Current	35	-	-	-	35	-	35
Bonds Payable Due Within One Year	4,405	1,400	1,995	2,510	10,310	-	10,310
Other Long Term Obligation - Current	2	-	-	25	27	-	27
Total Current Liabilities	<u>12,098</u>	<u>8,983</u>	<u>3,006</u>	<u>3,513</u>	<u>27,600</u>	<u>823</u>	<u>26,777</u>
Noncurrent Liabilities:							
Advances from Other Funds	1,300	-	-	-	1,300	-	1,300
Unearned Revenues	4,577	-	-	-	4,577	-	4,577
Compensated Absences	1,570	904	-	-	2,474	-	2,474
Obligations under Capital Leases	302	-	-	-	302	-	302
Other Long Term Obligations	2	-	-	363	365	-	365
Bonds Payable	89,680	117,858	15,710	12,781	236,029	-	236,029
Total OPEB Liability	697	384	-	-	1,081	-	1,081
Net Pension Liability	30,878	13,053	-	1,527	45,458	-	45,458
Total Noncurrent Liabilities	<u>129,006</u>	<u>132,199</u>	<u>15,710</u>	<u>14,671</u>	<u>291,586</u>	<u>-</u>	<u>291,586</u>
Total Liabilities	<u>141,104</u>	<u>141,182</u>	<u>18,716</u>	<u>18,184</u>	<u>319,186</u>	<u>823</u>	<u>318,363</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows	<u>4,615</u>	<u>2,058</u>	<u>-</u>	<u>285</u>	<u>6,958</u>	<u>-</u>	<u>6,958</u>
<b>NET POSITION</b>							
Net Investment in Capital Assets	100,197	9,521	7,919	31,471	149,108	-	149,108
Restricted for:							
Debt Service	8,369	183	-	-	8,552	-	8,552
Capital Projects	-	-	-	178	178	-	178
Tidelands	12,706	2,079	-	-	14,785	-	14,785
Unrestricted	<u>128,809</u>	<u>10,731</u>	<u>(11,962)</u>	<u>2,802</u>	<u>130,380</u>	<u>-</u>	<u>130,380</u>
Total Net Position	<u>\$250,081</u>	<u>\$22,514</u>	<u>\$ (4,043)</u>	<u>\$34,451</u>	<u>\$303,003</u>	<u>\$ -</u>	<u>\$ 303,003</u>

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, 2018  
(In Thousands)

	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Operating Total
<b>Operating Revenues:</b>							
Licenses and Permits	\$ 241	\$ -	\$ -	\$ 179	\$ 420	\$ -	\$ 420
Fines and Forfeitures	241	-	-	-	241	-	241
Fees, Concessions, and Rentals	9,711	23,686	2,661	12,785	48,843	2,285	46,558
From Other Agencies	-	89	-	-	89	-	89
Charges for Services	30,196	78	-	-	30,274	-	30,274
Other	14	101	-	1	116	-	116
<b>Total Revenues</b>	<b>40,403</b>	<b>23,954</b>	<b>2,661</b>	<b>12,965</b>	<b>79,983</b>	<b>2,285</b>	<b>77,698</b>
<b>Operating Expenses:</b>							
Personnel Services	23,992	9,428	87	1,235	34,742	-	34,742
Maintenance and Other Operations	42,172	6,336	8,586	11,074	68,168	(2,285)	65,883
Amortization	485	-	-	15	500	-	500
Depreciation	10,832	6,259	419	3,690	21,200	-	21,200
<b>Total Operating Expenses</b>	<b>77,481</b>	<b>22,023</b>	<b>9,092</b>	<b>16,014</b>	<b>124,610</b>	<b>(2,285)</b>	<b>122,325</b>
<b>Operating Income (Loss)</b>	<b>(37,078)</b>	<b>1,931</b>	<b>(6,431)</b>	<b>(3,049)</b>	<b>(44,627)</b>	<b>-</b>	<b>(44,627)</b>
<b>Non-Operating Income (Expense):</b>							
Interest Income	2,580	317	75	68	3,040	-	3,040
Interest Expense	(3,434)	(5,062)	(413)	(207)	(9,116)	-	(9,116)
Operating Grants	2,520	-	-	-	2,520	-	2,520
Other Income	36	-	-	-	36	-	36
Other Expense	(150)	(10)	(245)	(1)	(406)	-	(406)
<b>Total Non-Operating Income (Expense)</b>	<b>1,552</b>	<b>(4,755)</b>	<b>(583)</b>	<b>(140)</b>	<b>(3,926)</b>	<b>-</b>	<b>(3,926)</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(35,526)</b>	<b>(2,824)</b>	<b>(7,014)</b>	<b>(3,189)</b>	<b>(48,553)</b>	<b>-</b>	<b>(48,553)</b>
Capital Grants and Contributions	1,207	-	-	-	1,207	-	1,207
<b>Transfers:</b>							
Transfers In	37,982	-	-	2,305	40,287	2,800	37,487
Transfers Out	(4,272)	-	-	-	(4,272)	(2,800)	(1,472)
<b>Change in Net Position</b>	<b>(609)</b>	<b>(2,824)</b>	<b>(7,014)</b>	<b>(884)</b>	<b>(11,331)</b>	<b>-</b>	<b>(11,331)</b>
Net Position, October 1	250,690	25,338	2,971	35,335	314,334	-	314,334
Net Position, September 30	<u>\$250,081</u>	<u>\$ 22,514</u>	<u>\$ (4,043)</u>	<u>\$ 34,451</u>	<u>\$303,003</u>	<u>\$ -</u>	<u>\$ 303,003</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, 2018**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Consolidated Tidelands Operating Total
Cash Flows from Operating Activities:						
Receipts from Customers	\$ 12,751	\$ 22,198	\$ 2,623	\$ 13,145	\$ -	\$ 50,717
Receipts from Other Funds	33,206	-	-	-	-	33,206
Receipts from Other Governments	3,760	89	-	-	-	3,849
Payments for Employee Salaries	(21,914)	(8,855)	(81)	(1,196)	-	(32,046)
Payments for Goods and Services	(44,373)	(7,132)	(11,427)	(11,708)	-	(74,640)
Payments to Other Entities	(10,180)	-	-	-	-	(10,180)
Other Income	50	101	-	1	-	152
Other Expense	(11)	(10)	(245)	(1)	-	(267)
Net Cash Provided by (Used for) Operating Activities	(26,711)	6,391	(9,130)	241	-	(29,209)
Cash Flows from Non-Capital Financing Activities						
Transfers In	37,982	-	-	2,305	2,800	43,087
Transfers Out	(2,917)	18	(3,536)	-	(2,800)	(9,235)
Net Cash Provided by Non-Capital Financing Activities	35,065	18	(3,536)	2,305	-	33,852
Cash Flows from Capital and Related Financing Activities:						
Proceeds from Issuance Of Long-Term Obligations	10,051	-	17,705	-	-	27,756
Payment of Cost of Issuance	139	-	-	-	-	139
Changes Related to Capital Acquisitions	(11,619)	(7,763)	(1)	-	-	(19,383)
Payments of Principal on Bonds Payable	(4,235)	(1,250)	-	(2,415)	-	(7,900)
Payments of Principal on Other Long-Term Obligations	(35)	-	-	(24)	-	(59)
Payments of Interest, Net of Amounts Capitalized	(2,769)	(5,634)	(288)	(795)	-	(9,486)
Net Cash Used for Capital and Related Financing Activities	(8,468)	(14,647)	17,416	(3,234)	-	(8,933)
Cash Flows from Investing Activities:						
Payments for Investments	-	(19)	-	-	-	(19)
Payments of Interest	2,527	298	75	69	-	2,969
Net Cash Provided by (Used for) Investing Activities	2,527	279	75	69	-	2,950
Net Increase (Decrease) in Cash and Cash Equivalents	2,413	(7,959)	4,825	(619)	-	(1,340)
Cash and Cash Equivalents - October 1	138,755	36,893	133	6,105	-	181,886
Cash and Cash Equivalents - September 30	\$ 141,168	\$ 28,934	\$ 4,958	\$ 5,486	\$ -	\$ 180,546
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	Tideland Operating	Marina	Queen Mary	Rainbow Harbor Area	Eliminations Increase (Decrease)	Total
Operating Income (Loss)	\$ (37,078)	\$ 1,931	\$ (6,431)	\$ (3,049)	\$ -	\$ (44,627)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:						
Depreciation and Amortization Expense	11,317	6,259	419	3,705	-	21,700
Other Income	3,763	-	-	1	-	3,764
Other Expense	(11)	(10)	(245)	(1)	-	(267)
(Increase) Decrease in Accounts Receivable, Net	(10,217)	(84)	(13)	190	-	(10,124)
(Increase) Decrease in Amounts Due from Other Funds	5,778	(1,653)	-	-	-	4,125
Decrease in Amounts Due from Other Governments	33	-	-	-	-	33
Decrease in Accounts Payable	(2,201)	(769)	(2,841)	(634)	-	(6,445)
Increase in Accrued Wages Payable	2,078	546	4	39	-	2,667
Increase (Decrease) in Amounts Due to Other Funds	-	-	2	-	-	2
Increase (Decrease) in Unearned Revenues	(186)	171	-	-	-	(15)
Increase (Decrease) in Collections Held in Trust	13	-	(25)	(10)	-	(22)
Total Adjustments	10,367	4,460	(2,699)	3,290	-	15,418
Net Cash Provided by (Used for) Operating Activities	\$ (26,711)	\$ 6,391	\$ (9,130)	\$ 241	\$ -	\$ (29,209)
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u>						
Amortization of Deferred Outflows on Debt Refunding	\$ 485	\$ -	\$ -	\$ -	\$ -	\$ 485
Amortization of Bond (Premium) Discount, Net	(846)	(266)	-	-	-	(1,112)

See accompanying independent auditors' report.



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# STATISTICAL SECTION

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## STATISTICAL SECTION

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

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

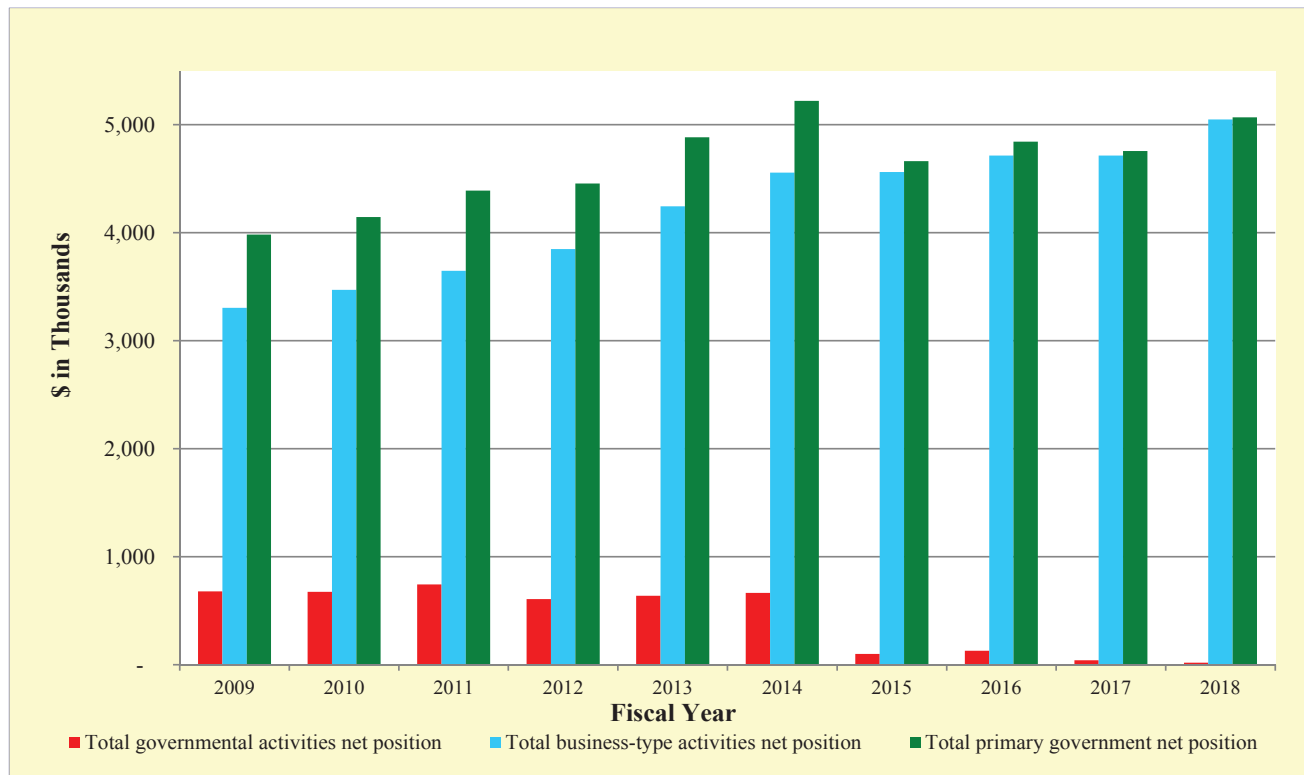


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**City of Long Beach**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(Accrual basis of accounting)**  
**(In Thousands)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Governmental activities:</b>										
Net Investment in capital assets	\$ 203,709	\$ 170,432	\$ 215,317	\$ 237,998	\$ 242,105	\$ 245,780	\$ 344,839	\$ 346,224	\$ 361,370	\$ 377,098
Restricted	289,658	346,412	631,729	470,723	458,167	473,181	351,055	393,588	397,204	403,557
Unrestricted	185,296	157,316	(104,327)	(100,337)	(61,528)	(53,167)	(595,857)	(610,409)	(716,979)	(761,817)
Total governmental activities net position	678,663	674,160	742,719	608,384	638,744	665,794	100,037	129,403	41,595	18,838
<b>Business-type activities:</b>										
Net Investment in capital assets	1,954,565	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
Restricted	367,477	603,007	289,999	289,864	297,694	439,163	494,526	323,827	323,827	298,613
Unrestricted	982,105	683,114	809,277	787,926	399,890	418,151	237,808	160,569	160,569	272,494
Total business-type activities net position	3,304,147	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
<b>Primary government</b>										
Net Investment in capital assets	2,158,274	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
Restricted	657,135	949,419	921,728	760,587	755,861	912,344	845,581	717,415	721,031	702,170
Unrestricted	1,167,401	840,430	704,950	687,589	338,362	364,984	(358,049)	(449,840)	(556,410)	(489,323)
Total primary government net position	\$3,982,810	\$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

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



See accompanying independent auditors' report.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 12,866	\$ 11,527	\$ 10,106	\$ 10,998	\$ 10,957	\$ 12,001	\$ 10,632	\$ 11,814	\$ 13,343	\$ 13,025
General Government	16,292	19,792	22,653	22,128	23,342	21,378	22,400	23,869	29,718	29,189
Public Safety	302,025	291,399	284,986	290,542	303,872	296,817	307,116	344,358	402,361	409,632
Public Health	47,134	44,731	44,428	42,712	41,966	41,877	43,710	46,150	49,688	53,045
Community and Cultural	227,772	258,512	193,886	331,170	173,239	153,206	165,501	155,792	173,637	167,624
Public Works	95,354	91,375	89,942	92,058	102,979	114,303	104,744	103,772	123,268	139,209
Oil Operations	8,004	6,923	7,318	9,256	7,101	4,869	3,961	6,466	9,694	3,755
Interest on Long-Term Debt	35,831	32,744	35,273	28,492	26,941	24,945	22,738	19,104	19,120	17,916
Total Governmental Activities Expenses	745,278	757,003	688,592	827,356	690,397	669,396	680,802	711,325	820,829	833,395
Business-type Activities:										
Gas Utility	90,364	77,531	84,003	77,157	82,693	80,651	68,414	66,896	80,680	83,276
Water Utility	76,895	71,442	82,050	81,377	89,767	93,297	102,501	93,959	96,082	98,204
Tidelands Operating	124,711	117,071	124,830	100,602	96,881	111,074	121,547	107,313	126,123	130,796
Tidelands Oil Revenue	178,636	276,850	393,317	390,602	362,144	327,087	81,565	70,949	93,200	101,495
Harbor	225,991	218,262	217,335	193,773	195,335	233,410	236,186	307,546	298,756	298,441
Non-major Enterprise Funds	136,465	132,917	144,018	144,677	150,188	156,466	157,368	162,678	176,446	171,272
Total Business-Type Activities Expenses	833,062	894,073	1,045,553	988,188	977,008	1,001,985	767,581	809,341	871,287	883,484
Total Primary Government Expenses	1,578,340	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
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	264	862	104	714	61	163	224	1,804	52	481
General Government	14,679	14,968	16,501	17,521	16,093	16,459	16,545	17,955	17,981	17,727
Public Safety	37,078	40,072	35,110	34,617	32,371	34,659	38,961	38,050	34,995	43,536
Public Health	9,644	8,422	8,725	9,538	11,856	8,498	8,178	7,284	8,052	8,550
Community and Cultural	26,322	26,186	20,825	13,978	14,656	12,168	15,084	17,051	25,801	21,980
Public Works	25,803	25,985	21,072	26,876	25,011	25,963	25,246	27,949	29,875	32,208
Oil Operations	19,011	25,556	31,552	39,156	39,869	36,942	19,414	10,900	12,176	16,060
Operating Grants and Contributions	172,281	185,899	198,198	175,647	171,937	183,789	164,621	170,614	176,643	187,038
Capital Grants and Contributions	3,595	10,395	7,588	6,147	10,778	8,530	3,780	2,085	12,286	10,739
Total Governmental Activities Program Revenues	\$ 308,677	\$ 338,345	\$ 339,675	\$ 324,194	\$ 322,632	\$ 327,171	\$ 292,053	\$ 293,692	\$ 317,861	\$ 338,319

(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)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Business-Type activities:</b>										
<b>Charges for Services:</b>										
Gas Utility	\$ 113,910	\$ 80,605	\$ 88,240	\$ 83,633	\$ 87,141	\$ 82,293	\$ 77,398	\$ 79,826	\$ 97,033	\$ 92,109
Water Utility	81,380	87,151	88,576	87,073	93,036	101,345	101,158	98,677	100,761	104,701
Tidelands Operating	83,245	82,948	83,018	56,726	59,929	64,318	67,894	67,205	76,352	77,734
Tideland Oil Revenue	143,336	295,680	449,819	452,863	397,301	362,783	99,401	53,630	81,989	124,721
Harbor	336,930	341,744	345,389	333,887	346,244	362,752	363,309	363,343	388,834	406,420
Non-major Enterprise Funds	143,751	141,803	150,318	160,226	164,661	166,829	160,799	162,298	188,768	180,102
Operating Grants and Contributions	1,213	597	2,723	1,413	1,105	921	753	758	976	2,768
Capital Grants and Contributions	25,210	32,001	26,406	26,552	259,188	182,021	140,618	150,510	83,681	99,586
<b>Total Business-Type Activities</b>										
Program Revenues	928,975	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
<b>Total Primary Government</b>										
Program Revenues	1,237,652	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
<b>Net Revenues (expenses):</b>										
Governmental Activities	(436,601)	(418,658)	(348,917)	(503,162)	(367,765)	(342,225)	(388,749)	(417,633)	(502,968)	(495,076)
Business-Type Activities	95,913	168,456	188,936	214,185	431,597	321,277	243,749	166,906	147,107	204,657
<b>Total Net Expenses</b>	<b>(340,688)</b>	<b>(250,202)</b>	<b>(159,981)</b>	<b>(288,977)</b>	<b>63,832</b>	<b>(20,948)</b>	<b>(145,000)</b>	<b>(250,727)</b>	<b>(355,861)</b>	<b>(290,419)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
<b>Governmental Activities:</b>										
<b>Taxes:</b>										
Property	196,402	180,262	218,570	179,746	203,770	183,719	180,989	200,766	191,514	199,576
Sales	51,585	53,144	60,159	60,414	63,443	59,097	64,177	67,658	99,528	133,523
Utility Users	39,901	39,240	38,739	37,097	38,026	38,691	38,419	37,079	35,858	36,639
Other	61,250	62,889	43,254	43,360	46,446	41,504	45,517	47,746	46,837	51,558
Franchise Fees	-	-	24,184	23,143	25,243	26,175	25,915	24,911	25,912	20,308
Grants and Contributions not										
Restricted to Specific Programs	48,364	46,058	-	-	150	-	-	-	-	-
Unrestricted Investment Earnings	14,712	7,837	10,291	4,349	3,417	3,688	6,061	13,182	3,581	4,761
Gain (Loss) on Sales of Capital Assets	(1,024)	8,539	-	-	-	-	-	-	-	-
Capital Asset Transfers	(1,337)	(101)	1,266	5,090	4,786	2,365	-	-	-	-
Transfers	19,601	16,287	21,601	15,628	21,490	14,210	21,661	16,855	11,930	25,954
<b>Total Governmental Activities</b>	<b>429,454</b>	<b>414,155</b>	<b>418,064</b>	<b>368,827</b>	<b>406,771</b>	<b>369,449</b>	<b>382,739</b>	<b>408,197</b>	<b>415,160</b>	<b>472,319</b>
<b>Business-type Activities:</b>										
Unrestricted Investment Earnings	26,890	14,554	9,253	6,903	5,557	6,365	8,887	10,802	7,714	13,357
Capital Asset Transfers	1,337	101	(1,266)	(5,090)	(4,786)	(2,365)	-	-	-	-
Transfers	(19,601)	(16,287)	(21,601)	(15,628)	(21,490)	(14,210)	(21,661)	(16,855)	(11,930)	(25,954)
<b>Total Business-type Activities</b>	<b>8,626</b>	<b>(1,632)</b>	<b>(13,614)</b>	<b>(13,815)</b>	<b>(20,719)</b>	<b>(10,210)</b>	<b>(12,774)</b>	<b>(6,053)</b>	<b>(4,216)</b>	<b>(12,597)</b>
<b>Total Primary Government</b>	<b>438,080</b>	<b>412,523</b>	<b>404,450</b>	<b>355,012</b>	<b>386,052</b>	<b>359,239</b>	<b>369,965</b>	<b>402,144</b>	<b>410,944</b>	<b>459,722</b>
<b>Change in Net Position</b>										
Government activities	(7,147)	(4,503)	69,147	(134,335)	39,006	27,224	(6,010)	(9,436)	(87,808)	(22,757)
Business-type Activities	104,539	166,824	175,322	200,370	410,878	311,067	230,975	160,853	142,891	192,060
<b>Total Primary Government</b>	<b>\$ 97,392</b>	<b>\$ 162,321</b>	<b>\$ 244,469</b>	<b>\$ 66,035</b>	<b>\$ 449,884</b>	<b>\$ 338,291</b>	<b>\$ 224,965</b>	<b>\$ 151,417</b>	<b>\$ 55,083</b>	<b>\$ 169,303</b>

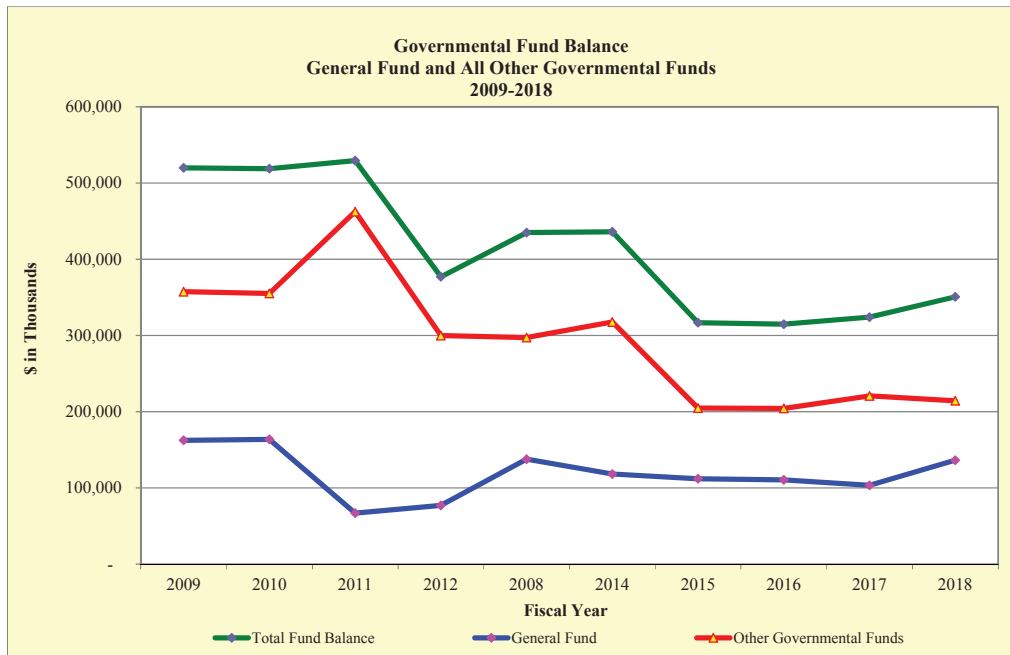
**Note:** With the implementation of GASB 54- Fund Balance Reporting and Governmental Fund Type Definitions, effective fiscal year 2010, the presentation of some financial data have changed in compliance with the aforementioned GASB standard.

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)**

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>General Fund:</b>										
Reserved	\$ 116,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	45,899	-	-	-	-	-	-	-	-	-
* Nonspendable	-	104,591	2,083	2,008	2,043	6	2	102	500	1,375
* Restricted	-	8,673	675	2,929	2,311	4,266	4,308	4,498	4,469	4,807
* Committed	-	1,486	4,108	5,394	5,711	61,079	62,598	63,568	64,539	67,640
* Assigned	-	3,798	59,445	61,935	119,542	49,531	42,953	38,482	31,947	59,463
* Unassigned	-	45,155	682	4,857	8,130	3,397	2,170	3,934	1,926	3,072
<b>Total General Fund</b>	<b>162,468</b>	<b>163,703</b>	<b>66,993</b>	<b>77,123</b>	<b>137,737</b>	<b>118,279</b>	<b>112,031</b>	<b>110,584</b>	<b>103,381</b>	<b>136,357</b>
<b>Other Governmental Funds:</b>										
Reserved	424,108	-	-	-	-	-	-	-	-	-
Unreserved, Reported in:										
Special Revenue Funds	56,848	-	-	-	-	-	-	-	-	-
Capital Project Funds	(123,512)	-	-	-	-	-	-	-	-	-
* Nonspendable	-	24,902	1,654	45	8,009	8,012	2,846	2,577	2,613	1,324
* Restricted	-	514,588	489,841	320,310	293,567	289,497	173,096	173,562	180,084	174,541
* Committed	-	2,594	161	1,362	1,362	1,362	1,422	1,422	1,414	1,414
* Assigned	-	41,581	10,664	10,791	24,433	36,476	39,197	26,710	36,582	37,067
* Unassigned	-	(228,576)	(39,867)	(32,643)	(30,112)	(17,646)	(11,819)	-	-	-
<b>Total Other Governmental Funds</b>	<b>357,444</b>	<b>355,089</b>	<b>462,453</b>	<b>299,865</b>	<b>297,259</b>	<b>317,701</b>	<b>204,742</b>	<b>204,271</b>	<b>220,693</b>	<b>214,346</b>
<b>Total All Governmental Funds</b>	<b>\$ 519,912</b>	<b>\$ 518,792</b>	<b>\$ 529,446</b>	<b>\$ 376,988</b>	<b>\$ 434,996</b>	<b>\$ 435,980</b>	<b>\$ 316,773</b>	<b>\$ 314,855</b>	<b>\$ 324,074</b>	<b>\$ 350,703</b>

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



See accompanying independent auditors' report.

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes:										
Property	\$ 195,128	\$ 216,922	\$ 218,593	\$ 181,041	\$ 214,816	\$ 183,885	\$ 179,999	\$ 201,207	\$ 191,808	\$ 199,336
Sales	51,585	53,144	60,159	60,414	63,443	59,097	64,177	67,658	99,528	133,523
Utility Users	39,901	39,240	38,739	37,097	38,026	38,691	38,419	37,079	35,858	36,639
Other Taxes	61,250	42,465	43,254	43,360	46,446	41,504	45,517	47,746	46,837	51,558
Franchise Fees	-	24,040	24,184	23,143	25,243	26,175	25,915	24,911	25,912	20,308
Licenses and Permits	32,239	24,864	24,812	24,278	19,941	22,341	23,329	25,456	24,926	26,076
Fines and Forfeitures	19,501	17,042	16,193	17,762	16,394	16,166	15,988	16,292	16,184	15,946
Use of Money and Property	47,841	47,526	56,415	58,398	58,441	56,687	41,816	40,991	33,815	39,419
From Other Agencies	227,060	195,940	208,167	184,470	181,039	191,423	166,988	170,780	187,872	197,570
Charges for Services	30,742	26,264	28,549	28,586	28,292	29,042	28,428	29,482	33,533	41,034
Other Contributions	-	2,898	-	-	1,385	341	556	249	194	137
Other	11,667	13,599	25,256	19,544	18,577	10,693	17,615	13,167	19,907	17,599
<b>Total Revenues</b>	<b>716,914</b>	<b>703,944</b>	<b>744,321</b>	<b>678,093</b>	<b>712,043</b>	<b>676,045</b>	<b>648,747</b>	<b>675,018</b>	<b>716,374</b>	<b>779,145</b>
Expenditures:										
Legislative and Legal	11,649	10,806	9,683	10,316	9,673	11,373	9,604	11,420	11,522	13,378
General Government	11,993	15,480	20,035	17,441	17,785	17,951	18,116	21,793	23,285	25,426
Public Safety	290,615	291,618	289,538	285,807	288,979	300,519	297,901	307,065	353,456	360,879
Public Health	45,181	37,644	43,665	41,449	39,297	41,273	42,108	42,819	44,530	47,658
Community and Cultural	238,090	264,171	263,625	289,597	185,378	158,122	237,433	152,005	160,985	173,542
Public Works	53,358	46,002	44,178	60,368	65,484	66,498	70,921	74,580	73,103	82,450
Oil Operations	6,888	6,718	7,173	9,146	4,722	4,309	3,512	2,352	2,563	2,945
<b>Total Current Expenditures</b>	<b>657,774</b>	<b>672,439</b>	<b>677,897</b>	<b>714,124</b>	<b>611,318</b>	<b>600,045</b>	<b>679,595</b>	<b>612,034</b>	<b>669,444</b>	<b>706,278</b>
Capital Improvements	27,721	38,956	29,630	17,183	26,199	36,427	27,139	38,629	45,693	47,935
Loss on Disposition of Land										
Held for Resale	1,526	9,524	519	79,111	-	-	-	-	-	-
Debt Service:										
Principal	17,456	13,804	13,475	14,379	16,358	18,836	18,601	18,717	20,564	28,439
Interest	28,300	24,847	28,984	23,298	23,776	21,044	22,499	16,763	16,156	15,361
Debt Administration Fees	259	195	391	494	542	57	178	434	90	29
<b>Total Expenditures</b>	<b>733,036</b>	<b>759,765</b>	<b>750,896</b>	<b>848,589</b>	<b>678,193</b>	<b>676,409</b>	<b>748,012</b>	<b>686,577</b>	<b>751,947</b>	<b>798,042</b>
(Deficiency) of Revenues over (under) Expenditures	(16,122)	(55,821)	(6,575)	(170,496)	33,850	(364)	(99,265)	(11,559)	(35,573)	(18,897)
Other Financing Sources (Uses):										
Debt Issuance	311	34,417	297	753	54,186	1,012	155,820	13,150	-	2,306
Premium (Discount) on Debt Issuan-	-	-	-	-	-	-	6,700	1,045	-	-
Payment to Refunded Bond										
Escrow Agent	-	-	-	-	(57,611)	-	(179,330)	-	-	-
Reconveyance of Land	(3,677)	(41)	-	-	-	-	-	-	-	-
Cost of Issuance	-	-	-	-	-	-	(1,505)	-	-	-
Land Transfers	-	-	(6,233)	-	-	-	-	-	-	-
Transfers In	60,163	56,406	271,094	409,802	114,615	106,128	91,363	60,641	104,983	125,473
Transfers Out	(37,379)	(36,306)	(247,930)	(392,317)	(87,032)	(105,577)	(92,990)	(65,195)	(60,191)	(82,253)
<b>Total Other Financing Sources</b>	<b>19,418</b>	<b>54,476</b>	<b>17,228</b>	<b>18,238</b>	<b>24,158</b>	<b>1,563</b>	<b>(19,942)</b>	<b>9,641</b>	<b>44,792</b>	<b>45,526</b>
<b>Net Change in Fund Balances</b>	<b>\$ 3,296</b>	<b>\$ (1,345)</b>	<b>\$ 10,653</b>	<b>\$(152,258)</b>	<b>\$ 58,008</b>	<b>\$ 1,199</b>	<b>\$(119,207)</b>	<b>\$ (1,918)</b>	<b>\$ 9,219</b>	<b>\$ 26,629</b>
Debt Service as a Percentage of Noncapital Expenditures	6.5%	5.4%	6.0%	4.5%	6.1%	6.0%	5.6%	5.4%	5.0%	5.6%

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

Debt Service as a Percentage of Noncapital Expenditures calculated as follows: 
$$\frac{\text{(Principle + Interest)}}{\text{(Total Expenditures - Capital Improvements)}}$$

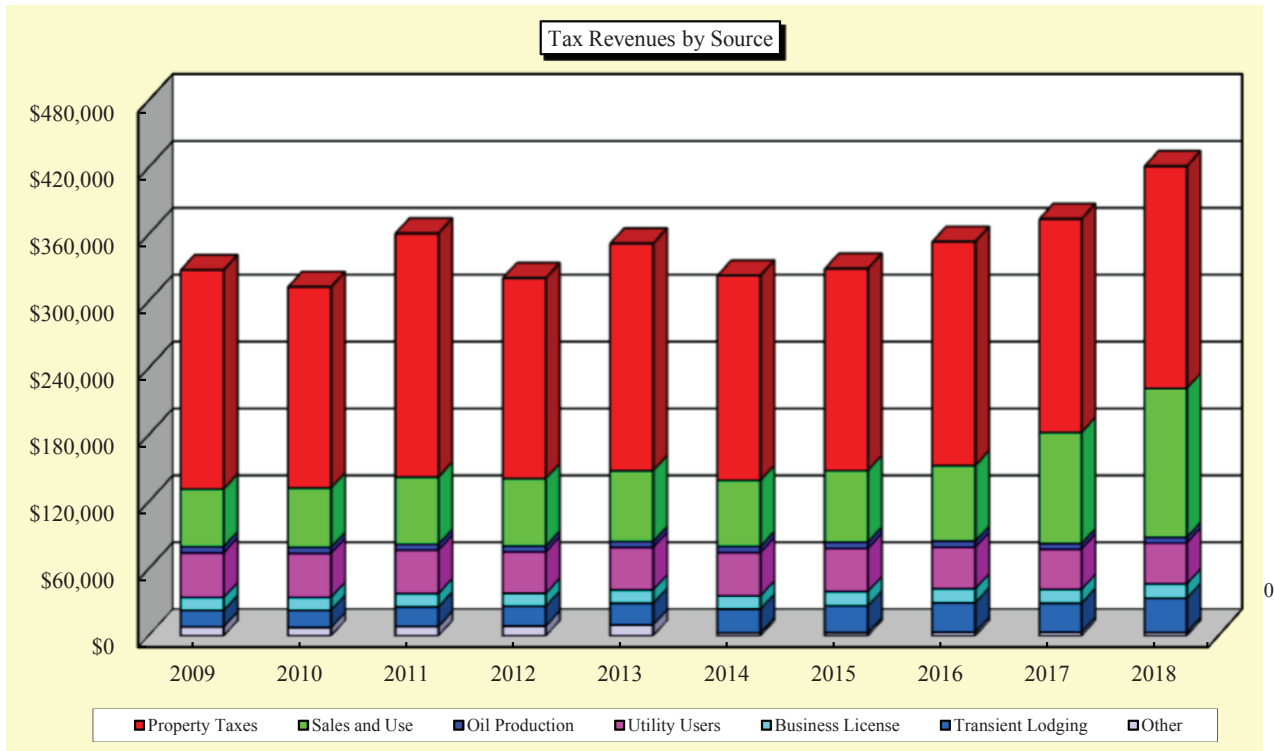
See accompanying independent auditors' report.

**City of Long Beach**  
 Governmental Activities Tax Revenues by Source  
 Last Ten Fiscal Years  
 (Modified accrual basis of accounting)  
 (In Thousands)

Fiscal 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
2009	\$ 196,402	\$ 51,585	\$ 5,557	\$ 39,901	\$ 11,647	\$ 14,635	\$ 8,137	\$ 327,864
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

Notes:

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



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

See accompanying independent auditors' report.



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

Fiscal Year-end	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Total Direct Tax Rate
2009	\$ 43,819,413	\$ 2,802,330	\$ (1,047,919)	\$ 45,573,824	1.00%
2010	42,549,483	2,916,792	(1,239,013)	44,227,262	1.00%
2011	42,014,055	2,575,570	(1,593,660)	42,995,965	1.00%
2012	42,641,685	2,780,087	(1,318,100)	44,103,672	1.00%
2013	45,184,614	2,767,496	(1,025,398)	46,926,712	1.00%
2014	47,768,304	2,730,192	(1,630,080)	48,868,416	1.00%
2015	48,648,554	3,029,600	(1,572,403)	50,105,751	1.00%
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%

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	
2009	1.000000	-	0.124782	0.022115	0.004300	1.151197
2010	1.000000	-	0.151809	0.023112	0.004300	1.179221
2011	1.000000	-	0.186954	0.040310	0.003700	1.230964
2012	1.000000	-	0.168187	0.035296	0.003700	1.207183
2013	1.000000	-	0.175606	0.048750	0.003500	1.227856
2014	1.000000	-	0.146439	0.044541	0.003500	1.194480
2015	1.000000	-	0.146881	0.040174	0.003500	1.190555
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

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 2018		Fiscal Year 2009	
	Assessed Valuation	Percentage of Total Net Assessed Valuation	Assessed Valuation	Percentage of Total Net Assessed Valuation
The Boeing Company	\$ 202,808	0.40 %	\$ 405,226	0.95 %
W GL Ocean Avenue LB Holdings	171,892	0.34		
2009 CUSA Community Owner LLC	152,409	0.30		
John Hancock Life Insurance	143,121	0.28		
AGNL Clinic LP	142,844	0.28		
Terra Funding Shoreline Square	107,420	0.21		
Noble Utah Long Beach LLC	100,797	0.20	85,313	0.20
TABC Inc.	95,901	0.19		
Tesoro Logistics Operations LLC	87,472	0.17		
Lyon West Gateway LLC	85,582	0.17		
Long Beach Center LLC	80,400	0.16		
Equity One LLC	79,157	0.16		
Omninet Freway LLC	74,676	0.15		
Current Living LP	74,478	0.15		
DP3 Sub 1&2 LLC	68,802	0.14		
Alamitos Bay Partnership	67,799	0.13	55,380	0.13
Sunstone Ocean LLC	64,212	0.13	58,512	0.14
BRE Paragon MF Alvista	63,592	0.12		
HEI Long Beach LLC	61,109	0.12	61,988	0.14
Avanath Northpointe LP	56,759	0.11		
AES Alamitos LLC			248,600	0.58
Legacy Partners II LB World Trade LLC			151,878	0.35
Camden Realty Inc.			134,335	0.31
Trizechahn Centers, Inc.			112,098	0.26
200 Oceangate LLC			94,100	0.22
GRE Shoreline Square LP			92,750	0.22
Advanced Group 05-86			80,215	0.19
City Place Long Beach LLC			76,020	0.18
Arco Terminal Services Corp.			60,465	0.14
ASN City Place LLC			47,799	0.11
Los Altos Gateway LLC			47,073	0.11
Pacific Castle			46,003	0.11
ASN Meadow Wood LLC			41,086	0.10
Legacy Partners I Long Beach Oceangate			39,535	0.09
West Ocean II LLC			36,008	0.08
	<u>\$1,981,230</u>	<u>3.91 %</u>	<u>\$1,974,384</u>	<u>4.61 %</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)**

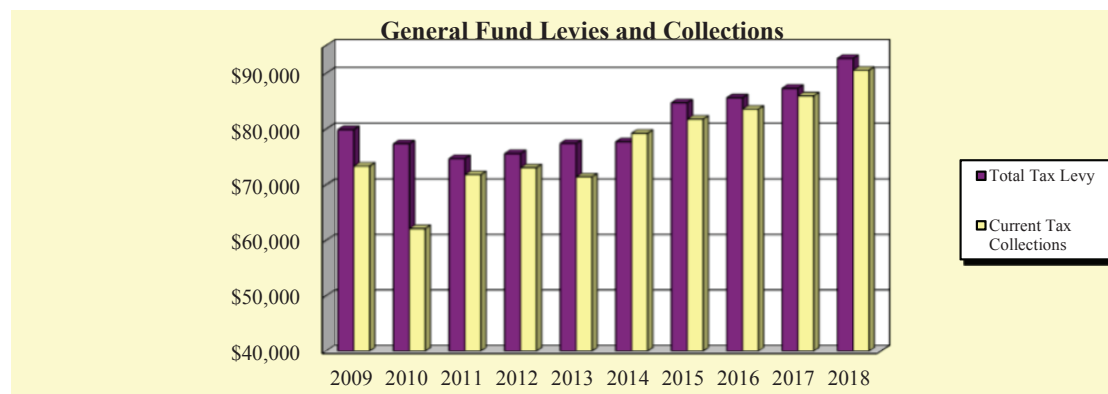
General Fund <sup>1</sup>								
Fiscal Year-end	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections <sup>3</sup>	Collections as Percentage of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percentage of Current Levy
2009	\$ 79,915	\$ 73,358	91.8%	\$ 5,817	\$ 79,175	99.1%	\$ 13,760	17.2%
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%

Redevelopment/Successor Agency								
2009	\$ 111,336	\$ 106,358	95.5%	\$ 9,595	\$ 115,953	104.2%	\$ -	0.0%
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%

Total City Tax Levy								
2009	\$ 191,251	\$ 179,716	94.0%	\$ 15,412	\$ 195,128	102.0%	\$ 13,760	7.2%
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%



Notes: <sup>1</sup> Restated prior years Total Tax Levy and Current Tax Collections to separate the General Fund revenue, which include only One percent basic levy only, from City levy for Successor Agency.  
<sup>2</sup> 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.  
<sup>3</sup> 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	
2009	152,430	\$ 70,340	323,890	9,057	27,227	\$ 582,944
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

Fiscal Year-end	Business-type Activities				Total Business-type Activities
	Revenue Bonds	Certificates of Participation	Notes Payable	Capital Leases	
2009	\$ 1,728,770	\$ 7,480	117,597	\$ 565	\$ 1,854,412
2010	1,714,810	-	73,797	541	1,789,148
2011	1,709,685	-	56,687	3,541	1,769,913
2012	1,640,665	-	54,488	3,109	1,698,262
2013	1,564,045	-	147,020	2,667	1,713,732
2014	1,534,901	-	515,995	2,215	2,053,111
2015	1,696,772	-	499,248	19,752	2,215,772
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

Fiscal Year-end	Total Primary Government	Percentage of Personal Income	Per Capita
2009	\$ 2,437,356	2.759%	\$ 5,273
2010	2,378,357	2.796%	5,140
2011	2,333,682	2.917%	5,048
2012	2,240,916	3.019%	4,813
2013	2,217,187	3.156%	4,741
2014	2,546,464	3.307%	5,425
2015	2,662,827	3.430%	5,623
2016	2,453,702	3.573%	5,175
2017	2,502,744	3.720%	5,324
2018	2,451,959	3.879%	5,223

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)		
2009	\$ 70,340	323,890	\$ 53,895	\$ 340,335	73%	\$ 736.32
2010	62,775	347,740	57,937	352,578	78%	762.03
2011	54,520	337,557	48,360	343,717	77%	743.56
2012	50,205	326,852	32,615	344,442	76%	739.82
2013	45,675	315,399	33,375	327,699	68%	700.74
2014	40,822	309,160	32,471	317,511	63%	676.38
2015	35,837	276,934	20,331	292,440	57%	617.51
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

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, 2018 (In Thousands)**

2017-18 Assessed Valuation: \$54,618,695

<u>DIRECT DEBT:</u>		<u>Outstanding</u>	<u>Exclusions</u>	<u>Outstanding</u>
City of Long Beach				
Lease Revenue Bonds		\$ 67,471	\$ -	\$ 67,471
Tax Allocation Bonds		233,113	-	233,113
Notes Payable		7,751	-	7,751
Capital Leases		67,670	-	67,670
Pension Obligations		19,283	-	19,283
Total Direct Debt		<u>\$ 395,288</u>	<u>\$ -</u>	<u>\$ 395,288</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable</u>			
Cerritos Community College District	0.358 %	\$ 313,452	\$ 312,330	\$ 1,122
Coast Community College District	0.001	754,065	754,057	8
Compton Community College District	2.520	69,419	67,670	1,749
Long Beach Community College District	85.616	416,382	59,892	356,490
Los Angeles Community College District	0.054	3,930,390	3,928,268	2,122
ABC Unified School District	1.094	27,966	27,660	306
Compton Unified School District	0.022	43,170	43,161	9
Long Beach Unified School District	85.617	1,077,236	154,939	922,297
Los Angeles Unified School District	0.066	10,201,305	10,194,572	6,733
Paramount Unified School District	8.890	127,945	116,571	11,374
Metropolitan Water District	1.993	60,600	59,392	1,208
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT(1)		<u>\$ 17,021,930</u>	<u>\$ 15,718,512</u>	<u>\$ 1,303,418</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	3.833 %	\$ 2,192,759	\$ 2,108,711	\$ 84,048
Los Angeles County Superintendent of Schools Certificates of Participation	3.833	5,828	5,605	223
Compton Unified School District Certificates of Participation	0.022	17,260	17,256	4
Los Alamitos Unified School District Certificates of Participation	0.009	40,701	40,697	4
Los Angeles Unified School District Certificates of Participation	0.066	194,530	194,402	128
Paramount Unified School District Certificates of Participation	8.890	28,470	25,939	2,531
County Sanitation District No. 1 Certificates of Participation	1.226	7,451	7,360	91
County Sanitation District No. 2 Certificates of Participation	0.192	11,504	11,482	22
County Sanitation District No. 3 Certificates of Participation	85.834	8,741	1,238	7,503
County Sanitation District No. 8 Certificates of Participation	2.771	4,551	4,425	126
County Sanitation District No. 19 Certificates of Participation	28.953	2,072	1,472	600
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,513,867</u>	<u>\$ 2,418,587</u>	<u>\$ 95,280</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000 %	\$ 225,165	\$ -	\$ 225,165
TOTAL GROSS OVERLAPPING COMBINED DEBT		\$ 19,760,962	\$ 18,137,099	\$ 1,623,863
Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts)		7,440	7,435	5
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 19,753,522</u>	<u>\$ 18,129,664</u>	<u>\$ 1,623,858</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT		<u>\$ 20,148,810</u>	<u>\$ 18,129,664</u>	<u>\$ 2,019,146</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				
	2009	2010	2011	2012	2013
Assessed valuation	\$46,621,743	\$45,466,275	\$44,589,625	\$45,421,772	\$47,952,110
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,655,436	11,366,569	11,147,406	11,355,443	11,988,028
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,748,315	1,704,985	1,672,111	1,703,316	1,798,204
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,748,315</u>	<u>\$ 1,704,985</u>	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>	<u>\$ 1,798,204</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2014	2015	2016	2017	2018
Assessed valuation	\$50,498,496	\$51,678,154	\$52,898,656	\$55,662,248	\$58,634,492
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	12,624,624	12,919,539	13,224,664	13,915,562	14,658,623
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,893,694	1,937,931	1,983,700	2,087,334	2,198,793
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,893,694</u>	<u>\$ 1,937,931</u>	<u>\$ 1,983,700</u>	<u>\$ 2,087,334</u>	<u>\$ 2,198,793</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 or Funds Available for Debt Service	Debt Service Requirements (4)			Times Coverage
						Principal	Interest	Total	
2009	\$ 87,736	\$ 41,232	\$ 46,504	\$ 26,983	\$ 73,487	\$ 1,050	\$ 46,548	\$ 47,598	1.5
2010	79,732	39,803	39,929	1,566	41,495	9,480	33,918	43,398	1.0
2011	87,730	45,922	41,808	227	42,035	10,400	33,444	43,844	1.0
2012	82,671	38,902	43,769	(348)	43,421	10,035	32,955	42,990	1.0
2013	80,215	37,274	42,941	(1,067)	41,874	9,040	32,492	41,532	1.0
2014	81,992	42,503	39,489	(946)	38,543	7,305	32,079	39,384	1.0
2015	77,098	30,845	46,253	83	46,336	6,840	31,725	38,565	1.2
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

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

2009	\$ 80,933	\$ 61,637	\$ 19,296	\$ 861	\$ 20,157	\$ 1,330	\$ 1,661	\$ 2,991	6.7
2010	87,151	67,091	20,060	10,075	30,135	1,405	1,588	2,993	10.1
2011	88,576	70,565	18,011	(207)	17,804	-	861	861	20.7
2012	86,515	69,982	16,533	(702)	15,831	490	1,249	1,739	9.1
2013	91,949	76,217	15,732	(1,789)	13,943	2,110	1,484	3,594	3.9
2014	100,187	81,767	18,420	371	18,791	2,385	1,502	3,887	4.8
2015	99,475	91,395	8,080	1,561	9,641	2,510	1,390	3,900	2.5
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

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

2009	\$ 84,151	\$ 73,976	\$ 10,175	\$ 4,163	\$ 14,338	\$ 6,860	\$ 4,312	\$ 11,172	1.3
2010	77,419	64,608	12,811	4,228	17,039	7,050	4,121	11,171	1.5
2011	73,797	64,198	9,599	1,867	11,466	7,305	3,860	11,165	1.0
2012	77,111	62,718	14,393	662	15,055	7,635	3,535	11,170	1.3
2013	79,327	65,010	14,317	(716)	13,601	8,005	3,165	11,170	1.2
2014	80,701	70,639	10,062	224	10,286	8,410	2,758	11,168	0.9
2015	80,176	68,626	11,550	609	12,159	8,860	2,311	11,171	1.1
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

Notes:

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

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

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

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non-Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2010	31,033	26,157	4,876	7,301	12,177	855	1,998	2,853	4.3
2011	32,416	28,150	4,266	7,224	11,490	905	5,668	6,573	1.7
2012	34,405	27,142	7,263	8,772	16,035	1,330	7,046	8,376	1.9
2013	34,760	26,513	8,247	8,060	16,307	2,260	7,004	9,264	1.8
2014	35,802	27,302	8,500	8,661	17,161	2,340	6,927	9,267	1.9
2015	33,811	27,842	5,969	3,134	9,103	2,420	6,844	9,264	1.0
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

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

2009	\$ 30,941	\$ 20,491	\$ 10,450	\$ 1,900	\$ 12,350	\$ 945	\$ 1,494	\$ 2,439	5.1
2010	33,028	20,396	12,632	36	12,668	980	1,449	2,429	5.2
2011	33,460	22,348	11,112	1,011	12,123	1,025	1,493	2,518	4.8
2012	32,620	19,547	13,073	319	13,392	1,035	1,410	2,445	5.5
2013	30,015	19,843	10,172	409	10,581	820	1,512	2,332	4.5
2014	31,923	19,201	12,722	351	13,073	-	912	912	14.3
2015	32,660	23,719	8,941	1,592	10,533	-	912	912	11.5
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

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

2009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
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

Notes:

(1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense. Prior year adjustments to operating expenses were made to exclude amortization.

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

**City of Long Beach**  
**Pledged Revenue Coverage**  
**Rainbow Harbor Area Segment**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years (2)**  
(In Thousands)

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income (Loss)	Non-Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2009	\$ 6,880	\$ 9,498	\$ (2,618)	\$ 2,275	\$ (343)	\$ 2,325	\$ 1,936	\$ 4,261	-
2010	7,421	9,255	(1,834)	(20)	(1,854)	2,410	1,846	4,256	-
2011	8,780	9,869	(1,089)	69	(1,020)	2,500	1,761	4,261	-
2012	9,206	9,747	(541)	49	(492)	2,590	1,666	4,256	-
2013	9,578	10,070	(492)	64	(428)	2,680	1,570	4,250	-
2014	10,677	11,049	(372)	(12)	(384)	2,795	1,457	4,252	-
2015	10,997	11,589	(592)	85	(507)	2,900	1,353	4,253	-
2016	13,078	11,536	1,542	(351)	1,191	3,015	1,607	4,622	-
2017	13,050	11,803	1,247	60	1,307	2,860	560	3,420	-
2018	12,965	12,309	656	67	723	-	549	549	-

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

2009	\$ 55,684	\$ 72,880	\$ (17,196)	\$ 6,335	\$ (10,861)	\$ 2,985	\$ 6,274	\$ 9,259	-
2010	55,288	65,736	(10,448)	1,055	(9,393)	3,105	6,147	9,252	-
2011	55,287	73,809	(18,522)	1,524	(16,998)	3,240	6,010	9,250	-
2012	28,075	51,697	(23,622)	1,555	(22,067)	3,380	5,622	9,002	-
2013	31,481	46,924	(15,443)	753	(14,690)	5,560	4,578	10,138	-
2014	32,306	59,557	(27,251)	1,157	(26,094)	3,670	4,495	8,165	-
2015	38,858	69,007	(30,149)	1,630	(28,519)	3,780	4,374	8,154	-
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	-

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

2009	\$ 311,351	\$ 97,880	\$ 213,471	\$ 27,160	\$ 240,631	\$ 42,150	\$ 47,488	\$ 89,638	2.7
2010	321,639	98,026	223,613	44,166	267,779	40,120	42,427	82,547	3.2
2011	345,389	81,423	263,966	(12,490)	251,476	42,175	37,247	79,422	3.2
2012	333,887	87,637	246,250	(2,522)	243,728	44,815	35,193	80,008	3.0
2013	346,244	97,696	248,548	(818)	247,730	46,965	33,026	79,991	3.1
2014	356,880	108,455	248,425	4,020	252,445	125,460	30,623	156,083	1.6
2015	355,450	130,013	225,437	44,386	269,823	145,215	26,558	171,773	1.6
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

Notes:

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

Source: City of Long Beach, Department of Financial Management

See accompanying independent auditors' report.

**City of Long Beach**  
Demographic Statistics  
Last Ten Fiscal Years

Fiscal Year-end	Estimated Population (1)	Personal Income (in millions) (2) (5)	Per Capita Personal Income (2) (5)	Public School Enrollment (3)	Unemployment Rate (4)
2009	462,211	\$ 12,752	\$ 27,589	87,509	12.8
2010	462,685	12,938	27,964	86,283	13.9
2011	462,257	13,486	29,173	84,812	13.4
2012	465,576	14,058	30,196	83,691	12.2
2013	467,646	14,757	31,556	82,256	10.3
2014	469,428	15,525	33,072	81,155	8.6
2015	473,577	16,242	34,296	79,709	6.8
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	<sup>(6)</sup> 18,209	38,789	74,681	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 Statistic 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 2018		Ranking	Fiscal Year 2009	
		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	12,511	5.14%	1	8,304	3.57%
2	Long Beach Memorial Medical Center	4,923	2.02%	5	5,570	2.40%
3	City of Long Beach	4,852	1.99%	4	5,805	2.50%
4	Veteran Affairs Medical Center	3,255	1.34%	6	2,332	1.00%
5	California State University Long Beach (CSULB)	3,136	1.29%	3	6,690	2.88%
6	Long Beach City College	2,735	1.12%	7	2,276	0.98%
7	Molina Healthcare Inc	1,869	0.77%			
8	CSULB Research Foundation	1,649	0.68%			
9	St. Mary Medical Center	1,517	0.62%	2	7,684	3.31%
10	The Boeing Company	897	0.37%	9	1,479	0.64%
	United States Postal Service			10	1,434	0.62%
	Verizon			8	1,500	0.65%

Sources:

- (1) Department of Financial Management Accounting and Business License
- (2) State of California Employment Development Department Labor Market Info for 2009 and 2018

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

See accompanying independent auditors' report.

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

Function	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Legislative and Legal	138	138	133	130	129	130	130	122	140	136
General Government <sup>(1)</sup>	506	483	438	424	382	398	415	513	534	556
Public Safety	2,022	1,927	1,826	1,796	1,765	1,757	1,843	1,698	1,738	1,729
Public Health	337	322	311	262	263	249	257	252	259	287
Community and Cultural <sup>(1)</sup>	1,107	1,131	1,094	1,038	1,020	1,046	1,121	1,006	1,040	855
Public Works	326	321	336	287	273	275	258	263	310	305
Gas Utility	181	178	195	194	202	201	198	201	209	199
Water Utility	208	219	216	225	223	217	220	224	224	248
Airport	61	60	57	96	88	88	91	97	98	103
Solid Waste Management	209	200	205	189	177	181	183	177	187	183
Towing	35	32	34	29	22	26	26	26	26	27
Tideland Oil Revenue	31	22	22	19	15	15	15	16	17	15
Harbor	409	433	445	466	469	491	529	527	536	514
<b>Total</b>	<b>5,570</b>	<b>5,466</b>	<b>5,312</b>	<b>5,155</b>	<b>5,028</b>	<b>5,074</b>	<b>5,286</b>	<b>5,122</b>	<b>5,318</b>	<b>5,157</b>

(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, 2018

See accompanying independent auditors' report.



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

Function	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
<b>Public Safety:</b>					
Police priority one calls response time in minutes	4.07	4.00	4.20	4.35	4.35
Violent crime rate - per 1,000 residents	6.51	6.42	5.90	6.18	5.85
Fire on-scene arrival for emergency calls within six minutes	70.5%	67.7%	62.9%	60.8%	55.1%
<b>Public Health:</b>					
Percentage of beach days that are safe for swimming in summer	80%	83%	85%	91%	94%
Homeless population ratio vs. total population (1)	0.80%	0.79%	0.93%	0.93%	0.93%
<b>Community and Cultural:</b>					
Public library computer session log-ons	420,100	385,514	330,375	331,028	N/A
Parks, recreation programs - youth and teen attendance	652,953	699,391	744,103	745,052	636,796
<b>Public Works:</b>					
Number of trees trimmed	19,300	21,618	19,986	28,021	24,668
Curbs and alleys swept in miles	154,152	142,000	151,743	156,537	150,804
Sidewalk repaired in square feet	203,805	348,394	179,641	481,497	382,536
Storm drain catch basins cleaned	3,122	163,618	3,550	3,800	3,004
<b>Gas Utility:</b>					
Gas consumption in sales dollars-total	\$ 71,294,000	\$ 67,674,000	\$ 78,663,000	\$ 70,193,000	\$ 68,229,000
Gas consumption in cubic feet ( In 000's)	9,137,000	8,902,000	9,388,000	9,135,000	9,092,000
Average daily gas consumption (MCF)	25,034	24,389	25,721	24,959	24,910
Gas mains installed/replaced/relocated in feet (2)	91,217	61,855	66,567	84,594	108,646
Gas meters installed/removed/replaced	7,290	8,713	7,150	8,664	6,093
<b>Water Utility:</b>					
Water daily demand in thousand gallons	50,688	50,653	50,910	52,260	53,079
Water annual demand in thousand gallons	18,501,135	18,488,492	18,581,979	19,074,861	19,373,993
Available supply total in thousand gallons	20,523,106	20,687,237	20,604,243	21,330,532	21,538,947
<b>Sewer Utility:</b>					
Sewer mains cleaned in miles	424	547	470	414	535
Sewer mains and laterals repaired in number of jobs	215	182	259	261	241
<b>Airport:</b>					
Number of commercial passengers enplaned	1,466,499	1,460,041	1,532,442	1,643,383	1,497,503
Number of commercial passengers deplaned	1,464,412	1,461,890	1,549,164	1,634,345	1,492,430
Number of aircraft landings and take offs	302,672	317,328	302,763	287,699	284,193
<b>Solid Waste Management:</b>					
Number of refuse tons collected	217,349	209,289	194,462	187,505	187,146
Number of recycling tons collected	197,104	193,820	180,160	172,143	169,264
SERRF tons of refuse received	488,999	485,207	460,906	474,689	470,510
SERRF energy sold to So Cal Edison megawatt-hours	226,866	229,664	208,663	220,867	226,592
<b>Harbor:</b>					
Number of container movements in twenty-foot equivalent units	5,282,385	5,936,066	6,298,840	5,857,218	6,647,975
Cargo in thousands of metric revenue tons	135,255	147,357	154,417	145,144	162,257
Number of ship calls	4,933	4,826	4,758	3,993	3,425

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 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Function
					Public Safety:
4.69	4.90	4.60	4.80	4.50	Police priority one calls response time in minutes
4.37	4.28	5.79	6.40	7.00	Violent crime rate - per 1,000 residents
50.0%	46.3%	43.4%	41.7%	41.1%	Fire on-scene arrival for emergency calls within six minutes
					Public Health:
97%	95%	94%	90%	88%	Percentage of beach days that are safe for swimming in summer
0.75%	0.51%	0.51%	0.51%	0.39%	Homeless population ratio vs. total population (1)
					Community and Cultural:
N/A	222,360	218,717	254,974	225,983	Public library computer session log-ons
760,641	779,641	835,358	892,556	793,226	Parks, recreation programs - youth and teen attendance
					Public Works:
23,500	23,839	19,500	23,112	21,857	Number of trees trimmed
156,302	153,527	154,300	141,132	142,851	Curbs and alleys swept in miles
551,597	363,476	333,039	296,865	603,504	Sidewalk repaired in square feet
5,771	5,800	5,800	5,800	5,800	Storm drain catch basins cleaned
					Gas Utility:
\$ 72,544,000	\$ 62,281,000	\$ 64,382,000	\$ 78,467,000	\$ 77,999,000	Gas consumption in sales dollars-total
8,183,000	7,689,000	8,542,000	9,237,000	8,802,000	Gas consumption in cubic feet ( In 000's)
22,421	21,065	23,404	25,307	24,114	Average daily gas consumption (MCF)
110,900	40,589	22,556	40,737	17,327	Gas mains installed/replaced/relocated in feet
3,529	4,440	29,873	34,465	2,944	Gas meters installed/removed/replaced
					Water Utility:
52,389	47,441	46,417	45,869	\$ 47,620	Water daily demand in thousand gallons
19,122,012	17,315,820	16,942,297	16,742,192	17,381,120	Water annual demand in thousand gallons
21,019,736	19,000,372	19,412,932	19,045,926	19,172,030	Available supply total in thousand gallons
					Sewer Utility:
498	492	405	113	439	Sewer mains cleaned in miles
213	224	215	169	\$ 157	Sewer mains and laterals repaired in number of jobs
					Airport:
1,433,273	1,276,679	1,327,001	1,793,753	2,006,292	Number of commercial passengers enplaned
1,426,830	1,273,232	1,325,537	1,794,245	2,007,872	Number of commercial passengers deplaned
325,527	300,184	295,007	294,303	266,892	Number of aircraft landings and take offs
					Solid Waste Management:
182,452	173,895	187,432	193,622	185,403	Number of refuse tons collected
169,420	161,997	158,852	160,037	133,932	Number of recycling tons collected
459,160	447,535	417,169	426,430	359,752	SERRF tons of refuse received
223,658	200,994	158,400	201,438	165,702	SERRF energy sold to So Cal Edison megawatt-hours
					Harbor:
6,817,590	7,087,699	6,946,255	7,230,758	8,000,929	Number of container movements in twenty-foot equivalent units
165,526	164,274	161,322	168,100	180,593	Cargo in thousands of metric revenue tons
2,752	2,676	2,227	2,149	2,278	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 2009	Fiscal Year 2010	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013
<b>Public Safety:</b>					
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	3	-	-
Number of fire stations	23	23	23	23	23
<b>Community and Cultural:</b>					
Number of parks	155	159	160	162	161
Parks and golf courses in acres	3,063	3,120	3,120	3,124	3,121
Number of libraries	12	12	12	12	12
Number of library holdings (books, videos, tapes)	916,504	889,669	888,975	818,390	782,571
Number of library circulations	1,562,913	1,644,125	1,561,713	1,551,997	1,391,825
<b>Public Works:</b>					
Street in miles	815	815	823	823	823
Storm drain lines in miles	181	180	180	180	180
Number of street lights (1)	31,000	31,000	31,000	31,000	31,550
<b>Gas Utility:</b>					
Gas mains in miles (2)	931	930	929	929	930
<b>Water Utility:</b>					
Water mains in miles	908	909	911	911	912
Number of fire hydrants	6,525	6,529	6,603	6,594	6,589
Number of water services	95,424	95,398	95,629	95,643	95,607
<b>Sewer Utility:</b>					
Sanitary sewers in miles	712	712	712	712	714
Number of manholes	16,129	16,135	16,147	16,148	16,158
Sanitary sewer pump stations	28	28	28	28	28
Storm drain pump stations	23	23	23	23	23
<b>Harbor:</b>					
Sanitary sewer pump stations	32	34	36	34	37
Storm drain pump stations	20	20	20	23	21
<b>Solid Waste Management:</b>					
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.

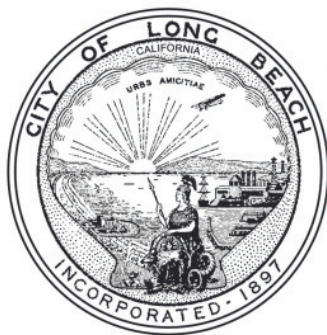
(2) Restated prior years (2009-2013), due to updated reports from Gas Department.

Source: City Departments

See accompanying independent auditors' report.

Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	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:
162	164	168	169	169	Number of parks
3,123	3,122	3,124	3,125	3,125	Parks and golf courses in acres
12	12	12	12	12	Number of libraries
798,809	808,957	851,614	795,629	798,760	Number of library holdings (books, videos, tapes)
1,391,617	1,205,523	1,233,309	1,335,819	1,302,021	Number of library circulations
					Public Works:
823	823	823	823	823	Street in miles
180	180	180	180	180	Storm drain lines in miles
31,550	31,337	32,283	27,439	32,481	Number of street lights (1)
					Gas Utility:
928	929	929	931	916	Gas mains in miles (2)
					Water Utility:
912	912	912	912	912	Water mains in miles
6,604	6,631	6,894	6,910	6,953	Number of fire hydrants
95,999	95,775	95,749	95,667	95,586	Number of water services
					Sewer Utility:
714	714	714	715	714	Sanitary sewers in miles
16,170	15,129	15,127	15,112	15,122	Number of manholes
28	28	28	28	28	Sanitary sewer pump stations
23	23	22	23	23	Storm drain pump stations
					Harbor:
37	37	39	39	39	Sanitary sewer pump stations
23	23	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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