

June 1, 2021

**C-8**

**HONORABLE MAYOR AND CITY COUNCIL**  
City of Long Beach  
California

**RECOMMENDATION:**

Receive and file the Comprehensive Annual Financial Report (Annual Report) and Separately Issued Financial Statements for the Fiscal Year Ended September 30, 2020. (Citywide)

**DISCUSSION**

**Comprehensive Annual Financial Report**

The Comprehensive Annual Financial Report (Annual Report), prepared by the Financial Management Department, contains audited financial information on all City funds for the fiscal year ended September 30, 2020 (FY 20) in accordance with generally accepted accounting principles. In accordance with Section 302(e) of the City Charter, the Annual Report is submitted annually to the City Council. It is important to note that the Annual Report is designed to report historical financial information only and is not designed to report financial projections or budgetary priorities.

We are pleased to report that the Independent Auditor's Report concluded that the City's financial statements present fairly, in all material respects, the financial position of the City and its related cashflow and budgetary information. The audit was conducted by KPMG, LLP, a certified public accounting firm, under contract with the City Auditor.

The Annual Report provides Basic Financial Statements that combine all City assets and liabilities in one consolidated statement. The City's total net position, as shown on page 25 of the Annual Report, was \$5.4 billion as of September 30, 2020. Of this amount, \$41.1 million was recorded in governmental activities and \$5.3 billion was recorded in enterprise funds such as the Harbor Fund, Water Utility Fund, and Tidelands Operating Fund. The City's total net position increased by \$137.8 million from FY 19.

**Separately Issued Financial Reports and Statements**

In addition to the Annual Report, certain City funds are also required to submit audited annual financial statements separately, including the Harbor and Water Departments. These separate reports are attached and are issued annually to meet distinct legal and financial requirements. Also, provided is the annual financial report for Long Beach Transit, a discretely presented component unit of the City.

HONORABLE MAYOR AND CITY COUNCIL

June 1, 2021

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Finally, because of the professionalism and dedication of the Financial Management, Harbor, and Water Departments, as well as finance professionals throughout the City, the Annual Report and the separately issued financial reports of the Harbor and Water Departments have been awarded the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting for their FY 19 annual financial reports. The receipt of the Certificate of Achievement attests to the City's desire to be fully accountable to our residents. In addition, this recognition can be viewed as a positive factor by credit rating agencies.

This matter was reviewed by Deputy City Attorney Amy R. Webber on April 20, 2021 and by Revenue Management Officer Geraldine Alejo on April 26, 2021.

TIMING CONSIDERATIONS

City Council action on this matter is not time critical.

FISCAL IMPACT

There is no fiscal or local job impact associated with this recommendation. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS

INTERIM DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENTS: A – CITY OF LONG BEACH ANNUAL REPORT  
B – HARBOR DEPARTMENT ANNUAL REPORT  
C – LONG BEACH WATER DEPARTMENT ANNUAL REPORT  
D – LONG BEACH TRANSIT ANNUAL REPORT

APPROVED:



THOMAS B. MODICA  
CITY MANAGER

# City of Long Beach

## California



## Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2020

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# Comprehensive Annual Financial Report

City of Long Beach, California

LONG BEACH

For the Fiscal Year Ended  
September 30, 2020

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, 2020

*Prepared by the Department of Financial Management*

John Gross

Interim Director of Financial Management

Ruby Carrillo-Quincey

City Controller

Stefannie Kodrat  
Assistant City Controller

Francine Wiegelman  
Assistant City Controller

Glenda Pakingan  
Accounting Operations Officer

Sarah Castillo-Wright  
Grants Accounting Officer

Angie Tran  
Senior Accountant

Michael Carrigg  
Senior Accountant

Georgia Will  
Senior Accountant

Kalpna Desai  
Senior Accountant

Kim-Hang Nguyen  
Accountant

Mai-Ly Nguyen  
Accountant

Nazanin Hamidi  
Accountant

Shelby Miller  
Accountant

Alex Powers  
Accountant

Toulip Torn  
Accountant

Phuong Pam  
Accountant

Doreen Sovolskis  
Accounting Technician

Jennifer Mota  
Accounting Technician

Jackie Pham  
Accounting Technician

Elaine Harmon  
Accounting Technician

Reuben Belleza  
Accounting Technician

Joanne Medina  
Accounting Technician

Marzieh Sepahifar  
Accounting Clerk

Tiffany Pierce  
Administrative Analyst

Elsa Castaneda  
Administrative Analyst

Cassandra Tan  
Assistant City Treasurer

Fidel Aguayo  
Assistant City Treasurer

Cover Photography by Liezl Estipona

Insert Photography by Liezl Estipona



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City of Long Beach  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2020

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# INTRODUCTORY SECTION

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March 29, 2021

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, 2020. 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. As anticipated, 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 CAFR 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 the financial statements and should be read along with them.

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

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



## About the City and its Government

Long Beach is a Charter City, incorporated in 1897, in Southern California within the County of Los Angeles. Having an estimated 463,000 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 serve four-year terms, as well. The City has a diverse economic base including international trade, oil, aerospace, aviation, healthcare, education, and tourism.

Many award-winning facilities and services were available to our citizens during 2020. 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 2020, the Long Beach Police Department continued to partner with the community to build positive relationships and prevent crime in the community. This resulted in a reduction in violent crime of 1.4% and the successful coordination of the Community Emergency Response Team, Human Dignity and Trafficking programs. The Long Beach Fire Department continues to serve the City responding to 76,000 calls, collocating facilities to improve response time, and securing \$1.1 million in clean air grant funding which was applied to twelve new fire trucks. The City's fleet operation ranked third in the "Leading Fleet Award" for excellence in fleet management by Government Fleet Magazine. The Water department received the President's Award from the Partnership for Safe water for the sixth consecutive year and Long Beach airport made the Top 10 Best Small Airports by USA today.

Long Beach is making continuous improvement in livability throughout the community with its investment in an award-winning Parks System, increased resources for streets and infrastructure, awards for technology, and more. Long Beach parks earned an Award of Excellence from the California Park & Recreation Society in 2020 and ranked 23<sup>rd</sup> Best Parks systems in the U.S.A. Long Beach remains one of the most bike friendly cities in the nation, adding 1.7 miles of new bikeways and 35 traffic calming elements to increase safety for riders and motorists. For the tenth consecutive year Long Beach was recognized as a Top 10 Digital City and received a Charles Benton Digital Equity Champion Award for advancing digital inclusion. The City issued bonds in 2019 to build a Public Safety parking structure to allow Police and Fire vehicles to be centrally located. The new parking structure is expected to be completed during 2021 and will allow more room for public and City staff in nearby parking facilities.

The City remains committed to providing support services and a healthy environment for Long Beach citizens. Thousands of housing units were built or rehabilitated to provide clean and safe housing opportunities for residents in all economic situations. Several City departments (e. g. Health, Police, Fire) provide outreach services to address the causes of homelessness and the effects on the community. Outreach events during 2020 have been educating and empowering Long Beach residents on how to live healthy lives and assisted 2,282 individuals with the obtaining or maintaining health insurance coverage. The City collected 208,006 tons of trash and swept almost 8,000 tons of debris from the streets which were in turn processed by the City's waste-to-energy plant. Other clean-up work was done, eliminating several homeless encampments from City and Private properties including 815 ally clean ups and 19 neighborhood events.



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

### Economic Outlook

Long Beach has drawn from the strength and adaptability of the local economy to maximize opportunities in today's global world economy. The blending of local, national, and international businesses keep Long Beach growing and adapting to meet the constantly changing needs of today's modern life. In 2020, the unemployment rate in Long Beach began at 3.6% but grew to an alarming 18% in May due to the COVID-19 pandemic. Thanks to the resilience of the Long Beach economy and the committed response of the community, it fell to 9.6% by the end of December. The City found opportunities in the television and film industry which selected Long Beach for the filming of many television shows like LA, 911, Lodge 49 and Seal Team. In 2020, 370 film permits were issued bringing 540 production days to the City. As the City's business community grows, the need for housing of all types also grows. To accommodate this need, thousands of diverse new residential projects have been approved for construction. In addition to the improvements that can be easily seen, but equally important to the safety of the citizens and visitors, were the 86 lane-miles of streets and 13 lane-miles of alleys rehabilitated and the 1.25 million square feet of graffiti abated by City staff and contractors.

The City is committed to protecting the environment and the City's resources. The Port continues to actively manage the pollution generated by the vessels stopping in Long Beach. In its efforts to reduce carbon emissions, the City has invested in new coprocessors and equipment to improve efficiency. The City, through Long Beach Transit, maintains a reliable, low polluting public transportation system, improving the mobility and livability of Long Beach's diverse communities. Converting the bus fleet to CNG, improving bus stops, updating cross walks, and coordinating the timing of traffic signals have provided a safer and more secure environment for bus riders, pedestrians, and motorists. Transitioning to renewable energy sources will allow these services to continue, but with a lower cost to the environment.

The City continues to use innovation to maintain and improve services needed by the citizens. The 2020 budget included innovative changes throughout the City's organization. Some of these improvements included, outreach focused on meeting the specialized needs of the homeless, deployment of body worn cameras, renewed commitment to community meetings, the wildly successful openings of new Billie Jean King Main Library and 'Visions' wing on the Aquarium of the Pacific, and achieving an 98% save rate at Long Beach Animal Care Services. The Long Beach Airport continued with Phase II of the Terminal Improvements allowing both residents and visitors to feel safe and comfortable during their aviation journey to Long Beach. This includes the first PPE (Personal Protective Equipment) vending machine in the City.

The City continues to leverage improvements in technology to deliver service to the citizens. As LBCOAST continues to be phased in, City staff have become expert users, adapting the systems to improve information and service delivery. A Digital Inclusion Roadmap has been developed to assure that City residents may access and make use of the information and services available to them on-line.



The 2020 year included many improvements to the services and facilities available in Long Beach. The City has adopted a citywide Inclusionary Housing Policy that requires 11% of all new residential rental units be set aside for very low income residents, received a \$4.9 million CalHome award from HUD for mortgage assistance, and developed small dwellings units for low income residents. Houghton Park Community Center will be expanded and will have a Sound Garden, and the Parks department will continue to provide a healthy meal to children through the Summer Youth Program. Outreach and Education events from all departments will continue to bring life improvements to Long Beach citizens.

#### The Challenge of and Response to the COVID-19 Pandemic

There have been and will always be challenges that the City must address. The COVID-19 pandemic (pandemic) was a significant challenge and the City has been a state and national leader in addressing it and minimizing the impact on the city and its residents and businesses. On March 11, 2020, the World Health Organization declared a global pandemic due to the outbreak of the coronavirus respiratory disease (COVID-19). The City took many actions including issuing health orders (the City is one of the few in California with its own health department) to restrict social gatherings, require face coverings when in a business or within six feet of another person, deferring payment of business taxes and fees for those businesses impacted by the pandemic, deferring most lease payments to the city if a tenant was impacted, a series of grants and other actions (often supported by federal grants) to assist businesses, a moratorium on evictions to provide relief to residential tenants facing hardships and different forms of parking relief.

Additionally, City employees whose positions enabled them to work remotely were encouraged to telecommute in an effort to support social distancing efforts and the City improved its technology and equipment to better support telecommuting. The City continued to maintain most throughout the pandemic while reducing or eliminating those as needed to comply with health orders.

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) to provide emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic, which appropriated \$150 billion to states and certain local governments. While the City did not receive a direct allocation from the federal government as it was just under the required population threshold, Governor Newsom and the State Legislature allocated \$40.3 million in CARES Act funds to the City through the State budget for State year FY 21-22. The City Council allocated \$21.2 million of these funds for a variety of COVID-19 response projects to impacted sectors of the community, with the balance of \$19.1 million covering direct City costs associated with serving the public during the pandemic.

There have been significant impacts from COVID-19 to various City funds. General Fund impacts from COVID-19 include significant declines in sales tax and transient occupancy tax revenues. The City will continue to monitor and address General Fund revenue shortfalls as well as other impacted funds for fiscal year 2021.



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

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

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

#### Acknowledgments and Certificate of Achievement for Financial Reporting

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

For the twelfth year in a row, the Government Finance Officers Association (GFOA) of the United States and Canada has awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the fiscal year ended September 30, 2018. To be awarded a Certificate of Achievement, a government must publish an easy to read and efficiently organized CAFR. This report must satisfy both Generally Accepted Accounting Principles (GAAP) and applicable legal requirements. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,



THOMAS B. MODICA  
Acting City Manager



JOHN GROSS  
Director of Financial Management

Directory of City Officials  
As of September 30, 2020

Dr. Robert Garcia  
Mayor

Rex Richardson  
Vice-Mayor  
9<sup>th</sup> District

Mary Zendejas  
Councilmember  
1<sup>st</sup> District

Suzie Price  
Councilmember  
3<sup>rd</sup> District

Stacy Mungo  
Councilmember  
5<sup>th</sup> District

Roberto Uranga  
Councilmember  
7<sup>th</sup> District

Cindy Allen  
Councilmember  
2<sup>nd</sup> District

Daryl Supernaw  
Councilmember  
4<sup>th</sup> District

Suely Saro  
Councilmember  
6<sup>th</sup> District

Al Austin  
Councilmember  
8<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

Christina P. Winting

Executive Director - Harbor

Mario Cordero

General Manager - Water

Christopher J. Garner

City Manager  
Thomas Modica

Assistant City Manager

Linda F. Tatum

Deputy City Manager

Kevin J Jackson

Director of Financial Management

John Gross

Director of Health and Human Services

Kelly Colopy

Director of Development Services

Oscar Orci

Director of Economic and Property Development

John Keisler

Director of the Long Beach Airport

Cynthia Guidry

Acting Director of Human Resources

Fred Verdugo

Director of Library Services

Glenda Williams

Director of Long Beach Gas and Oil

Bob Dowell

Director of Parks, Recreation, and Marine

Brent Dennis

Director of Public Works

Eric Lopez

Director of Technology and Innovation

Lea Eriksen

Director of Disaster Preparedness and Emergency

Reginald Harrison

Fire Chief

Xavier Espino

Chief of Police

Robert G. Luna



Council District 1  
Mary Zendajas



Council District 2  
Jeannine Pearce



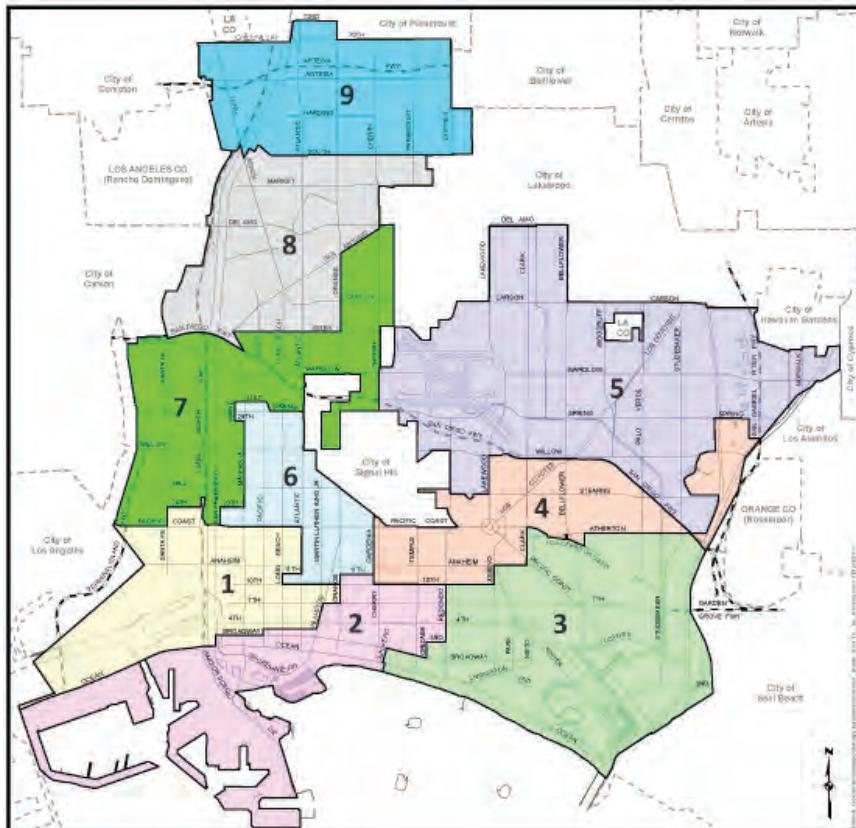
Mayor  
Robert Garcia



Council District 3  
Suzie Price



Council District 4  
Daryl Supernaw



Council District 5  
Stacy Mungo



Council District 6  
Vice Mayor  
Dee Andrews



Council District 7  
Roberto Uranga



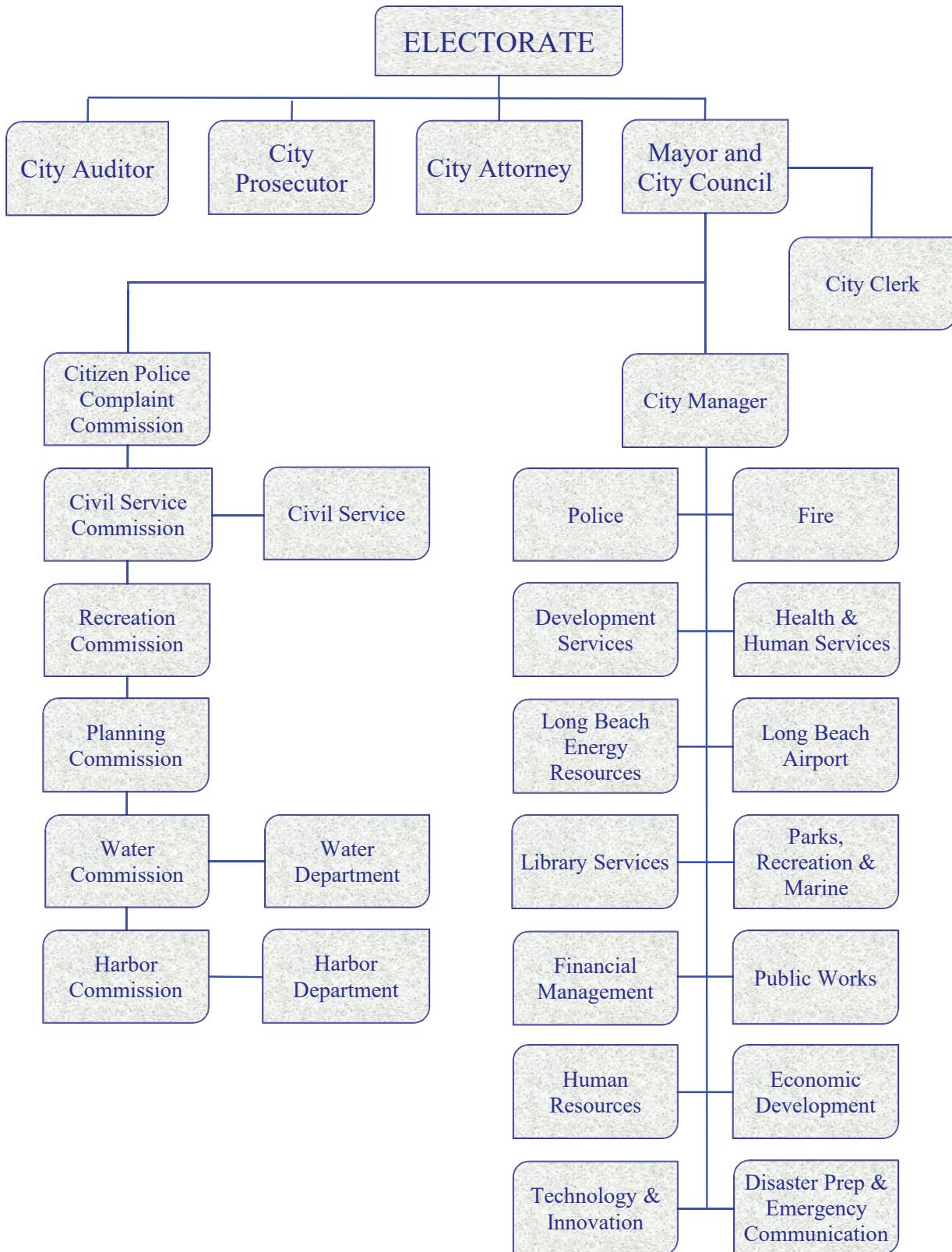
Council District 8  
Al Austin



Council District 9  
Rex Richardson

# ORGANIZATIONAL CHART LONG BEACH, CALIFORNIA

As of September 30, 2020





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, 2019

*Christopher P. Morill*

Executive Director/CEO

# FINANCIAL SECTION

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

## Independent Auditors' Report

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

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the 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, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### *Auditors' Responsibility*

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

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

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

## *Opinions*

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Long Beach, California as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund, general capital projects fund, and the housing assistance fund for the year then ended in accordance with U.S. generally accepted accounting principles.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary and Other Information*

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

The additional financial and other supplementary information sections, are the responsibility of management and were derived from and 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 and other supplementary information sections are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2021 on our consideration of the City of Long Beach's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Long Beach's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Long Beach's internal control over financial reporting and compliance.

*KPMG LLP*

Los Angeles, California

March 29, 2021



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# MANAGEMENT'S DISCUSSION AND ANALYSIS

**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

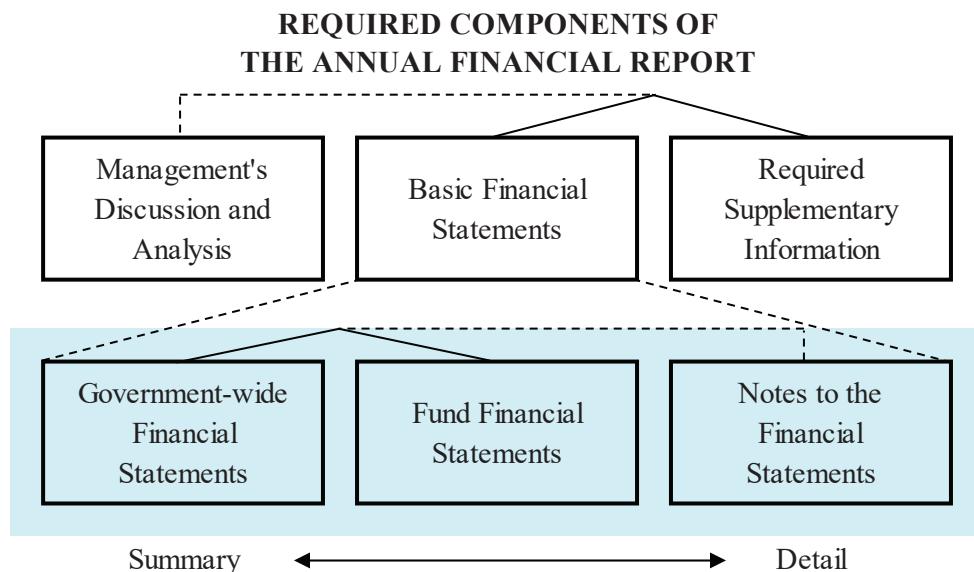
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. We encourage readers to consider this information 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 \$5.4 billion. Of this amount, \$5.1 billion represents net investment in capital assets, and \$755.0 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 \$513.5 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$407.3 million, an increase of \$19.8 million or 5.1 percent, from the prior fiscal year end. Of these balances, \$3.9 million are nonspendable, \$207.6 million are restricted, \$52.1 million are committed, \$141.6 million are assigned, and \$2.1 million is unassigned.
- The fund balance of the General Fund was \$135.9 million. This represents an increase of \$9.4 million or 7.4 percent from the prior fiscal year. Of this balance, \$1.5 million is nonspendable, \$5.9 million is restricted, \$50.7 million is committed, \$75.8 million is assigned, and \$2.0 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.



**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

**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 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.

**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

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:

**City of Long Beach**  
 Management's Discussion and Analysis (Unaudited)  
 For the Fiscal Year Ended September 30, 2020

	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, 2020, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$5.4 billion, an increase of \$137.8 million, or 2.6 percent, from the prior fiscal year.

Net investment in capital assets accounted for \$5.1 billion, or 95.5 percent, of the City's total net position. This component of net position consists of capital assets (land, structures and improvements, equipment, infrastructure, and construction-in-progress) net of accumulated depreciation, reduced by outstanding debt attributable to the acquisition, construction, or improvement of the assets. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources as the capital assets themselves cannot be used to liquidate these liabilities. Net investment in capital assets increased by \$117.3 million, or 2.3 percent, from the prior fiscal year. The increase of \$13.9 million in governmental activities is most attributable to payment of related debt. The \$103.4 million increase in business-type activities is mostly due to increases in net investment in capital assets in the Harbor fund for \$51.6 million resulting from investments in the projects Gerald Desmond Bridge Replacement and Middle Harbor Redevelopment, and the Airport fund for \$29.6 million related to improvements to Taxiway C.

Restricted net position amounted to \$755.0 million, representing 14.0 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.

**City of Long Beach**  
 Management's Discussion and Analysis (Unaudited)  
 For the Fiscal Year Ended September 30, 2020

The remaining deficit balance of \$513.5 million is the net of the \$833.9 million governmental activities deficit unrestricted net position (mostly related to pension liabilities) and the \$320.4 million business-type activities unrestricted net position balance.

**Net Position**  
**September 30, 2020 and 2019**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Assets:</b>						
Current and Other Assets	\$1,172,847	\$1,011,966	\$ 2,546,851	\$ 2,520,122	\$ 3,719,698	\$ 3,532,088
Capital Assets	1,050,381	1,051,729	6,298,649	6,152,291	7,349,030	7,204,020
<b>Total Assets</b>	<b>2,223,228</b>	<b>2,063,695</b>	<b>8,845,500</b>	<b>8,672,413</b>	<b>11,068,728</b>	<b>10,736,108</b>
Deferred Outflows of Resources	81,213	127,144	49,180	57,275	130,393	184,419
<b>Total Assets and Deferred Outflows</b>	<b>2,304,441</b>	<b>2,190,839</b>	<b>8,894,680</b>	<b>8,729,688</b>	<b>11,199,121</b>	<b>10,920,527</b>
<b>Liabilities:</b>						
Current Liabilities	294,201	225,296	779,224	306,355	1,073,425	531,651
Noncurrent Liabilities, Net	1,801,685	1,768,103	2,143,488	2,574,791	3,945,173	4,342,894
<b>Total Liabilities</b>	<b>2,095,886</b>	<b>1,993,399</b>	<b>2,922,712</b>	<b>2,881,146</b>	<b>5,018,598</b>	<b>4,874,545</b>
Deferred Inflows of Resources	167,468	194,829	631,880	607,824	799,348	802,653
<b>Total Liabilities and Deferred Inflows</b>	<b>2,263,354</b>	<b>2,188,228</b>	<b>3,554,592</b>	<b>3,488,970</b>	<b>5,817,946</b>	<b>5,677,198</b>
<b>Net Position:</b>						
Net Investment in Capital Assets	432,090	418,191	4,707,630	4,604,194	5,139,720	5,022,385
Restricted	442,908	428,903	312,076	297,552	754,984	726,455
Unrestricted	(833,911)	(844,483)	320,382	338,972	(513,529)	(505,511)
<b>Total Net Position</b>	<b>\$ 41,087</b>	<b>\$ 2,611</b>	<b>\$ 5,340,088</b>	<b>\$ 5,240,718</b>	<b>\$ 5,381,175</b>	<b>\$ 5,243,329</b>

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

The City's current and other assets increased \$187.6 million when compared to the prior fiscal year. Governmental activities increased \$160.9 million, primarily due to increased cash received from property tax, cannabis taxes and fees, and grant revenues. Business-type activities increased \$26.7 million mostly due to increased cash received from gas utility revenues and airport grant revenues.

Citywide, capital assets increased \$145.0 million or 2.0 percent. Governmental activities had a small decrease of \$1.3 million and is mostly attributable to depreciation of capital assets. Business-type activities increased \$146.4 million, or 2.4 percent. The change in business-type activities resulted from continued work on the Gerald Desmond Bridge project and Middle Harbor Redevelopment, and improvements at the Airport on Taxiway C.

Deferred outflows of resources decreased \$54.0 million. Governmental activities deferred outflows decreased \$45.9 million and business-type activities decreased \$8.1 million. The decrease is mostly attributable to a reduction in the CalPERS pension contributions made after the measurement date, as the City selected not to make the annual prepayment of the CalPERS unfunded liability as had been the case in previous years, but rather selected to make monthly payments.

**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

The City's current liabilities increased \$541.8 million, or 101.9 percent. Governmental activities increased \$68.9 million, or 30.6 percent, and business-type activities increased \$472.9 million or 154.4 percent. The increase in governmental activities resulted from increased accounts payable and liabilities related to accrued employee benefits at fiscal year-end, as well as the receipt of grant funds in advance of program expenses. The increase in business-type activity is due to the Harbor fund reclassifying the 2018A Notes and the 2020C Notes from long-term to short-term for a total of \$472.1 million due their maturity dates being in FY 2021.

Overall, noncurrent liabilities decreased \$397.7 million or 9.2 percent City-wide. Governmental activities increased \$33.6 million, or 1.9 percent primarily due to increases in the net pension liability, and business-type activities decreased \$431.3 million or 16.8 percent. As explained above, the Harbor Department reclassified debt obligations from long-term to short-term due to the maturity dates of the 2018A Notes and the 2020C Notes, which caused the majority of the decrease in the long-term liability.

In total, deferred inflows of resources decreased a slight \$3.3 million or 0.4 percent. The change is due to a decrease in Governmental activities of \$27.4 million mostly due to changes in assumptions in actuarial valuations by CalPERS for the City's pension plans, offset by an increase of \$24.1 million in business-type activities resulting mostly from the increase in the gas commodity swap.

**City of Long Beach**  
 Management's Discussion and Analysis (Unaudited)  
 For the Fiscal Year Ended September 30, 2020

**Analysis of Changes in Net Position**

The following table presents condensed information from the statement of activities for the fiscal years 2020 and 2019. As previously stated, all changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

**Changes in Net Position**  
**September 30, 2020 and 2019**  
**(In Thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 157,229	\$ 171,558	\$ 917,276	\$ 1,020,040	\$ 1,074,505	\$ 1,191,598
Operating Grants and Contributions	200,489	167,793	3,394	932	203,883	168,725
Capital Grants and Contributions	65,232	67,976	80,020	96,660	145,252	164,636
General Revenues:						
Taxes:						
Property	220,665	211,007	-	-	220,665	211,007
Sales	129,095	138,598	-	-	129,095	138,598
Utility Users	33,767	34,898	-	-	33,767	34,898
Other	39,449	51,066	-	-	39,449	51,066
Franchise Taxes	16,481	18,126	-	-	16,481	18,126
Unrestricted Investment Earnings	11,426	14,172	34,336	43,503	45,762	57,675
Total Revenues	873,833	875,194	1,035,026	1,161,135	1,908,859	2,036,329
Expenses:						
Legislative and Legal	13,155	15,245	-	-	13,155	15,245
General Government	40,408	43,637	-	-	40,408	43,637
Public Safety	389,489	430,512	-	-	389,489	430,512
Public Health	71,880	57,729	-	-	71,880	57,729
Community and Cultural	190,370	183,825	-	-	190,370	183,825
Public Works	136,067	171,927	-	-	136,067	171,927
Oil Operations	1,775	3,777	-	-	1,775	3,777
Interest on Long-Term Debt	19,055	17,473	-	-	19,055	17,473
Loss on Sale of Capital Assets	2	-	-	-	2	-
Gas Utility	-	-	94,835	110,991	94,835	110,991
Water Utility	-	-	111,219	95,970	111,219	95,970
Tidelands Operating	-	-	143,249	124,283	143,249	124,283
Harbor	-	-	327,081	309,722	327,081	309,722
Non-major Enterprise Funds	-	-	232,428	295,578	232,428	295,578
Total Expenses	862,201	924,125	908,812	936,544	1,771,013	1,860,669
Increase (Decrease) in Net Position before Transfers	11,632	(48,931)	126,214	224,591	137,846	175,660
Capital Assets Transfers	(37)	-	37	-	-	-
Transfers	26,881	32,704	(26,881)	(32,704)	-	-
Total Change in Net Position	38,476	(16,227)	99,370	191,887	137,846	175,660
Net Position, Beginning of Year	2,611	18,838	5,240,718	5,048,831	5,243,329	5,067,669
Net Position, End of Year	\$ 41,087	\$ 2,611	\$ 5,340,088	\$ 5,240,718	\$ 5,381,175	\$ 5,243,329

**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

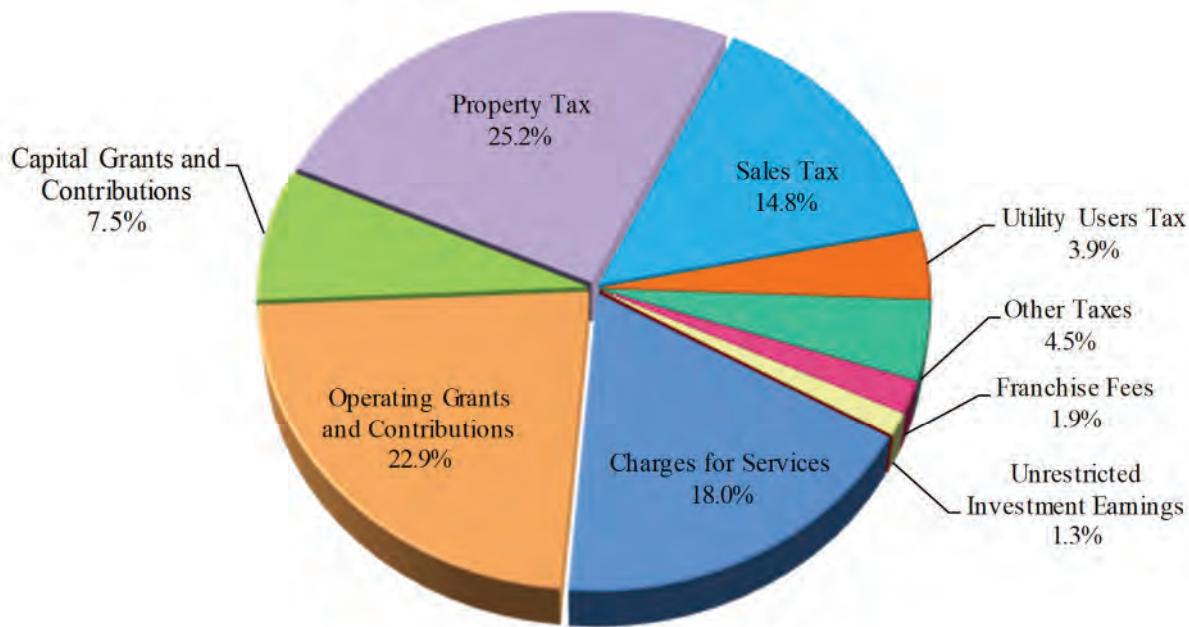
### Governmental activities

Governmental activities net position increased \$38.5 million when compared to the fiscal year 2019 financial report.

Total revenues for governmental activities (excluding transfers) decreased a slight \$1.3 million, or 0.2 percent. Contributing to this decrease was a decline in general revenues, such as sales and transient occupancy taxes. Total governmental program expenses decreased \$61.9 million, or 6.7 percent. These changes are further discussed in the paragraphs that follow.

The following chart illustrates governmental activities revenues by source.

**Governmental Activities - Revenues by Source  
For the Year Ended September 30, 2020**



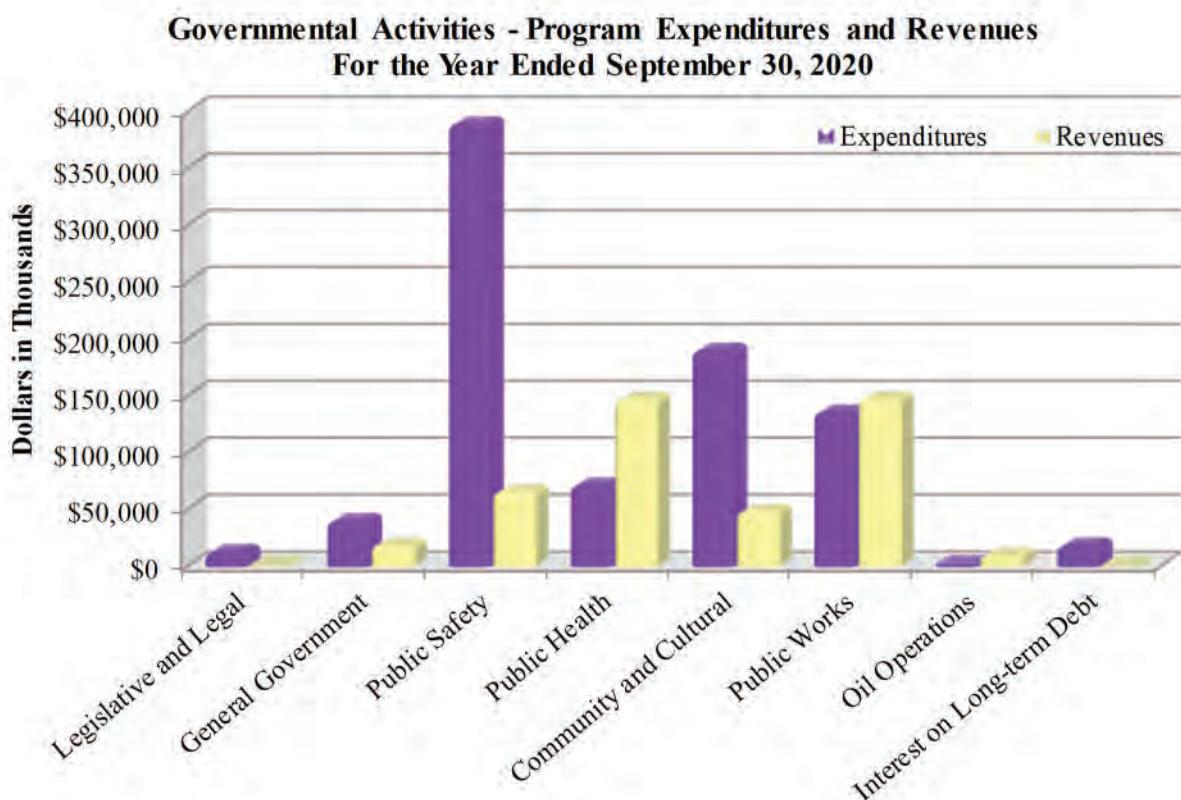
- The three largest revenue sources for governmental activities are property taxes, operating grants and contributions, and charges for services. Excluding transfers, these sources accounted for 66.1 percent of revenues. Together, these primary sources of governmental revenues increased \$28.0 million, or 5.1 percent, from the previous year. Property tax revenues increased \$9.6 million primarily due to higher assessed values on taxable property. Operating grants and contributions increased by \$32.7 million due to the State legislature allocating \$40.3 million in CARES Act funds to the City. Charges for services decreased \$14.3 million primarily related to decreased fees in parks and recreation programs and in oil operations.

**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

Governmental activities expenses, excluding transfers, decreased \$61.9 million or 6.7 percent. The most significant changes were as follows:

- Public Health expenses increased \$14.2 million related to expanded services to the community in response to the COVID-19 pandemic.
- Public safety expenses reported the largest decrease of \$41.0 million, or 9.5 percent. The change is attributable to decreases in pension costs as a result of the City not prepaying the CalPERS unfunded liability.
- Public works expenses decreased \$35.9 million or 20.9 percent. The change is attributable to activity in the prior year related to land acquisition and increased project spending funded by Measure A revenue that did not reoccur at the same levels in FY 2020.

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

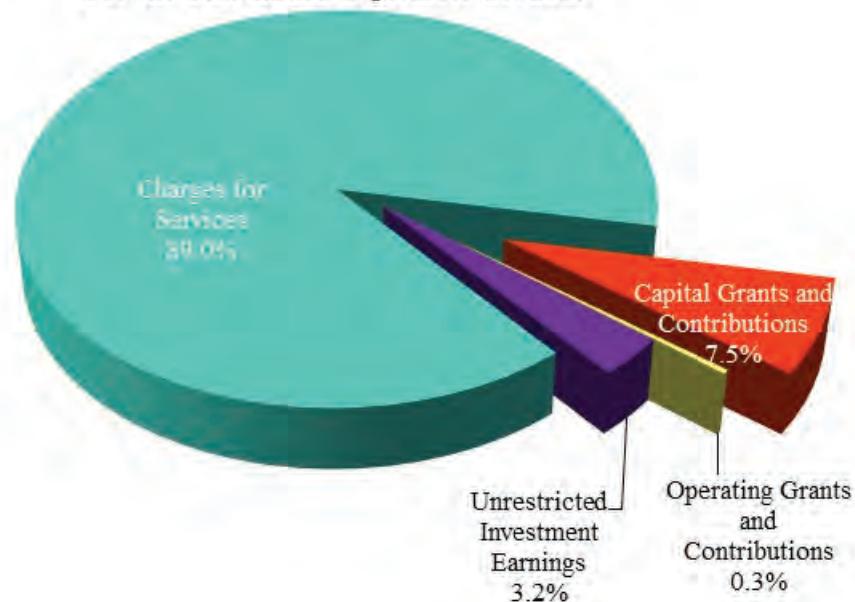


**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

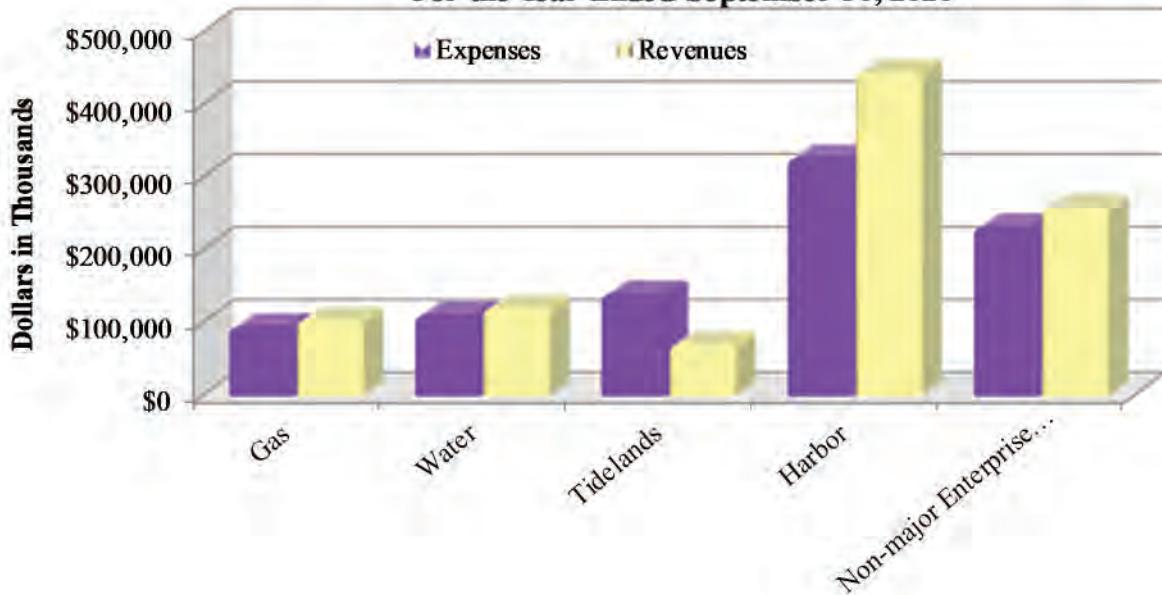
**Business-type activities**

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

**Business-type Activities - Revenues by Source**  
**For the Year Ended September 30, 2020**



**Business-type Activities - Program Expenditures and Revenues**  
**For the Year Ended September 30, 2020**



**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

Business-type activities increased net position \$99.4 million or 1.9 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 \$24.8 million, a \$3.3 million decrease from the prior fiscal year. The decrease was mostly due to a lower operating income due to higher personnel costs related to pension expenses.
- Water Utility net position at fiscal year-end was \$293.7 million, a \$2.4 million decrease from the prior fiscal year. Although the Water Utility realized higher charges for service revenues than in the prior year, it also recognized higher personnel costs related to pension expense.
- Tidelands Operating Fund net position decreased \$31.3 million, totaling \$274.2 million at fiscal year-end. Net loss before contributions and transfers amounted to \$65.2 million. Revenues were significantly impacted by the pandemic with substantial reduction in oil revenues. The fund also incurred unexpected costs for the temporary closing of the Convention Center, and debt service on Tidelands bonds on the Queen Mary. Tidelands transfers in from Tidelands Oil and Harbor amounted to \$34.2 million. Of this amount Harbor transferred \$19.9 million, consistent with City Charter mandated revenue sharing; and Tidelands Oil transferred \$14.3 million to fund tidelands operations and capital improvements.
- Harbor's net position increased \$107.9 million, totaling \$4.4 billion at fiscal year-end. The increase primarily resulted from operating income of \$84.0 million along with the receipt of \$44.9 million in capital grants.
- Total net position for non-major business-type activities increased \$18.4 million, to \$463.0 million at fiscal year-end primarily due to a reduction of \$16.0 million in the oil field abandonment liability in Tidelands Oil.

### **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, 2020, the City's governmental funds reported combined fund balances of \$407.3 million, an increase of \$19.8 million from the prior year. Further information can be found in *Note 16 – Governmental Fund Balances and Fund Deficits*.

Governmental fund assets increased \$101.0 million, or 12.6 percent, from the prior fiscal year. Pooled and non-pooled Cash and Investments increased \$27.8 million and receivables, including Noncurrent Receivables, increased \$70.1 million. The increases were mostly due to increased federal and state grant revenues as a result of the pandemic, including the allocation of \$40.3 million from the CARES Act.

Governmental fund liabilities increased \$68.2 million, or 63.2 percent. Unearned revenues increased \$21.9 million mostly due to advance grant funding to be used in the subsequent fiscal period. Amounts Due to Other Funds increased \$31.8 million, with \$23.6 million of this amount due from the General Grants Fund to the General Fund, to provide funding for a variety of COVID-19 response projects to impacted sectors of the community and to cover direct City costs associated with serving the public during the pandemic.

Of the \$407.3 million total fund balances, \$207.6 million or 51.0 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

**Restricted for Debt Service**

Amounts restricted for debt service totaled \$42.3 million. Of this, \$21.5 is restricted for payment of Agency related debt and \$5.0 million is unspent bond proceeds needed for the construction of the public safety parking structure and the balance for various debt issuances of other governmental funds.

**Restricted for Public Safety**

Amounts restricted for public safety totaled \$6.2 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$2.9 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, 2020, Prop H funds for police and fire amounted to \$202 thousand.
- Impact fees restricted for public safety amounted to \$4.1 million.

**Restricted for Public Health**

Fund balance restricted for public health amounted to \$2.6 million.

**Restricted for Community and Cultural**

Amounts restricted for community and cultural activities totaled \$63.7 million. Restrictions include the following:

- Fund balance restricted within the Housing Development fund for the provision of low-and-moderate-income housing amounted to \$30.2 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 \$16.3 million.
- Agency capital projects fund balance restricted for the purposes of winding down the activities of the former Redevelopment Agency amounted to \$7.8 million.
- The Belmont Shore Parking Meter fund has restricted \$180 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 \$733 thousand is restricted in the General Grants fund.
- Fund balance restricted within the Community Development Grant fund amounted to \$12.3 million.
- Fund balance restricted within the Other Special Revenue fund for economic development totaled \$8.1 million at the close of the fiscal year.
- Development Impact Fees restricted for parks development amounted to \$4.1 million.

**Restricted for Public Works**

As of September 30, 2020, fund balance restricted for public works amounted to \$71.0 million. Restrictions include:

- \$12.5 million is restricted pursuant to the provisions of Proposition A. Proposition A funds are to be used exclusively to benefit public transit and may be traded with other jurisdiction in exchange for general or other funds.
- \$20.9 million pursuant to the provisions of Proposition C. Proposition C also benefits public transit but has a wider range of uses including congestion management programs, bikeways and bike lanes, street improvement supporting public transit, and pavement management projects.
- \$901 thousand pursuant to Air Quality Management District AB2766 requirements. AB2766 funding is used to assist the City in meeting federal and state Clean Air Acts.
- \$2.6 million pursuant to Measure M. Measure M is a half-cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes.

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- \$1.6 million is restricted for Measure R, a one-half cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes, including bus and highway corridor projects, streets and roads, and traffic control management.
- \$13.4 million is restricted related to State gas tax funding. Gas tax funding is restricted for the purpose of constructing and maintenance of streets and sidewalks.

The General Capital Projects Fund reported a year-end fund balance of \$129.4 million, which represented an increase of \$8.4 million in fund balance compared to the previous year increase of \$28.7 million. The change in fund balance was primarily due to higher revenues reported than infrastructure expenses for the current year, with the most significant variance in the Road Maintenance and Rehabilitation Account (RMRA).

The Housing Assistance Special Revenue Fund reported a year-end fund balance of \$16.3 million, which represented an increase of \$3.3 million in fund balance compared to the previous year increase of \$1.8 million. The change in fund balance was primarily attributed to higher grant reimbursement revenues for the Section 8 Housing Choice Vouchers program.

### **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, 2020 and 2019  
 (In Thousands)

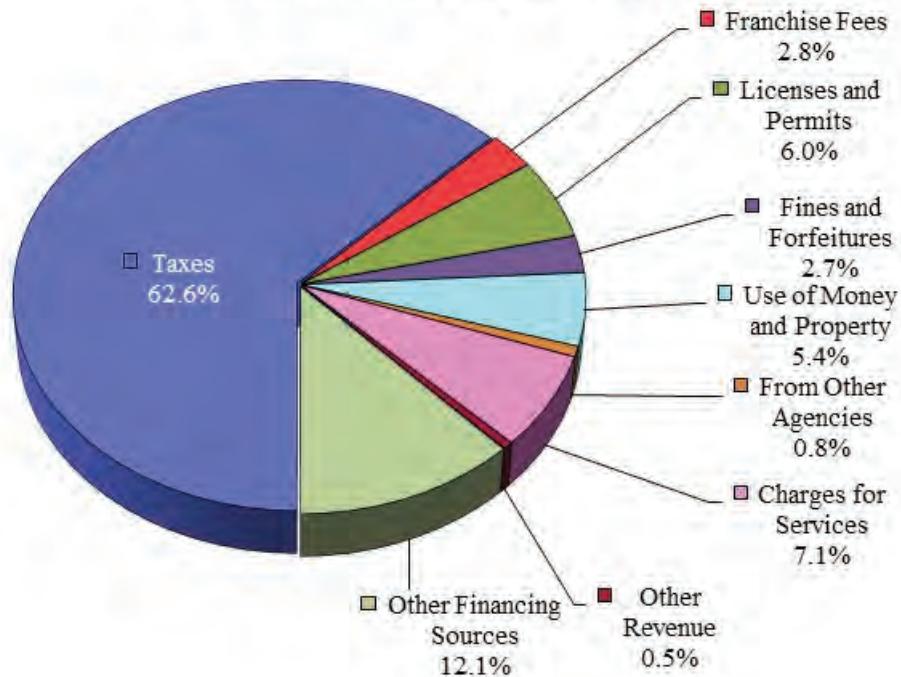
<b>Revenues and Other Financing Sources</b>	<b>Fiscal Year</b>		<b>Fiscal Year</b>		<b>Percentage of Total</b>
	<b>2019-20</b>	<b>of Total</b>	<b>2018-19</b>	<b>of Total</b>	
Taxes	\$ 371,350	62.6%	\$ 384,255	63.9%	
Franchise Fees	16,481	2.8%	18,126	3.0%	
Licenses and Permits	35,615	6.0%	27,869	4.6%	
Fines and Forfeitures	16,354	2.8%	17,674	2.9%	
Use of Money and Property	32,175	5.4%	39,489	6.6%	
From Other Agencies	4,564	0.8%	6,493	1.1%	
Charges for services	42,094	7.1%	43,156	7.2%	
Other Revenue	3,098	0.5%	12,798	2.1%	
Other Financing Sources	<u>71,665</u>	<u>12.1%</u>	<u>51,148</u>	<u>8.5%</u>	
	<u>\$ 593,396</u>	<u>100%</u>	<u>\$ 601,008</u>	<u>100%</u>	

General Fund revenues and other financing sources decreased \$7.6 million, or 1.3 percent, from the prior fiscal year. Significant year-over-year changes include:

- Taxes decreased \$12.9 million, or 3.4 percent primarily reflecting significant revenue decreases from the prior year in sales taxes of \$5.3 million, Measure A sales taxes of \$4.1 million, and transient occupancy taxes of \$3.8 million. Some of these decreases were offset by increased property tax revenues.
- Licenses and Permits increased \$7.7 million or 27.8 percent mostly due to a \$5.9 million increase of cannabis license tax and fee revenues due to a surge in cannabis sales following the pandemic.
- Use of money and property decreased \$7.3 million or 18.5 percent due to lower investment related accruals and earnings.
- Revenues derived from other financing sources increased \$20.5 million, or 40.1 percent from the prior year. Most of the increase is from the transfer out of General Grants to the General Fund to provide funding for COVID-19 response projects to impacted sectors of the community and to cover direct City costs associated with serving the public during the pandemic.

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 Management's Discussion and Analysis (Unaudited)  
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**General Fund Revenues and Other Financing Sources  
 For the Year Ended September 30, 2020**



**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, 2020 and 2019  
 (In Thousands)**

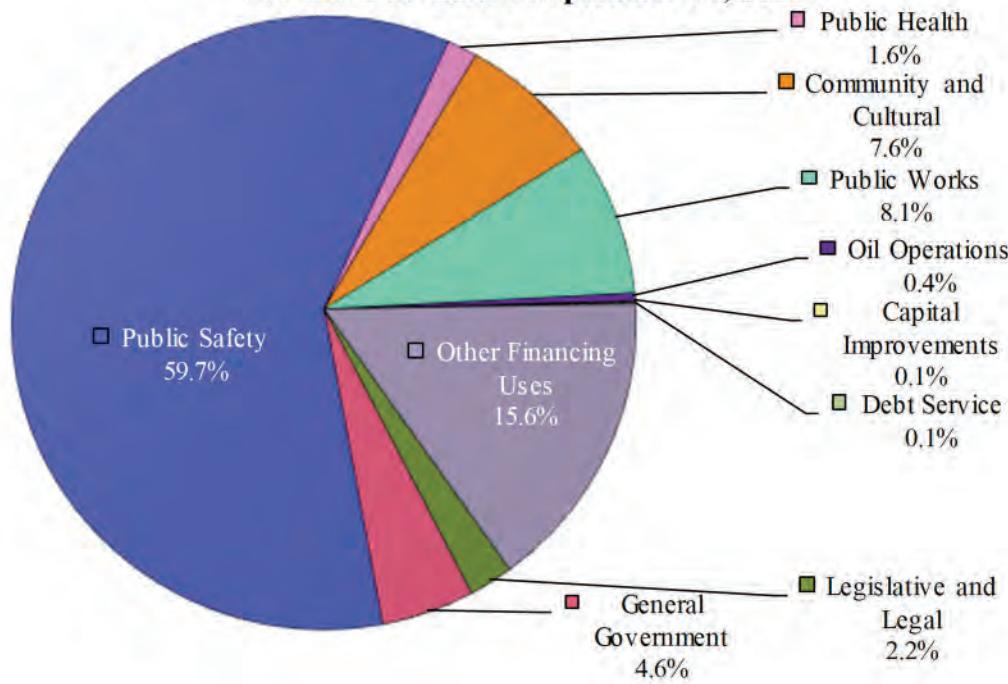
<i>Expenditures and      Other Financing Uses</i>	<i>Fiscal Year</i>	<i>Percent of      Total</i>	<i>Fiscal Year</i>	<i>Percent of      Total</i>
	<i>2020</i>		<i>2019</i>	
Legislative and Legal	\$ 13,108	2.2%	\$ 13,458	2.1%
General Government	27,363	4.6%	37,135	6.1%
Public Safety	353,513	59.7%	365,572	59.8%
Public Health	9,612	1.6%	9,006	1.5%
Community and Cultural	45,052	7.6%	49,862	8.2%
Public Works	47,891	8.1%	49,797	8.2%
Oil Operations	2,572	0.4%	2,774	0.5%
Capital Improvements	347	0.1%	12,081	2.0%
Debt Service	487	0.1%	451	0.1%
Other Financing Uses	92,065	15.6%	70,723	11.6%
	\$ 592,010	100%	\$ 610,859	100%

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Expenditures, including other financing uses, decreased \$18.8 million, or 3.1 percent, from fiscal year 2019. Significant changes include:

- A decrease in public safety of \$12.1 million, or 3.3 percent. Although there were unplanned overtime costs related to law enforcement efforts for activities related to the COVID-19 response and civil unrest events, these expenses were offset by a significant decrease in pension expenses that resulted from the City deciding not to make the annual prepayment to CalPERS for the unfunded liability, but instead making monthly payments, as well as changes in pension actuarial assumptions.
- General government reported a decrease of \$9.8 million and it was a result of prior year legal settlement payments that totaled \$10.2 million that did not reoccur in fiscal year 2020.
- A decrease of \$4.8 million, 9.6 percent, in Community and Cultural expenditures was mostly due from decreased pension costs.
- Capital improvements decreased by \$11.7 million and it was a result of prior year costs associated with the new civic center in the prior year that did not reoccur in fiscal year 2020.
- An increase of \$21.3 million, or 30.2 percent in other financing uses was mostly related to transfers from the General Fund to the Employee Benefit Fund to reimburse the fund for pension expenses.

**General Fund Expenditures and Other Financing Uses  
For the Year Ended September 30, 2020**



#### Proprietary Funds Financial Analysis

**Enterprise Funds:** The combined net position of enterprise funds totaled \$5.4 billion at the close of the fiscal year. Total unrestricted net position amounted to \$349.3 million before the allocation of internal service fund activities. The total growth in net position was \$99.4 million after the internal service fund activities allocation to enterprise funds. Other factors affecting the finances of these funds are addressed in the discussion of the City's business-type activities.

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Tidelands Operating reported net position of \$274.2 million, a decrease of \$31.3 million from the prior year. As previously discussed, Tidelands Operating was significantly impacted by the COVID-19 pandemic that resulted in a substantial reduction in oil revenues and increases in costs to maintain the Convention Center and debt service costs related to the Queen Mary. Harbor funds reported net position of \$4.4 billion, an increase of \$107.9 million from the prior year, primarily resulted from operating income of \$84.0 million along with the receipt of \$44.9 million in capital grants. The Water Utility reported a total net position of \$293.7 million, a decrease of 2.4 million. The decrease is mostly attributable to a loss from operation of \$6.3 million, offset by contributed capital of \$3.9 million from various Developers for water distribution system improvements. The Gas Utility fund reported a deficit net position of \$24.8 million. Other Proprietary funds reported net position of \$463.0 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, 2020, internal service funds reported a \$60.7 million deficit net position. This is attributable to the deficit net positions of the Workers' Compensation Insurance fund, General Liability Insurance Fund and Employee Benefits fund, which reported deficit balances of \$109.8 million, \$54.4 million and \$42.7 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 \$53.3 million, \$18.8 million, and \$74.1 million, respectively.

### **Fiduciary Funds**

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

### **General Fund Budgetary Highlights**

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

- The General Fund's fiscal year 2020 final budget for estimated revenues and expenditure appropriations reflected a net decrease to budgeted fund balance of \$71.1 million. The change between original and final budgeted amounts was \$65.7 million and consisted of additional appropriation for expenditures and other financing uses of \$67.9 million offset by an increase in revenue and other financing sources of \$2.2 million. The changes to revenue forecasts were minor across various revenue sources.

Significant changes in the appropriations budget include:

- A \$15.5 million increase in Public Safety primarily related to MOU changes that were effective during the fiscal year, overtime costs of \$2.1 million for activities including citywide COVID-19 response and civil unrest events, and mutual aid costs in the amount of \$2.9 million.

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- A \$11.9 million increase in Public Health to fund costs not supported by other grants or funding sources that support projects to relieve COVID-19 impacts to the community.
- A \$14.9 million increase in Public Works related to various capital outlay and improvements activities.

The actual budgetary basis results of the General Fund as compared to the final budget reflect a net positive variance of \$79.7 million. This consists of favorable variances in both revenues and other financing sources of \$38.1 million and expenditures and other financing uses of \$41.6 million.

General Fund revenues and other financing sources reflect a positive budget to actual variance of \$38.1 million. For the year, the General Fund received 106.8 percent of total budgeted revenues and other financing sources. Noticeable positive variances between the final budget and actual results include \$48.1 million in transfers in from the General Grants fund for programs funded by CARES Act funds, \$3.2 million in property tax revenues, \$2.3 million in sales tax revenues and, \$9.4 million in licenses and permits mostly due to higher cannabis revenues.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$41.6 million primarily due to lower pension expenses as a result of the City not making the annual prepayment on the CalPERS unfunded liability, but rather deciding to make payment on a monthly basis, as well as changes in pension actuarial assumptions.

### **Capital Assets and Debt Administration**

**Capital assets:** As of September 30, 2020, the City's capital assets held by governmental and business-type activities amounted to \$7.3 billion (net of accumulated depreciation). There was an overall increase of \$145.0 million, or 2.0 percent, in the City's capital assets over the prior fiscal year.

**Capital Assets, Net of Depreciation**  
**September 30, 2020 and 2019**  
**(In Thousands)**

	Governmental		Business-type		Totals	
	Activities		Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 222,835	\$ 233,725	\$ 1,314,278	\$ 1,312,926	\$ 1,537,113	\$ 1,546,651
Rights-of-way	81,340	81,340	203,304	212,452	284,644	293,792
Water Rights	-	-	40	40	40	40
Construction in Progress	61,221	50,621	2,097,145	1,811,678	2,158,366	1,862,299
Buildings	430,296	427,719	1,732,169	1,861,631	2,162,465	2,289,350
Improvements Other than Buildings	61,311	65,632	330,791	324,783	392,102	390,415
Infrastructure	71,133	81,045	503,997	504,740	575,130	585,785
Machinery and Equipment	43,234	37,615	37,081	43,784	80,315	81,399
Vehicles and Aircrafts	58,685	53,061	74,978	75,742	133,663	128,803
Software and Patents	20,326	20,971	4,866	4,515	25,192	25,486
Total Net Capital Assets	\$1,050,381	\$ 1,051,729	\$ 6,298,649	\$ 6,152,291	\$ 7,349,030	\$ 7,204,020

Governmental activities' net capital assets decreased \$1.3 million, or 0.1 percent.

Construction in progress increased \$10.6 million primarily due to a new storm water treatment plant along the east side of the Los Angeles River. Buildings increased \$2.6 million primarily attributable to the completion of the new community center at Houghton Park.

**City of Long Beach**  
 Management's Discussion and Analysis (Unaudited)  
 For the Fiscal Year Ended September 30, 2020

Improvements other than Buildings decreased \$4.3 million and Infrastructure decreased by \$9.9 million resulting from the depreciation of those assets.

Machinery and Equipment increased \$5.6 million for technology equipment and Vehicles and Aircraft increased \$5.6 million related to fleet replacements and upgrades.

Business-type activities' net capital assets increased \$146.4 million, or 2.4 percent, over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor capital assets increased \$93.2 million. The increase was comprised mostly from the following: Middle Harbor terminal development for \$127.0 million, Gerald Desmond Bridge for \$63.4 million, and partially offset by depreciation and project cancellation or discontinuation.
- Continued investment in the replacement of the water distribution system increased Water Utility capital assets \$14.9 million due to the AMI project, cast iron water main replacement, and facility improvements.

Additional information on the City's capital assets can be found in Note 7 to the Basic Financial Statements, and information related to commitments for future capital asset acquisitions can be found in Note 22 to the Basic Financial Statements.

**Long-Term Indebtedness:** As of September 30, 2020, the City's net long-term debt outstanding totaled \$2.8 billion. Of this amount, \$2.5 billion relates to notes, bonds, capital leases, and \$294.9 million to the new Civic Center complex.

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

- Moody's Investors Services: Aa2, Stable Outlook
- Fitch Ratings: AA, Negative 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, 2020 and 2019**  
**(In Thousands)**

	<i>Governmental</i>		<i>Business-type</i>		<i>Totals</i>	
	<i>Activities</i>		<i>Activities</i>		<i>Activities</i>	
	2020	2019	2020	2019	2020	2019
Notes Payable	\$ 7,905	\$ 8,241	\$ 477,885	\$ 339,056	\$ 485,790	\$ 347,297
Bonds Payable	291,570	320,866	1,670,260	1,781,199	1,961,830	2,102,065
Capital Leases	44,676	49,020	37,747	40,356	82,423	89,376
Other Obligations	294,864	299,875	-	-	294,864	299,875
Total Outstanding	\$ 639,015	\$ 678,002	\$ 2,185,892	\$ 2,160,611	\$ 2,824,907	\$ 2,838,613

**City of Long Beach**  
Management's Discussion and Analysis (Unaudited)  
For the Fiscal Year Ended September 30, 2020

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

**Governmental Activities**

- Bonds payable decreased \$29.3 million as a result of annual principal payments and premium amortization. For capital leases, the City is reporting a decrease of \$4.3 million primarily due to payments offset by new leases for purchase of technology equipment. The Other Obligations liability of \$294.9 million is for City Hall and Civic Center complex.

**Business-Type Activities**

- Bonds payable reported a decrease of \$110.9 million. The more significant activity including Harbor issuing 2020 Revenue bonds to refund the 2010 Revenue bonds, and annual principal payments and premium amortization for a total of \$85.0.

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

**Economic Outlook**

On March 27, 2020, the federal government passed the Coronavirus Aid, Relief, and Economic Securities Act (CARES Act) to provide emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic, which appropriated \$150 billion to states and certain local governments. While the City did not receive a direct allocation from the federal government as it was just under the required population threshold, Governor Newsom and the State Legislature allocated \$40.3 million in CARES Act funds to the City through the State budget for State year FY 21-22. The City Council allocated \$21.2 million of these funds for a variety of COVID-19 response projects to impacted sectors of the community, with the balance of \$19.1 million covering direct City costs associated with serving the public during the pandemic.

In March 2021, President Biden signed into law the American Rescue Plan Act of 2021. The City of Long Beach is estimated to receive \$153 million in general support for various purposes including responding to the COVID-19 emergency and address its economic effects, provide government services affected by a revenue reduction from the COVID-19 pandemic, and make investments in water, sewer and broadband infrastructure.

There have been significant impacts from COVID-19 to various City funds. General Fund impacts from COVID-19 include significant declines in sales tax and transient occupancy tax revenues. The City will continue to monitor and address General Fund revenue shortfalls as well as other impacted funds for fiscal year 2021.

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

**Requests for Information**

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information should be addressed to the City of Long Beach, Department of Financial Management, 411 West Ocean Boulevard, 6<sup>th</sup> Floor, Long Beach, California 90802.



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# BASIC FINANCIAL STATEMENTS

**City of Long Beach**  
**Statement of Net Position**  
**September 30, 2020**  
**(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	\$ 186,996	\$ 398,363	\$ 585,359	\$ -
Non-Pooled Cash and Cash Equivalents	35,228	24,629	59,857	53,214
Pooled Investments	181,414	386,472	567,886	-
Interest Receivable	171	146	317	-
Property Tax Receivable, Net	103,716	-	103,716	-
Accounts and Loans Receivables, Net	29,890	143,212	173,102	6,645
Due from Other Governments	102,843	63,690	166,533	-
Internal Balances	37,131	(37,131)	-	-
Inventory	2,962	10,483	13,445	2,525
Other Assets	40,125	27,715	67,840	1,965
Land Held for Resale	5,874	-	5,874	-
Total Current Assets:	<u>726,350</u>	<u>1,017,579</u>	<u>1,743,929</u>	<u>64,349</u>
<b>Noncurrent Restricted Assets:</b>				
Non-Pooled Investments	-	54,412	54,412	28,185
Total Noncurrent Restricted Assets:	<u>-</u>	<u>54,412</u>	<u>54,412</u>	<u>28,185</u>
<b>Other Noncurrent Assets:</b>				
Pooled Investments	220,320	469,356	689,676	-
Other Noncurrent Receivables	219,802	-	219,802	-
Prepaid Gas - Long-term	-	334,469	334,469	-
Fair Value - Commodity Swap	-	610,803	610,803	-
Land and Other Capital Assets not being Depreciated	365,396	3,614,767	3,980,163	17,051
Capital Assets, net of Accumulated Depreciation	684,985	2,683,882	3,368,867	66,093
Other Assets	6,375	60,232	66,607	-
Total Other Noncurrent Assets:	<u>1,496,878</u>	<u>7,773,509</u>	<u>9,270,387</u>	<u>83,144</u>
<b>Total Assets</b>	<u>2,223,228</u>	<u>8,845,500</u>	<u>11,068,728</u>	<u>175,678</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
<b>Deferred Outflows of Resources</b>				
Deferred Outflows of Resources	<u>81,213</u>	<u>49,180</u>	<u>130,393</u>	<u>14,958</u>
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Accounts Payable	73,328	128,797	202,125	2,759
Accrued Wages and Benefits Payable	38,868	8,666	47,534	4,625
Accrued Interest Payable	3,629	34,467	38,096	-
Due to Other Governments	241	-	241	-
Unearned Revenue, Credits, and Other Payables	48,626	45,230	93,856	39,665
Employee Benefits and Accrued Long-Term Obligations	86,511	20,464	106,975	19,430
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	42,998	541,600	584,598	-
Total Current Liabilities	<u>294,201</u>	<u>779,224</u>	<u>1,073,425</u>	<u>66,479</u>
<b>Noncurrent Liabilities:</b>				
Fair Value - Interest Rate Swap	-	13,862	13,862	-
Unearned Revenue, Credits, and Other Payables	-	9,700	9,700	17,930
Employee Benefits and Accrued Long-Term Obligations	292,006	140,325	432,331	4,520
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	621,017	1,653,112	2,274,129	-
Total OPEB Liability	7,515	2,140	9,655	-
Net Pension Liability	881,147	324,349	1,205,496	34,701
Total Noncurrent Liabilities:	<u>1,801,685</u>	<u>2,143,488</u>	<u>3,945,173</u>	<u>57,151</u>
<b>Total Liabilities</b>	<u>2,095,886</u>	<u>2,922,712</u>	<u>5,018,598</u>	<u>123,630</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>Deferred Inflows of Resources</b>				
Deferred Inflows of Resources	<u>167,468</u>	<u>631,880</u>	<u>799,348</u>	<u>-</u>
<b>NET POSITION</b>				
<b>Net Investment in Capital Assets</b>				
Restricted for:				
Debt Service	37,328	30,399	67,727	-
Capital Projects	73,857	73,942	147,799	527
Public Safety	6,177	-	6,177	-
Public Health	2,633	-	2,633	-
Community and Cultural	304,134	-	304,134	-
Healthcare Insurance	18,779	-	18,779	-
Tidelands	-	7,192	7,192	-
Airport	-	9,605	9,605	-
Subsidence	-	190,938	190,938	-
Unrestricted	<u>(833,911)</u>	<u>320,382</u>	<u>(513,529)</u>	<u>(16,665)</u>
<b>Total Net Position</b>	<u>\$ 41,087</u>	<u>\$ 5,340,088</u>	<u>\$ 5,381,175</u>	<u>\$ 67,006</u>

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, 2020**  
**(In Thousands)**

<u>FUNCTIONS/PROGRAMS</u>	<u>Program Revenues</u>			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>GOVERNMENTAL ACTIVITIES:</b>				
Legislative and Legal	\$ 13,155	\$ 558	\$ -	\$ -
General Government	40,408	16,182	2,866	-
Public Safety	389,489	50,198	15,461	-
Public Health	71,880	9,826	137,320	-
Community and Cultural	190,370	32,599	1,297	668
Public Works	136,067	38,123	43,545	64,564
Oil Operations	1,775	9,743	-	-
Interest on Long-Term Debt	19,055	-	-	-
<b>Total Governmental Activities</b>	<b>862,199</b>	<b>157,229</b>	<b>200,489</b>	<b>65,232</b>
<b>BUSINESS-TYPE ACTIVITIES</b>				
Gas Utility	94,835	103,869	-	-
Water Utility	111,219	116,071	-	3,909
Tidelands Operating	143,249	72,467	500	163
Harbor	327,081	399,841	-	44,946
Non-major Enterprise Funds	232,428	225,028	2,894	31,002
<b>Total Business-Type Activities</b>	<b>908,812</b>	<b>917,276</b>	<b>3,394</b>	<b>80,020</b>
<b>Total Primary Government</b>	<b>\$ 1,771,011</b>	<b>\$ 1,074,505</b>	<b>\$ 203,883</b>	<b>\$ 145,252</b>
<b>COMPONENT UNIT</b>				
Long Beach Public Transportation Company	\$ 115,867	\$ 14,053	\$ 82,029	\$ 7,815
Taxes:				
Property				
Sales				
Utility Users				
Other				
Franchise Taxes				
Unrestricted Investment Earnings				
Loss on Sale of Capital Assets				
Capital Asset Transfers				
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
\$ (12,597)	\$ -	\$ (12,597)	\$ -	
(21,360)	-	(21,360)	-	
(323,830)	-	(323,830)	-	
75,266	-	75,266	-	
(155,806)	-	(155,806)	-	
10,165	-	10,165	-	
7,968	-	7,968	-	
(19,055)	-	(19,055)	-	
<u>(439,249)</u>	<u>-</u>	<u>(439,249)</u>	<u>-</u>	
-	9,034	9,034	-	
-	8,761	8,761	-	
-	(70,119)	(70,119)	-	
-	117,706	117,706	-	
-	26,496	26,496	-	
<u>-</u>	<u>91,878</u>	<u>91,878</u>	<u>-</u>	
<u>(439,249)</u>	<u>91,878</u>	<u>(347,371)</u>	<u>-</u>	
			-	(11,970)
220,665	-	220,665	-	
129,095	-	129,095	-	
33,767	-	33,767	-	
39,449	-	39,449	-	
16,481	-	16,481	-	
11,426	34,336	45,762	1,848	
(2)	-	(2)	-	
(37)	37	-	-	
<u>26,881</u>	<u>(26,881)</u>	<u>-</u>	<u>-</u>	
<u>477,725</u>	<u>7,492</u>	<u>485,217</u>	<u>1,848</u>	
38,476	99,370	137,846	(10,122)	
2,611	5,240,718	5,243,329	77,128	
<u>\$ 41,087</u>	<u>\$ 5,340,088</u>	<u>\$ 5,381,175</u>	<u>\$ 67,006</u>	

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

**City of Long Beach**  
**Governmental Funds**  
**Balance Sheet**  
**September 30, 2020**  
(In Thousands)

	General	Housing	Other	Total
	General	Capital Projects	Assistance Special Revenue	Governmental Funds
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 101,661	\$ 150,026	\$ 17,738	\$ 366,398
Non-Pooled Cash and Cash Equivalents	1,369	-	2,608	32,247
Receivables:				
Interest Receivable	1	1	-	2
Property Taxes	109,161	-	-	109,161
Accounts Receivable	27,437	308	143	36,384
Due from Other Governments	32,497	14,077	1,414	54,825
Due from Other Funds	39,023	37	-	3,553
Allowance for Receivables	(11,151)	(63)	(107)	(5,931)
Inventory	-	102	-	102
Other Assets	1,503	1,489	-	67
Advances to Other Funds	-	-	-	3,809
Land Held for Resale	-	-	-	5,874
Other Noncurrent Receivables	-	-	-	219,802
Total Assets	<u>\$ 301,501</u>	<u>\$ 165,977</u>	<u>\$ 21,796</u>	<u>\$ 415,738</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts Payable	\$ 16,185	\$ 19,258	\$ 268	\$ 48,232
Accrued Wages and Benefits Payable	16,406	350	199	19,093
Due to Other Governments	236	-	5	241
Due to Other Funds	14,963	3,115	99	47,836
Unearned Revenues	7,450	12,750	3,453	47,773
Deposits and Collections Held in Trust	2,715	1,103	1,466	1,612
Advances from Other Funds	614	-	-	6,023
Total Liabilities	<u>58,569</u>	<u>36,576</u>	<u>5,490</u>	<u>75,459</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources	107,002	-	-	214,595
<b>FUND BALANCES</b>				
Nonspendable	1,503	1,489	-	888
Restricted	5,864	62,462	16,306	123,009
Committed	50,708	-	-	1,414
Assigned	75,789	65,450	-	373
Unassigned	2,066	-	-	-
Total Fund Balances	<u>135,930</u>	<u>129,401</u>	<u>16,306</u>	<u>125,684</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 301,501</u>	<u>\$ 165,977</u>	<u>\$ 21,796</u>	<u>\$ 415,738</u>
				<u>\$ 905,012</u>

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, 2020  
 (In Thousands)

Total governmental fund balances	\$ 407,321
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, consisting of \$321,979 of non-depreciable assets and \$246,096 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.	568,075
Deferred outflows related to postemployment and economic losses from refinancing of debt are not included in the governmental funds.	72,320
Deferred inflows related to postemployment and economic gains from refinancing of debt are not included in the governmental funds.	159,159
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.	(1,134,073)
Internal service funds are used by management to charge the cost of operations and financing related to the Civic Center complex; operations, maintenance, financing, timely replacement of information technology assets and vehicles; and to account for the City's risk management, self-insurance, and employee benefits' programs to individual user funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>(31,715)</u>
Net position of governmental activities	<u>\$ 41,087</u>

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

**City of Long Beach**  
**Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

	General	General Capital Projects	Housing Assistance Special Revenue	Other Governmental Funds	Total September 30, 2020
<b>Revenues:</b>					
<b>Taxes:</b>					
Property	\$ 181,700	\$ -	\$ -	\$ 38,965	\$ 220,665
Sales	126,689	-	-	2,406	129,095
Utility Users	33,767	-	-	-	33,767
Other Taxes	29,194	-	-	10,255	39,449
Franchise Fees	16,481	-	-	-	16,481
Licenses and Permits	35,615	-	-	13,188	48,803
Fines and Forfeitures	16,354	-	-	-	16,354
Use of Money and Property	32,175	1,586	150	5,632	39,543
From Other Agencies	4,564	65,330	105,846	115,008	290,748
Charges for Services	42,094	516	-	2,011	44,621
Other	3,100	860	112	6,164	10,236
<b>Total Revenues</b>	<b>521,733</b>	<b>68,292</b>	<b>106,108</b>	<b>193,629</b>	<b>889,762</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Legislative and Legal	13,108	-	-	-	13,108
General Government	27,363	-	39	13,175	40,577
Public Safety	353,513	-	-	15,539	369,052
Public Health	9,612	-	-	60,161	69,773
Community and Cultural	45,052	-	103,021	40,733	188,806
Public Works	47,891	13,568	-	-	61,459
Oil Operations	2,572	-	-	-	2,572
<b>Total Current Expenditures</b>	<b>499,111</b>	<b>13,568</b>	<b>103,060</b>	<b>129,608</b>	<b>745,347</b>
<b>Capital Improvements</b>	<b>347</b>	<b>72,275</b>	<b>-</b>	<b>733</b>	<b>73,355</b>
<b>Debt Service:</b>					
Principal	425	-	-	19,647	20,072
Interest	52	-	-	13,627	13,679
Debt Administration Fees	10	-	-	14	24
<b>Total Expenditures</b>	<b>499,945</b>	<b>85,843</b>	<b>103,060</b>	<b>163,629</b>	<b>852,477</b>
<b>Excess of Revenues over (under) Expenditures</b>	<b>21,788</b>	<b>(17,551)</b>	<b>3,048</b>	<b>30,000</b>	<b>37,285</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Asset	8,038	-	-	3,024	11,062
Transfers In	71,663	35,134	230	19,169	126,196
Transfers Out	(92,065)	(9,203)	-	(53,504)	(154,772)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,364)</b>	<b>25,931</b>	<b>230</b>	<b>(31,311)</b>	<b>(17,514)</b>
<b>Net Change in Fund Balances</b>	<b>9,424</b>	<b>8,380</b>	<b>3,278</b>	<b>(1,311)</b>	<b>19,771</b>
<b>Fund Balances - October 1</b>	<b>126,506</b>	<b>121,021</b>	<b>13,028</b>	<b>126,995</b>	<b>387,550</b>
<b>Fund Balances - September 30</b>	<b>\$ 135,930</b>	<b>\$ 129,401</b>	<b>\$ 16,306</b>	<b>\$ 125,684</b>	<b>\$ 407,321</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, 2020  
 (In Thousands)

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$ 19,771
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 (\$13,358) is less than depreciation (\$22,707) in the current period.	(9,349)
The net effect of miscellaneous transactions involving capital assets (e.g., sales, trade-ins, disposal of capital assets, and donations) results in a decrease to net position.	
	(11,109)
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.	7,517
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.	(35,937)
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.	(54,414)
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 and other long-term obligations 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 long-term debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	20,979
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.	13,174
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.	87,844
Change in net position of governmental activities	<u><u>\$ 38,476</u></u>

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



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**City of Long Beach**  
 General Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2020  
 (In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
<b>Sources:</b>				
Property Taxes	\$ 178,484	\$ 178,484	\$ 181,700	\$ 3,216
Sales Taxes	124,401	124,401	126,689	2,288
Utility Users Taxes	35,971	35,971	33,767	(2,204)
Other Taxes	39,556	39,863	29,194	(10,669)
Franchise Fees	27,213	27,213	16,481	(10,732)
Licenses and Permits	26,208	26,213	35,615	9,402
Fines and Forfeitures	20,633	20,633	16,354	(4,279)
Use of Money and Property	30,178	32,999	32,175	(824)
From Other Agencies	4,817	4,894	4,564	(330)
Charges for Services	46,444	46,698	42,094	(4,604)
Other	3,851	2,418	3,100	682
Proceeds from Sale of Capital Asset	-	-	8,038	8,038
Transfers In	23,382	23,556	71,663	48,107
Total Sources	<u>561,138</u>	<u>563,343</u>	<u>601,434</u>	<u>38,091</u>
<b>Uses:</b>				
Current:				
Legislative and Legal				
Mayor and City Council	6,539	8,043	5,150	2,893
City Attorney	3,942	4,008	2,751	1,257
City Clerk	4,690	5,721	5,208	513
General Government				
City Auditor	2,945	3,162	2,413	749
City Manager	5,247	7,858	5,315	2,543
Civil Service	3,299	3,353	2,514	839
Financial Management	20,745	23,292	16,938	6,354
Planning and Building	863	1,896	308	1,588
Public Safety				
Police	244,296	254,347	236,687	17,660
Fire	101,803	106,498	97,222	9,276
Disaster Preparedness	12,740	12,938	10,865	2,073
City Prosecutor	6,602	7,284	5,628	1,656
Planning and Building - Code Enforcement	3,908	3,760	3,442	318
Public Health	8,325	20,270	9,614	10,656
Community and Cultural				
Community Development	964	2,704	2,227	477
Library	18,297	18,420	16,115	2,305
Parks and Recreation	30,264	33,751	26,723	7,028
Public Works	43,946	58,862	48,218	10,644
Oil Operations	3,276	3,276	2,572	704
Debt Service	512	512	487	25
Capital Outlay	168	3,155	347	2,808
Transfers Out	43,164	51,366	92,065	(40,699)
Total Uses	<u>566,535</u>	<u>634,476</u>	<u>592,809</u>	<u>41,667</u>
Net Change in Budgetary Fund Balance:	<u>\$ (5,397)</u>	<u>\$ (71,133)</u>	<u>\$ 8,625</u>	<u>\$ 79,758</u>

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<u>\$ 8,625</u>
<b>Add:</b> Encumbrances	<u>799</u>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<u>9,424</u>
<b>Fund Balance, October 1, GAAP Basis</b>	<u>126,506</u>
<b>Fund Balance, September 30, GAAP Basis</b>	<u>\$ 135,930</u>

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

**City of Long Beach**  
 General Capital Projects Fund  
 Statement of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2020  
 (In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Sources:</b>				
Other Taxes	\$ 4,015	\$ 4,015	-	(4,015)
Use of Money and Property	806	\$ 806	\$ 1,586	\$ 780
From Other Agencies	57,187	42,171	65,330	23,159
Charges for Services	-	487	516	29
Other	-	3,011	860	(2,151)
Debt Issuance	-	-	-	-
Transfers In	81,185	76,616	35,134	(41,482)
<b>Total Sources</b>	<b>143,193</b>	<b>127,106</b>	<b>103,426</b>	<b>(23,680)</b>
<b>Uses:</b>				
General Government				
Financial Management	200	200	136	64
Public Works	36,103	37,513	14,151	23,362
Capital Improvements	75,416	102,877	94,676	8,201
Transfers Out	28,000	20,134	9,203	10,931
<b>Total Uses</b>	<b>139,719</b>	<b>160,724</b>	<b>118,166</b>	<b>42,558</b>
Net Change in Budgetary Fund Balance (Deficit)	<b>\$ 3,474</b>	<b>\$ (33,618)</b>	<b>\$ (14,740)</b>	<b>\$ 18,878</b>

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ (14,740)</b>
<b>Add:</b> Encumbrances	<b>23,120</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>8,380</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>121,021</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 129,401</b>

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

**City of Long Beach**  
**Housing Assistance Special Revenue Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Sources:</b>				
Use of Money and Property	\$ 92	\$ 92	\$ 150	\$ 58
From Other Agencies	91,946	106,257	105,846	(411)
Other	177	177	112	(65)
Transfers In	-	-	230	230
<b>Total Sources</b>	<b>92,215</b>	<b>106,526</b>	<b>106,338</b>	<b>(188)</b>
<b>Uses:</b>				
General Government				
Financial Management	175	175	39	136
Community and Cultural				
Development Services	93,642	108,690	103,025	5,665
<b>Total Uses</b>	<b>93,817</b>	<b>108,865</b>	<b>103,064</b>	<b>5,801</b>
<b>Net Change in Budgetary Fund Balance</b>	<b>\$ (1,602)</b>	<b>\$ (2,339)</b>	<b>\$ 3,274</b>	<b>\$ 5,613</b>

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ 3,274</b>
<b>Add: Encumbrances</b>	<b>4</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>3,278</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>13,028</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 16,306</b>

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, 2020**  
**(In Thousands)**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>
<b>ASSETS</b>			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 48,596	\$ 17,585	\$ 158,201
Non-Pooled Cash and Cash Equivalents	45	4,131	12,867
Receivables:			
Interest Receivable	21	11	67
Accounts Receivable	11,499	8,914	4,387
Notes and Loans Receivable	-	-	-
Due from Other Governments	-	1,892	111
Due from Other Funds	304	896	25,039
Allowance for Receivables	(1,082)	(507)	(752)
Deposits	-	-	-
Inventory	3,020	6,512	-
Prepaid Gas - Current	23,500	-	-
Other Assets - Current	-	2,552	-
Total Current Asset	<u>85,903</u>	<u>41,986</u>	<u>199,920</u>
Noncurrent Assets:			
Restricted Noncurrent Assets:			
Non-Pooled Cash and Cash Equivalents	-	-	-
Non-Pooled Investments	25,499	2,843	17,383
Noncurrent Receivables:			
Advances to Other Funds	-	-	-
Fair Value - Commodity Swap	610,803	-	-
Capital Assets:			
Land and Other Capital Assets not being Depreciated	7,253	71,750	78,746
Capital Assets net of Accumulated Depreciation	165,693	284,696	277,882
Prepaid Gas - Long Term	334,469	-	-
Other Assets - Long-Term	-	-	-
Total Noncurrent Assets	<u>1,143,717</u>	<u>359,289</u>	<u>374,011</u>
Total Assets	<u>1,229,620</u>	<u>401,275</u>	<u>573,931</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources	16,358	5,808	11,340

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	
\$ 643,584 9	\$ 386,225 7,577	\$ 1,254,191 24,629		\$ 222,332 2,981	
9	38	146		1	
78,667	21,530	124,997		5,337	
25,834	-	25,834		-	
42,900	18,787	63,690		30	
451	2,699	29,389		33,236	
(3,373)	(1,905)	(7,619)		(24)	
-	-	-		7,697	
766	185	10,483		2,860	
-	-	23,500		-	
1,647	16	4,215		29,369	
<u>790,494</u>	<u>435,152</u>	<u>1,553,455</u>		<u>303,819</u>	
-	-	-		-	
-	8,687	54,412		-	
1,210	614	1,824		6,160	
-	-	610,803		-	
3,399,618	57,400	3,614,767		43,417	
1,631,036	324,575	2,683,882		438,889	
-	-	334,469		-	
<u>60,232</u>	<u>-</u>	<u>60,232</u>		<u>6,375</u>	
<u>5,092,096</u>	<u>391,276</u>	<u>7,360,389</u>		<u>494,841</u>	
<u>5,882,590</u>	<u>826,428</u>	<u>8,913,844</u>		<u>798,660</u>	
<u>8,715</u>	<u>6,959</u>	<u>49,180</u>		<u>8,893</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, 2020**  
**(In Thousands)**

*(Continued)*

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>
<b>LIABILITIES</b>			
Current Liabilities Payable from Current Assets:			
Accounts Payable	3,384	13,957	9,066
Accrued Wages	833	1,105	1,257
Accrued Interest Payable	10,240	302	3,768
Due to Other Funds	3,076	1,075	860
Unearned Revenues	1,857	98	2,124
Collections Held in Trust	-	93	150
Customers Deposits	2,847	20	677
Advances from Developers	-	1,735	-
Accrued Self-Insurance Claims - Current	-	-	-
Environmental Remediation - Current	-	-	-
Due to State of California	-	-	-
Compensated Absences and Accrued Employee Benefits	1,772	2,182	2,561
Obligations Under Capital Leases - Current	1,131	1,516	39
Bonds Payable Due Within One Year	13,990	3,170	12,600
Other Long-Term Obligations - Current	-	-	27
Total Current Liabilities	<u>39,130</u>	<u>25,253</u>	<u>33,129</u>
Noncurrent Liabilities:			
Advances from Other Funds	-	-	1,210
Unearned Revenues	-	-	4,490
Accrued Self-Insurance Claims	-	-	-
Accrued Oil Field Abandonment Costs	-	-	-
Environmental Remediation	-	-	-
Site Restoration	-	1,000	-
Due to State of California	-	-	-
Fair Value - Interest Rate Swap	13,862	-	-
Compensated Absences and Accrued Employee Benefits	4,347	4,940	6,413
Obligations Under Capital Leases	11,492	23,343	226
Other Long-Term Obligations	-	-	309
Bonds Payable	556,764	13,818	209,598
Total OPEB Liability	285	326	422
Net Pension Liability	31,848	42,899	51,759
Total Noncurrent Liabilities	<u>618,598</u>	<u>86,326</u>	<u>274,427</u>
Total Liabilities	<u>657,728</u>	<u>111,579</u>	<u>307,556</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources	<u>613,013</u>	<u>1,764</u>	<u>3,540</u>
<b>NET POSITION (DEFICIT)</b>			
Net Investment in Capital Assets	160,323	321,467	150,808
Restricted for:			
Debt Service	-	2,377	8,001
Capital Projects	7,812	-	324
Insurance	-	-	-
Tidelands	-	-	7,192
Airport	-	-	-
Subsidence	-	-	-
Unrestricted	<u>(192,898)</u>	<u>(30,104)</u>	<u>107,850</u>
Total Net Position (Deficit)	<u><u>\$ (24,763)</u></u>	<u><u>\$ 293,740</u></u>	<u><u>\$ 274,175</u></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
78,785	23,605	128,797	25,096
3,272	2,199	8,666	19,775
17,936	2,221	34,467	1,190
23,512	5,113	33,636	23,766
13,901	6,808	24,788	-
1,026	945	2,214	3,489
-	2,347	5,891	-
-	10,602	12,337	-
5,250	-	5,250	32,013
-	-	-	235
-	9,072	9,072	-
4,989	3,710	15,214	53,550
-	-	2,686	7,282
496,520	3,535	529,815	8,307
-	-	27	5,099
<b>645,191</b>	<b>70,157</b>	<b>812,860</b>	<b>179,802</b>
4,560	-	5,770	-
-	5,210	9,700	-
-	-	-	148,023
-	102,600	102,600	-
3,700	-	3,700	-
-	-	1,000	-
-	-	-	965
-	-	13,862	-
10,462	6,863	33,025	115,724
-	-	35,061	37,394
-	-	309	289,765
732,605	104,957	1,617,742	18,232
640	467	2,140	525
<b>121,539</b>	<b>76,304</b>	<b>324,349</b>	<b>72,746</b>
<b>873,506</b>	<b>296,401</b>	<b>2,149,258</b>	<b>683,374</b>
<b>1,518,697</b>	<b>366,558</b>	<b>2,962,118</b>	<b>863,176</b>
<b>9,778</b>	<b>3,785</b>	<b>631,880</b>	<b>5,030</b>
3,791,206	283,826	4,707,630	125,972
13,801	6,220	30,399	-
37,743	28,063	73,942	1,414
-	-	-	18,779
-	-	7,192	-
-	9,605	9,605	-
-	190,938	190,938	-
<b>520,080</b>	<b>(55,608)</b>	<b>349,320</b>	<b>(206,818)</b>
<b>\$ 4,362,830</b>	<b>\$ 463,044</b>	<b>5,369,026</b>	<b>\$ (60,653)</b>
		<b>(28,938)</b>	
		<b>\$ 5,340,088</b>	

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, 2020**  
**(In Thousands)**

**Business-type Activities - Enterprise Funds**

	Gas Utility	Water Utility	Tidelands Operating
<b>Operating Revenues:</b>			
Licenses and Permits	\$ -	\$ -	\$ 201
Fines and Forfeitures	- -	- -	341
Fees, Concessions, and Rentals	- -	- -	32,708
From Other Agencies	- -	- -	45
Charges for Services	102,370	111,603	30,638
Other	116	1,487	1,128
<b>Total Operating Revenues</b>	<b>102,486</b>	<b>113,090</b>	<b>65,061</b>
<b>Operating Expenses:</b>			
Personnel Services	25,414	31,617	45,292
Purchases of Gas and Water	10,858	36,163	-
Maintenance and Other Operations	20,166	29,932	66,396
Rental Expense	- -	- -	-
Insurance Premiums	- -	- -	-
Self-Insured Losses	- -	- -	-
Compensated Absences	- -	- -	-
Employee Benefits	- -	- -	-
Payments to Other Entities	- -	- -	-
Depreciation	7,596	13,025	21,480
<b>Total Operating Expenses</b>	<b>64,034</b>	<b>110,737</b>	<b>133,168</b>
<b>Operating Income (Loss)</b>	<b>38,452</b>	<b>2,353</b>	<b>(68,107)</b>
<b>Non-Operating Income (Expenses):</b>			
Interest Income	1,869	697	6,433
Interest Expense	(29,033)	(1,538)	(8,578)
Gain (Loss) on Disposition of Capital Assets	(198)	348	23
Capital Assets to / (from) Other Funds	- -	- -	37
Oil Field Abandonment	- -	- -	-
Operating Grants	- -	- -	500
Other Income	1,383	2,981	7,406
Other Expense	(1,916)	(650)	(2,935)
<b>Total Non-Operating Income (Expenses)</b>	<b>(27,895)</b>	<b>1,838</b>	<b>2,886</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>10,557</b>	<b>4,191</b>	<b>(65,221)</b>
<b>Capital Grants and Contributions</b>	<b>-</b>	<b>3,909</b>	<b>163</b>
<b>Transfers:</b>			
Transfers In	- -	- -	34,229
Transfers Out	(13,865)	(10,450)	(498)
Change in Net Position	(3,308)	(2,350)	(31,327)
<b>Net Position (Deficit) - October 1</b>	<b>(21,455)</b>	<b>296,090</b>	<b>305,502</b>
<b>Net Position (Deficit) - September 30</b>	<b>\$ (24,763)</b>	<b>\$ 293,740</b>	<b>\$ 274,175</b>
<b>Change in Net Position of Business - Enterprise Funds</b>			

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
\$ -	\$ 23,603	\$ 23,804	\$ -
-	14	355	-
-	83,080	115,788	-
-	930	975	-
395,619	112,520	752,750	463,702
3,010	1,847	7,588	7,543
<u>398,629</u>	<u>221,994</u>	<u>901,260</u>	<u>471,245</u>
57,116	65,366	224,805	70,465
-	-	47,021	-
46,785	123,228	286,507	70,809
-	371	371	-
-	-	-	7,359
-	-	-	32,276
-	-	-	53,619
-	-	-	207,790
38,806	36,718	75,524	-
<u>149,652</u>	<u>16,567</u>	<u>208,320</u>	<u>26,624</u>
<u>292,359</u>	<u>242,250</u>	<u>842,548</u>	<u>468,942</u>
<u>106,270</u>	<u>(20,256)</u>	<u>58,712</u>	<u>2,303</u>
16,402	8,935	34,336	2,245
(35,539)	(6,447)	(81,135)	(7,186)
(4,279)	(167)	(4,273)	87
-	-	37	(37)
-	16,000	16,000	-
-	2,894	3,394	2,221
1,212	3,034	16,016	42,950
-	(1,464)	(6,965)	(185)
<u>(22,204)</u>	<u>22,785</u>	<u>(22,590)</u>	<u>40,095</u>
84,066	2,529	36,122	42,398
44,946	31,002	80,020	97
-	86	34,315	60,532
<u>(21,154)</u>	<u>(15,229)</u>	<u>(61,196)</u>	<u>(5,074)</u>
107,858	18,388	89,261	97,953
4,254,972	444,656	5,279,765	(158,606)
<u>\$ 4,362,830</u>	<u>\$ 463,044</u>	<u>5,369,026</u>	<u>\$ (60,653)</u>
		89,261	
		<u>10,109</u>	
		<u>\$ 99,370</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, 2020**  
**(In Thousands)**

<u>Business-Type Activities - Enterprise Funds</u>			
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Gas Utility	Water Utility	Tidelands Operating
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 108,808	\$ 116,901	\$ 77,041
Receipts from Oil Companies	-	-	-
Receipts from Other Governments	-	-	1,976
Receipts from Other Funds	-	-	6,399
Payments for Employee Salaries	(24,203)	(28,744)	(36,914)
Payments for Goods and Services	(8,384)	(57,215)	(61,749)
Payments for Compensated Absences	-	-	-
Payments for Employee Benefits	-	-	-
Payments for Liability Claims	-	-	-
Payments to Other Funds	-	-	-
Payments to Other Entities	-	(1,753)	(4,692)
Other Income	1,383	2,981	7,406
Other Expense	(1,916)	(650)	(2,935)
Net Cash Provided by (Used for) Operating Activities	<u>75,688</u>	<u>31,520</u>	<u>(13,468)</u>
Cash Flows from Non-Capital Financing Activities:			
Operating Grants Received from Other Governments	-	-	500
Receipts from Prepayment of Gas Supply	-	-	-
Payments of Principal on Bonds Payable	(11,905)	-	-
Payments of Interest	(28,967)	-	-
Transfers In	-	-	34,229
Transfers Out	(13,865)	(10,450)	(498)
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>(54,737)</u>	<u>(10,450)</u>	<u>34,231</u>
Cash Flows from Capital and Related Financing Activities:			
Receipt of Capital Grants	-	-	163
Proceeds from the Sale of Capital Assets	-	348	23
Proceeds from Issuance of Bonds	-	-	-
Payment of Cost of Issuance	-	-	-
Receipts of Contributed Capital	-	2,332	-
Receipts from Passenger Facility Charges	-	-	-
Payments to Developers	-	-	-
Payments for Capital Acquisitions	(7,247)	(35,477)	(20,868)
Payments of Principal on Bonds Payable	-	(3,050)	(11,081)
Payments of Principal on Other Long-Term Obligations	(1,702)	(1,466)	(66)
Payments of Interest	(312)	(1,708)	(9,399)
Receipt of Federal Subsidy	-	-	-
Net Cash Used for Capital and Related Financing Activities	<u>(9,261)</u>	<u>(39,021)</u>	<u>(41,228)</u>
Cash Flows from Investing Activities:			
Proceeds from the Sale of Investments	-	-	-
Payments for Purchase of Investments	(1,680)	-	(17,383)
Payment from Joint Venture	-	-	-
Receipts of Interest	1,868	644	6,467
Net Cash Provided by Investing Activities	<u>188</u>	<u>644</u>	<u>(10,916)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	11,878	(17,307)	(31,381)
Cash and Cash Equivalents - October 1	<u>36,763</u>	<u>39,023</u>	<u>202,449</u>
Cash and Cash Equivalents - September 30	<u><u>\$ 48,641</u></u>	<u><u>\$ 21,716</u></u>	<u><u>\$ 171,068</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	
\$ 401,250	\$ 169,071	\$ 873,071	\$ 3,765	
-	75,854	75,854	-	
-	1,805	3,781	10,189	
-	4,514	10,913	464,030	
(76,397)	(60,967)	(227,225)	(58,433)	
(69,951)	(128,253)	(325,552)	(69,770)	
-	-	-	(46,823)	
-	-	-	(258,420)	
-	-	-	(31,155)	
-	-	-	(3,051)	
-	(38,558)	(45,003)	-	
1,030	1,420	14,220	42,950	
-	(1,452)	(6,953)	(185)	
<u>255,932</u>	<u>23,434</u>	<u>373,106</u>	<u>53,097</u>	
-	2,788	3,288	2,221	
-	-	-	-	
-	-	(11,905)	-	
-	-	(28,967)	-	
-	86	34,315	(5,074)	
(21,154)	(15,229)	(61,196)	60,532	
<u>(21,154)</u>	<u>(12,355)</u>	<u>(64,465)</u>	<u>57,679</u>	
52,322	-	52,485	-	
20,160	11	20,542	372	
299,782	-	299,782	-	
(826)	-	(826)	-	
-	27,819	30,151	97	
-	3,183	3,183	-	
(25,000)	-	(25,000)	-	
(265,224)	(49,082)	(377,898)	(46,060)	
(213,525)	(3,369)	(231,025)	(7,908)	
-	-	(3,234)	(9,656)	
(54,958)	(6,627)	(73,004)	(7,575)	
-	1,115	1,115	-	
<u>(187,269)</u>	<u>(26,950)</u>	<u>(303,729)</u>	<u>(70,730)</u>	
55,026	-	55,026	-	
(5,038)	(263)	(24,364)	-	
2,000	-	2,000	-	
16,418	9,448	34,845	2,247	
<u>68,406</u>	<u>9,185</u>	<u>67,507</u>	<u>2,247</u>	
115,915	(6,686)	72,419	42,293	
527,678	400,488	1,206,401	183,020	
<u>\$ 643,593</u>	<u>\$ 393,802</u>	<u>\$ 1,278,820</u>	<u>\$ 225,313</u>	

*(continued)*

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

(Continued)

Business-Type Activities - Enterprise Funds

<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>		Gas Utility	Water Utility	Tidelands Operating
Operating Income (Loss)		\$ 38,452	\$ 2,353	\$ (68,107)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for)				
Operating Activities:				
Depreciation and Amortization Expense	7,596	13,025	21,480	
Other Income	-	2,981	7,406	
Other Expense	(533)	(650)	(2,935)	
(Increase) Decrease in Accounts Receivable, Net	(512)	(782)	11,933	
Increase in Amounts Due to Other Governments	-	-	-	
(Increase) Decrease in Amounts Due from Other Governments	-	-	(109)	
(Increase) Decrease in Amounts Due from Other Funds	4,532	4,691	(2,805)	
(Increase) Decrease in Inventory	(890)	10,484	-	
(Increase) Decrease in Other Assets	23,611	-	-	
Increase in Other Non-Operating Assets	-	-	-	
Decrease in Other Liabilities	-	-	-	
Increase (Decrease) in Accounts Payable	(173)	(281)	4,686	
Increase (Decrease) in Accrued Wages Payable	1,211	2,873	8,378	
Increase (Decrease) in Amounts Due to Other Funds	2,370	(3,074)	6,462	
Increase in Accrued Claims Payable	-	-	-	
Increase in Unearned Revenues	90	-	(85)	
Increase (Decrease) in Collections Held in Trust	(66)	(100)	228	
Total Adjustments	37,236	29,167	54,639	
Net Cash Provided by (Used for) Operating Activities	\$ 75,688	\$ 31,520	\$ (13,468)	

NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:

Amortization of Bond Premium (Discount), Net	\$ 23,428	\$ -	\$ 514
Accrued Capital Assets	-	-	-
Accrued Oilfield Abandonment Costs	-	-	-
Amortization of Deferred Outflows on Debt Refunding	-	-	(445)
Amortization of Deferred Inflows on Debt Refunding	-	-	-
Accrued Transfers to Other Fund	-	-	-
Borrowing under Capital Lease or Other Long-term Debt	-	-	-
Discontinued Capital Projects	-	-	-

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

Business-Type Activities - Enterprise Funds			Governmental Activities	
Harbor	Other Proprietary Funds	Total Proprietary Funds	Internal Service Funds	
\$ 106,270	\$ (20,256)	\$ 58,712	\$ 2,303	

149,652	16,567	208,320	26,624
1,030	1,420	12,837	42,950
4,651	(1,452)	(919)	(185)
522	18,655	29,816	(3,732)
-	-	-	-
-	(2,568)	(2,677)	(30)
-	6,864	13,282	(11,624)
-	(60)	9,534	-
-	91	23,702	(28,369)
-	-	-	-
-	-	-	-
(12,154)	(6,042)	(13,964)	13,557
4,342	4,399	21,203	21,134
-	3,430	9,188	(17,523)
(700)	-	(700)	8,480
2,319	1,655	3,979	-
-	731	793	(488)
<b>\$ 149,662</b>	<b>\$ 43,690</b>	<b>\$ 314,394</b>	<b>\$ 50,794</b>
<b>\$ 255,932</b>	<b>\$ 23,434</b>	<b>\$ 373,106</b>	<b>\$ 53,097</b>

\$ 21,270	\$ 59	\$ 45,271	\$ -
65,887	-	65,887	-
-	(16,000)	(16,000)	-
(2,443)	(13)	(2,901)	-
3,621	-	3,621	-
19,931	-	19,931	-
-	-	-	99,287
2,280	-	2,280	-

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, 2020  
 (In Thousands)

	Private Purpose Trust Funds	Custodial Funds
<b>ASSETS:</b>		
Pooled Cash and Cash Equivalents	\$ 655	\$ 14,411
Non-Pooled Investments	-	1,095
Non-Pooled Cash and Cash Equivalents	-	8,550
Property Taxes Receivable	-	123
Accounts Receivable	-	1,024
Prepaid Expense	-	8
Land	-	11,000
<b>Total Assets</b>	<b>655</b>	<b>36,211</b>
<b>LIABILITIES:</b>		
Accounts Payable	-	551
<b>Total Liabilities</b>	<b>-</b>	<b>551</b>
<b>NET POSITION:</b>		
Restricted for:		
Miller Library Trust	650	-
Mayor's Fund for the Homeless	5	-
Oil Rights	-	1,805
Special Assessment Districts	-	10,814
Intermodal Container Transfer Facility	-	8,161
Los Cerritos Wetlands Authority	-	11,195
Other Custodial Funds	-	3,685
<b>Total Restricted Net Position</b>	<b>\$ 655</b>	<b>\$ 35,660</b>

**City of Long Beach**  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Fiscal Year Ended September 30, 2020  
 (In Thousands)

	Private Purpose Trust Funds	Custodial Funds
<b>ADDITIONS:</b>		
Contributions	\$ -	\$ 5,316
Taxes	-	8,542
Grants	-	557
Use of Money and Property	17	549
Miscellaneous Revenue	-	323
<b>Total Additions</b>	<b>17</b>	<b>15,287</b>
<b>DEDUCTIONS:</b>		
Administrative Expense	58	42
Payments to Bond Holders	-	6,447
Payments to Others	-	5,191
<b>Total Deductions</b>	<b>58</b>	<b>11,680</b>
Change in Net Position	(41)	3,607
<b>Net Position, October 1</b>	<b>696</b>	<b>32,053</b>
<b>Net Position, September 30</b>	<b>\$ 655</b>	<b>\$ 35,660</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

**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* (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 Special Revenue 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.

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

*Long Beach Community Investment Company* (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 which have been fully paid off. The City Council appoints the SERRF's members of the Board and has authority to remove appointed members of the Board at will. The City Council also has the ability to appoint, hire, reassign, or dismiss those persons responsible for the day-to-day operations and management of the SERRF. The financial activities of SERRF are included in the Solid Waste Management Enterprise Fund.

**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 as follows:

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

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

**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 the LBT's sole stakeholder.

The 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. The LBT's mission is "to provide public transit services that enhance and improve the quality of life for the people in our community."

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

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

**Government-wide and Fund Financial Statements**

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

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

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

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

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

The government-wide, proprietary, fiduciary private purpose trust and custodial funds 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,

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

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 and if collection is expected within the next fiscal year.

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 and collected within a year, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and taxpayer-assessed tax revenues (e.g., franchise taxes, sales taxes, motor vehicle fees, etc.), net of estimated refunds and uncollectible amounts, and interest associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period.
- An expenditure is recorded when the related liability is incurred. Principal and interest on long-term debt are recorded when payment is due.
- Expenditures are presented in functional categories such as general government and public safety. For the City, the amounts presented include an allocation of indirect costs.
- Disbursements for the purchase of capital assets providing future benefits are considered expenditures. Bond proceeds are reported as other financing sources.

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

The City reports the following major governmental and enterprise funds:

**Major Governmental Funds**

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

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

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

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

**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 *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).

The City also reports the following other fund types:

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

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

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

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

**City of Long Beach Investment Pool**

The City pools the cash resources of its various funds into the City of Long Beach Investment Pool (Pool). The Pool is an internal investment pool that is used to facilitate the management of cash and provide

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

income through conservative investment activities. The Pool is used as a demand deposit account by the various funds.

The Pool's investments are designed to meet any demand for funding by using a combination of short-term on demand accounts and highly liquid investments. Interest income arising from pooled investments is apportioned to the participating funds based on the relationship of their respective daily cash balances to the total of pooled cash and investments.

One of the Pool's highly liquid investments is the Local Agency Investment Fund (LAIF), a money market like external investment pool. The fair value of the City's investment in the LAIF pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF, for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The City is a voluntary participant in the LAIF which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California.

**Cash Equivalents**

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

**Fair Value**

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

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

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

The City's investments, including the individual holdings of the Pool, are valued at fair value and consist primarily of U.S. Treasury Notes, Federal Agency Securities and units of the LAIF. See Note 4 and Note 12 to the basic financial statements 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."

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.

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

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 and donated works of art and similar items are recorded at acquisition value (an entry price) at the date of donation. The costs of normal maintenance and repairs that do not add to the value or materially extend asset lives are not capitalized.

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

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

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

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

Long-Term Obligations

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

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.

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

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) Miscellaneous and Safety Plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Employee Benefits, Compensated Absences and Termination Benefits

Excluding the residual balance of a City-administered Police and Fire Annuity Benefit Program that was terminated in 1945, historically, benefits for City employees have been paid and compensated leave balances at year-end have been reported in the City's Employee Benefits Internal Service Fund (EBF).

For the fiscal year ended September 30, 2020, a proprietary fund liability is accrued for leave benefits in the respective fund's statement of net position. The City's policy is to pay all accumulated vacation and holiday pay when an employee retires or terminates. Beginning August 1, 2007, management employees, upon retirement, may have 75 percent of their outstanding vacation leave converted to sick leave. Vacation and holiday benefits are recognized when earned. The City also allows retirees the option of purchasing additional pension benefits from CalPERS with their unused sick leave balances.

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

Accumulated sick leave becomes vested only when an employee meets the City's minimum requirements for retirement. Accumulated sick leave is forfeited upon termination for reasons other than retirement. In accordance with the City's Personnel Ordinance, upon retirement from the City, the City allows retirees, their spouses, and eligible dependents to use the cash value at retirement of the retiring employee's accumulated unused sick leave to pay for health, dental, and long-term care insurance premiums until such time as the unused sick leave is exhausted.

The conversion of unused sick leave for postemployment benefits is reflected as accrued compensated absences benefits and accrued as other post-employment benefits (OPEB) liability in the accompanying financial statements. The OPEB liability of \$7.0 million associated with governmental funds will be reported within the government-wide financial statements.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

As of September 30, 2020, the City has recorded compensated absence and OPEB liabilities in the following categories and funds (in thousands):

Recorded In	Reported in Fund Financial Statements as			
	Compensated Absences		Total OPEB	
	Vacation	Sick	Liability	Total
<i>IS Funds</i>	\$ 46,513	\$ 105,572	\$ 525	\$ 152,610
<i>Enterprise Funds</i>	13,273	30,070	2,140	45,483
<b>Total</b>	<b>\$ 59,786</b>	<b>\$ 135,642</b>	<b>\$ 2,665</b>	<b>\$ 198,093</b>

Recorded In	Reported In Government-wide Financial Statements as			
	Employee Benefits		Total OPEB	
	Vacation	Sick	Liability	Total
<i>Governmental Activities</i>	\$ 46,513	\$ 122,762	\$ 7,515	\$ 176,790
<i>Business-Type Activities</i>	13,273	34,966	2,140	50,379
<b>Total</b>	<b>\$ 59,786</b>	<b>\$ 157,728</b>	<b>\$ 9,655</b>	<b>\$ 227,169</b>

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 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. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time, except for pension and OPEB related deferred inflows of resources, which will be recognized as a credit to expense. 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 represents amounts restricted by parties outside of the City, such as creditors, grantors, or laws and regulations of other governments. Nonexpendable portions of the private-purpose trust funds are reported as held in trust. All other net position is considered unrestricted. When both the restricted and unrestricted components of net position are available, restricted resources are used first and then unrestricted resources are used to the extent necessary. At September 30, 2020, the restricted net position balances were \$440 thousand and \$307 thousand for governmental activities and business type activities, respectively.

Fund balance reported in governmental funds is calculated as assets and deferred outflows of resources less liabilities and deferred inflows of resources. There are five categories of fund balances, 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.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

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

<b>Classification</b>	<b>Definition</b>	<b>Examples</b>
<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.

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

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 2020 budget prior to September 30, 2019 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 an 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, 2020, the reserve balance within the Subsidence Fund is \$190.9 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund without interest and with repayment commencing in fiscal year 2008 in equal annual installments of \$500 thousand for up to 20 years. This action was taken to assist the City in making \$5 million contributions to the State in fiscal years 2005 and 2006. At September 30, 2020, the remaining loan balance was \$1.1 million.

**Implementation of New Accounting Pronouncements**

The City applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations. Application of the following Statements was effective for the City's fiscal year ended September 30, 2020:

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 City elected to early implement this Statement during the fiscal year 2020. Application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2020.

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In May of 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objectives of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement are effective immediately upon issuance.

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

In June of 2017, the GASB issued Statement No. 87, *Leases*. This Statement is effective for the City's fiscal year ending September 30, 2022.

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests Interests – an Amendment of GASB Statements No. 14 and No. 61*. This Statement is effective for the City's fiscal year ending September 30, 2021.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is effective for the City's fiscal year ending September 30, 2023.

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement is effective for the City's fiscal year ending September 30, 2022.

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement is effective for the City's fiscal year ending September 30, 2022.

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is effective for the City's fiscal year ending September 30, 2023.

In May of 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement is effective for the City's fiscal year ending September 30, 2023.

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement is effective for the City's fiscal year ending September 30, 2022.

#### 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.

#### Risks and Uncertainties

The COVID-19 pandemic has negatively affected national, state, and local economies along with global financial markets and the local government landscape in general. While the future impact of the COVID-19 pandemic cannot be quantified at this time, the City continues to monitor its course and, if necessary, is prepared to take additional measures to protect the health and welfare of the City.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**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	\$ 366,398	\$ -	\$ 222,332	\$ (399,817)	\$ 188,913
Non-Pooled Cash and Cash Equivalents	32,247	-	2,981	-	35,228
Pooled Investments	-	-	-	180,548	180,548
Interest Receivable	2	168	1	-	171
Property Taxes Receivable, Net	109,161	-	-	(5,445)	103,716
Accounts Receivable	36,384	-	5,337	(41,721)	-
Notes and Loans Receivable	-	-	-	-	-
Due from Other Governments	102,813	-	30	-	102,843
Due from Other Funds	42,613	-	33,236	(75,849)	-
Allowance for Receivables	(17,252)	-	(24)	17,276	-
Accounts and Loans Receivables, Net	-	-	-	29,890	29,890
Internal Balances	-	-	-	37,131	37,131
Deposits	-	-	7,697	(7,697)	-
Inventory	102	-	2,860	-	2,962
Other Assets	3,059	-	29,369	7,697	40,125
Advances to Other Funds	3,809	-	6,160	(9,969)	-
Land Held for Resale	5,874	-	-	-	5,874
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	219,269	219,269
Other Noncurrent Receivables	219,802	-	-	-	219,802
Capital Assets:					
Nondepreciable	-	321,979	43,417	-	365,396
Depreciable, Net	-	246,096	438,889	-	684,985
Other Noncurrent Assets	-	-	6,375	-	6,375
Total Assets	905,012	568,243	798,660	(48,687)	2,223,228
Deferred Outflows of Resources	-	-	8,893	72,320	81,213
Total Assets and Deferred Outflows of Resources	<u>\$ 905,012</u>	<u>\$ 568,243</u>	<u>\$ 807,553</u>	<u>\$ 23,633</u>	<u>\$2,304,441</u>

*(continued)*

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

	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	\$ 48,232	\$ -	\$ 25,096	\$ -	\$ 73,328
Accrued Wages and Benefits Payable	19,093	-	19,775	-	38,868
Accrued Interest Payable	-	2,439	1,190	-	3,629
Due to Other Governments	241	-	-	-	241
Due to Other Funds	47,836	-	23,766	(71,602)	-
Unearned Revenue	47,773	(9,532)	-	10,385	48,626
Accrued Claims	-	-	-	-	-
Deposits and Collections Held in Trust	6,896	-	3,489	(10,385)	-
Advances from Other Funds	6,023	-	-	(6,023)	-
Long-term Liabilities Due Within One Year:					
Bonds Payable	-	20,733	8,307	(29,040)	-
Certificates of Participation Payable	-	-	-	-	-
Notes Payable	-	1,577	-	(1,577)	-
Capital Leases Payable	-	-	7,282	(7,282)	-
Other Long-term Obligation	-	-	5,099	(5,099)	-
Environmental Remediation	-	713	235	(948)	-
Accrued Self Insurance Claims Payable	-	-	32,013	(32,013)	-
Total Employee Benefits and Accrued LT Oblig	-	-	53,550	32,961	86,511
Total LT Debt and Other LT Obligations	-	-	-	42,998	42,998
Long-term Liabilities Due Beyond One Year:					
Bonds Payable	-	244,246	18,232	(262,478)	-
Notes Payable	-	6,380	-	(6,380)	-
Capital Leases Payable	-	25,000	37,394	(62,394)	-
Other Long-term Obligation	-	-	289,765	(289,765)	-
Police and Fire Annuities Payable	-	5,765	-	(5,765)	-
Estimated Oil Field Abandonment Costs Payable	-	21,530	-	(21,530)	-
Environmental Remediation	-	(1)	965	(964)	-
Accrued Self Insurance Claims Payable	-	-	148,023	(148,023)	-
Employee Benefits Payable	-	-	115,724	(115,724)	-
Total OPEB Liability	-	6,990	525	-	7,515
Net Pension Liability	-	808,401	72,746	-	881,147
Total Employee Benefits and Accrued LT Oblig	-	-	-	292,006	292,006
Total LT Debt and Other LT Obligations	-	-	-	621,017	621,017
Total Liabilities	176,094	1,134,241	863,176	(77,625)	2,095,886
Deferred Inflows of Resources	321,597	-	5,030	(159,159)	167,468
Fund Balance / Net Position					
Total Fund Balance / Net Position	407,321	(565,998)	(60,653)	260,417	41,087
Total Liabilities, Deferred Inflows and					
Fund Balance / Net Position	\$ 905,012	\$ 568,243	\$ 807,553	\$ 23,633	\$ 2,304,441

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.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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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	\$ 422,976	\$ -	\$ -	\$ -	\$ 422,976
Franchise Fees	16,481	-	-	-	16,481
Licenses and Permits	48,803	-	-	(48,803)	-
Fines and Forfeitures	16,354	-	-	(16,354)	-
<b>Use of Money and Property /</b>					
Unrestricted Investment Earnings	39,543	-	2,245	(30,362)	11,426
From Other Agencies	290,748	-	-	(290,748)	-
Charges for Services	44,621	-	-	(44,621)	-
Other	10,236	-	-	(10,236)	-
<b>Program Revenue:</b>					
Charges for Services	-	-	7,543	149,686	157,229
Operating Grants and Contributions	-	(25,000)	-	225,489	200,489
Capital Grants and Contributions	-	-	-	65,232	65,232
<b>Other Financing Sources :</b>					
Gain on Sale of Capital Assets	11,062	(11,064)	-	-	(2)
Capital Asset Transfers, Net	-	-	(37)	-	(37)
<b>Other Revenue</b>					
Transfers, Net	(28,576)	-	55,457	-	26,881
<b>Total Revenues</b>	<b>872,248</b>	<b>(36,064)</b>	<b>65,208</b>	<b>(717)</b>	<b>900,675</b>
<b>Expenditures / Expenses:</b>					
<b>Current:</b>					
Legislative and Legal	13,108	1,173	(1,126)	-	13,155
General Government	40,577	2,730	(2,899)	-	40,408
Public Safety	369,052	40,546	(20,109)	-	389,489
Public Health	69,773	4,378	(2,271)	-	71,880
Community and Cultural	188,806	11,836	(2,037)	(8,235)	190,370
Public Works	61,459	75,991	(1,383)	-	136,067
Oil Operations	2,572	(797)	-	-	1,775
Capital Improvements	-	-	-	-	-
Capital Improvements	73,355	(73,355)	-	-	-
<b>Debt Service:</b>					
Principal	20,072	(20,072)	-	-	-
Interest on Long-Term Debt	13,679	(1,810)	7,186	-	19,055
Debt Administration Fees	24	(24)	-	-	-
<b>Total Expenditures / Expenses</b>	<b>852,477</b>	<b>40,596</b>	<b>(22,639)</b>	<b>(8,235)</b>	<b>862,199</b>
<b>Net Change in Fund Balances</b>	<b>\$ 19,771</b>	<b>\$ (76,660)</b>	<b>\$ 87,847</b>	<b>\$ 7,518</b>	<b>\$ 38,476</b>

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

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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**NOTE 4 – CASH AND INVESTMENTS**

Cash and investments as of September 30, 2020 are classified in the accompanying financial statements as follows (in thousands):

**Cash and Investments**

Pooled cash and investments	\$ 1,857,987
Non-pooled cash and investments	<u>123,914</u>
Total cash and investments	<u><u>\$ 1,981,901</u></u>

Cash and investments as of September 30, 2020 consist of the following:

Cash and deposits	\$ 286,067
Investments	<u>1,695,834</u>
Total cash and investments	<u><u>\$ 1,981,901</u></u>

A breakdown of cash, cash equivalents, and investments between the basic financial statements and the fair value of the investment portfolio at September 30, 2020 is as follows (in thousands):

	<i><b>Governmental Business-type Fiduciary</b></i>			
	<i><b>Activities</b></i>	<i><b>Activities</b></i>	<i><b>Funds</b></i>	<i><b>Total</b></i>
Pooled Cash and Cash Equivalents	\$ 188,913	\$ 398,179	\$ 15,066	\$ 602,158
Non-Pooled Cash and Cash Equivalents	35,228	24,629	8,550	68,407
Pooled Investments	180,548	386,555	-	567,103
Non-Pooled Investments	-	-	1,095	1,095
Noncurrent Pooled Investments	219,269	469,457	-	688,726
Restricted Assets:				
Non-Pooled Investments	-	54,412	-	54,412
Total Cash and Investments	<u><u>\$ 623,958</u></u>	<u><u>\$ 1,333,232</u></u>	<u><u>\$ 24,711</u></u>	<u><u>\$ 1,981,901</u></u>

**Investments Authorized by Debt Agreements**

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

**Investments with Fair Values Highly Sensitive to Interest Rate Risk**

The City had no investments that were highly sensitive to market interest rate changes as of September 30, 2020. 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.

**City of Long Beach**  
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<b><i>Authorized Investment Type</i></b>	<b><i>Maximum Maturity</i></b>	<b><i>Maximum Percentage of Portfolio</i></b>	<b><i>Maximum Investment in One Issuer</i></b>
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, 2020 (in thousands):

<b><i>Investment Type</i></b>		<b><i>Weighted Average Maturity (in years)</i></b>
	<b><i>Fair Value</i></b>	
Pooled Cash and Investments		
Money market mutual funds	\$ 748	-
U.S. Treasury notes	986,705	1.12
Federal agency securities	395,074	2.23
Local Agency Investment Fund (LAIF)	192,281	0.46
Subtotal Pooled Cash and Investments	1,574,808	
Cash and deposits	283,179	N/A
Total Pooled Cash and Investments	<u><u>\$ 1,857,987</u></u>	
Non-Pooled Cash And Investments		
Money market mutual funds	\$ 64,844	-
U.S. Treasury notes	30,681	1.60
Guaranteed Investment Contracts (GIC)	25,501	17.14
Subtotal Non-Pooled Cash And Investments	121,026	
Cash and deposits	2,888	N/A
Total Non-Pooled Cash And Investments	<u><u>\$ 123,914</u></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, 2020 for each investment type (in thousands):

Investment Type	Rating as of Year End					
	Minimum					
	Legal Rating	Total	AAA	AA+	Unrated	
Pooled cash and investments						
Money market mutual funds	N/A	\$ 748	\$ -	\$ -	\$ 748	
U.S. Treasury notes	N/A	986,705	-	-	986,705	
Federal agency securities	N/A	395,074	-	395,074	-	
Local Agency Investment Fund (LAIF)	N/A	192,281	-	-	192,281	
Cash and deposits	N/A	283,179	-	-	283,179	
Total pooled cash and investments		<u>\$ 1,857,987</u>	<u>\$ -</u>	<u>\$ 395,074</u>	<u>\$ 1,462,913</u>	
Non-pooled cash and investments						
Cash and deposits	N/A	\$ 2,888	\$ -	\$ -	\$ 2,888	
Money market mutual funds	N/A	64,844	-	-	64,844	
U.S. Treasury notes	N/A	30,681	-	-	30,681	
Guaranteed Investment Contracts (GIC)	N/A	25,501	-	-	25,501	
Total non-pooled cash and investments		<u>\$ 123,914</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,914</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):

Issuer	Investment Type	Reported Amount
U.S. Treasury	U.S. Treasury bills and notes	\$ 986,705
Federal National Mtg Assn	Federal agency securities	167,141
Federal Home Loan Bank	Federal agency securities	139,277
Local Agency Investment Fund (LAIF)	Local agency securities	192,281

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits. The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided

**City of Long Beach**  
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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, 2020, the City reported deposits of \$300.0 million, collateralized in compliance with California Government Code, \$13.9 million for checks outstanding.

**Fair Value Hierarchy**

The City has the following recurring fair value measurements as of September 30, 2020:

- U.S. Treasury Notes totaling \$1.0 billion and Federal Agencies securities totaling \$395.0 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 \$192.2 million is measured at fair value, however, the investment is not required to be leveled.
- Money Market Funds and Guaranteed Investment Contracts totaling \$65.6 million and \$25.5 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, 2020 (in thousands):

<b><i>Investments at Fair Value Level</i></b>	<b><i>Total</i></b>	<b><i>Fair Value Measurement</i></b>		
		<b><i>Level 1</i></b>	<b><i>Level 2</i></b>	<b><i>Level 3</i></b>
Debt Securities				
U.S. Treasury notes	\$ 1,017,386	\$ -	\$ 1,017,386	\$ -
Federal agency securities	395,074	-	395,074	-
Total investments at fair value	1,412,460	\$ -	\$ 1,412,460	\$ -
<b><i>Other Investments at Fair Value</i></b>				
Local Agency Investment Fund (LAIF)	192,281			
<b><i>Other Investments at Cost or Contract Value</i></b>				
Money market mutual funds	65,592			
Guaranteed investment contracts	25,501			
Total investments	<u>\$ 1,695,834</u>			

**NOTE 5 – RECEIVABLES**

Governmental activities interest receivable in the Statement of Net Position includes \$168 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.

**City of Long Beach**  
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Receivables at September 30, 2020 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):

	<i>General Fund</i>	<i>General Capital Projects</i>	<i>Housing Assistance Special Revenue</i>	<i>Nonmajor Governmental Funds</i>	<i>Internal Service Funds</i>	<i>Total</i>
Governmental Activities:						
Receivables:						
Interest <sup>1</sup>	\$ 1	\$ 1	\$ -	\$ -	\$ 1	\$ 3
Taxes	109,161	-	-	-	-	109,161
Accounts	27,437	308	143	8,496	5,337	41,721
Due from Other Governments	32,497	14,077	1,414	54,825	30	102,843
Other Noncurrent Receivables	-	-	-	219,802	-	219,802
Total Receivables	169,096	14,386	1,557	283,123	5,368	473,530
Less: Allowance for Receivables	(11,151)	(63)	(107)	(5,931)	(24)	(17,276)
Net Receivables	<u>\$ 157,945</u>	<u>\$ 14,323</u>	<u>\$ 1,450</u>	<u>\$ 277,192</u>	<u>\$ 5,344</u>	<u>\$ 456,254</u>

<sup>1</sup> Excludes \$168 thousand for Build America Subsidy

	<i>Gas Utility</i>	<i>Water Utility</i>	<i>Tidelands Operating</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Total</i>
Business-type Activities:						
Receivables:						
Interest	\$ 21	\$ 11	\$ 67	\$ 9	\$ 38	\$ 146
Accounts	11,499	8,914	4,387	78,667	21,530	124,997
Notes and Loans Receivable	-	-	-	25,834	-	25,834
Due from Other Governments	-	1,892	111	42,900	18,787	63,690
Total Receivables	11,520	10,817	4,565	147,410	40,355	214,667
Less: Allowance for Receivables	(1,082)	(507)	(752)	(3,373)	(1,905)	(7,619)
Net Receivables	<u>\$ 10,438</u>	<u>\$ 10,310</u>	<u>\$ 3,813</u>	<u>\$ 144,037</u>	<u>\$ 38,450</u>	<u>\$ 207,048</u>

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

The composition of interfund balances as of September 30, 2020 is as follows (in thousands):

	<i>Receivable - Due To:</i>				
	<i>General</i>	<i>General Capital Projects</i>	<i>Nonmajor Governmental Funds</i>	<i>Gas Utility</i>	<i>Water Utility</i>
			<i>General</i>		
Payable - Due From:					
General	\$ -	\$ 6	\$ 1,970	\$ -	\$ -
General Capital Projects	2,929	-	-	-	-
Nonmajor Governmental	27,995	-	103	-	-
Gas Utility	2,427	-	-	-	-
Water Utility	521	8	-	-	-
Tidelands Operating	-	15	-	-	-
Harbor	924	-	464	-	-
Nonmajor Proprietary	27	8	-	-	-
Internal Service	4,200	-	1,016	304	896
Total Due To	<u>\$ 39,023</u>	<u>\$ 37</u>	<u>\$ 3,553</u>	<u>\$ 304</u>	<u>\$ 896</u>

**City of Long Beach**  
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	<i>Receivable - Due To:</i>					
	<i>Tidelands Operating</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Internal Service Funds</i>	<i>Total Due From</i>	
<b>Payable - Due From:</b>						
General	\$ -	\$ -	\$ 500	\$ 12,487	\$ 14,963	
General Capital Projects	4	-	-	182	3,115	
Housing Assistance Special Revenue	-	-	-	99	99	
Nonmajor Governmental	-	-	-	1,561	29,659	
Gas Utility	-	-	-	649	3,076	
Water Utility	-	-	-	546	1,075	
Tidelands Operating	-	-	-	845	860	
Harbor	19,931	-	-	2,193	23,512	
Nonmajor Proprietary	2,000	-	-	3,078	5,113	
Internal Service	3,104	451	2,199	11,596	23,766	
<b>Total Due To</b>	<b>\$ 25,039</b>	<b>\$ 451</b>	<b>\$ 2,699</b>	<b>\$ 33,236</b>	<b>\$ 105,238</b>	

	<i>Receivable - Advances To:</i>					
	<i>Nonmajor Governmental</i>	<i>Nonmajor Proprietary</i>	<i>Internal</i>	<i>Total</i>		
	<i>Funds</i>	<i>Harbor</i>	<i>Funds</i>	<i>Service</i>	<i>Advances From</i>	
<b>Payable - Advances From:</b>						
General	\$ -	\$ -	614	\$ -	\$ 614	
Nonmajor Governmental	3,809	-	-	1,600	5,409	
Tidelands Operating	-	1,210	-	-	1,210	
Harbor	-	-	-	4,560	4,560	
<b>Total Advances To</b>	<b>\$ 3,809</b>	<b>\$ 1,210</b>	<b>\$ 614</b>	<b>\$ 6,160</b>	<b>\$ 11,793</b>	

Due to / Due from Other Funds

The General Fund has provided \$28.0 million to non-major governmental funds. Of this amount, \$25.0 million was provided to various grant funds to cover operating expenses prior to receipt of reimbursements. In addition, the General Fund provided the General Grants Fund \$3.0 million for temporary cash flow in order to cover expenses for the Workforce Development Grant.

The City, under authority of the City Charter Chapter XII, Section 1209(c)(4), and with the approval of the Board of Harbor Commissioners, adopted a resolution to transfer 5 percent of the Harbor operating revenues to the Tidelands Operating Fund. The amount accrued for the Harbor's 2020 operating revenues is \$20.0 million and will be paid in fiscal year 2021.

The City, as authorized by Measure M, accrued a due from the Gas Utility of \$1.7 million for the 4<sup>th</sup> quarter of fiscal year 2020.

The General Fund recorded a total due to Internal Services Funds of \$12.5 million. Of this amount, \$9.8 million pertains to wages and benefits accrued at fiscal year-end in the Employee Benefit Fund to be reimbursed by the General Fund in the subsequent fiscal period.

Employee Benefits Fund recorded a due to other funds of \$9.0 million for the distribution of accrued paid time off liabilities to the owner proprietary funds.

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

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

The Subsidence Fund advanced interest earnings on reserves to the General fund in the amount of \$4.1 million in both fiscal years 2005 and 2006. In fiscal year 2007, the General Fund started repayment of \$500 thousand per year at zero percent interest. The balance outstanding as of September 30, 2020 is \$1.1 million, of which \$614 thousand 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, 2020.

In fiscal year 2011, the Harbor Fund advanced \$1.3 million to the Tidelands Operating fund to move forward with the Colorado Lagoon Restoration Project. The advance funding will be applied to the value of future mitigation credits and as matching funds for a grant from the State Water Resources Control Board. The balance outstanding as of September 30, 2020 is \$1.2 million.

In fiscal year 2020, the City identified paid time off amounts paid in prior years by the Employee Benefit Fund on behalf of Harbor Fund employees. Repayment for these costs by the Harbor Fund will be over a ten-year period. The balance outstanding as of September 30, 2020 is \$5.0 million, of which \$4.5 million is long-term and \$500 thousand is current.

**Interfund Transfers**

The City regularly executes transfers from one fund to another, such as for the reimbursement of services. At September 30, 2020, interfund transfers are as follows (in thousands):

	<i>Transfers In:</i>								
	<i>General</i>		<i>Housing</i>		<i>Nonmajor</i>		<i>Nonmajor</i>		<i>Internal</i>
	<i>General</i>	<i>Capital</i>	<i>Assistance</i>	<i>Special Revenue</i>	<i>Governmental</i>	<i>Tidelands</i>	<i>Proprietary</i>	<i>Service</i>	<i>Total</i>
<b><i>Transfers Out:</i></b>									
General	\$ -	\$ 31,889	\$ 230		13,242	\$ -	\$ 86	\$ 46,618	\$ 92,065
General Capital Projects	2,444	-			5,291	-	-	1,468	9,203
Nonmajor Governmental	40,474	2,605			454	-	-	9,971	53,504
Gas Utility	13,535	-			-	-	-	330	13,865
Water Utility	10,450	-			-	-	-	-	10,450
Tidelands Operating	-	41			-	-	-	457	498
Harbor	-	-			182	19,931	-	1,041	21,154
Nonmajor Proprietary	15	599			-	14,298	-	318	15,230
Internal Service Funds	4,745	-			-	-	-	329	5,074
Total Transfers In	<b>\$71,663</b>	<b>\$ 35,134</b>	<b>\$ 230</b>	<b>\$ 19,169</b>	<b>\$ 34,229</b>	<b>\$ 86</b>	<b>\$ 60,532</b>	<b>\$ 221,043</b>	

**City of Long Beach**  
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Significant transfers include the following:

The General Fund transferred \$46.6 million to Internal Service Funds in fiscal year 2020. Of this amount, the General Fund transferred \$43.0 million to the Employee Benefits Internal Service Fund for pension contribution expenses. These expenses were offset with a reduction of expenditures in the General Fund.

The General Fund transferred \$31.9 million to the General Capital Projects funds to fund various capital projects. Of this amount, \$26.2 million was City Measure A funds.

The General Fund transferred a total of \$13.4 million to non-major governmental funds in fiscal year 2020. Of this \$5.9 million was transferred to the General Debt Service Fund for debt service payments and fiscal agent fees.

Non-major Governmental Funds transferred \$40.4 million to the General Fund. Of this \$40.0 million was reimbursement for Covid-19 eligible expenditures funded by the CARES Act.

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

The Harbor transferred \$19.9 million to the Tidelands Operating Fund as allowed by the City Charter. The Tidelands Oil Revenue Fund transferred \$14.3 million under the optimized water flood program to the Tidelands Operating Fund

The Gas and Water Utilities transferred \$13.5 million and \$10.4 million, respectively, to the General Fund in compliance with the voter approved Measure M.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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**NOTE 7 – CAPITAL ASSETS**

Capital asset activity for governmental activity for the year ended September 30, 2020 is as follows (in thousands):

<i>Governmental Activities:</i>	<i>Balance at October 1,</i>				<i>Balance at September 30</i>	
	<i>2019</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>2020</i>	
<b>Capital Assets not being Depreciated:</b>						
Land	\$ 233,725	\$ -	\$ (10,890)	\$ -	\$ 222,835	
Rights-of-way	81,340	-	-	-	81,340	
Construction In Progress	50,621	29,845	(260)	(18,985)	61,221	
Total Capital Assets not being Depreciated	<u>365,686</u>	<u>29,845</u>	<u>(11,150)</u>	<u>(18,985)</u>	<u>365,396</u>	
<b>Capital Assets being Depreciated:</b>						
Buildings	554,266	-	-	16,779	571,045	
Improvements Other than Buildings	144,971		-	2,206	147,177	
Infrastructure	426,995	-	-	-	426,995	
Machinery and Equipment	86,749	11,456	(1,524)	-	96,681	
Vehicles and Aircraft	130,337	17,259	(8,215)	(985)	138,396	
Software and Patents	36,979	1,072	(72)	-	37,979	
Total Capital Assets being Depreciated	<u>1,380,297</u>	<u>29,787</u>	<u>(9,811)</u>	<u>18,000</u>	<u>1,418,273</u>	
<b>Less Accumulated Depreciation for:</b>						
Buildings	(126,547)	(14,202)	-	-	(140,749)	
Improvements Other than Buildings	(79,339)	(6,527)	-	-	(85,866)	
Infrastructure	(345,950)	(9,912)	-	-	(355,862)	
Machinery and Equipment	(49,134)	(5,761)	1,448	-	(53,447)	
Vehicles and Aircraft	(77,276)	(11,213)	7,830	948	(79,711)	
Software and Patents	(16,008)	(1,717)	72	-	(17,653)	
Total Accumulated Depreciation	<u>(694,254)</u>	<u>(49,332)</u>	<u>9,350</u>	<u>948</u>	<u>(733,288)</u>	
Total Capital Assets being Depreciated, Net	<u>686,043</u>	<u>(19,545)</u>	<u>(461)</u>	<u>18,948</u>	<u>684,985</u>	
Governmental Activities Capital Assets, Net	<u><u>\$ 1,051,729</u></u>	<u><u>\$ 10,300</u></u>	<u><u>\$ (11,611)</u></u>	<u><u>\$ (37)</u></u>	<u><u>\$ 1,050,381</u></u>	

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

General Government	\$ 19
Public Safety	3,223
Public Health	471
Community and Cultural	6,326
Public Works	12,669
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	26,624
Total governmental activities depreciation	<u><u>\$ 49,332</u></u>

**City of Long Beach**  
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Capital asset activity for business-type activities for the year ended September 30, 2020 is as follows (in thousands):

<i><b>Business-type Activities:</b></i>	<i><b>Balance at October 1, 2019</b></i>				<i><b>Balance at September 30, 2020</b></i>
		<i><b>Increase</b></i>	<i><b>Decrease</b></i>	<i><b>Transfers</b></i>	
<b>Capital Assets not being Depreciated:</b>					
Land	\$ 1,312,926	\$ -	\$ -	\$ 1,352	\$ 1,314,278
Rights-of-way	212,452	-	(9,148)	-	203,304
Water Rights	40	-	-	-	40
Construction In Progress	1,811,678	390,148	(8,101)	\$ (96,580)	2,097,145
<b>Total Capital Assets not being Depreciated</b>	<b>3,337,096</b>	<b>390,148</b>	<b>(17,249)</b>	<b>(95,228)</b>	<b>3,614,767</b>
<b>Capital Assets being Depreciated:</b>					
Buildings	3,965,248	1,633	(30,172)	56,943	3,993,652
Improvements Other than Buildings	682,677	-	(497)	31,360	713,540
Infrastructure	1,366,784	1	(2,354)	(121,426)	1,243,005
Machinery and Equipment	123,903	3,531	(17,297)	126,563	236,700
Vehicles and Aircraft	102,308	2,594	(249)	984	105,637
Software and Patents	26,573	-	-	1,789	28,362
<b>Total Capital Assets being Depreciated</b>	<b>6,267,493</b>	<b>7,759</b>	<b>(50,569)</b>	<b>96,213</b>	<b>6,320,896</b>
<b>Less Accumulated Depreciation for:</b>					
Buildings	(2,103,617)	(142,079)	9,377	(25,164)	(2,261,483)
Improvements Other than Buildings	(357,894)	(25,194)	339	-	(382,749)
Infrastructure	(862,044)	(28,329)	2,304	149,061	(739,008)
Machinery and Equipment	(80,119)	(7,883)	12,281	(123,898)	(199,619)
Vehicles and Aircraft	(26,566)	(3,396)	250	(947)	(30,659)
Software and Patents	(22,058)	(1,439)	1	-	(23,496)
<b>Total Accumulated Depreciation</b>	<b>(3,452,298)</b>	<b>(208,320)</b>	<b>24,552</b>	<b>(948)</b>	<b>(3,637,014)</b>
<b>Total Capital Assets being Depreciated, Net</b>	<b>2,815,195</b>	<b>(200,561)</b>	<b>(26,017)</b>	<b>95,265</b>	<b>2,683,882</b>
<b>Business-type Activities Capital Assets, Net</b>	<b>\$ 6,152,291</b>	<b>\$ 189,587</b>	<b>\$ (43,266)</b>	<b>\$ 37</b>	<b>\$ 6,298,649</b>

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

Gas Utility	\$ 7,596
Tidelands Operating	21,480
Harbor	149,652
Water Utility	13,025
Nonmajor Business-type Funds:	
Sewer Utility	2,611
Solid Waste Management	492
Tideland Oil Revenue	762
Airport	12,691
Development Services	11
<b>Total Business-type Activities Depreciation</b>	<b>\$ 208,320</b>

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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**NOTE 8 – CHANGES IN LONG-TERM LIABILITIES**

Changes in long-term liabilities for the year ended September 30, 2020 are as follows (in thousands):

	<i>Balance at October 1, 2019</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at September 30, 2020</i>	<i>Due Within One Year</i>
<b>Governmental Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ 81,495	\$ -	\$ (5,175)	\$ 76,320	\$ 6,870
Pension Obligation Bonds	13,200	-	(6,435)	6,765	6,765
Tax Allocation Bonds	209,865	-	(15,945)	193,920	15,405
Plus (Less) Unamortized Amounts:					
Premium	16,323	-	(1,756)	14,567	-
Discount	(17)	-	15	(2)	-
Total Bonds Payable	<u>320,866</u>	<u>-</u>	<u>(29,296)</u>	<u>291,570</u>	<u>29,040</u>
Notes, Loans and LOC Payable	8,241	142	(478)	7,905	577
Capital Leases	49,020	2,503	(6,847)	44,676	7,282
Police and Fire Annuities	6,365	306	(906)	5,765	-
Estimated Oil Field Abandonment Costs	22,430	-	(900)	21,530	-
Environmental Remediation	2,045	170	(303)	1,912	948
Accrued Self-Insured Claims	171,556	46,128	(37,648)	180,036	32,013
Accrued Employee Benefits	157,946	11,328	-	169,274	53,550
Total OPEB Liability	18,442	-	(10,927)	7,515	-
Net Pension Liability	824,481	56,666	-	881,147	-
Community Hospital-Seismic Work	-	25,000	-	25,000	1,000
Other LT Obligations-Civic Center	299,875	-	(5,011)	294,864	5,099
Total, Governmental Activities	<u>\$ 1,881,267</u>	<u>\$ 142,243</u>	<u>\$ (92,316)</u>	<u>\$ 1,931,194</u>	<u>\$ 129,509</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
Revenue Bonds	\$ 1,659,960	\$ 130,665	\$ (242,675)	\$ 1,547,950	\$ 57,765
Plus (Less) Unamortized Amounts:					
Premium	121,268	19,049	(17,987)	122,330	-
Discount	(29)	-	9	(20)	-
Total Bonds Payable	<u>1,781,199</u>	<u>149,714</u>	<u>(260,653)</u>	<u>1,670,260</u>	<u>57,765</u>
Notes, Loans and LOC Payable	327,414	145,000	(27)	472,387	472,078
Premium	11,641	5,068	(11,212)	5,497	-
Total Notes, Loans and Lines of Credit Payable	<u>339,055</u>	<u>150,068</u>	<u>(11,239)</u>	<u>477,884</u>	<u>472,078</u>
Capital Leases	40,356	-	(2,609)	37,747	2,686
Due to State of California	12,917	9,072	(12,917)	9,072	9,072
Estimated Oil Field Abandonment Costs	118,600	-	(16,000)	102,600	-
Fair Value of Derivative	11,923	13,862	(11,923)	13,862	-
Environmental Remediation	4,200	-	(500)	3,700	-
Accrued Claims Liability	5,450	-	(200)	5,250	5,250
Accrued Employee Benefits	41,106	7,133	-	48,239	15,214
Total OPEB Liability	4,806	-	(2,666)	2,140	-
Net Pension Liability	300,778	23,571	-	324,349	-
Site Restoration	1,000	-	-	1,000	-
Total, Business-Type Activities	<u>\$ 2,661,390</u>	<u>\$ 353,420</u>	<u>\$ (318,707)</u>	<u>\$ 2,696,103</u>	<u>\$ 562,065</u>

For governmental activities, the General Fund, other governmental funds, and Internal Service funds have been used to liquidate accrued claims liability, accrued employee benefits, litigation and self-insurance. Pension and OPEB liabilities are paid out of operating funds based on a percentage of covered payroll.

**City of Long Beach**  
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**NOTE 9 – BONDS PAYABLE**

At September 30, 2020, 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, 2020</i>
<b>GOVERNMENTAL ACTIVITIES</b>					
LEASE REVENUE BONDS:					
2012A LBBFA	11/28/12	08/01/31	4.00% - 5.00%	\$ 32,969	\$ 27,405
2016 Courthouse Demolition	01/13/16	08/01/26	2.00% - 5.00%	13,150	8,535
FALB2019A PS Parking Garage	05/22/19	08/01/39	3.00% - 5.00%	9,245	9,025
FALB2019B Lease Rev Ref Bonds	05/22/19	08/01/31	5.00%	13,350	13,350
Premium/Discount				<u>-</u>	<u>5,895</u>
Subtotal, General City Bonds				<u>68,714</u>	<u>64,210</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	7,615
2002B Downtown Project	12/05/02	11/01/22	2.25% - 5.50%	25,920	15,350
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	2,765
2005C North Long Beach Project	02/01/06	08/01/31	3.25% - 5.50%	27,145	17,080
2010A North Long Beach Recover Zone	05/12/10	08/01/40	2.39% - 8.36%	22,235	22,235
2010B North Long Beach Build America	05/12/10	08/01/25	2.39% - 8.36%	10,745	4,065
2015AB SA	06/23/15	08/01/40	4.00% - 5.00%	155,820	124,810
Premium/Discount				<u>-</u>	<u>6,901</u>
Subtotal, Tax Allocation Bonds				<u>271,625</u>	<u>200,821</u>
INTERNAL SERVICE FUND BONDS:					
2002 Pension Obligation	08/15/02	09/01/21	5.18%	76,550	6,765
2012A LBBFA IS	11/28/12	08/01/31	4.00% - 5.00%	21,661	18,005
Premium/Discount				<u>-</u>	<u>1,769</u>
Subtotal, Internal Service Fund Bonds				<u>98,211</u>	<u>26,539</u>
Total, Governmental Activities				<u>\$ 438,550</u>	<u>\$ 291,570</u>

*(continued)*

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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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, 2020</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	\$ 491,540
2007B Natural Gas Purchase	10/18/07	11/15/33	4.90% - 5.07%	251,695	69,005
Premium/Discount				-	10,209
Subtotal, Gas Utility Bonds				887,360	570,754
Tidelands Fund:					
2012 Aquarium	03/14/12	11/01/30	3.50% - 5.00%	102,580	68,325
2015 Marina	06/03/15	05/15/45	4.00% - 5.00%	114,015	109,815
2016 Rainbow	07/26/16	08/01/23	3.00% - 5.00%	19,115	8,695
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	13,695
Premium/Discount				-	11,479
Subtotal, Tidelands Bonds				263,605	222,199
Harbor Fund:					
2010A Harbor	04/22/10	05/15/25	0.40% - 5.00%	200,835	-
2010B Harbor	05/12/10	05/15/27	3.00% - 5.00%	158,085	-
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	26,265
2015B Harbor	04/16/15	05/15/25	5.00%	20,130	20,130
2015C Harbor	07/15/15	05/15/32	5.00%	66,085	66,085
2015D Harbor	07/15/15	05/15/42	5.00%	66,865	66,865
2017A Harbor	06/15/17	05/15/40	5.00%	101,610	101,610
2017B Harbor	06/15/17	05/15/43	5.00%	25,985	25,985
2017C Harbor	06/15/17	05/15/47	5.00%	42,660	42,660
2019A Harbor	07/11/19	05/15/49	5.00%	161,310	161,310
2020A Harbor	05/15/20	05/15/27	4.00% - 5.00%	55,725	55,725
2020B Harbor	05/15/20	05/15/24	3.00% - 5.00%	74,940	74,940
Premium/Discount				-	98,552
Subtotal, Harbor Bonds				1,039,645	751,827
Water Utility Fund:					
2010A Water	09/15/10	05/01/24	3.00% - 5.00%	22,740	10,740
2012 Water	08/30/12	05/01/27	2.00% - 5.00%	9,850	5,375
Premium/Discount				-	873
Subtotal, Water Utility Bonds				32,590	16,988
Non-Major Enterprise Funds:					
2009A Airport	12/08/09	06/01/22	4.00% - 5.00%	9,795	3,250
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	40,325
2010B Airport	11/23/10	06/01/40	3.00% - 5.00%	12,965	10,495
2016 Sewer	08/24/16	05/01/36	4.00% - 5.00%	9,830	8,335
Premium/Discount				-	1,197
Subtotal, Non-Major Enterprise Bonds				125,915	108,492
Total, Business-Type				2,349,115	1,670,260
Grand Total, Primary Government Bonds Payable				\$ 2,787,665	\$ 1,961,830

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**Governmental Funds**

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

Year Ending	Governmental Funds		Internal Service Funds		Annual Debt Service Requirements		
	Lease Revenue	Tax Allocation	Pension Obligation	Lease Revenue	Principal	Interest	Total
2021	\$ 5,328	\$ 15,405	\$ 6,765	\$ 1,542	\$ 29,040	\$ 13,672	\$ 42,712
2022	5,623	16,120	-	1,612	23,355	12,286	35,641
2023	5,862	19,705	-	1,683	27,250	11,207	38,457
2024	6,153	17,690	-	1,782	25,625	10,119	35,744
2025	6,444	7,720	-	1,881	16,045	8,903	24,948
2026 - 2030	20,951	44,380	-	8,254	73,585	33,051	106,636
2031 - 2035	5,429	43,935	-	1,251	50,615	15,883	66,498
2036 - 2040	2,525	28,965	-	-	31,490	4,964	36,454
Subtotal	58,315	193,920	6,765	18,005	277,005	110,085	387,090
Premium / Discount	5,895	6,901	(1)	1,770	14,565	-	14,565
<b>Totals</b>	<b>\$ 64,210</b>	<b>\$ 200,821</b>	<b>\$ 6,764</b>	<b>\$ 19,775</b>	<b>\$ 291,570</b>	<b>\$ 110,085</b>	<b>\$ 401,655</b>

**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.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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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, 2020, total principal and interest requirement for the bonds is \$282.5 million (\$193.9 million for principal and \$88.6 million for interest), payable semiannually through 2040. For the current year, tax increment revenues received and total debt service paid were \$26.5 million.

**Business-Type Funds**

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

Year Ending	Enterprise Funds					Non Major Funds	Annual Debt Service Requirements			
	Major Funds				Principal		Interest	Total		
	Gas Utility	Tidelands	Harbor	Water						
2021	\$ 13,990	\$ 12,600	24,470	\$ 3,170	\$ 3,535	\$ 57,765	\$ 77,614	\$ 135,379		
2022	16,040	13,165	35,530	3,300	3,700	71,735	75,178	146,913		
2023	18,645	13,810	37,090	3,450	3,875	76,870	71,829	148,699		
2024	21,655	11,635	38,945	3,720	4,040	79,995	67,921	147,916		
2025	25,280	12,190	32,000	795	4,220	74,485	63,968	138,453		
2026 - 2030	137,675	56,160	113,625	1,680	24,410	333,550	267,231	600,781		
2031 - 2035	108,945	29,170	88,430	-	31,075	257,620	194,335	451,955		
2036 - 2040	218,315	27,235	105,105	-	32,440	383,095	97,457	480,552		
2041 - 2045	-	34,755	117,800	-	-	152,555	37,167	189,722		
2046 - 2050	-	-	60,280	-	-	60,280	7,708	67,988		
Subtotal	560,545	210,720	653,275	16,115	107,295	1,547,950	960,408	2,508,358		
Premium / Discount	10,209	11,479	98,552	873	1,197	122,310	-	122,310		
Totals	\$ 570,754	\$ 222,199	\$ 751,827	\$ 16,988	\$ 108,492	\$ 1,670,260	\$ 960,408	\$ 2,630,668		

**New Debt Issuance**

In May 2020, the City of Long Beach (the “City”) acting by and through its Board of Commissioners (the “Board”), issued \$55.7 million in Harbor Revenue Refunding Bonds, Series 2020A (2020A Series) and \$74.9 million Revenue Refunding Bonds, Series 2020B (2020B Series). The Series 2020 Senior Bonds were issued to refund all the Series 2010 Senior Bonds.

The 2020A Series interest range is 3.0 percent to 5.0 percent interest rate per annum payable in May and November of each year, commencing in May 2020. Principal payments are due every May commencing in 2024, with bond terms maturing through the year 2027. As of February 19, 2020 (closing date), the net carrying amount of the old debt exceeded the reacquisition price by \$41.2 million. This amount is amortized using the straight-line method over the life of the new bonds and is reported as a deferred outflow of resources in the accompanying basic financial statements. The refunding transaction for the 2020A Series resulted in a total economic gain of \$9.8 million. The 2020A Series are not subject to redemption prior to maturity.

**City of Long Beach**  
Notes to the Basic Financial Statements  
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The 2020B Series interest range is 4.0 percent to 5.0 percent interest rate per annum payable in May and November of each year, commencing May 2020. Principal payments are due every May commencing in 2021, with bond terms maturing through the year 2024. As of February 19, 2020 (closing date), the net carrying amount of the old debt exceeded the reacquisition price by \$45.5 million. This amount is amortized using the straight-line method over the life of the new bonds and is reported as a deferred outflow of resources in the accompanying basic financial statements. The refunding transaction for the 2020B Series resulted in a total economic gain of \$12.8 million. The 2020B Series are not subject to redemption prior to maturity.

**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, 2020, 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:	\$650,000 – \$28,020,000
• Aggregate Outstanding at September 30, 2020:	\$47,155,000

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

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

*Pike Public Improvements CFD No. 6:* In June 2002, the City of Long Beach Community Facilities District No. 6 issued \$43.0 million of 2002 Special Tax Bonds (Pike Public Improvement Bonds) under the provisions of the Mello-Roos Community Facilities Act of 1982. The Pike Public Improvement Bonds were issued (a) to finance a portion of the costs of the acquisition, construction, installation, and equipping of various public capital improvements in the Pike Development Project adjacent to downtown Long Beach. A substantial portion of the proceeds were applied to finance the cost of a parking structure. The bonds do not constitute a debt of the City; therefore, no liability has been recorded in the City's books. The debt is payable from special tax revenues levied on the property within the district. The bonds will mature in October 2032 with interest rates from 3.25 percent to 6.3 percent.

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

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

*Toledo Utility Underground:* In June 2010, Assessment District No. 08-01 (the Toledo Utility Underground) 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.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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At September 30, 2020, 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, 2020</i>
Carnival Bonds	2030	\$ 30,000	\$ 20,660
Grisham Housing Bonds Series A	2035	10,245	990
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 21,650</u>

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

At September 30, 2020, the City had notes, loans payable and other long-term obligations, consisting of the following (in thousands):

<i>Description</i>	<i>Date Issued</i>	<i>Final Maturity</i>	<i>Range of Interest Rates</i>	<i>Authorized and Issued</i>	<i>Outstanding at September 30, 2020</i>
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>NOTES, LOANS AND LINES OF CREDIT PAYABLE:</b>					
General Fund:					
Southern California Edison	12/08/17	05/25/25	2.11%	\$ 396	\$ 265
Southern California Edison	01/09/18	02/25/25	2.18%	877	587
Southern California Edison	05/08/18	10/23/24	2.69%	869	533
Southern California Edison	01/31/19	02/27/27	2.37%	715	583
Premium/Discount				-	112
				<u>2,857</u>	<u>2,080</u>
Successor Agency Fund:					
Los Angeles County	01/21/92		3.75%	5,684	5,825
<b>OTHER LONG-TERM OBLIGATIONS:</b>					
Civic Center Fund:					
New Civic Center Complex	N/A	N/A	N/A	-	294,864
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	37,600	5,765
Total, Governmental Activities				<u>\$ 46,141</u>	<u>\$ 308,534</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
<b>NOTES, LOANS AND LINES OF CREDIT PAYABLE:</b>					
Tidelands Fund:					
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.50%	\$ 700	\$ 336
Southern Calif Edison Project 2417	04/06/12	10/20/21	N/A	13	-
Total Tidelands Fund				713	336
Harbor Fund:					
Harbor 2018A ST Refunding Note	09/19/18	12/15/20	5.00%	327,050	327,050
Harbor 2020C ST Note	05/19/20	07/15/21	0.95%	145,000	145,000
Premium/Discount				-	5,498
Total Harbor Fund				<u>472,050</u>	<u>477,548</u>
<b>OTHER LONG-TERM OBLIGATIONS:</b>					
Water Fund:					
Site Restoration	N/A	N/A	N/A	-	1,000
Total Water Fund				-	1,000
Total, Business-Type Activities				<u>\$ 472,763</u>	<u>\$ 478,884</u>

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**Governmental Activities**

**Other Long-term Obligation – MWN Community Hospital, LLC**

During fiscal 2020, the City entered a short-term lease (Interim Lease) with MWN Community Hospital, LLC, for the lease of property owned by the City of Long Beach (City) at 1720 Termino Avenue, 1760 Termino Ave, and 4111 East Wilton Street. City will pay the Lessee 50 percent of the total Seismic Costs, not to exceed \$ 25,000,000, and would be payable, in arrears in installments of \$ 1 million for the first 5 years, and \$ 2 million per year for years 6-15, commencing from the effective date of the replacement lease.

**Successor Agency Fund Loans**

The Agency has an agreement with the Los Angeles County Office of Education and the County of Los Angeles (County Entities) whereby the County Entities' share of the net tax increment generated by the Los Altos Project area shall be deferred through 2020. The deferral accrues simple interest at a rate of 3.8%. The outstanding balance of the deferral and any accrued interest are due prior to the termination of the project area in 2031. The balance at September 30, 2020 totaled \$ 5.8 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, 2020 totaled \$2 million.

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

<b><i>Year ending</i></b>	<b><i>Governmental Activities</i></b>					
	<b><i>General Fund</i></b>	<b><i>Successor Agency</i></b>	<b><i>Annual Debt Service Requirements</i></b>			
			<b><i>Principal</i></b>	<b><i>Interest</i></b>	<b><i>Total</i></b>	
2021	\$ 436	\$ 142	\$ 578	\$ 42	\$ 620	
2022	446	-	446	31	477	
2023	457	-	457	20	477	
2024	301	-	301	11	312	
2025	191	-	191	5	196	
2026 - 2030	137	-	137	3	140	
2031 - 2035	-	5,683	5,683	-	5,683	
Subtotal	1,968	5,825	7,793	112	7,905	
Premium/Discount	112	-	112	-	112	
<b>Total</b>	<b>\$ 2,080</b>	<b>\$ 5,825</b>	<b>\$ 7,905</b>	<b>\$ 112</b>	<b>\$ 8,017</b>	

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

**City of Long Beach**  
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**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 \$906 thousand for the fiscal year ended September 30, 2020. Program benefits are funded on a *pay-as-you-go* basis and the Program has no assets.

At September 30, 2020, the program liability was \$5.8 million, and the change in the Program's accrued liability is as follows (in thousands):

Accrued Program Liability at October 1, 2019	\$ 6,365
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(906)
Estimated Change in Annualized Value of Benefits	306
Accrued Program Liability at September 30, 2020	<u><u>\$ 5,765</u></u>

The number of program participants diminishes each year, and there were 13 total participants as of September 30, 2020. The following table summarizes total annuity benefits paid, accrued liability and number of participants in the Program for the last five fiscal years (dollars in thousands):

<i><b>Year Ending</b></i>	<i><b>Number of Participants</b></i>	<i><b>Annuity Benefits Paid</b></i>	<i><b>Accrued Program Liability</b></i>
2016	24	2,120	10,574
2017	20	1,180	7,634
2018	18	1,072	6,810
2019	16	1,084	6,365
2020	13	906	5,765

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

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

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

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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Payments relating to these activities over the next five years and thereafter will be made as follows (in thousands):

Year	Payments				
	Principal	Base Interest	Variable Growth	Harbor Fee	Total
2021	5,099	5,100	5,908	1,014	17,121
2022	5,189	5,011	6,123	1,000	17,323
2023	5,280	4,919	6,360	1,025	17,584
2024	5,373	4,827	6,602	1,051	17,853
2025	5,467	4,732	6,850	1,051	18,100
2026 - 2030	28,812	22,186	36,834	5,655	93,487
2031 - 2035	31,435	19,563	43,737	6,399	101,134
2036 - 2040	34,296	16,702	51,426	6,320	108,744
2041 - 2045	37,417	13,581	59,991	8,456	119,445
2046 - 2050	40,823	10,175	69,530	6,543	127,071
2051 - 2055	44,538	6,459	80,156	6,908	138,061
2056 - 2060	48,592	2,406	91,992	6,353	149,343
2061	2,543	7	23,800	1,268	27,618
	<u><u>\$ 294,864</u></u>	<u><u>\$ 115,668</u></u>	<u><u>\$ 489,309</u></u>	<u><u>\$ 53,043</u></u>	<u><u>\$ 952,884</u></u>

**Business-Type Activities**

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

Year ending	Business-Type Activities				
	Principal Payments		Annual Debt Service Requirements		
	Tidelands	Harbor	Principal	Interest	Total
2021	\$ 27	\$ 472,050	\$ 472,077	\$ 13,991	\$ 486,068
2022	29	-	29	14	43
2023	30	-	30	13	43
2024	31	-	31	11	42
2025	33	-	33	10	43
2026 - 2030	186	-	186	26	212
Subtotal	336	472,050	472,386	14,065	486,451
Premium / Discount	-	5,498	5,498	-	5,498
Totals	<u><u>\$ 336</u></u>	<u><u>\$ 477,548</u></u>	<u><u>\$ 477,884</u></u>	<u><u>\$ 14,065</u></u>	<u><u>\$ 491,949</u></u>

**Loan with the State of California Department of Boating and Waterways (“DBAW Lighthouse”)**

In July 1998, the State of California DBAW provided a construction loan of \$700 thousand. This loan bears a compound interest of 4.5 percent on unpaid balance. Repayment of the loan began in August 2001. This loan has an outstanding balance of \$338 thousand as of September 30, 2020.

**City of Long Beach**  
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Harbor Revenue Short-Term Notes

On July 15, 2020, the Harbor Fund issued \$145 million in Harbor Revenue Short-Term Notes, Series 2020C (Series 2020C Senior Notes), the proceeds of which will be used for the purposes of (a) paying and/or reimbursing the Harbor Department at the Port, including but not limited to, the costs of designing and constructing a replacement for the Gerald Desmond Bridge, (b) funding capitalized interest on the Series 2020C Senior Notes. The Series 2020C Senior Notes bear a 4.0 percent interest rate per annum payable in July and January of each year, commencing in July 15, 2020. Principal is due on July 15, 2021. The Series 2020C Senior Notes are secured by a pledge of and lien upon and will be a charge upon and will be payable solely from the Revenues and certain funds and accounts pledged under the Senior Resolution on parity with all other Senior Bonds.

Accrued Liability - Site Restoration

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

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**NOTE 11 – LEASING ARRANGEMENTS**

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

<i>Description</i>		<i>Date Issued</i>	<i>Final Maturity</i>	<i>Range of Interest Rates</i>	<i>Authorized and Issued</i>	<i>Outstanding at September 30, 2020</i>
<b><u>GOVERNMENTAL ACTIVITIES:</u></b>						
General Services Fund <sup>1</sup> :						
2018 PC and Equip	(a)	04/10/18	04/19/23	2.48%	1,522	\$ 810
2018 Access Control System	(b)	06/29/18	07/12/33	2.98%	7,050	5,129
2018 Surveillance Cameras	(c)	06/29/18	07/12/23	2.62%	240	140
2018 Data Center	(d)	08/01/18	08/09/33	2.66%	19,259	11,636
2018 Motorola Radios	(e)	09/25/18	10/15/30	3.82%	15,804	15,804
2019 Technology Equipment	(f)	08/22/19	08/22/24	2.16%	803	636
2019 Oracle Hardware	(g)	09/26/19	09/26/24	1.91%	502	405
2020 Data Center	(h)	07/09/20	07/09/30	1.24%	1,303	1,283
2020 PC Equipment	(i)	08/26/20	08/26/25	0.87%	1,200	1,200
Total General Services Fund					45,180	37,043
Fleet Services Fund <sup>2</sup> :						
2018 Street Sweepers	(j)	06/01/18	06/14/23	2.54%	975	551
2019 Ambulances	(k)	12/06/18	12/06/24	2.94%	2,004	1,429
2019 CNG Powered Street Sweeper	(l)	09/26/19	09/26/24	1.91%	4,377	3,535
2019 Fire Trucks	(m)	05/17/19	05/17/29	2.83%	2,401	2,118
Total Fleet Services Fund					9,757	7,633
Total Governmental Activities Leases					\$ 54,937	\$ 44,676
<b><u>BUSINESS-TYPE ACTIVITIES:</u></b>						
Gas Utility Fund <sup>1</sup> :						
Advanced Metering Infrastructure	(n)	08/03/15	05/01/30	2.40%	\$ 18,000	\$ 12,623
Tidelands Operating Fund <sup>1</sup> :						
Convention Center	(o)	10/01/05	10/01/25	4.99%	649	265
Water Fund <sup>1</sup> :						
Advanced Metering Infrastructure	(p)	12/20/18	12/20/33	3.35%	27,394	24,860
Total Business-type Activities Leases					\$ 46,043	\$ 37,747

<sup>1</sup> Lease acquisitions for these funds are for Machinery and Equipment.

<sup>2</sup> Lease acquisitions for this fund are for Vehicles.

**Governmental Activities**

- (a) The City entered into a capital lease agreement for the purchase of computers, server equipment and server storage equipment in April 2018. The lease is payable in monthly installments of \$27 thousand through April 2023.
- (b) 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.

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- (c) 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.
- (d) 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.
- (e) 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.
- (f) The City entered into a capital lease agreement for the purchase of Technology Equipment (desktops and laptops) in August 2019. The lease is payable in monthly installments of \$14 thousand through August 2024.
- (g) The City entered into a capital lease agreement for the purchase of Oracle Hardware in September 2019. The lease is payable in monthly installments of \$9 thousand through September 2024.
- (h) The City entered into a capital lease agreement for the purchase of Data Center Systems & Telecommunications Equipment User Devices in July 2020. The lease is payable in monthly installments of \$12 thousand through July 2030.
- (i) The City entered into a capital lease agreement for the purchase of computers, server equipment and server storage equipment in August 2020. The lease is payable in monthly installments of \$20 thousand through August 2025.
- (j) The City entered into a capital lease agreement for the purchase of Street Sweepers in June 2018. The lease is payable in monthly installments of \$17 thousand through June 2023.
- (k) The City entered into a capital lease agreement for the purchase of Ambulances in December 2018. The lease is payable in monthly installments of \$30 thousand through December 2024.
- (l) The City entered into a capital lease agreement for the purchase of Street Sweepers in September 2019. The lease is payable in monthly installments of \$77 thousand through September 2024.
- (m) The City entered into a capital lease agreement for the purchase of Fire Trucks in May 2019. The lease is payable in monthly installments of \$23 thousand through May 2029.

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

Year ending	Governmental Activities							
	Principal Payments by Fund				Annual Debt Service Requirements			
	General Services		Fleet Services		Principal	Interest	Total	
2021	\$ 5,710	\$ 1,572	\$ 7,282	\$ 1,888	\$ 9,170			
2022	7,207	1,637	8,844	1,669	10,513			
2023	6,797	1,624	8,421	1,375	9,796			
2024	2,421	1,504	3,925	1,151	5,076			
2025	2,211	336	2,547	993	3,540			
2026 - 2030	10,283	960	11,243	2,884	14,127			
2031 - 2035	2,414	-	2,414	166	2,580			
Totals	<u>\$ 37,043</u>	<u>\$ 7,633</u>	<u>\$ 44,676</u>	<u>\$ 10,126</u>	<u>\$ 54,802</u>			

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**Business-type Activities**

- (n) The City entered into a capital lease agreement for the purchase and implementation of an Advanced Metering Infrastructure (AMI) in August 2015. The lease is payable in monthly installments of \$713 thousand through May 2030.
- (o) The City entered into a capital lease agreement to finance the installation of a surface membrane to the Convention Center roof. The lease is payable in annual installments of \$52 thousand through October 2025.
- (p) The City entered into a capital lease agreement for the purchase and implementation of an Advanced Metering Infrastructure (AMI) in December 2018. The lease is payable in monthly installments of \$194 thousand through December 2033.

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

<i><b>Year ending</b></i>	<i><b>Principal Payments by Fund</b></i>			<i><b>Annual Debt Service Requirements</b></i>		
	<i><b>Tidelands</b></i>					
	<i><b>Gas Utility</b></i>	<i><b>Water</b></i>	<i><b>Operating</b></i>	<i><b>Principal</b></i>	<i><b>Interest</b></i>	<i><b>Total</b></i>
2021	\$ 1,131	\$ 1,516	\$ 39	\$ 2,686	\$ 1,120	\$ 3,806
2022	1,158	1,568	41	2,767	1,038	3,805
2023	1,186	1,621	43	2,850	955	3,805
2024	1,215	1,676	45	2,936	869	3,805
2025	1,244	1,733	47	3,024	780	3,804
2026 - 2030	6,689	9,592	50	16,331	2,489	18,820
2031 - 2035	-	7,153	-	7,153	406	7,559
<b>Totals</b>	<b>\$ 12,623</b>	<b>\$ 24,859</b>	<b>\$ 265</b>	<b>\$ 37,747</b>	<b>\$ 7,657</b>	<b>\$ 45,404</b>

**Operating Leases**

The City's operating leases consist primarily of rental properties occupied by various City departments. Lease obligations for City-leased properties include rent, utility charges, common area maintenance, storage, and parking. The following is a schedule future minimum rental obligations required under operating lease agreements for properties that have initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2020 (in thousands):

<i><b>Year ending</b></i>	<i><b>Total</b></i>
2021	\$ 2,740
2022	1,987
2023	1,157
2024	228
2025	492
2026 - 2030	1,040
2031 - 2035	206
<b>Total</b>	<b>\$ 7,850</b>

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**Lease Revenues**

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

<b><i>Year ending</i></b>	<b><i>Total</i></b>
2021	\$ 401,380
2022	394,580
2023	365,780
2024	369,483
2025	24,147
2026 - 2030	1,342,093
2031 - 2035	785,886
2036 - 2040	752,706
2041 - 2045	1,490,222
2046 - 2050	74,589
2051 - 2055	52,278
2056 - 2060	32,510
2061 - 2065	31,881
2066 - 2070	25,571
2071 - 2075	16,248
2076 - 2080	16,507
2081 - 2085	11,663
<b>Total</b>	<b><u>\$ 6,187,524</u></b>

**NOTE 12 – DERIVATIVE INSTRUMENTS**

At September 30, 2020, the City had the following hedging derivative instruments outstanding within business-type activities:

<b><i>Type</i></b>	<b><i>Objective</i></b>	<b><i>Notional Amount</i></b>	<b><i>Effective Date</i></b>	<b><i>Various Maturity Dates to:</i></b>	<b><i>Terms</i></b>
Pay-Fixed Interest	To reduce the risks associated with the change in interest	\$69.0 million	11/18/2007	11/15/2033	Receive 67% LIBOR plus 1.432%, pay fixed at 4.931%
Rate Swap	rates related to the 2007 Series B Variable-rate Bonds.				
Commodity Forward Contract	To hedge against a reduction in revenues resulting from changes in monthly commodity prices.	96.1 million MMBtu <sup>1</sup>	11/18/2007	9/30/2037	Pay variable receive fixed for scheduled notional quantities.

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

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

<b>Maturity Date</b>	<b>Notional Amounts</b> (in thousands)		<b>Synthetic</b>		
			<b>Fixed Rate</b>	<b>Variable Rate</b>	<b>Spread</b>
11/15/2025	\$ 19,195		4.903%	1.567%	1.410%
11/15/2026	25,175		4.930%	1.587%	1.430%
11/15/2027	24,630		4.955%	1.607%	1.450%
11/15/2033	5		5.067%	1.707%	1.550%
	<b>\$ 69,005</b>		4.931% <sup>2</sup>	1.588% <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, 2020, plus the indicative spread.

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

Starting in fiscal year 2008-09, under the swap agreement, LBBFA paid Merrill Lynch Capital Services, Inc. fixed payments based on the above schedule. In October 2007, the Alternative Floating Rate Option was used to calculate interest paid to LBBFA. The Alternate Floating Rate Option means a per annum rate, not to exceed the maximum interest rate payable on the Prepay Bonds, expressed as a decimal, equal to 67 percent of the three-month LIBOR, as quoted by the British Bankers Association (BBA), plus a spread as defined above, not to exceed a rate of 15 percent per annum for any calculation period.

*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, 2019. During the current period, ending September 30, 2020, the fair value further decreased by \$2 million to a negative fair value of \$13.9

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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 \$575.0 million at October 1, 2019. During the current period, fair value increased \$35.8 million to a fair value of \$610.8 million as of September 30, 2020. 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):

<b>Maturity Date</b>	<b>Fair Value, October 1, 2019</b>	<b>Change in Fair Value</b>	<b>Fair Value, September 2020</b>
<i>Interest Rate Swap</i>			
11/15/2025	\$ (2,853)	\$ (408)	\$ (3,261)
11/15/2026	(4,312)	(699)	(5,011)
11/15/2027	(4,756)	(832)	(5,588)
11/15/2033	<u>(2)</u>	-	<u>(2)</u>
	(11,923)	(1,939)	(13,862)
<i>Commodity Swap</i>			
9/30/2037	<u>575,033</u>	<u>35,770</u>	<u>610,803</u>
Total	<u>\$ 563,110</u>	<u>\$ 33,831</u>	<u>\$ 596,941</u>

Information on the effects of these transactions on the financial statement presentation can be found in Note 23 to the basic financial statements.

*Credit Risks:* As of September 30, 2020, the interest rate swap counterparty was rated A2 by Moody's Investor Services and A+ by Fitch Ratings. As of September 30, 2020, 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.

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*Interest Rate Swap Payment and Associated Debt:* Using rates as of September 30, 2020, 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 Payments</i>	<i>Total Interest</i>
	<i>Ending September 30</i>	<i>Principal</i>		
2021	-	3,403	226	3,629
2022	-	3,403	214	3,617
2023	-	3,403	195	3,598
2024	-	3,403	178	3,581
2025 - 2029	69,000	4,534	520	5,054
2030 - 2034	5	1	-	1
<b>Total</b>	<b>\$ 69,005</b>	<b>\$ 18,147</b>	<b>\$ 1,333</b>	<b>\$ 19,480</b>

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

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

#### **NOTE 13 – RETIREMENT PROGRAMS**

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

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

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

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The Plans' provisions and benefits in effect at September 30, 2020, are summarized in the following table:

<b><i>Miscellaneous</i></b>			
Hire date	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50- 55	50 - 55	52 - 62
<b>Required Contribution Rates</b>			
Employee	8.0%	8.0%	6.5%
Employer	28.446%	28.446%	28.446%
<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>			
Hire date	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
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	44.443%	44.443%	44.443%
<b>Percentage of Eligible Compensation</b>			
Monthly benefits	2.4% to 3.0%	3.00%	2.0% to 2.7%

*Employees Covered* – Based on the June 30, 2019 funding valuation report, the following employees were covered by the benefit terms for each Plan:

	<b><i>Miscellaneous</i></b>	<b><i>Safety</i></b>
Active employees	3,498	1,251
Inactive employees or beneficiaries currently receiving benefits	4,269	1,770
Inactive employees entitled to but not yet receiving benefits	4,443	347

*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.

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**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, 2020 (measurement date), using the actuarial valuation report as of June 30, 2019 rolled forward using standard update procedures. At September 30, 2020, the City reported net pension liability of \$1.2 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:

	<i>Miscellaneous</i>	<i>Safety</i>
Valuation Date (VD)	June 30, 2019	June 30, 2019
Measurement Date (MD)	June 30, 2020	June 30, 2020
Actuarial Cost Method		Entry Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.625%	2.625%
Projected Salary Increase		Varies by Entry Age and Service
Investment Rate of Return	7.15% 1	7.15% 1
Mortality		

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

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

The long-term expected rate of return on pension plan investments of 7.15% 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

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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>Assumed Asset 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 Assets	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

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, 2019 (MD)	\$ 2,726,916	\$ 2,105,327	\$ 621,589
Changes in the year:			
Service Cost	44,000	-	44,000
Interest on Total Pension Liability	191,098	-	191,098
Differences between Actual and Expected Experience	(4,185)	-	(4,185)
Contribution - Employer	-	71,565	(71,565)
Contribution - Employee	-	19,350	(19,350)
Net Investment Income	-	104,205	(104,205)
Administrative Expenses	-	(2,967)	2,967
Benefit Payments, including Refunds of Employee Contributions	(144,066)	(144,066)	-
Net changes	86,847	48,087	38,760
Balance at June 30, 2020 (MD)	<u>\$ 2,813,763</u>	<u>\$ 2,153,414</u>	<u>\$ 660,349</u>

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<i>Safety Plan</i>	<i>Increase (Decrease)</i>		
	<i>Total Pension Liability</i>	<i>Plan Fiduciary Net Position</i>	<i>Net Pension Liability/(Asset)</i>
Balance at July 1, 2019 (MD)	\$ 2,630,341	\$ 2,126,671	\$ 503,670
Changes in the year:			
Service Cost	43,862	-	43,862
Interest on Total Pension Liability	184,631	-	184,631
Differences between Actual and Expected Experience	(5,180)	-	(5,180)
Contribution - Employer	-	64,654	(64,654)
Contribution - Employee	-	15,089	(15,089)
Net Investment Income	-	105,091	(105,091)
Administrative Expenses	-	(2,998)	2,998
Benefit Payments, including Refunds of Employee Contributions	(129,683)	(129,683)	-
Net Changes	93,630	52,153	41,477
Balance at June 30, 2020 (MD)	<u>\$ 2,723,971</u>	<u>\$ 2,178,824</u>	<u>\$ 545,147</u>

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

<i>Net Pension Liability/ (Asset)</i>	<i>1% Decrease (6.15%)</i>	<i>Discount Rate (7.15%)</i>	<i>1% Increase (8.15%)</i>
	\$ 1,019,736	\$ 660,349	\$ 362,492
Miscellaneous	\$ 907,739	545,147	246,706
Safety			

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

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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**Pension Expense and Deferred Outflows/Inflows of Resources Related to CalPERS Pensions**

For the year ended September 30, 2020, the City recognized pension expense of \$63.9 million and \$92.2 million for the Miscellaneous and Safety Plan, respectively.

At September 30, 2020, the City reported pension related deferred outflows of resources and deferred inflows of resources from the following sources (in thousands):

	Miscellaneous Plan:		Safety Plan:		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
<b>Pension Contributions Subsequent to the Measurement Date</b>	\$ 19,989	\$ -	\$ 18,179	\$ -	\$ 38,168	\$ -
<b>Differences Between Actual and Expected Experience</b>	3,822	(2,790)	10,575	(3,940)	14,397	(6,730)
<b>Changes in Assumptions</b>	-	-	-	(10,107)	-	(10,107)
<b>Net Differences between Projected and Actual Earnings on Plan Investments</b>	16,798	-	18,102	-	34,900	-
<b>Change in Proportion</b>	8,919	(8,919)	908	(908)	9,827	(9,827)
<b>Total</b>	<b>\$ 49,528</b>	<b>\$ (11,709)</b>	<b>\$ 47,764</b>	<b>\$ (14,955)</b>	<b>\$ 97,292</b>	<b>\$ (26,664)</b>

The \$38.2 million reported as a deferred outflow of resources related to contributions made by the City subsequent to the measurement date of June 30, 2020 will be recognized as a reduction of the net pension liability in the year ending September 30, 2021. 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):

	Miscellaneous Plan:		Safety Plan:		Total		
	Year Ending September 30	Amount	Year Ending September 30	Amount	Year Ending September 30	Amount	
2021	\$ (6,297)	2021	\$ (14,022)	2021	\$ (20,319)		
2022	4,306	2022	9,823	2022	14,129		
2023	10,989	2023	9,961	2023	20,950		
2024	8,832	2024	8,868	2024	17,700		
<b>Total</b>	<b>\$ 17,830</b>		<b>Total</b>	<b>\$ 14,630</b>		<b>Total</b>	<b>\$ 32,460</b>

**NOTE 14 – POSTEMPLOYMENT HEALTHCARE BENEFITS**

**Plan Description**

The City provides postemployment healthcare benefits through its City of Long Beach Retiree Health Care plan (OPEB Plan), a single-employer plan. The OPEB 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 GASB Statement No. 75.

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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**Benefits Provided**

The OPEB 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 OPEB 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 OPEB Plan by paying the OPEB Plan premium out of pocket. As of September 30, 2020, the count of employees covered by the benefit terms was:

Inactive employees currently receiving benefits	1,032
Active employees	<u>4,415</u>
Total	<u><u>5,447</u></u>

**Total OPEB Liability**

At September 30, 2020, the City's total OPEB liability was \$9.7 million. The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	September 30, 2018	
Measurement Date	September 30, 2019	
Actuarial Cost Method	Entry Age	
<b>Actuarial Assumptions:</b>		
Inflation	2.75%	
Discount Rate	2.75%	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll Increases	Aggregate	3.00%
	Merit	CalPERS 1997-2015 Experience Study
Health Care Cost Trend Rates	7.5% for 2020, decreasing to 4% for 2076 and later	
Mortality, Termination, Disability, Retirement	CalPERS 1997-2015 Experience Study	
Mortality Improvement	Mortality projected fully generational with Scale MP-2018	
<b>Participation Rates:</b>		
Miscellaneous Plan	75%, 100% select City plans	
Safety	90%, 85% select City plans	

**Changes in the Total OPEB Liability (in thousands):**

Balance at October 1, 2019	\$ 23,248
Service Cost	\$ 2,167
Interest on total OPEB liability	917
Change in Assumptions	(13,756)
Benefit Payments	<u>(2,921)</u>
Net Change	<u><u>(13,593)</u></u>
Balance at September 30, 2020	<u><u>\$ 9,655</u></u>

**City of Long Beach**  
 Notes to the Basic Financial Statements  
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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	<i>1 Percent Decrease (1.75 %)</i>	<i>Discount Rate (2.75 %)</i>	<i>1 Percent Increase (3.75 %)</i>
Total OPEB Liability (Asset)	\$ (9,391)	\$ 9,655	\$ 22,585

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

	<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 (Asset)	\$ 20,609	\$ 9,655	\$ (7,757)

OPEB Expense and Deferred Outflows and Deferred Inflows Related to OPEB

For the year ended September 30, 2020, the City recognized an OPEB income of \$1.7 million. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources (in thousands):

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
Amounts paid subsequent to measurement date	\$ 3,524	\$ -
Difference between expected and actual experience	-	6,100
Change in assumptions	<u>5,745</u>	<u>37,181</u>
Total	<u><u>\$ 9,269</u></u>	<u><u>\$ 43,281</u></u>

The \$3.5 million reported as deferred outflow of resources related to contributions made by the City subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending September 30, 2021.

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

<i>Year Ending September 30</i>	<i>Amount to be Recognized</i>
2021	\$ (4,767)
2022	(4,767)
2023	(4,767)
2024	(4,767)
2025	(4,952)
2026-2030	<u>(13,516)</u>
Total	<u><u>\$ (37,536)</u></u>

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**NOTE 15 – SELF-INSURANCE PROGRAMS**

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

At September 30, 2020, the City accrued non-discounted estimates totaling \$180.0 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has recorded in the Workers' Compensation Insurance Fund a current liability of \$21.1 million and a long-term liability of \$115.8 million. The City has recorded in the General Liability Insurance Fund a current liability of \$10.9 million and a long-term liability of \$32.2 million.

The ultimate amount of losses incurred through September 30, 2020 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, 2020 and 2019 is as follows (in thousands):

	<i>Workers' Compensation Claims</i>	<i>General Liability Claims</i>	<i>Total</i>
Balance at October 1, 2018	\$ 134,947	\$ 27,910	\$ 162,857
Additions	15,734	20,394	36,128
Payments	<u>(12,627)</u>	<u>(14,802)</u>	<u>(27,429)</u>
Balance at September 30, 2019	138,054	33,502	171,556
Additions	13,840	17,931	31,771
Payments	<u>(14,909)</u>	<u>(8,382)</u>	<u>(23,291)</u>
Balance at September 30, 2020	<u><u>\$ 136,985</u></u>	<u><u>\$ 43,051</u></u>	<u><u>\$ 180,036</u></u>

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

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

As of September 30, 2020, total fund balances for the City's major and non-major governmental funds are as follows (in thousands):

	<i>General</i>	<i>General Capital Projects</i>	<i>Housing Assistance Special Revenue</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<b>Fund Balances (Deficit):</b>					
<b>Nonspendable:</b>					
Prepaid Expense and Deposits	\$ 1,503	\$ 1,489	\$ -	\$ 888	\$ 3,880
Subtotal	<u>1,503</u>	<u>1,489</u>	<u>-</u>	<u>888</u>	<u>3,880</u>
<b>Restricted for:</b>					
Debt Service	-	-	-	42,297	42,297
Public Safety	2,864	-	-	3,313	6,177
Public Health	-	-	-	2,633	2,633
Community and Cultural	-	-	16,306	66,274	66,274
Other Purposes - Operating Reserve	3,000	-	-	-	3,000
Public Works	-	62,462	-	8,492	70,954
Subtotal	<u>5,864</u>	<u>62,462</u>	<u>16,306</u>	<u>123,009</u>	<u>207,641</u>
<b>Committed to:</b>					
Community and Cultural	-	-	-	1,414	1,414
Other Purposes - Emergency Reserve	39,168	-	-	-	39,168
Other Purposes - Operating Reserve	2,268	-	-	-	2,268
Oil Abandonment	9,272	-	-	-	9,272
Subtotal	<u>50,708</u>	<u>-</u>	<u>-</u>	<u>1,414</u>	<u>52,122</u>
<b>Assigned to:</b>					
Subsequent Year's Appropriations	62,629	-	-	-	62,629
Unfunded Liabilities and Commitments	13,135	-	-	-	13,135
Infrastructure Reserve	25	-	-	-	25
Community and Cultural	-	-	-	373	373
Public Works	-	65,450	-	-	65,450
Subtotal	<u>75,789</u>	<u>65,450</u>	<u>-</u>	<u>373</u>	<u>141,612</u>
<b>Unassigned</b>					
Total Fund Balances	<u><u>\$ 135,930</u></u>	<u><u>\$ 129,401</u></u>	<u><u>\$ 16,306</u></u>	<u><u>\$ 125,684</u></u>	<u><u>\$ 407,321</u></u>

**Fund Deficits**

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$24.7 million as of September 30, 2020. This deficit resulted from the recognition of a net pension liability of \$31.8 million and compensated absences of \$6.1 million. City management believes that the cash position of the fund is sufficient to support the utilities ongoing operations.

The Tidelands Oil Revenue Fund, a nonmajor proprietary fund, reported a deficit net position of \$62.7 million as of September 30, 2020. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability of \$102.6 million, reflecting a decrease of \$16.0 million during the fiscal year. City management will continue to accumulate futures resources to pay for the oil field abandonment liability.

The Towing Fund, a nonmajor enterprise fund, reported a deficit net position of \$4.0 million as of September 30, 2020. This deficit primarily resulted from the recognition of a net pension liability of \$3.8 million and compensated absences of \$0.6 million. City management believes that the cash position of the fund is currently sufficient at 40 days of expenses to support ongoing operations.

**City of Long Beach**  
Notes to the Basic Financial Statements  
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As of September 30, 2020, the Workers' Compensation insurance fund reflects a deficit net positions of \$109.8 million. This deficit includes the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$137 million and \$8.7 million respectively. The City's management believes the cash position is sufficient to cover the current costs related to workers' compensation claims and current operating costs. The City's management believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, and has made reasonable adjustments to amounts charged to City departments to ensure adequate cash positions are maintained.

As of September 30, 2020, the General Liability insurance fund reflects a deficit net positions of \$54.4 million,. This deficit includes the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$43.1 million and \$5.2 million respectively. The City's management believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, and has made reasonable adjustments to amounts charged to City departments to ensure adequate cash positions are maintained.

The Employee Benefits Internal Service Fund reflects a deficit net position of \$42.7 million. This deficit includes the impact of accrued liabilities for Compensated Absences of \$159.3 million. City management believes the cash position is sufficient to cover the current costs related to retired health insurance, and current operating costs in the Employee Benefits Internal Service Fund. The City's management believes the deficit net position will be recovered through future charges for services, adjusted as appropriate, and has made reasonable adjustments to amounts charged to City departments to ensure adequate cash positions are maintained.

**NOTE 17 – OIL FIELD ABANDONMENT LIABILITY**

**Tideland Oil Revenues**

The City is required to administer certain tideland properties for the State of California (State). 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.

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. 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, 2020, the State's total estimated abandonment cost liability is \$909.8 million, which increased by \$7.7 million from fiscal year 2019. 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, 2020, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$909.8 million estimated liability into the State's Oil Trust Fund - Abandonment Reserve. In the Tidelands Oil fund, the abandonment reserve set aside for the estimated liability is \$34.0 million.

At September 30, 2020, the Tidelands Operating Fund recorded an estimated oil field abandonment cost liability of \$102.6 million decreasing by \$16.0 million from fiscal year 2019. 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 \$21.5 million of which \$9.3 million has been funded in the Upland Oil Fund as of September 30, 2020.

**City of Long Beach**  
Notes to the Basic Financial Statements  
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**Subsidence**

In accordance with State law, the City established a Reserve for Subsidence Contingencies to indemnify the City, State, and contractors for claims or costs arising from subsidence alleged to have resulted from oil operations. A maximum of \$40.0 million, plus accrued interest, was originally set aside for this purpose. At present, 100 percent of the interest accrues to the Reserve for Subsidence. As of September 30, 2020, the reserve balance within the Subsidence Fund is \$190.9 million.

As part of the adoption of the State's 2005 fiscal year budget, 100 percent of this fund's interest earnings for calendar years 2004 and 2005 were eligible to be loaned to the City's General Fund, with repayment commencing in fiscal year 2008, without interest, in equal annual installments of \$500 thousand for up to 20 years. This action was taken to mitigate the impact of the City in making a \$5 million contributions to the State in both fiscal years 2005 and 2006. At September 30, 2020, total loan to the City's General Fund and interest retained amounts to \$1.1 million.

**NOTE 18 – POLLUTION REMEDIATION OBLIGATIONS**

**BKK Sites**

**Victoria Golf Course:** Between 1947 and 1949, the City disposed of municipal waste in a landfill owned by BKK Corp located in Carson, California. It has been determined that the site is the source of groundwater contamination. The State Department of Toxic Substances Control (DTSC) has identified the City as a potentially responsible party (PRP) under the Resources Conservation and Recovery Act and has threatened enforcement action. The County of Los Angeles has threatened a cross-claim against the City for contribution. As of September 30, 2020, 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 DTSC 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, 2020, 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 DTSC). 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, 2020, 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.

**City of Long Beach**  
Notes to the Basic Financial Statements  
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**55<sup>th</sup> Way Landfill (formerly Paramount Landfill)**

The City operated the Paramount Landfill from 1945 to 1948. Construction began after substantial design and permitting work to close the landfill according to then current standards and was completed in August 2006. A portion of the was developed into Davenport Park in 2006. The City purchased an adjacent parcel in 2006 and developed Phase II of Davenport Park. In May 2009, the Los Angeles Regional Water Quality Control Board (LA Board) notified the City that additional groundwater monitoring is required for this site. The City implements an ongoing Solid Waste Assessment Test (SWAT) groundwater monitoring program for the 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. In May 2019, the City was notified by the Los Angeles County Department of Public Health (LACDPH) that an on-site soil vapor probes showed exceedances in methane gas concentrations. LACDPH has since required the City to provide a monitoring and remediation plan and a gas control work plan. As of September 30, 2020, the estimated liability of potential remediation is a one-time cost of \$600 thousand with ongoing landfill gas monitoring costs of approximately \$80 thousand per year.

**El Cortez (formerly El Ranchito)**

In 2009, the Agency purchased property at 5301 Long Beach Blvd. In fiscal year 2012, the Agency initiated a voluntary remediation project at the site. In July of 2015, the LA Board requested specific remedial and groundwater monitoring action be implemented. The original estimated remaining liability associated with the groundwater monitoring, based on a cost estimate from the monitoring service provider, is \$485 thousand. As of September 30, 2020, the remaining liability for the monitoring was \$319 thousand. There is no reasonable expectation of any recovery associated with these remediation efforts. The property has been “remediated” and reported as closure of the site/case.

**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**

In 2009, 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, 2020, 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.

**City of Long Beach**  
Notes to the Basic Financial Statements  
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**Leaking Underground Storage Tanks (LUST)**

In the early 1990s, the City was named a responsible party for a number of City owned and/or operated LUST sites by the LA Board. All of the tanks have since been removed. The sites are located at Fire Station 7, Fire Station 10, Fire Station 11, Fire Station 17 and 2929 East Willow Street. The LA Board has directed that these sites be evaluated for remediation and continued monitoring activities. The City has successfully remediated Fire Stations 10 and 11, meeting the requirements of the LA Board's low threat closure policy (LTCP). These two facilities are currently performing post-closure monitoring activities. As of September 30, 2020, the City remains under LA Board's order to continue monitoring the sites. The estimated related liability for the future remediation is \$1.2 million. For its monitoring and remediation efforts, the City submitted claims for reimbursable remediation cost to the State UST Cleanup Fund. As of September 30, 2020, the City obtained a reimbursement of costs related to the closed sites amounting to \$2.8 million.

**Harbor Warehouse**

In July of 2017, the Harbor, as result of a hazardous building materials survey of a warehouse, identified the presence of environmentally sensitive materials requiring abatement activities if the facility is to remain in use. The estimated remediation liability for abatement increased to \$2.6 million for the year ended September 30, 2020. The Department has received bid proposals related to the remediation project that are currently under review as part of the selection process. There is no reasonable expectation of any recovery associated with these remediation efforts.

**Pier E Container Yard-Intermodal Railyard**

Environmentally contaminated soil materials were found during the project's construction. The Board of Harbor Commissioners approved additional funding to dispose these asbestos contaminated soil materials.

**Demolition of Former Harbor Department Administration Building Complex**

Environmentally sensitive materials were identified in the building and a remediation effort will be required as part of the demolition procedures. This project is currently out for bid and the estimated costs of abatement is \$1.1 million.

**NOTE 19 – INVESTMENT IN JOINT VENTURES**

**Intermodal Container Transfer Facility Joint Powers Authority (ICTF)**

The City's Harbor Department and the Port of Los Angeles (Venturers) have entered into a joint venture agreement to form ICTF for the purposes of financing and constructing an intermodal container transfer facility (facility) to transfer cargo containers between trucks and railroad cars. The facility has been leased to Southern Pacific, now merged with Union Pacific (Tenant). The facility was developed by the Tenant who assumed operational responsibility for the facility. The Venturers' share net income and equity distributions from ICTF equally. The Harbor's share of the ICTF's net position as of September 30, 2020 totaled \$4.4 million. The ICTF financial statements for the year ended June 30, 2020 can be obtained from the Harbor.

**City of Long Beach**  
Notes to the Basic Financial Statements  
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**NOTE 20 – DEFERRED COMPENSATION**

The City offers its employees a deferred compensation plan (457 Plan) created in accordance with Internal Revenue Code, Section 457. The 457 Plan permits employees to defer a portion of their salary and all amounts of compensation deferred under the 457 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 457 Plan, all investment decisions under the 457 Plan are the responsibility of the 457 Plan participants. The City has no liability for losses under the 457 Plan, but does have the duty of due care that would be required of an ordinary prudent investor. The accumulated assets of the 457 Plan are not required to be reported in the accompanying basic financial statements.

If 457 Plan participants retire or terminate service with the City, they may be eligible to receive payments under the 457 Plan in accordance with provisions thereof. In the event of serious financial emergency, the City may approve, upon request, withdrawals from the 457 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 2007A and 2007B Natural Gas bonds that were issued for the purchase of gas at a predetermined price.

**City of Long Beach**  
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The following schedules summarize the activity and account balances that comprise the Gas Utility Fund:

**City of Long Beach**  
 Gas Utility Fund  
 Consolidated Schedule of Net Position  
 September 30, 2020  
 (In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Total Gas Utility Fund</i>
<b>ASSETS</b>				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 48,507	\$ 89	\$ 48,596	\$ 48,596
Non-Pooled Cash and Cash Equivalents	-	45	45	45
Receivables:				
Interest Receivable	-	21	21	21
Accounts Receivable	8,705	2,794	11,499	11,499
Due from Other Funds	304	-	304	304
Allowance for Receivables	(1,082)	-	(1,082)	(1,082)
Inventory	3,020	-	3,020	3,020
Prepaid Gas - Current	(1)	23,501	23,500	23,500
Total Current Assets	<u>59,453</u>	<u>26,450</u>	<u>85,903</u>	<u>85,903</u>
Noncurrent Assets:				
Restricted Noncurrent assets:				
Non-Pooled Investments	-	25,499	25,499	25,499
Fair Value - Commodity Swap	-	610,803	610,803	610,803
Capital Assets:				
Land and Other Assets Not Being Depreciated	7,253	-	7,253	7,253
Property, Plant and Equipment	165,693	-	165,693	165,693
Capital Assets Net of Accumulated Depreciation	-	334,469	334,469	334,469
Prepaid Gas - Long-term	<u>172,946</u>	<u>970,771</u>	<u>1,143,717</u>	<u>1,143,717</u>
Total Noncurrent Assets	<u>232,399</u>	<u>997,221</u>	<u>1,229,620</u>	<u>1,229,620</u>
Total Assets	<u>234,895</u>	<u>1,011,083</u>	<u>1,245,978</u>	<u>1,245,978</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Outflows of Resources	2,496	13,862	16,358	16,358
Total Assets and Deferred Outflows	<u>234,895</u>	<u>1,011,083</u>	<u>1,245,978</u>	<u>1,245,978</u>
<b>LIABILITIES</b>				
Current Liabilities Payable from Current Assets:				
Accounts Payable	3,383	1	3,384	3,384
Accrued Wages	833	-	833	833
Accrued Interest Payable	126	10,114	10,240	10,240
Due to Other Funds	2,441	635	3,076	3,076
Unearned Revenues	1,857	-	1,857	1,857
Customers Deposits	2,847	-	2,847	2,847
Compensated Absences and Accrued Employee Benefits	1,772	-	1,772	1,772
Obligations under Capital Leases - Current	1,131	-	1,131	1,131
Bonds Payable Due within One Year	-	13,990	13,990	13,990
Total Current Liabilities	<u>14,390</u>	<u>24,740</u>	<u>39,130</u>	<u>39,130</u>
Noncurrent Liabilities:				
Fair Value - Interest Rate Swap	-	13,862	13,862	13,862
Compensated Absences and Accrued Employee Benefits	4,347	-	4,347	4,347
Obligations under Capital Lease	11,492	-	11,492	11,492
Bonds Payable	-	556,764	556,764	556,764
Net Pension Liability	31,848	-	31,848	31,848
Total OPEB Liability	285	-	285	285
Total Noncurrent Liabilities	<u>47,972</u>	<u>570,626</u>	<u>618,598</u>	<u>618,598</u>
Total Liabilities	<u>62,362</u>	<u>595,366</u>	<u>657,728</u>	<u>657,728</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources	2,210	610,803	613,013	613,013
Total Liabilities and Deferred Inflows	<u>64,572</u>	<u>1,206,169</u>	<u>1,270,741</u>	<u>1,270,741</u>
<b>NET POSITION (DEFICIT)</b>				
Net Investment in Capital Assets	160,323	-	160,323	160,323
Restricted for:				
Capital Projects	7,812	-	7,812	7,812
Unrestricted	2,188	(195,086)	(192,898)	(192,898)
Total Net Position (Deficit)	<u>\$ 170,323</u>	<u>\$ (195,086)</u>	<u>\$ (24,763)</u>	<u>\$ (24,763)</u>

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**City of Long Beach**

Gas Utility Fund

Consolidated Schedule of Revenues, Expenses, and Changes in Fund Net Position  
 For the Fiscal Year Ended September 30, 2020  
 (In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Gas Utility Fund</i>
<b>Operating Revenues:</b>			
Charges for Services	\$ 93,504	\$ 8,866	\$ 102,370
Other	116	-	116
 Total Revenues	 93,620	 8,866	 102,486
<b>Operating Expenses:</b>			
Personnel Services	25,414	-	25,414
Purchases of Gas	21,775	(10,917)	10,858
Maintenance and Other Operations	20,152	14	20,166
Depreciation	7,596	-	7,596
 Total Operating Expenses	 74,937	 (10,903)	 64,034
 Operating Income	 18,683	 19,769	 38,452
<b>Non-Operating Income (Expense):</b>			
Interest Income	1,106	763	1,869
Interest Expense	476	(29,509)	(29,033)
Loss on Disposition of Capital Assets	(198)	-	(198)
Other Income	1,383	-	1,383
 Other Expense	 (1,916)	 -	 (1,916)
 Total Non-Operating Income (Expense)	 851	 (28,746)	 (27,895)
<b>Income (loss) before Contributions and Transfers</b>	 19,534	 (8,977)	 10,557
<b>Transfers:</b>			
Transfers Out	 (13,865)	 -	 (13,865)
Change in Net Position	 5,669	 (8,977)	 (3,308)
 Net Position (Deficit), October 1	 164,654	 (186,109)	 (21,455)
 Net Position (Deficit), September 30	 \$ 170,323	 \$ (195,086)	 \$ (24,763)

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**Gas Utility Fund**  
 Consolidated Schedule of Cash Flows  
 For the Fiscal Year Ended September 30, 2020  
 (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	\$ 99,991	\$ 8,817	\$ -	\$ 108,808
Payments for Employee Salaries	(24,203)	-	-	(24,203)
Payments for Goods and Services	(8,371)	(13)	-	(8,384)
Other Income	-	32,592	(31,209)	1,383
Other Expense	(33,125)	-	31,209	(1,916)
Net Cash Provided by Operating Activities	<u>34,292</u>	<u>41,396</u>	<u>-</u>	<u>75,688</u>
Cash Flows from Non-Capital Financing Activities:				
Payments of Principal on Bonds Payable	524	(12,429)	-	(11,905)
Payments of Interest	777	(29,744)	-	(28,967)
Transfers Out	(13,865)	-	-	(13,865)
Net Cash Used for Non-Capital Financing Activities	<u>(12,564)</u>	<u>(42,173)</u>	<u>-</u>	<u>(54,737)</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(7,247)	-	-	(7,247)
Payments of Principal on Other Long-Term Obligations	(1,702)	-	-	(1,702)
Payments of Interest	(312)	-	-	(312)
Net Cash Used for Capital and Related Financing Activities	<u>(9,261)</u>	<u>-</u>	<u>-</u>	<u>(9,261)</u>
Cash Flows from Investing Activities:				
Payments for Investments	(1,680)	-	-	(1,680)
Receipts of Interest	1,107	761	-	1,868
Net Cash Provided by (Used for) Investing Activities	<u>(573)</u>	<u>761</u>	<u>-</u>	<u>188</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>11,894</u>	<u>(16)</u>	<u>-</u>	<u>11,878</u>
Cash and Cash Equivalents - October 1	<u>36,613</u>	<u>150</u>	<u>-</u>	<u>36,763</u>
Cash and Cash Equivalents - September 30	<u><u>\$ 48,507</u></u>	<u><u>\$ 134</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 48,641</u></u>
 <u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>				
Operating Income	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Operating Income	\$ 18,683	\$ 19,769	\$ -	\$ 38,452
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	7,596	-	-	7,596
Other Expense	(533)	-	-	(533)
(Increase) Decrease in Accounts Receivable, Net	(512)	(92)	92	(512)
Increase in Amounts Due from Other Funds	4,532	-	-	4,532
Increase in Inventory	(890)	-	-	(890)
Increase (Decrease) in Other Operating Assets/Gas Prepay	(8,981)	32,592	-	23,611
Increase (Decrease) in Accounts Payable	(82)	1	(92)	(173)
Increase in Accrued Wages Payable	1,211	-	-	1,211
Increase in Amounts Due to Other Funds	2,327	43	-	2,370
Decrease in Unearned Revenues	90	-	-	90
(Increase) Decrease in Other Non-operating Assets	10,917	(10,917)	-	-
Decrease in Collections Held in Trust	(66)	-	-	(66)
Total Adjustments	<u>15,609</u>	<u>21,627</u>	<u>-</u>	<u>37,236</u>
Net Cash Provided by Operating Activities	<u><u>\$ 34,292</u></u>	<u><u>\$ 41,396</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 75,688</u></u>
 NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:				
Amortization of Bond Premium (Discount), Net	\$ -	\$ 23,428	\$ -	\$ 23,428

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

**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 – COMMITMENTS AND CONTINGENCIES**

**Commitments**

At September 30, 2020, business-type and governmental funds had outstanding commitments for construction projects and purchases of goods and services, as follows (in thousands):

**Governmental Activities**

General Fund	\$ 799
General Capital Projects	22,773
Housing Assistance	9
Non-major Governmental Funds	3,749
Internal Service Fund	13,365
Total	<u>\$ 40,696</u>

**Business-Type Activities**

Gas Utility	\$ 577
Water	11,935
Tidelands Operating	4,092
Harbor	19,315
Non-major Business-Type Funds	21,120
Total	<u>\$ 57,039</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 to the basic financial statements, 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

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

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.

Any shortfall advance made by the Harbor and the Port of Los Angeles is reimbursable, with interest, by ACTA. The most recent Notice date March 11, 2020 indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2021.

**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, 2020, the Harbor has invested \$ 1.3 billion into the project.

**Environmental Mitigation Credits**

The Harbor contributed a total of \$50.8 million to federal and state regulatory agencies to secure environmental mitigation credits that would allow the Harbor to complete land fill projects. An agreement between the Harbor, the Port of Los Angeles, and several federal and state regulatory agencies provided for the Harbor's purchase of land located within the wetlands restoration project at the Bolsa Chica Wetlands in Orange County, California.

The cost incurred in the acquisition of the environmental credits has been classified as a noncurrent asset. The balance of environmental mitigation credits will be adjusted in the future as landfill credits are used for Harbor development. As of September 30, 2020, the Harbor has utilized a total of \$13.1 million of environmental credits for completed land fill as part of capital projects within the port boundaries to date. No credits were used in 2020 and no other environmental credit has been acquired. The existing \$37.7 million (or 226 credits) will be used in completing future landfill 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

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

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.

**NOTE 23 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES**

**Deferred Outflows of Resources**

At September 30, 2020, Deferred Outflows of Resources and Deferred Inflows of Resources are as follows (in thousands):

**City of Long Beach**  
 Governmental Funds  
 Schedule of Deferred Outflows and Deferred Inflows  
 For the Fiscal Year Ended September 30, 2020  
 (In Thousands)

	<i>General</i>	<i>Nonmajor Governmental Funds</i>	<i>Total Governmental Funds</i>	<i>GASB 34 Conversion Adjustments</i>	<i>Total Adjusted Governmental Funds</i>
<b><i>Deferred Outflows of Resources:</i></b>					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	1,052	\$ 1,052
Pension contributions after measurement date	- -	- -	- -	26,067	26,067
CalPERS Difference between actual and expected investment returns	- -	- -	- -	24,584	24,584
CalPERS difference between actual and expected experience	- -	- -	- -	11,724	11,724
Change in pension allocation proportion	- -	- -	- -	1,537	1,537
OPEB contributions after measurement date	- -	- -	- -	2,550	2,550
OPEB change in assumptions	- -	- -	- -	4,160	4,160
Change in OPEB allocation proportion	- -	- -	- -	646	646
<b>Total deferred outflows of resources</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 72,320</b>	<b>\$ 72,320</b>
<b><i>Deferred Inflows of Resources:</i></b>					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 2,156	\$ 2,156
Unavailable revenue and property taxes	107,002	214,595	321,597	(212,390)	109,207
CalPERS change in assumptions	- -	- -	- -	9,596	9,596
CalPERS difference between actual and expected experience	- -	- -	- -	4,975	4,975
Change in pension allocation proportion	- -	- -	- -	4,326	4,326
OPEB change in assumptions	- -	- -	- -	26,918	26,918
OPEB difference between actual and expected experience	- -	- -	- -	4,416	4,416
Change in OPEB allocation proportion	- -	- -	- -	844	844
<b>Total deferred inflows of resources</b>	<b>\$ 107,002</b>	<b>\$ 214,595</b>	<b>\$ 321,597</b>	<b>\$ (159,159)</b>	<b>\$ 162,438</b>

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**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>Workers' Compensation Insurance</i>	<i>General Liability 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	\$ -	\$ -	\$ 874	\$ -	\$ -	\$ -	\$ 874
Pension contributions after measurement date	32	1,025	457	264	158	267	2,203
CalPERS difference between actual and expected investment returns	27	861	384	222	132	224	1,850
Change in pension allocation proportion	-	1,792	446	44	-	571	2,853
OPEB contributions after measurement date	-	100	53	15	3	22	193
OPEB change in assumptions	-	162	85	24	5	35	311
CalPERS difference between actual and expected experience	6	196	87	51	30	51	421
Change in OPEB allocation proportion	-	95	24	57	12	-	188
Total deferred outflows of resources	<u>\$ 65</u>	<u>\$ 4,231</u>	<u>\$ 2,410</u>	<u>\$ 677</u>	<u>\$ 340</u>	<u>\$ 1,170</u>	<u>\$ 8,893</u>
<b><i>Deferred Inflows of Resources:</i></b>							
CalPERS difference between actual and expected experience	\$ 4	\$ 143	\$ 64	\$ 37	\$ 22	\$ 37	\$ 307
Change in pension allocation proportion	908	21	88	693	142	30	1,882
OPEB change in assumptions	-	1,049	553	158	30	231	2,021
OPEB difference between actual and expected experience	-	172	90	26	5	38	331
Change in OPEB allocation proportion	-	178	118	10	57	126	489
Total deferred inflows of resources	<u>\$ 912</u>	<u>\$ 1,563</u>	<u>\$ 913</u>	<u>\$ 924</u>	<u>\$ 256</u>	<u>\$ 462</u>	<u>\$ 5,030</u>

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

**City of Long Beach**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended September 30, 2020

**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>Harbor</i>	<i>Nonmajor Enterprise Funds</i>	<i>Total Enterprise Funds</i>
<b><i>Deferred Outflows of Resources:</i></b>						
Issuance Costs - Bond Insurance	\$ -	\$ -	\$ 79	\$ -	\$ -	\$ 79
Economic loss from the refunding of debt	-	709	4,936	-	-	5,645
Pension contributions after measurement date	964	1,298	1,651	3,678	2,307	9,898
CalPERS Difference between actual and expected investment returns	810	1,091	1,531	3,092	1,942	8,466
CalPERS change in experience	184	248	675	703	442	2,252
Change in pension allocation proportion	248	2,062	911	558	1,658	5,437
OPEB contributions after measurement date	104	119	154	233	171	781
OPEB change in assumptions	169	195	251	381	278	1,274
Change in OPEB allocation proportion	17	86	1,152	70	161	1,486
Derivative instrument						
Interest rate swap	13,862	-	-	-	-	13,862
Total deferred outflows of resources	<u>\$ 16,358</u>	<u>\$ 5,808</u>	<u>\$ 11,340</u>	<u>\$ 8,715</u>	<u>\$ 6,959</u>	<u>\$ 49,180</u>
<b><i>Deferred Inflows of Resources:</i></b>						
Economic gain from the refunding of debt	\$ -	\$ -	\$ 4,910	\$ -	\$ -	\$ 4,910
CalPERS change in assumptions	-	-	511	-	-	511
CalPERS difference between actual and expected experience	135	181	302	518	322	1,458
Change in pension allocation proportion	614	-	759	1,354	894	3,621
OPEB change in assumptions	1,096	1,257	1,627	2,466	1,796	8,242
OPEB difference between actual and expected experience	180	207	267	404	295	1,353
Change in OPEB allocation proportion	185	119	74	126	478	982
Derivative instrument						
Commodity swap	610,803	-	-	-	-	610,803
Total deferred inflows of resources	<u>\$ 613,013</u>	<u>\$ 1,764</u>	<u>\$ 3,540</u>	<u>\$ 9,778</u>	<u>\$ 3,785</u>	<u>\$ 631,880</u>

**City of Long Beach**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

**NOTE 24 - 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 government and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments.

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

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

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

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

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

During the fiscal year, the City had eight 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, 2020, sales tax abatements totaled \$6.3 million.

## **City of Long Beach**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended September 30, 2020

### Transient Occupancy Tax (TOT) Incentive Agreement

TOT is paid through the occupancy of a hotel or other guest room. The tax is collected by the hotel operator from each guest with room payment and subsequently remitted to the City. The City's current TOT rate is 13%, and includes a 1% rate increase approved by voters through Measure B. The rate increase was effective July 2020 with revenues deposited to the General Fund and intended for the City's arts organizations and the Long Beach Convention and Entertainment Center. A TOT incentive program is available for new hotels with desired location, design, operational characteristics, a minimum of 100 rooms, a projected minimum TOT generation of \$500 thousand and an identified financial gap. The program will return a negotiated portion of TOT generated by the hotel for an agreed upon period of time. There were no transient occupancy taxes abated in fiscal year 2020.

### 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 2020, the City had agreements for which re-assessments were completed by the County Assessor's office with a total property tax valuation of \$176.4 million, and an estimated tax abatement of \$194 thousand.

### **NOTE 25 – SUBSEQUENT EVENTS**

#### Successor Agency to the Redevelopment Agency of the City of Long Beach 2021 Tax Allocation Refunding Bonds

On January 28<sup>th</sup>, 2021, the Agency issued \$19.8 million Series 2021 Tax Allocation Refunding Bonds (2021 Bonds). The 2021 Bonds were issued on a parity with the Agency's Series 2015A Tax Allocation Refunding Bonds and Series 2015B (Federally Taxable) Tax Allocation Refunding Bonds (2015 Bonds). The 2021 Bonds were being issued to: (i) currently refund certain bonds issued by the former Redevelopment Agency for the City; (ii) purchase a municipal bond debt service reserve insurance policy with respect to the insured 2021 Bonds and a municipal bond insurance policy; and (iii) pay certain costs of issuance of the 2021 Bonds. The 2021 Bonds are payable from and secured by a pledge of the tax revenues. Payment for the 2021 Bonds begins in August 2021 and continues through August 2039.

# REQUIRED SUPPLEMENTARY INFORMATION

**City of Long Beach**  
**Required Supplementary Information**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

**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)

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<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>	<b>\$2,623,898</b>	<b>\$2,726,916</b>
Service cost	37,502	37,306	42,500	43,138	43,491	44,000
Interest in the TPL	171,128	175,727	177,096	178,030	185,085	191,098
Differences between actual and expected experience	(45,118)	(29,800)	(56,898)	(28,799)	11,466	(4,185)
Changes in assumptions <sup>2</sup>	(40,892)	-	144,164	(49,554)	-	-
Benefit payments <sup>3</sup>	(116,699)	(120,522)	(125,722)	(131,268)	(137,024)	(144,066)
<b>Net change in TPL</b>	<b>5,921</b>	<b>62,711</b>	<b>181,140</b>	<b>11,547</b>	<b>103,018</b>	<b>86,847</b>
<b>TPL - ending (a)</b>	<b>\$2,368,500</b>	<b>\$2,431,211</b>	<b>\$2,612,351</b>	<b>\$2,623,898</b>	<b>\$2,726,916</b>	<b>\$2,813,763</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>	<b>\$2,030,299</b>	<b>\$2,105,327</b>
Net Plan to Plan Resource Movement	-	-	(39)	(5)	(5)	-
Contribution - employer	35,136	39,877	45,864	53,278	62,484	71,565
Contribution - employees	17,652	17,959	17,793	18,339	18,876	19,350
Net investment income	41,570	9,355	198,457	162,226	132,140	104,205
Administrative expenses	(2,090)	(1,132)	(2,662)	(3,018)	(1,449)	(2,967)
Benefit payments <sup>3</sup>	(116,699)	(120,522)	(125,722)	(131,268)	(137,023)	(144,066)
Other miscellaneous expense	-	-	-	(5,730)	5	-
<b>Net change in fiduciary net position</b>	<b>(24,431)</b>	<b>(54,463)</b>	<b>133,691</b>	<b>93,822</b>	<b>75,028</b>	<b>48,087</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$1,857,249</b>	<b>\$1,802,786</b>	<b>\$1,936,477</b>	<b>\$2,030,299</b>	<b>\$2,105,327</b>	<b>\$2,153,414</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 511,251</b>	<b>\$ 628,425</b>	<b>\$ 675,874</b>	<b>\$ 593,599</b>	<b>\$ 621,589</b>	<b>\$ 660,349</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>	<b>77.21%</b>	<b>76.53%</b>
Covered payroll	\$ 223,225	\$ 228,212	\$ 234,782	\$ 242,227	\$ 248,064	\$ 254,926
<b>NPL as percentage of covered payroll</b>	<b>229.03%</b>	<b>275.37%</b>	<b>287.87%</b>	<b>245.06%</b>	<b>250.58%</b>	<b>259.04%</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

**City of Long Beach**  
**Required Supplementary Information**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

**Schedule of Contributions**

**Miscellaneous Plan**

As of and for the year ended September 30, 2020 (dollars in thousands)

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actuarially Determined Contribution <sup>2</sup>	\$ 35,136	\$ 39,877	\$ 45,864	\$ 53,278	\$ 62,484	\$ 71,565
Contributions in relation to the actuarially determined contribution <sup>3</sup>	<u>(35,136)</u>	<u>(39,877)</u>	<u>(45,864)</u>	<u>(53,278)</u>	<u>(62,484)</u>	<u>(71,565)</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	\$ 239,897	\$ 246,490	\$ 258,248	\$ 269,936	\$ 270,237	\$ 285,980
Contributions as a percentage of covered payroll	14.65%	16.18%	17.76%	19.74%	23.12%	25.02%

**Notes to schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were from the June 30, 2017 funding valuation report public agency valuations.

Valuation Date:	6/30/2017
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2017 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary Increases	Varies by entry age and service
Payroll Growth	2.875%
Investment Rate of Return	7.25%, net of pension plan investment and administrative expenses, including inflation
Retirement Age	Probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

**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

**City of Long Beach**  
**Required Supplementary Information**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

**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)

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<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>	<b>\$ 2,510,763</b>	<b>\$ 2,630,341</b>
Service cost	34,835	34,636	38,622	40,757	42,335	43,862
Interest in the TPL	160,374	165,092	166,486	170,018	178,200	184,631
Differences between actual and expected experience	(38,807)	(27,528)	(61,909)	(102)	21,708	(5,180)
Changes in assumptions <sup>2</sup>	(39,710)	-	139,900	(43,795)	-	-
Benefit payments <sup>3</sup>	(103,922)	(107,895)	(110,713)	(115,029)	(122,665)	(129,683)
<b>Net change in TPL</b>	<b>12,770</b>	<b>64,305</b>	<b>172,386</b>	<b>51,849</b>	<b>119,578</b>	<b>93,630</b>
<b>TPL - ending (a)</b>	<b>\$ 2,222,224</b>	<b>\$ 2,286,528</b>	<b>\$ 2,458,914</b>	<b>\$ 2,510,763</b>	<b>\$ 2,630,341</b>	<b>\$ 2,723,971</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>	<b>\$ 2,048,027</b>	<b>\$ 2,126,671</b>
Net Plan to Plan Resource Movement	-	-	39	(5)	4	-
Contribution - employer	29,815	32,845	39,371	46,437	55,248	64,654
Contribution - employees	11,737	11,733	12,802	14,047	14,287	15,089
Net investment income	41,167	9,115	198,577	162,720	133,226	105,091
Administrative expenses	(2,101)	(1,138)	(2,674)	(3,037)	(1,461)	(2,998)
Benefit payments <sup>3</sup>	(103,922)	(107,895)	(110,713)	(115,029)	(122,665)	(129,683)
Other miscellaneous expense	-	-	-	(5,766)	5	-
<b>Net change in fiduciary net position</b>	<b>(23,304)</b>	<b>(55,340)</b>	<b>137,402</b>	<b>99,367</b>	<b>78,644</b>	<b>52,153</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 1,866,598</b>	<b>\$ 1,811,258</b>	<b>\$ 1,948,660</b>	<b>\$ 2,048,027</b>	<b>\$ 2,126,671</b>	<b>\$ 2,178,824</b>
<b>Net pension liability - ending (a)-(b)</b>	<b>\$ 355,626</b>	<b>\$ 475,270</b>	<b>\$ 510,254</b>	<b>\$ 462,736</b>	<b>\$ 503,670</b>	<b>\$ 545,147</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>	<b>80.85%</b>	<b>79.99%</b>
Covered payroll	\$ 127,265	\$ 127,789	\$ 126,530	\$ 136,458	\$ 141,252	\$ 148,487
<b>NPL as percentage of covered payroll</b>	<b>279.44%</b>	<b>371.92%</b>	<b>403.27%</b>	<b>339.10%</b>	<b>356.57%</b>	<b>367.14%</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

**City of Long Beach**  
**Required Supplementary Information**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

**Schedule of Contributions**

**Safety Plan**

As of and for the year ended September 30, 2020 (dollars in thousands)

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

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actuarially Determined Contribution <sup>2</sup>	\$ 29,815	\$ 32,845	\$ 39,371	\$ 46,437	\$ 55,248	\$ 64,654
Contributions in relation to the actuarially determined contribution <sup>3</sup>	<u>(29,815)</u>	<u>(32,845)</u>	<u>(39,371)</u>	<u>(46,437)</u>	<u>(55,248)</u>	<u>(64,654)</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 155,208	\$ 159,773	\$ 177,401	\$ 186,217	\$ 182,947	\$ 192,541
Contributions as a percentage of covered payroll	19.21%	20.56%	22.19%	24.94%	30.20%	33.58%

**Notes to schedule:**

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were from the June 30, 2017 funding valuation report public agency valuations.

Valuation Date:	6/30/2017
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2017 Funding Valuation Report.
Asset Valuation Method	Market Value of Assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.625%
Salary Increases	Varies by entry age and service
Payroll Growth	2.875%
Investment Rate of Return	7.25%, net of pension plan investment and administrative expenses, including inflation
Retirement Age	Probabilities of retirement are based on the 2017 CalPERS Experience Study for the period 1997 to 2015.
Mortality	The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries.

**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

**City of Long Beach**  
 Required Supplementary Information  
 For the Fiscal Year Ended September 30, 2020  
 (In Thousands)

**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)

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total OPEB liability - beginning</b>	<b>\$ 42,493</b>	<b>\$ 45,122</b>	<b>\$ 49,940</b>	<b>\$ 51,502</b>	<b>\$ 23,248</b>
Service cost	2,077	2,145	2,818	2,675	2,167
Interest on total OPEB liability	1,655	1,754	1,622	1,878	917
Difference between expected and actual experience	-	(8,920)	-	(1,874)	-
Changes of assumptions	-	11,093	(2,023)	(29,859)	(13,756)
Benefit payments	(1,103)	(1,254)	(855)	(1,074)	(2,921)
<b>Net change in total OPEB liability</b>	<b>2,629</b>	<b>4,818</b>	<b>1,562</b>	<b>(28,254)</b>	<b>(13,593)</b>
<b>Total OPEB liability - ending</b>	<b>\$ 45,122</b>	<b>\$ 49,940</b>	<b>\$ 51,502</b>	<b>\$ 23,248</b>	<b>\$ 9,655</b>
Covered payroll	\$ 406,263	\$ 435,649	\$ 417,383	\$ 442,631	\$ 437,870
Total OPEB liability as a percentage of covered payroll	11.1%	11.5%	12.3%	5.3%	2.2%

**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.



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# ADDITIONAL FINANCIAL SECTION

**City of Long Beach**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**September 30, 2020**  
**(In Thousands)**

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 68,865	\$ 15,923	\$ 12,185	\$ 96,973
Non-Pooled Cash and Cash Equivalents	24	28,042	204	28,270
Receivables:				
Interest Receivable	-	-	-	-
Accounts Receivable	8,480	-	16	8,496
Due from Other Governments	54,825	-	-	54,825
Due from Other Funds	2,541	1,006	6	3,553
Allowance for Receivables	(5,931)	-	-	(5,931)
Other Assets	67	-	-	67
Advances to Other Funds	3,809	-	-	3,809
Land Held for Resale	5,874	-	-	5,874
Other Noncurrent Receivables	213,825	-	5,977	219,802
<b>Total Assets</b>	<b>\$ 352,379</b>	<b>\$ 44,971</b>	<b>\$ 18,388</b>	<b>\$ 415,738</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 12,502	\$ -	\$ 19	\$ 12,521
Accrued Wages and Benefits Payable	2,133	-	5	2,138
Due to Other Governments	-	-	-	-
Due to Other Funds	29,623	6	30	29,659
Unearned Revenues	24,090	-	30	24,120
Deposits and Collections Held in Trust	444	1,068	100	1,612
Advances from Other Funds	3,809	1,600	-	5,409
<b>Total Liabilities</b>	<b>72,601</b>	<b>2,674</b>	<b>184</b>	<b>75,459</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources	208,623	-	5,972	214,595
<b>FUND BALANCES</b>				
Nonspendable	888	-	-	888
Restricted	68,480	42,297	12,232	123,009
Committed	1,414	-	-	1,414
Assigned	373	-	-	373
<b>Total Fund Balance</b>	<b>71,155</b>	<b>42,297</b>	<b>12,232</b>	<b>125,684</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 352,379</b>	<b>\$ 44,971</b>	<b>\$ 18,388</b>	<b>\$ 415,738</b>

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, 2020 (In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
<b>Revenues:</b>				
Taxes:				
Property	\$ 6,774	\$ 29,792	\$ 2,399	\$ 38,965
Sales	2,406	-	-	2,406
Other Taxes	10,255	-	-	10,255
Licenses and Permits	13,188	-	-	13,188
Use of Money and Property	3,649	1,374	609	5,632
From Other Agencies	115,008	-	-	115,008
Charges for Services	1,615	396	-	2,011
Other	5,518	-	646	6,164
Total Revenues	158,413	31,562	3,654	193,629
<b>Expenditures:</b>				
Current:				
General Government	13,126	-	49	13,175
Public Safety	15,539	-	-	15,539
Public Health	60,161	-	-	60,161
Community and Cultural	38,324	19	2,390	40,733
Total Current Expenditures	127,150	19	2,439	129,608
Capital Improvements	733	-	-	733
Debt Service:				
Principal	-	19,647	-	19,647
Interest	-	13,627	-	13,627
Debt Administration Fees	-	14	-	14
Total Expenditures	127,883	33,307	2,439	163,629
Excess of Revenues over (under) Expenditures	30,530	(1,745)	1,215	30,000
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Asset	1,597		1,427	3,024
Transfers In	12,977	6,192	-	19,169
Transfers Out	(46,019)	(7,467)	(18)	(53,504)
Total Other Financing Sources (Uses)	(31,445)	(1,275)	1,409	(31,311)
Net Change in Fund Balances	(915)	(3,020)	2,624	(1,311)
Fund Balances - October 1	72,070	45,317	9,608	126,995
Fund Balances - September 30	\$ 71,155	\$ 42,297	\$ 12,232	\$ 125,684

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

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

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

**City of Long Beach**  
**Nonmajor Special Revenue Funds**  
**Combining Balance Sheet**  
**September 30, 2020**  
**(In Thousands)**

	Special Revenue						Belmont Shore Parking Meter Revenue
	General Grants	Police and Fire Public Safety Oil Production Act		Community Development Grants		Health	
<b>ASSETS</b>							
Pooled Cash and Cash Equivalents	\$ 93	\$ 180	\$ 4,840	\$ 10,405	\$ 231		
Non-Pooled Cash and Cash Equivalents	-	-	10	1	-		
Receivables:							
Interest Receivable	-	-	-	-	-		
Accounts Receivable	70	297	5,571	1,134	-		
Due from Other Governments	33,568	-	5,451	15,640	-		
Due from Other Funds	1,875	-	510	156	-		
Allowance for Receivables	(2)	-	(5,202)	(492)	-		
Other Assets-Current	-	-	67	-	-		
Advances to Other Funds	-	-	3,809	-	-		
Land Held for Resale	-	-	821	-	-		
Other Noncurrent Receivables (net)	-	-	66,475	-	-		
<b>Total Assets</b>	<b>\$ 35,604</b>	<b>\$ 477</b>	<b>\$ 82,352</b>	<b>\$ 26,844</b>	<b>\$ 231</b>		
<b>LIABILITIES</b>							
Accounts Payable	\$ 1,992	\$ -	\$ 740	\$ 9,417	\$ 41		
Accrued Wages	146	-	372	1,410	-		
Due to Other Governments	-	-	-	-	-		
Due to Other Funds	23,597	-	4,662	1,154	-		
Unearned Revenues	8,763	275	2,116	12,788	-		
Deposits and Collections Held in Trust	-	-	-	259	10		
Advances from Other Funds	-	-	-	-	-		
<b>Total Liabilities</b>	<b>34,498</b>	<b>275</b>	<b>7,890</b>	<b>25,028</b>	<b>51</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows of Resources	-	-	61,273	-	-		
<b>FUND BALANCES (DEFICIT)</b>							
Nonspendable	-	-	888	-	-		
Restricted	733	202	12,301	1,816	180		
Committed	-	-	-	-	-		
Assigned	373	-	-	-	-		
<b>Total Fund Balances</b>	<b>1,106</b>	<b>202</b>	<b>13,189</b>	<b>1,816</b>	<b>180</b>		
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 35,604</b>	<b>\$ 477</b>	<b>\$ 82,352</b>	<b>\$ 26,844</b>	<b>\$ 231</b>		

See accompanying Independent Auditors' Report

**Special Revenue**

Housing Development	Development Impact Fees	Other Special Revenue Funds	Total Special Revenue Funds	
<b>ASSETS</b>				
\$ 29,282	\$ 14,928	\$ 8,906	\$ 68,865	Pooled Cash and Cash Equivalents
13	-	-	24	Non-Pooled Cash and Cash Equivalents
				Receivables:
-	-	-	-	Interest Receivable
59	-	1,349	8,480	Accounts Receivable
-	-	166	54,825	Due from Other Governments
-	-	-	2,541	Due from Other Funds
-	-	(235)	(5,931)	Allowance for Receivables
-	-	-	67	Other Assets-Current
-	-	-	3,809	Advances to Other Funds
5,053	-	-	5,874	Land Held for Resale
144,922	-	2,428	213,825	Other Noncurrent Receivables
<b>\$ 179,329</b>	<b>\$ 14,928</b>	<b>\$ 12,614</b>	<b>\$ 352,379</b>	<b>Total Assets</b>
<b>LIABILITIES</b>				
\$ 49	\$ 43	\$ 220	\$ 12,502	Accounts Payable
22	-	183	2,133	Accrued Wages
-	-	-	-	Due to Other Governments
42	-	168	29,623	Due to Other Funds
21	-	127	24,090	Unearned Revenues
1	-	174	444	Deposits and Collections Held in Trust
3,809	-	-	3,809	Advances from Other Funds
<b>3,944</b>	<b>43</b>	<b>872</b>	<b>72,601</b>	<b>Total Liabilities</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
<b>144,922</b>	<b>-</b>	<b>2,428</b>	<b>208,623</b>	<b>Deferred Inflows of Resources</b>
<b>FUND BALANCES (DEFICIT)</b>				
-	-	-	888	Nonspendable
30,249	14,885	8,114	68,480	Restricted
214	-	1,200	1,414	Committed
-	-	-	373	Assigned
<b>30,463</b>	<b>14,885</b>	<b>9,314</b>	<b>71,155</b>	<b>Total Fund Balances</b>
<b>\$ 179,329</b>	<b>\$ 14,928</b>	<b>\$ 12,614</b>	<b>\$ 352,379</b>	<b>Total Liabilities, Deferred Inflows and Fund Balances</b>

See accompanying Independent Auditors' Report

**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, 2020**  
**(In Thousands)**

	Special Revenue			
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 6,774
Sales	-	-	-	2,406
Other Taxes	-	2,968	-	-
Licenses and Permits	-	-	-	3,401
Use of Money and Property	-	14	851	199
From Other Agencies	58,990	-	24,020	31,998
Charges for Services	405	-	-	1,199
Other	940	-	3,854	147
Total Revenues	<u>60,335</u>	<u>2,982</u>	<u>28,725</u>	<u>46,124</u>
Expenditures:				
Current:				
General Government	12,419	-	(5)	-
Public Safety	12,019	2,961	559	-
Public Health	29	-	-	58,147
Community and Cultural	3,592	-	18,827	-
Total Current Expenditures	<u>28,059</u>	<u>2,961</u>	<u>19,381</u>	<u>58,147</u>
Capital Improvements	334	-	-	135
Total Expenditures	<u>28,393</u>	<u>2,961</u>	<u>19,381</u>	<u>58,282</u>
Excess of Revenues over (under) Expenditures	<u>31,942</u>	<u>21</u>	<u>9,344</u>	<u>(12,158)</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Asset	-	-	-	-
Transfers In	6,344	-	375	1,129
Transfers Out	<u>(40,454)</u>	<u>-</u>	<u>(2,208)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(34,110)</u>	<u>-</u>	<u>(1,833)</u>	<u>1,129</u>
Net Change in Fund Balances	<u>(2,168)</u>	<u>21</u>	<u>7,511</u>	<u>(11,029)</u>
Fund Balances - October 1	<u>3,274</u>	<u>181</u>	<u>5,678</u>	<u>12,845</u>
Fund Balances - September 30	<u><u>\$ 1,106</u></u>	<u><u>\$ 202</u></u>	<u><u>\$ 13,189</u></u>	<u><u>\$ 1,816</u></u>

See accompanying Independent Auditors' Report

**Special Revenue**

Belmont Shore		Development		Other Special Revenue Funds	Total Special Revenue Funds	
Parking Meter Revenue	Housing Development	Impact Fees				
Revenues:						
\$	-	\$	-	\$	-	\$
						6,774
						2,406
				7,287		10,255
		112	6,957	2,718		13,188
546	1,366		380	293		3,649
					115,008	Use of Money and Property
						From Other Agencies
				11		Charges for Services
		341		236		5,518
<b>546</b>	<b>1,819</b>		<b>7,337</b>	<b>10,545</b>	<b>158,413</b>	<b>Total Revenues</b>
Expenditures:						
Current:						
3	226		-	483	13,126	General Government
-	-		-	-	15,539	Public Safety
-	-		-	1,985	60,161	Public Health
644	3,917		-	11,344	38,324	Community and Cultural
<b>647</b>	<b>4,143</b>		<b>-</b>	<b>13,812</b>	<b>127,150</b>	<b>Total Current Expenditures</b>
			264		733	Capital Improvements
<b>647</b>	<b>4,143</b>		<b>264</b>	<b>13,812</b>	<b>127,883</b>	<b>Total Expenditures</b>
Excess of Revenues Over (Under) Expenditures						
<b>(101)</b>	<b>(2,324)</b>		<b>7,073</b>	<b>(3,267)</b>	<b>30,530</b>	
Other Financing Sources (Uses)						
-	1,597		-	-	1,597	Proceeds from Sale of Capital Asset
-	-		5,121	8	12,977	Transfers In
<b>(88)</b>	<b>(1)</b>		<b>(3,212)</b>	<b>(56)</b>	<b>(46,019)</b>	Transfers Out
<b>(88)</b>	<b>1,596</b>		<b>1,909</b>	<b>(48)</b>	<b>(31,445)</b>	<b>Total Other Financing Sources (Uses)</b>
<b>(189)</b>	<b>(728)</b>		<b>8,982</b>	<b>(3,315)</b>	<b>(915)</b>	<b>Net Change in Fund Balances</b>
<b>369</b>	<b>31,191</b>		<b>5,903</b>	<b>12,629</b>	<b>72,070</b>	<b>Fund Balances - October 1</b>
<b>\$ 180</b>	<b>\$ 30,463</b>		<b>\$ 14,885</b>	<b>\$ 9,314</b>	<b>\$ 71,155</b>	<b>Fund Balances - September 30</b>

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 (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

(In Thousands)

	<b>General Grants</b>			Variance with Final Budget - Favorable (unfavorable)	
	<b>Budgeted Amounts</b>		Actual on Budgetary Basis		
	Original	Final			
<b>Sources:</b>					
From Other Agencies	7,210	65,072	58,990	(6,082)	
Charges for Services	191	653	405	(248)	
Other Revenues	345	2,064	940	(1,124)	
Transfers In	524	4,609	6,344	1,735	
<b>Total Sources</b>	<b>8,270</b>	<b>72,398</b>	<b>66,679</b>	<b>(5,719)</b>	
<b>Uses:</b>					
General Government	-	10,447	12,419	(1,972)	
Public Safety	5,642	6,701	12,224	(5,523)	
Public Health	-	(183)	29	(212)	
Community and Cultural	2,453	4,526	3,689	837	
Public Works	300	310	-	310	
Capital Improvements	-	1,774	457	1,317	
Transfers Out	-	40,454	40,454	-	
<b>Total Uses</b>	<b>8,395</b>	<b>64,029</b>	<b>69,272</b>	<b>(5,243)</b>	
<b>Net Change in Budgetary Fund Balance</b>	<b>(125)</b>	<b>8,369</b>	<b>(2,593)</b>	<b>\$ (10,962)</b>	
<b>Fund Balances - October 1</b>	<b>1,778</b>	<b>1,778</b>	<b>374</b>		
<b>Fund Balances - September 30, Budgetary Basis</b>	<b>\$ 1,653</b>	<b>\$ 10,147</b>	<b>\$ (2,219)</b>		

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ (2,593)</b>
<b>Add: Encumbrances</b>	<b>425</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>(2,168)</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>3,274</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 1,106</b>

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 (Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2020

(In Thousands)

<b>Police and Fire Public Safety Oil Production Tax</b>					
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>		Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>			
<b>Sources:</b>					
Other Taxes	\$ 3,155	\$ 3,155	\$ 2,968	\$ (187)	
Use of Money and Property	-	-	14	14	
Total Sources	<u>3,155</u>	<u>3,155</u>	<u>2,982</u>	<u>(173)</u>	
<b>Uses:</b>					
Public Safety	3,154	3,154	2,961	193	
Transfers Out	-	-	-	-	
Total Uses	<u>3,154</u>	<u>3,154</u>	<u>2,961</u>	<u>193</u>	
Net Change in Budgetary Fund Balance	1	1	21	<u>\$ 20</u>	
Fund Balances - October 1	<u>181</u>	<u>181</u>	<u>181</u>		
Fund Balances - September 30, Budgetary Basis	<u>\$ 182</u>	<u>\$ 182</u>	<u>\$ 202</u>		

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<u>\$ 21</u>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<u>21</u>
<b>Fund Balance, October 1, GAAP Basis</b>	<u>181</u>
<b>Fund Balance, September 30, GAAP Basis</b>	<u>\$ 202</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 (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

(In Thousands)

	<b>Community Development Grants</b>				Variance with Final	
	<b>Budgeted Amounts</b>		Actual on Budgetary Basis	Budget - Favorable (unfavorable)		
	Original	Final				
<b>Sources:</b>						
Licenses and Permits	\$ -	\$ -	\$ -	\$ -		
Use of Money and Property	323	(137)	851	988		
From Other Agencies	20,543	38,916	24,020	(14,896)		
Charges for Services	2,129	(176)	-	176		
Other Revenues	-	4,314	3,854	(460)		
Transfers In	-	807	375	(432)		
<b>Total Sources</b>	<b>22,995</b>	<b>43,724</b>	<b>29,100</b>	<b>(14,624)</b>		
<b>Uses:</b>						
General Government	349	515	(5)	520		
Public Safety	210	2,027	559	1,468		
Community and Cultural	6,505	64,524	19,429	45,095		
Transfers Out	1,164	2,648	2,208	440		
<b>Total Uses</b>	<b>8,228</b>	<b>69,714</b>	<b>22,191</b>	<b>47,523</b>		
Net Change in Budgetary Fund Balance	14,767	(25,991)	6,909	\$ 32,900		
Fund Balances - October 1	5,678	5,678	5,678			
<b>Fund Balances - September 30, Budgetary Basis</b>	<b>\$ 20,445</b>	<b>\$ (20,313)</b>	<b>\$ 12,587</b>			

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ 6,909</b>
<b>Add: Encumbrances</b>	<b>602</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>7,511</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>5,678</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 13,189</b>

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 (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

(In Thousands)

	<b>Health</b>			Variance with Final Budget - Favorable (unfavorable)	
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis		
	Original	Final			
<b>Sources</b>					
Property Taxes	\$ 5,800	\$ 5,800	\$ 6,774	\$ 974	
Sales Taxes	2,400	2,400	2,406	6	
Licenses and Permits	3,873	3,873	3,401	(472)	
Use of Money and Property	18	18	199	181	
From Other Agencies	34,605	104,202	31,998	(72,204)	
Charges for Services	4,641	12,161	1,199	(10,962)	
Other Revenues	5,403	3,913	147	(3,766)	
Transfers In	639	741	1,129	388	
<b>Total Sources</b>	<b>57,379</b>	<b>133,108</b>	<b>47,253</b>	<b>(85,855)</b>	
<b>Uses</b>					
General Government	-	-	-	-	
Public Health	59,924	133,890	59,083	74,807	
Capital Improvements	4,728	2	135	(133)	
Transfers Out	-	-	-	-	
<b>Total Uses</b>	<b>64,652</b>	<b>133,892</b>	<b>59,218</b>	<b>74,674</b>	
Net Change in Budgetary Fund Balance	(7,273)	(784)	(11,965)	\$ (11,181)	
<b>Fund Balances - October 1</b>	<b>12,845</b>	<b>12,845</b>	<b>12,845</b>		
<b>Fund Balances - September 30, Budgetary Basis</b>	<b>\$ 5,572</b>	<b>\$ 12,061</b>	<b>\$ 880</b>		

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ (11,965)</b>
<b>Add: Encumbrances</b>	<b>936</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>(11,029)</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>12,845</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 1,816</b>

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 (Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2020

(In Thousands)

<b>Belmont Shore Parking Meter Revenues</b>					
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>		Variance with Final Budget - Favorable (unfavorable)
	<u>Original</u>	<u>Final</u>			
<b>Sources</b>					
Use of Money and Property	\$ 765	\$ 798	\$ 1,344	\$ 546	
Total Sources	<u>765</u>	<u>798</u>	<u>1,344</u>	<u>546</u>	
<b>Uses</b>					
General Government	-	-	3	(3)	
Community and Cultural	765	798	648	150	
Transfers Out	-	-	88	(88)	
Total Uses	<u>765</u>	<u>798</u>	<u>739</u>	<u>59</u>	
Net Change in Budgetary Fund Balance	-	-	605	<u>\$ 605</u>	
Fund Balances - October 1	369	369	369		
Fund Balances - September 30, Budgetary Basis	<u>\$ 369</u>	<u>\$ 369</u>	<u>\$ 974</u>		

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<u>\$ 605</u>
<b>Add:</b> Encumbrances	4
<b>Less:</b> Change in Mark-to-Market and Other Adjustments	<u>(798)</u>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<u>(189)</u>
<b>Fund Balance, October 1, GAAP Basis</b>	<u>369</u>
<b>Fund Balance, September 30, GAAP Basis</b>	<u>\$ 180</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 (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

(In Thousands)

	<b>Housing Development</b>				Variance with Final Budget - Favorable (unfavorable)	
	<b>Budgeted Amounts</b>		Actual on Budgetary Basis	Original		
	Original	Final				
<b>Sources</b>						
Licenses and Permits	\$ 385	\$ 551	\$ 112	\$ (439)		
Use of Money and Property	385	385	1,366	981		
From Other Agencies	165	165	-	(165)		
Charges for Services	-	-	-	-		
Other Revenues	562	562	341	(221)		
Transfers In	2,911	2,911	-	(2,911)		
<b>Total Sources</b>	<b>4,408</b>	<b>4,574</b>	<b>1,819</b>	<b>(2,755)</b>		
<b>Uses</b>						
General Government	394	394	226	168		
Community and Cultural	7,488	10,810	3,917	6,893		
Transfers Out	-	-	1	(1)		
<b>Total Uses</b>	<b>7,882</b>	<b>11,204</b>	<b>4,144</b>	<b>7,060</b>		
Net Change in Budgetary Fund Balance	(3,474)	(6,630)	(2,325)	\$ 4,305		
<b>Fund Balances - October 1</b>	<b>31,191</b>	<b>31,191</b>	<b>31,191</b>			
<b>Fund Balances - September 30, Budgetary Basis</b>	<b>\$ 27,717</b>	<b>\$ 24,561</b>	<b>\$ 28,866</b>			

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ (2,325)</b>
<b>Add: Encumbrances</b>	<b>1,597</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>(728)</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>31,191</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 30,463</b>

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 (Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2020

(In Thousands)

	<b>Development Impact Fees</b>				Variance with Final Budget - Favorable (unfavorable)	
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis			
	Original	Final	Original	Final		
<b>Sources</b>						
Licenses and Permits	\$ 2,265	\$ 2,265	\$ 6,957	\$ 4,692		
Use of Money and Property	-	-	380	380		
<b>Total Sources</b>	<b>2,265</b>	<b>2,265</b>	<b>12,458</b>	<b>10,193</b>		
<b>Uses</b>						
Capital Improvements	7	207	349	(142)		
Transfers Out	3,593	3,593	3,212	381		
<b>Total Uses</b>	<b>3,600</b>	<b>3,800</b>	<b>3,561</b>	<b>239</b>		
Net Change in Budgetary Fund Balance	(1,335)	(1,535)	8,897	\$ 10,432		
<b>Fund Balances - October 1</b>	<b>5,903</b>	<b>5,903</b>	<b>5,903</b>			
<b>Fund Balances - September 30, Budgetary Basis</b>	<b>\$ 4,568</b>	<b>\$ 4,368</b>	<b>\$ 14,800</b>			

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ 8,897</b>
<b>Add: Encumbrances</b>	<b>85</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>8,982</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>5,903</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 14,885</b>

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 (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

(In Thousands)

	<b>Other Special Revenue Funds</b>				Variance with Final Budget - Favorable (unfavorable)	
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis			
	Original	Final	Original	Final		
<b>Sources</b>						
Other Taxes	\$ 10,458	\$ 10,458	\$ 7,287	\$ (3,171)		
Licenses and Permits	1,197	3,012	2,718	(294)		
Use of Money and Property	36	36	293	257		
Charges for Services	-	-	11	11		
Other Revenues	2,985	1,240	236	(1,004)		
Transfers In	144	680	8	(672)		
<b>Total Sources</b>	<b>14,820</b>	<b>15,426</b>	<b>10,553</b>	<b>(4,873)</b>		
<b>Uses</b>						
General Government	786	413	483	(70)		
Public Health	50	2,280	1,985	295		
Community and Cultural	14,468	14,736	11,405	3,331		
Capital Improvements	-	-	-	-		
Transfers Out	-	-	56	(56)		
<b>Total Uses</b>	<b>15,304</b>	<b>17,429</b>	<b>13,929</b>	<b>3,500</b>		
<b>Net Change in Budgetary Fund Balance</b>	<b>(484)</b>	<b>(2,003)</b>	<b>(3,376)</b>	<b>\$ (1,373)</b>		
<b>Fund Balances - October 1</b>	<b>12,629</b>	<b>12,629</b>	<b>12,629</b>			
<b>Fund Balances - September 30, Budgetary Basis</b>	<b>\$ 12,145</b>	<b>\$ 10,626</b>	<b>\$ 9,253</b>			

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ (3,376)</b>
<b>Add: Encumbrances</b>	<b>61</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>(3,315)</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>12,629</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 9,314</b>

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, 2020**  
**(In Thousands)**

	General Debt Service Fund	Agency Debt Service Fund	Successor Total Debt Service Funds
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 15,923	\$ -	\$ 15,923
Non-Pooled Cash and Cash Equivalents	6,532	21,510	28,042
Receivables:			
Due from Other Funds	1,006	-	1,006
Total Assets	<u>\$ 23,461</u>	<u>\$ 21,510</u>	<u>\$ 44,971</u>
<b>LIABILITIES</b>			
Due to Other Funds	\$ -	\$ 6	\$ 6
Deposits and Collections Held in Trust	1,068	-	1,068
Advances from Other Funds	1,600	-	1,600
Total Liabilities	<u>2,668</u>	<u>6</u>	<u>2,674</u>
<b>FUND BALANCES</b>			
Restricted	<u>20,793</u>	<u>21,504</u>	<u>42,297</u>
Total Fund Balance	<u>20,793</u>	<u>21,504</u>	<u>42,297</u>
Total Liabilities and Fund Balances	<u><u>\$ 23,461</u></u>	<u><u>\$ 21,510</u></u>	<u><u>\$ 44,971</u></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, 2020**  
**(In Thousands)**

	General Debt Service Fund	Agency Debt Service Fund	Successor Total Debt Service Funds
<b>Revenues:</b>			
Taxes:			
Property	\$ -	\$ 29,792	\$ 29,792
Use of Money and Property	621	753	1,374
Charges for Services	396	-	396
Total Revenues	<u>1,017</u>	<u>30,545</u>	<u>31,562</u>
<b>Expenditures:</b>			
Debt Service:			
Principal	3,702	15,945	19,647
Interest	3,088	10,539	13,627
Debt Administration Fees	8	6	14
Total Expenditures	<u>6,798</u>	<u>26,509</u>	<u>33,307</u>
Excess of Revenues over (under) Expenditures	<u>(5,781)</u>	<u>4,036</u>	<u>(1,745)</u>
<b>Other Financing Sources (Uses):</b>			
Transfers In	6,174	18	6,192
Transfers Out	<u>(7,467)</u>	<u>-</u>	<u>(7,467)</u>
Total Other Financing Sources	<u>(1,293)</u>	<u>18</u>	<u>(1,275)</u>
Net Change in Fund Balances	(7,074)	4,054	(3,020)
Fund Balances - October 1	<u>27,867</u>	<u>17,450</u>	<u>45,317</u>
Fund Balances - September 30	<u><u>\$ 20,793</u></u>	<u><u>\$ 21,504</u></u>	<u><u>\$ 42,297</u></u>

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Nonmajor Debt Service Funds**  
**Schedule of Sources, Uses, and Changes in Funds Available**  
**Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

(In Thousands)

	<b>General Debt Service Fund</b>				Variance with Final Budget - Favorable (unfavorable)	
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis			
	Original	Final				
<b>Sources:</b>						
Use of Money and Property	\$ 400	\$ 400	\$ 621	\$ 221		
Charges for Services	-	-	396	396		
Transfers In	<u>6,501</u>	<u>5,738</u>	<u>6,174</u>	<u>436</u>		
Total Sources	<u>6,901</u>	<u>6,138</u>	<u>7,191</u>	<u>1,053</u>		
<b>Uses:</b>						
Debt Service	8,159	7,397	6,798	599		
Transfers Out	<u>8,473</u>	<u>8,473</u>	<u>7,467</u>	<u>1,006</u>		
Total Uses	<u>16,632</u>	<u>15,870</u>	<u>14,265</u>	<u>1,605</u>		
Net Change in Budgetary Fund Balance	(9,731)	(9,732)	(7,074)	<u>\$ 2,658</u>		
Fund Balances - October 1	<u>27,867</u>	<u>27,867</u>	<u>27,867</u>			
Fund Balances - September 30, Budgetary Basis	<u>\$ 18,136</u>	<u>\$ 18,135</u>	<u>\$ 20,793</u>			

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ (7,074)</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>(7,074)</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>27,867</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 20,793</b>

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 (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

(In Thousands)

<b>Successor Agency Debt Service Fund</b>					
	<b>Budgeted Amounts</b>		<b>Actual on</b>	<b>Variance</b>	
	<b>Original</b>	<b>Final</b>	<b>Budgetary</b>	<b>with Final</b>	
				<b>Budget -</b>	
				<b>Favorable</b>	
				<b>(unfavorable)</b>	
<b>Sources:</b>					
Property Taxes	\$ 30,162	\$ 30,162	\$ 29,792	\$ (370)	
Use of Money and Property	-	-	753	753	
Transfers In	-	-	18	18	
<b>Total Sources</b>	<b>30,162</b>	<b>30,162</b>	<b>30,563</b>	<b>401</b>	
<b>Uses:</b>					
Community and Cultural	-	-	19	(19)	
Debt Service	26,606	26,606	26,490	116	
<b>Total Uses</b>	<b>26,606</b>	<b>26,606</b>	<b>26,509</b>	<b>97</b>	
Net Change in Budgetary Fund Balance	3,556	3,556	4,054	\$ 498	
Fund Balances - October 1	17,450	17,450	17,450		
Fund Balances - September 30, Budgetary Basis	<b>\$ 21,006</b>	<b>\$ 21,006</b>	<b>\$ 21,504</b>		
<b>Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis</b>					
<b>Change in Fund Balance - September 30, Budgetary Basis</b>			\$ 4,054		
<b>Change in Fund Balance - September 30, GAAP Basis</b>			4,054		
<b>Fund Balance, October 1, GAAP Basis</b>			17,450		
<b>Fund Balance, September 30, GAAP Basis</b>			<b>\$ 21,504</b>		

See accompanying Independent Auditors' Report



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## **NONMAJOR CAPITAL PROJECTS FUND**

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

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

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

**City of Long Beach**  
**Nonmajor Capital Project Funds**  
**Combining Balance Sheet**  
**September 30, 2020**  
**(In Thousands)**

	<u>Special Assessment Projects</u>	<u>Successor Agency Capital Projects</u>	<u>Total Capital Projects Funds</u>
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	\$ 1,775	\$ 10,410	\$ 12,185
Non-Pooled Cash and Cash Equivalents	62	142	204
Receivables:			
Accounts Receivable	-	16	16
Other Noncurrent Receivables	-	5,977	5,977
Total Assets	<u>\$ 1,837</u>	<u>\$ 16,551</u>	<u>\$ 18,388</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ -	\$ 19	\$ 19
Accrued Wages and Benefits Payable	-	5	5
Unearned Revenues	-	30	30
Deposits and Collections Held in Trust	-	100	100
Total Liabilities	<u>-</u>	<u>184</u>	<u>184</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources	<u>-</u>	<u>5,972</u>	<u>5,972</u>
<b>FUND BALANCES</b>			
Restricted	<u>1,837</u>	<u>10,395</u>	<u>12,232</u>
Total Fund Balance	<u>1,837</u>	<u>10,395</u>	<u>12,232</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u><u>\$ 1,837</u></u>	<u><u>\$ 16,551</u></u>	<u><u>\$ 18,388</u></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, 2020**  
**(In Thousands)**

	Special Assessment Projects	Successor Agency Capital Projects	Total Capital Projects Funds
<b>Revenues:</b>			
Taxes:			
Property	\$ -	\$ 2,399	\$ 2,399
Use of Money and Property	- -	609	609
From Other Agencies	- -	-	-
Other	- -	646	646
	<hr/>	<hr/>	<hr/>
Total Revenues	- -	3,654	3,654
<b>Expenditures:</b>			
Current:			
General Government	- -	49	49
Community and Cultural	1 -	2,389	2,390
	<hr/>	<hr/>	<hr/>
Total Current Expenditures	1 -	2,438	2,439
Capital Improvements	- -	-	-
	<hr/>	<hr/>	<hr/>
Total Expenditures	1 -	2,438	2,439
Excess of Revenues Over (under) Expenditures	<hr/>	<hr/>	<hr/>
	(1) -	1,216	1,215
<b>Other Financing Sources (Uses):</b>			
Proceeds from Sale of Capital Asset	- -	1,427	1,427
Transfers In	- -	-	-
Transfers Out	- -	(18)	(18)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	- -	1,409	1,409
Net Change in Fund Balances	<hr/>	<hr/>	<hr/>
	(1) -	2,625	2,624
Fund Balances - October 1	<hr/>	<hr/>	<hr/>
	1,838 -	7,770	9,608
Fund Balances - September 30	<hr/>	<hr/>	<hr/>
	\$ 1,837 -	\$ 10,395	\$ 12,232

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 (Budgetary Basis)  
 For the Fiscal Year Ended September 30, 2020

	<b>Special Assessment Capital Projects Fund</b>				Variance with Final Budget - Favorable (unfavorable)	
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>			
	Original	Final	Original	Final		
<b>Sources:</b>						
Use of Money and Property	\$ 15	\$ 15	\$ -	\$ (15)		
Other Revenues	39	-	-	-		
<b>Total Sources</b>	<b>54</b>	<b>15</b>	<b>-</b>	<b>(15)</b>		
<b>Uses:</b>						
Community and Cultural Capital Improvements	- 44	- 53	1 -	1 53		
<b>Total Uses</b>	<b>44</b>	<b>53</b>	<b>1</b>	<b>54</b>		
Net Change in Budgetary Fund Balance	10	(38)	(1)	\$ 37		
Fund Balances - October 1	1,838	1,838	1,838			
<b>Fund Balances - September 30, Budgetary Basis</b>	<b>\$ 1,848</b>	<b>\$ 1,800</b>	<b>\$ 1,837</b>			

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<b>\$ (1)</b>
<b>Add: Encumbrances</b>	<b>-</b>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<b>(1)</b>
<b>Fund Balance, October 1, GAAP Basis</b>	<b>1,838</b>
<b>Fund Balance, September 30, GAAP Basis</b>	<b>\$ 1,837</b>

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 (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**

	<b>Succesor Agency Capital Projects Fund</b>				
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>		Variance with Final Budget - Favorable (unfavorable)
	Original	Final			
<b>Sources:</b>					
Property Taxes	\$ 3,000	\$ 3,000	\$ 2,399	\$ (601)	
Licenses and Permits	15	15	-	(15)	
Use of Money and Property	797	797	609	(188)	
From Other Agencies	-	-	-	-	
Other Revenues	408	408	646	238	
Transfers In	-	-	-	-	
<b>Total Sources</b>	<b>4,220</b>	<b>4,220</b>	<b>3,654</b>	<b>(566)</b>	
<b>Uses:</b>					
General Government	2	2	49	(47)	
Community and Cultural	4,176	4,176	2,389	1,787	
Transfers Out	-	-	18	(18)	
<b>Total Uses</b>	<b>4,178</b>	<b>4,178</b>	<b>2,456</b>	<b>1,722</b>	
Net Change in Budgetary Fund Balance	42	42	1,198	<u><u>\$ 1,156</u></u>	
Fund Balances - October 1	<u><u>7,770</u></u>	<u><u>7,770</u></u>	<u><u>7,770</u></u>		
Fund Balances - September 30, Budgetary Basis	<u><u>\$ 7,812</u></u>	<u><u>\$ 7,812</u></u>	<u><u>\$ 8,968</u></u>		

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

<b>Change in Fund Balance - September 30, Budgetary Basis</b>	<u><u>\$ 1,198</u></u>
<b>Add: Encumbrances</b>	<u><u>1,427</u></u>
<b>Change in Fund Balance - September 30, GAAP Basis</b>	<u><u>2,625</u></u>
<b>Fund Balance, October 1, GAAP Basis</b>	<u><u>7,770</u></u>
<b>Fund Balance, September 30, GAAP Basis</b>	<u><u>\$ 10,395</u></u>

See accompanying Independent Auditors' Report



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

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 Enterprise Funds**  
**Combining Statement of Net Position**  
**September 30, 2020**  
**(In Thousands)**

	Tideland							Total
	Oil			Solid Waste			Development	Nonmajor
	Revenue	Sewer	Airport	Management	Towing	Subsidence	Services	Proprietary
<b>ASSETS</b>								
Current Assets:								
Pooled Cash and Cash Equivalents	\$ 41,261	\$ 13,755	\$ 67,671	\$ 25,169	\$ 246	\$ 190,937	\$ 47,186	\$ 386,225
Non-Pooled Cash and Cash Equivalents	-	-	7,572	3	2	-	-	7,577
Receivables:								
Interest Receivable	-	-	37	-	-	1	-	38
Accounts Receivable	11,426	1,030	2,093	6,493	187	-	301	21,530
Due from Other Governments	-	-	18,279	143	-	-	365	18,787
Due from Other Funds	337	57	757	800	248	500	-	2,699
Allowance for Receivables	-	(78)	(773)	(717)	(172)	-	(165)	(1,905)
Inventory	-	185	-	-	-	-	-	185
Other Assets - Current	16	-	-	-	-	-	-	16
Total Current Assets	53,040	14,949	95,636	31,891	511	191,438	47,687	435,152
Noncurrent Assets:								
Restricted Noncurrent Assets:								
Non-Pooled Investments	-	-	8,687	-	-	-	-	8,687
Noncurrent Receivables	-	-	-	-	-	614	-	614
Advances to Other Funds	-	-	-	-	-	-	-	-
Capital Assets:								
Land and Other Capital Assets Not Being Depreciated	-	8,552	41,845	7,003	-	-	-	57,400
Capital Assets Net of Accumulated Depreciation	9,413	72,886	236,819	5,432	-	-	25	324,575
Total Noncurrent Assets	9,413	81,438	287,351	12,435	-	614	25	391,276
Total Assets	62,453	96,387	382,987	44,326	511	192,052	47,712	826,428
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Outflows of Resources	498	1,386	1,312	1,491	440	-	1,832	6,959
<b>LIABILITIES</b>								
Current Liabilities Payable from Current Assets								
Accounts Payable	3,237	1,707	11,410	6,074	42	-	1,135	23,605
Accrued Wages	154	308	411	641	113	-	572	2,199
Accrued Interest Payable	-	147	2,074	-	-	-	-	2,221
Due to Other Funds	2,076	180	332	666	83	-	1,776	5,113
Unearned Revenues	-	-	1,409	-	-	1,114	4,285	6,808
Collections Held in Trust	106	-	-	838	-	-	1	945
Customers Deposits	-	-	277	-	-	-	2,070	2,347
Advances from Developers	-	267	-	-	-	-	10,335	10,602
Due to State of California	9,072	-	-	-	-	-	-	9,072
Compensated Absences and Accrued Employee Benefits	269	438	934	965	206	-	898	3,710
Bonds Payable Due within One Year	-	375	3,160	-	-	-	-	3,535
Total Current Liabilities	14,914	3,422	20,007	9,184	444	1,114	21,072	70,157
Noncurrent Liabilities:								
Unearned Revenues	-	-	5,210	-	-	-	-	5,210
Accrued Oil Field Abandonment Costs	102,600	-	-	-	-	-	-	102,600
Compensated Absences and Accrued Employee Benefits	625	1,046	1,441	1,766	395	-	1,590	6,863
Bonds Payable	-	9,157	95,800	-	-	-	-	104,957
Total OPEB Liability	43	69	98	119	27	-	111	467
Net Pension Liability	6,791	8,947	16,322	17,807	3,848	-	22,589	76,304
Total Noncurrent Liabilities	110,059	19,219	118,871	19,692	4,270	-	24,290	296,401
Total Liabilities	124,973	22,641	138,878	28,876	4,714	1,114	45,362	366,558
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred Inflows of Resources	703	372	1,007	766	242	-	695	3,785
<b>NET POSITION</b>								
Net Investment in Capital Assets	9,413	71,906	190,047	12,435	-	-	25	283,826
Restricted for:								
Debt Service	-	304	5,916	-	-	-	-	6,220
Capital Projects	-	-	28,063	-	-	-	-	28,063
Airport	-	-	9,605	-	-	-	-	9,605
Subsidence	-	-	-	-	-	190,938	-	190,938
Unrestricted	(72,138)	2,550	10,783	3,740	(4,005)	-	3,462	(55,608)
Total Net Position	\$ (62,725)	\$ 74,760	\$ 244,414	\$ 16,175	\$ (4,005)	\$ 190,938	\$ 3,487	\$ 463,044

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Revenues, Expenses and Changes in Fund Net Position**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

	Tideland Oil Revenue	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
<b>Operating Revenues:</b>								
Licenses and Permits	\$ -	\$ -	\$ -	\$ 2,545	\$ -	\$ -	\$ 21,058	\$ 23,603
Fines and Forfeitures	-	-	14	-	-	-	-	14
Fees, Concessions and Rentals	55,063	-	28,017	-	-	-	-	83,080
From Other Agencies	-	-	-	528	-	-	402	930
Charges for Services	4,320	17,840	1,745	82,960	4,581	-	1,074	112,520
Other	-	86	2	-	-	-	1,759	1,847
<b>Total Operating Revenues</b>	<b>59,383</b>	<b>17,926</b>	<b>29,778</b>	<b>86,033</b>	<b>4,581</b>	<b>-</b>	<b>24,293</b>	<b>221,994</b>
<b>Operating Expenses:</b>								
Personnel Services	4,502	7,240	13,316	18,845	3,420	-	18,043	65,366
Maintenance and Other Operations	4,546	7,639	26,798	70,689	2,153	-	11,403	123,228
Rental Expense	-	-	-	371	-	-	-	371
Payments to Other Entities	36,718	-	-	-	-	-	-	36,718
Depreciation	762	2,611	12,691	492	-	-	11	16,567
<b>Total Operating Expenses</b>	<b>46,528</b>	<b>17,490</b>	<b>52,805</b>	<b>90,397</b>	<b>5,573</b>	<b>-</b>	<b>29,457</b>	<b>242,250</b>
<b>Operating Income (Loss)</b>	<b>12,855</b>	<b>436</b>	<b>(23,027)</b>	<b>(4,364)</b>	<b>(992)</b>	<b>-</b>	<b>(5,164)</b>	<b>(20,256)</b>
<b>Non-Operating Income (Expenses):</b>								
Interest Income	-	363	2,068	792	16	4,512	1,184	8,935
Interest Expense	-	(236)	(6,211)	-	-	-	-	(6,447)
Gain (Loss) on Disposition of Capital Assets	-	21	(188)	-	-	-	-	(167)
Oil Field Abandonment Costs	16,000	-	-	-	-	-	-	16,000
Operating Grants	-	-	2,739	155	-	-	-	2,894
Other Income	2	1,274	1,256	1	2	499	-	3,034
Other Expense	-	(1,293)	(164)	(7)	-	-	-	(1,464)
<b>Total Non-Operating Income (Expenses)</b>	<b>16,002</b>	<b>129</b>	<b>(500)</b>	<b>941</b>	<b>18</b>	<b>5,011</b>	<b>1,184</b>	<b>22,785</b>
<b>Income Before Contributions</b>	<b>28,857</b>	<b>565</b>	<b>(23,527)</b>	<b>(3,423)</b>	<b>(974)</b>	<b>5,011</b>	<b>(3,980)</b>	<b>2,529</b>
Capital Grants and Contributions	-	38	30,964	-	-	-	-	31,002
<b>Transfers:</b>								
Transfers In	-	-	-	-	-	-	86	86
Transfers Out	(14,298)	-	(121)	(683)	(21)	-	(106)	(15,229)
<b>Change in Net Position</b>	<b>14,559</b>	<b>603</b>	<b>7,316</b>	<b>(4,106)</b>	<b>(995)</b>	<b>5,011</b>	<b>(4,000)</b>	<b>18,388</b>
<b>Net Position - October 1</b>	<b>(77,284)</b>	<b>74,157</b>	<b>237,098</b>	<b>20,281</b>	<b>(3,010)</b>	<b>185,927</b>	<b>7,487</b>	<b>444,656</b>
<b>Net Position - September 30</b>	<b>\$ (62,725)</b>	<b>\$ 74,760</b>	<b>\$ 244,414</b>	<b>\$ 16,175</b>	<b>\$ (4,005)</b>	<b>\$ 190,938</b>	<b>\$ 3,487</b>	<b>\$ 463,044</b>

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Nonmajor Enterprise Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

	Tideland Oil Revenue	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</b>								
Cash Flows from Operating Activities:								
Receipts from Customers	\$ -	\$ 18,628	\$ 33,933	\$ 85,559	\$ 4,975	\$ -	\$ 25,976	\$ 169,071
Receipts from Oil Companies	75,854	-	-	-	-	-	-	75,854
Receipts from Other Governments	-	-	1,277	528	-	-	-	1,805
Receipts from Other Funds	935	-	1,623	1,956	-	-	-	4,514
Payments for Employee Salaries	(4,694)	(6,013)	(12,541)	(17,767)	(3,280)	-	(16,672)	(60,967)
Payments for Goods and Services	(14,755)	(7,752)	(21,999)	(71,987)	(2,107)	-	(9,653)	(128,253)
Payments to Other Entities	(38,558)	-	-	-	-	-	-	(38,558)
Other Income	2	1,274	141	1	2	-	-	1,420
Other Expense	-	(1,281)	(164)	(7)	-	-	-	(1,452)
Net Cash Provided by (Used for) Operating Activities	18,784	4,856	2,270	(1,717)	(410)	-	(349)	23,434
Cash Flows from Non-Capital Financing Activities:								
Operating Grants Received from Other Governments	-	-	2,739	49	-	-	-	2,788
Transfers In	-	-	-	-	-	-	86	86
Transfers Out	(14,298)	-	(121)	(683)	(21)	-	(106)	(15,229)
Net Cash Used for Non-Capital Financing Activities	(14,298)	-	2,618	(634)	(21)	-	(20)	(12,355)
Cash Flows from Capital and Related Financing Activities:								
Proceeds from the Sale of Capital Assets	-	9	-	2	-	-	-	11
Receipts of Contributed Capital	-	38	27,781	-	-	-	-	27,819
Payments for Capital Acquisitions	-	(6,671)	(39,083)	(3,019)	-	-	(309)	(49,082)
Payments of Principal on Bonds Payable	-	(360)	(3,009)	-	-	-	-	(3,369)
Receipts from Passenger Facility Charges	-	-	3,183	-	-	-	-	3,183
Payments of Interest	-	(368)	(6,259)	-	-	-	-	(6,627)
Receipt of Federal Subsidy	-	-	1,115	-	-	-	-	1,115
Net Cash Provided by (Used for)								
Capital and Related Financing Activities	-	(7,352)	(16,272)	(3,017)	-	-	(309)	(26,950)
Cash Flows from Investing Activities:								
Payments for Purchase of Investments	-	-	(263)	-	-	-	-	(263)
Receipts of Interest	-	362	2,079	793	16	5,014	1,184	9,448
Net Cash Provided by (Used for) Investing Activities	-	362	1,816	793	16	5,014	1,184	9,185
Net Increase (Decrease) in Cash and Cash Equivalents	4,486	(2,134)	(9,568)	(4,575)	(415)	5,014	506	(6,686)
Cash and Cash Equivalents - October 1	36,775	15,889	84,811	29,747	663	185,923	46,680	400,488
Cash and Cash Equivalents - September 30	\$ 41,261	\$ 13,755	\$ 75,243	\$ 25,172	\$ 248	\$ 190,937	\$ 47,186	\$ 393,802
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</b>								
Operating Income (Loss)	\$ 12,855	\$ 436	(23,027)	\$ (4,364)	\$ (992)	\$ -	\$ (5,164)	\$ (20,256)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:								
Operating Activities:								
Depreciation and Amortization Expense	762	2,611	12,691	492	-	-	11	16,567
Other Income	2	1,274	141	1	2	-	-	1,420
Other Expense	-	(1,281)	(164)	(7)	-	-	-	(1,452)
(Increase) Decrease in Accounts Receivable, Net	16,365	(74)	3,068	93	(8)	-	(789)	18,655
Increase in Amounts Due from Other Governments	(3,845)	-	1,277	-	-	-	-	(2,568)
(Increase) Decrease in Amounts Due from Other Funds	935	776	1,623	1,956	402	500	672	6,864
Increase in Inventory	-	(60)	-	-	-	-	-	(60)
Increase in Other Operating Assets	-	-	91	-	-	-	-	91
Increase (Decrease) in Accounts Payable	(10,209)	549	4,776	(1,394)	6	-	230	(6,042)
Increase (Decrease) in Accrued Wages Payable	(192)	1,227	775	1,078	140	-	1,371	4,399
Increase in Amount Due to Other Funds	2,005	(602)	-	467	40	-	1,520	3,430
Increase (Decrease) in Unearned Revenues	-	-	1,087	-	-	(500)	1,068	1,655
Increase in Collections Held in Trust	106	-	(68)	(39)	-	-	732	731
Total Adjustments	5,929	4,420	25,297	2,647	582	-	4,815	43,690
Net Cash Provided by (Used for) Operating Activities	\$ 18,784	\$ 4,856	\$ 2,270	\$ (1,717)	\$ (410)	\$ -	\$ (349)	\$ 23,434
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>								
Amortization of Bond Premium (Discount), Net	\$ -	\$ -	\$ (10)	\$ 69	\$ -	\$ -	\$ -	\$ 59
Amortization of Deferred Outflows on Debt Refunding	-	-	-	(13)	-	-	-	(13)
Accrued Oilfield Abandonment Costs	(16,000)	-	-	-	-	-	-	(16,000)

See accompanying Independent Auditors' Report

## INTERNAL SERVICE FUNDS

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

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

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

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

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

The General Liability Insurance Fund is used to finance and account for the City's General Liability insurance programs.

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

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Net Position (Deficit)**  
**September 30, 2020**  
**(In Thousands)**

	Civic Center	General Services	Fleet Services	Workers' Compensation	General Liability	Employee Benefits	Total Internal Service Funds
<b>ASSETS</b>							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 50	\$ 28,295	\$ 50,564	\$ 28,879	\$ 86	\$ 114,458	\$ 222,332
Non-Pooled Cash and Cash Equivalents	-	2,899	82	-	-	-	2,981
Receivables:							
Interest Receivable	-	-	-	-	-	1	1
Accounts Receivable	1,000	1,266	94	1	-	2,976	5,337
Due from Other Funds	3,002	1,125	1	9,097	1,508	18,503	33,236
Allowance for Receivables	-	-	(24)	-	-	-	(24)
Deposits	-	-	-	-	-	7,697	7,697
Inventory	-	-	2,860	-	-	-	2,860
Other Assets - Current	125	-	-	-	-	29,244	29,369
Total Current Assets	4,177	33,585	53,607	37,977	1,594	172,879	303,819
Noncurrent Assets:							
Noncurrent Receivables:							
Advances to Other Funds	-	-	1,600	-	-	4,560	6,160
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	31,150	12,267	-	-	-	-	43,417
Capital Assets Net of Accumulated Depreciation	317,662	53,441	67,773	6	7	-	438,889
Other Assets-Long-Term	6,375	-	-	-	-	-	6,375
Total Noncurrent Assets	355,187	65,708	69,373	6	7	4,560	494,841
Total Assets	359,364	99,293	122,980	37,983	1,601	177,439	798,660
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred Outflows of Resources	65	4,231	2,410	677	340	1,170	8,893
<b>LIABILITIES</b>							
Current Liabilities Payable from Current Assets:							
Accounts Payable	3,920	3,157	1,955	219	729	15,116	25,096
Accrued Wages and Benefits	23	960	406	369	128	17,889	19,775
Accrued Interest Payable	-	605	136	-	-	449	1,190
Due to Other Funds	5,372	1,374	1,033	281	6,735	8,971	23,766
Collections Held in Trust	-	-	-	-	-	3,489	3,489
Compensated Absences and Accrued Employee Benefits	-	1,775	787	324	141	50,523	53,550
Accrued Claims - Current	-	-	-	21,143	10,870	-	32,013
Environmental Remediation - Current	-	-	235	-	-	-	235
Obligations under Capital Leases - Current	-	5,709	1,573	-	-	-	7,282
Bonds Payable Due within One Year	-	-	1,542	-	-	6,765	8,307
Other Long Term Obligation-Current	5,099	-	-	-	-	-	5,099
Total Current Liabilities	14,414	13,580	7,667	22,336	18,603	103,202	179,802
Noncurrent Liabilities:							
Advances from Other Funds	-	-	-	-	-	-	-
Compensated Absences and Accrued Employee Benefits	-	4,136	2,203	574	76	108,735	115,724
Accrued Self-Insurance Claims	-	-	-	115,842	32,181	-	148,023
Environmental Remediation	-	-	965	-	-	-	965
Obligations under Capital Lease	-	31,334	6,060	-	-	-	37,394
Other Long Term Obligations	289,765	-	-	-	-	-	289,765
Bonds Payable	-	-	18,233	-	-	(1)	18,232
OPEB Liability	-	272	144	41	8	60	525
Net Pension Liability	1,056	33,834	15,111	8,728	5,207	8,810	72,746
Total Noncurrent Liabilities	290,821	69,576	42,716	125,185	37,472	117,604	683,374
Total Liabilities	305,235	83,156	50,383	147,521	56,075	220,806	863,176
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred Inflows of Resources	912	1,563	913	924	256	462	5,030
Total Liabilities and Deferred Inflows	306,147	84,719	51,296	148,445	56,331	221,268	868,206
<b>NET POSITION (DEFICIT)</b>							
Net Investment in Capital Assets	53,948	31,564	40,447	6	7	-	125,972
Restricted for:							
Capital Projects	-	1,414	-	-	-	-	1,414
Insurance	-	-	-	-	-	18,779	18,779
Unrestricted	(666)	(14,173)	33,647	(109,791)	(54,397)	(61,438)	(206,818)
Total Net Position (Deficit)	\$ 53,282	\$ 18,805	\$ 74,094	\$ (109,785)	\$ (54,390)	\$ (42,659)	\$ (60,653)

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, 2020**  
**(In Thousands)**

	Civic Center	General Services	Fleet Services	Workers' Compensation	General Liability	Employee Benefits	Total Internal Service Funds
<b>Operating Revenues:</b>							
Billing to Other Departments	\$ 21,536	\$ 49,394	\$ 45,833	\$ 30,282	\$ 17,899	\$ 298,758	\$ 463,702
Other	6	3,623	1,648	173	2,093	-	7,543
<b>Total Operating Revenues</b>	<b>21,542</b>	<b>53,017</b>	<b>47,481</b>	<b>30,455</b>	<b>19,992</b>	<b>298,758</b>	<b>471,245</b>
<b>Operating Expenses:</b>							
Personnel Services	240	28,057	13,685	6,564	3,485	18,434	70,465
Maintenance and Other Operations	11,813	30,627	18,426	3,173	3,870	2,900	70,809
Insurance Premiums	-	-	-	-	7,359	-	7,359
Self-Insured Losses	-	-	-	14,345	17,931	-	32,276
Compensated Absences	-	-	-	4,766	-	48,853	53,619
Employee Benefits	-	-	-	-	-	207,790	207,790
Depreciation	8,886	6,021	11,712	4	1	-	26,624
<b>Total Operating Expenses</b>	<b>20,939</b>	<b>64,705</b>	<b>43,823</b>	<b>28,852</b>	<b>32,646</b>	<b>277,977</b>	<b>468,942</b>
<b>Operating Income (Loss)</b>	<b>603</b>	<b>(11,688)</b>	<b>3,658</b>	<b>1,603</b>	<b>(12,654)</b>	<b>20,781</b>	<b>2,303</b>
<b>Non-Operating Income (Expenses):</b>							
Interest Income	-	279	494	403	2	1,067	2,245
Interest Expense	(5,413)	(549)	(831)	-	-	(393)	(7,186)
Gain (loss) on Disposition of Capital Assets	-	-	87	-	-	-	87
Capital Assets to Other Funds	-	-	(37)	-	-	-	(37)
Operating Grants	-	2,221	-	-	-	-	2,221
Other Income	-	-	1,421	-	-	41,529	42,950
Other Expense	-	(2)	(180)	-	-	(3)	(185)
<b>Total Non-Operating Income (Expenses)</b>	<b>(5,413)</b>	<b>1,949</b>	<b>954</b>	<b>403</b>	<b>2</b>	<b>42,200</b>	<b>40,095</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(4,810)</b>	<b>(9,739)</b>	<b>4,612</b>	<b>2,006</b>	<b>(12,652)</b>	<b>62,981</b>	<b>42,398</b>
<b>Capital Grants and Contributions</b>	<b>97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97</b>
<b>Transfers:</b>							
Transfers In	10,078	5,613	1,806	-	-	43,035	60,532
Transfers Out	-	(3,745)	(30)	-	(75)	(1,224)	(5,074)
Change in Net Position	5,365	(7,871)	6,388	2,006	(12,727)	104,792	97,953
<b>Net Position (Deficit) - October 1</b>	<b>47,917</b>	<b>26,676</b>	<b>67,706</b>	<b>(111,791)</b>	<b>(41,663)</b>	<b>(147,451)</b>	<b>(158,606)</b>
<b>Net Position (Deficit) - September 30</b>	<b>\$ 53,282</b>	<b>\$ 18,805</b>	<b>\$ 74,094</b>	<b>\$ (109,785)</b>	<b>\$ (54,390)</b>	<b>\$ (42,659)</b>	<b>\$ (60,653)</b>

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Internal Service Funds**  
**Combining Statement of Cash Flows**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Civic Center	General Services	Fleet Services	Workers' Compensation	General Liability	Employee Benefits	Total Internal Service Funds
<b>Cash Flows from Operating Activities:</b>							
Receipts from Customers	\$ -	\$ 3,702	\$ 63	\$ -	\$ 19,455	\$ 296,444	\$ 3,765
Receipts from Other Funds	17,849	53,729	49,457	27,096			464,030
Receipts from Other Entities	5,364	1,005	13	126	3,681	-	10,189
Payments for Employee Salaries	(261)	(27,693)	(13,631)	(6,444)	(3,443)	(6,961)	(58,433)
Payments for Goods and Services	(10,248)	(33,940)	(18,305)	(3,142)	(4,135)	-	(69,770)
Payments for Compensated Absences	-	25	64	(4,789)	(67)	(42,056)	(46,823)
Payments for Employee Benefits	(439)	1,827	630	37	78	(260,553)	(258,420)
Payments for Liability Claims	-	-	-	(15,413)	(15,742)	-	(31,155)
Payments to Other Funds	(1,451)	-	(1,600)	-	-	-	(3,051)
Other Income	-	-	1,421	-	-	41,529	42,950
Other Expense	-	(2)	(180)	-	-	(3)	(185)
Net Cash Provided by (Used for) Operating Activities	10,814	(1,347)	17,932	(2,529)	(173)	28,400	53,097
<b>Cash Flows from Non-Capital Financing Activities:</b>							
Operating Grants Received from Other Governments	-	2,221	-	-	-	-	2,221
Operating Subsidies Paid to Other Funds	-	(3,745)	(30)	-	(75)	(1,224)	(5,074)
Operating Subsidies Received from Other Funds	10,078	5,613	1,806	-	-	43,035	60,532
Net Cash Provided by (Used for) Non-Capital Financing Activities	10,078	4,089	1,776	-	(75)	41,811	57,679
<b>Cash Flows from Capital and Related Financing Activities:</b>							
Proceeds from the Sale of Capital Assets	-	-	372	-	-	-	372
Receipts of Contributed Capital	97	-	-	-	-	-	97
Payments for Capital Acquisitions	(12,971)	(14,926)	(18,163)	-	-	-	(46,060)
Payments of Principal on Bonds Payable	-	-	(1,473)	-	-	(6,435)	(7,908)
Payments of Principal on Other Long-Term Obligations	(5,011)	(2,779)	(1,866)	-	-	-	(9,656)
Payments of Interest	(5,413)	(555)	(1,052)	-	-	(555)	(7,575)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(23,298)	(18,260)	(22,182)	-	-	(6,990)	(70,730)
<b>Cash Flows from Investing Activities:</b>							
Receipts of Interest	-	279	494	403	3	1,068	2,247
Net Cash Provided by (Used for) Investing Activities	-	279	494	403	3	1,068	2,247
Net Decrease in Cash and Cash Equivalents	(2,406)	(15,239)	(1,980)	(2,126)	(245)	64,289	42,293
Cash and Cash Equivalents - October 1	2,456	46,433	52,626	31,005	331	50,169	183,020
Cash and Cash Equivalents - September 30	\$ 50	\$ 31,194	\$ 50,646	\$ 28,879	\$ 86	\$ 114,458	\$ 225,313
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>							
Operating Income (Loss)	\$ 603	\$ (11,688)	\$ 3,658	\$ 1,603	\$ (12,654)	\$ 20,781	\$ 2,303
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>							
Depreciation and Amortization Expense	8,886	6,021	11,712	4	1	-	26,624
Other Income	-	-	1,421	-	-	41,529	42,950
Other Expense	-	(2)	(180)	-	-	(3)	(185)
(Increase) Decrease in Accounts Receivable, Net	(930)	79	93	2	-	(2,976)	(3,732)
Decrease in Amounts Due from Other Governments	-	-	(30)	-	-	-	(30)
(Increase) Decrease in Amounts Due from Other Funds	(2,763)	4,335	1,976	(3,361)	(537)	(11,274)	(11,624)
Increase in Inventory	-	-	-	-	-	-	-
Decrease in Other Operating Assets	875	-	-	-	-	(29,244)	(28,369)
Increase (Decrease) in Accounts Payable	690	2,216	121	31	(265)	10,764	13,557
Increase (Decrease) in Accrued Wages Payable	(460)	(3,313)	748	134	53	23,972	21,134
Increase (Decrease) in Amounts Due to Other Funds	3,913	1,005	(1,587)	126	3,681	(24,661)	(17,523)
Increase in Collections Held in Trust	-	-	-	-	-	(488)	(488)
Total Adjustments	10,211	10,341	14,274	(4,132)	12,481	7,619	50,794
Net Cash Provided by (Used for) Operating Activities	\$ 10,814	\$ (1,347)	\$ 17,932	\$ (2,529)	\$ (173)	\$ 28,400	\$ 53,097
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>							
Borrowing under Capital Lease or Other Long-term Debt	\$ 99,287	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 99,287

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, 2020  
 (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	\$ 89	\$ 1,805	\$ 439	\$ 8,161
Non-pooled Investments	-	-	1,095	-
Non-Pooled Cash and Cash Equivalents	-	-	8,416	-
Property Taxes Receivable, Net	-	-	12	-
Accounts Receivable	-	-	24	-
Prepaid Expense	-	-	-	-
Land	-	-	-	-
<b>Total Assets</b>	<b>89</b>	<b>1,805</b>	<b>9,986</b>	<b>8,161</b>
<b>LIABILITIES:</b>				
Accounts Payable	89	-	-	-
<b>Total Liabilities</b>	<b>89</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION:</b>				
Held in Trust for Private Purpose Trust Funds	<u>\$ -</u>	<u>\$ 1,805</u>	<u>\$ 9,986</u>	<u>\$ 8,161</u>

**City of Long Beach**  
 Combining Statement of Changes in Fiduciary Net Position  
 Custodial Funds  
 For the Fiscal Year Ended September 30, 2020  
 (In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
<b>ADDITIONS:</b>				
Contributions	\$ -	\$ -	\$ 607	\$ 4,709
Taxes	-	-	2,046	-
Grants	-	-	-	-
Use of Money and Property	-	53	151	219
Miscellaneous Revenue	-	-	8	-
<b>Total Additions</b>	<b>-</b>	<b>53</b>	<b>2,812</b>	<b>4,928</b>
<b>DEDUCTIONS:</b>				
Administrative Expense	-	-	42	-
Payments to Bond Holders	-	-	2,447	4,000
Payments to Others	-	-	2	-
<b>Total Deductions</b>	<b>-</b>	<b>-</b>	<b>2,491</b>	<b>4,000</b>
Change in Net Position	-	53	321	928
Net Position, October 1	-	1,752	9,665	7,233
<b>Net Position, September 30</b>	<b>\$ -</b>	<b>\$ 1,805</b>	<b>\$ 9,986</b>	<b>\$ 8,161</b>

See accompanying Independent Auditors' Report

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ 827	\$ -	\$ 3,090	\$ 14,411	
-	-	-	1,095	
-	134	-	8,550	
1	-	110	123	
-	178	822	1,024	
-	8	-	8	
-	11,000	-	11,000	
<u>828</u>	<u>11,320</u>	<u>4,022</u>	<u>36,211</u>	
				Total Assets
-	125	337	551	
<u>-</u>	<u>125</u>	<u>337</u>	<u>551</u>	
<u>\$ 828</u>	<u>\$ 11,195</u>	<u>\$ 3,685</u>	<u>\$ 35,660</u>	

ASSETS:

Pooled Cash and Cash Equivalents  
 Non-pooled Investments  
 Non-Pooled Cash and Cash Equivalents  
 Property Taxes Receivable  
 Accounts Receivable  
 Prepaid Expense  
 Land

Total Assets

LIABILITIES:

Accounts Payable

Total Liabilities

NET POSITION:

Held in Trust for Private Purpose Trust Funds

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ -	\$ -	\$ -	\$ 5,316	
-	-	6,496	8,542	
-	557	-	557	
20	63	43	549	
-	2	313	323	
<u>20</u>	<u>622</u>	<u>6,852</u>	<u>15,287</u>	
				Total Additions
-	-	-	42	
-	-	-	6,447	
-	945	4,244	5,191	
<u>-</u>	<u>945</u>	<u>4,244</u>	<u>11,680</u>	
<u>20</u>	<u>(323)</u>	<u>2,608</u>	<u>3,607</u>	
<u>808</u>	<u>11,518</u>	<u>1,077</u>	<u>32,053</u>	
<u>\$ 828</u>	<u>\$ 11,195</u>	<u>\$ 3,685</u>	<u>\$ 35,660</u>	

ADDITIONS:

Contributions  
 Taxes  
 Grants  
 Use of Money and Property  
 Miscellaneous Revenue

Total Additions

DEDUCTIONS:

Administrative Expense  
 Payments to Bond Holders  
 Payments to Others

Total Deductions

Change in Net Position

Net Position, October 1

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, 2020**  
**(In Thousands)**

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2020</u>
<b>ASSETS</b>			
Pooled Cash and Cash Equivalents	<u>\$ 650</u>	<u>\$ 5</u>	<u>\$ 655</u>
<b>NET POSITION</b>			
Held in Trust for Private Purpose Trust Funds	<u>\$ 650</u>	<u>\$ 5</u>	<u>\$ 655</u>

**City of Long Beach**  
**Fiduciary Funds**  
**Private Purpose Trust Funds**  
**Combining Statement of Changes in Net Position**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2020</u>
Additions:			
Use of Money and Property	<u>\$ 17</u>	<u>\$ -</u>	<u>\$ 17</u>
Deductions:			
Administrative Expense	<u>58</u>	<u>-</u>	<u>58</u>
Change in Net Position	<u>(41)</u>	<u>-</u>	<u>(41)</u>
Net Position, October 1	<u>691</u>	<u>5</u>	<u>696</u>
Net Position, September 30	<u><u>\$ 650</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 655</u></u>

See accompanying Independent Auditors' Report

# OTHER SUPPLEMENTARY INFORMATION

**City of Long Beach**  
 General Fund  
 Combining Balance Sheet  
 September 30, 2020  
 (In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
<b>ASSETS</b>				
Pooled Cash and Cash Equivalents	\$ 89,604	\$ 12,057	\$ -	\$ 101,661
Non-Pooled Cash and Cash Equivalents	1,369	-	-	1,369
Receivables:				
Interest Receivable	1	-	-	1
Property Taxes	109,161	-	-	109,161
Accounts Receivable	26,766	671	-	27,437
Due from Other Governments	32,497	-	-	32,497
Due from Other Funds	38,718	305	-	39,023
Allowance for Receivables	(11,151)	-	-	(11,151)
Other Assets	1,503	-	-	1,503
<b>Total Assets</b>	<b>\$ 288,468</b>	<b>\$ 13,033</b>	<b>\$ -</b>	<b>\$ 301,501</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 16,076	\$ 109	\$ -	\$ 16,185
Accrued Wages and Benefits Payable	16,406	-	-	16,406
Due to Other Governments	236	-	-	236
Due to Other Funds	14,963	-	-	14,963
Unearned Revenues	7,450	-	-	7,450
Deposits and Collections Held in Trust	2,715	-	-	2,715
Advances from Other Funds	614	-	-	614
<b>Total Liabilities</b>	<b>58,460</b>	<b>109</b>	<b>-</b>	<b>58,569</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows of Resources	107,002	-	-	107,002
<b>FUND BALANCES</b>				
Nonspendable	1,503	-	-	1,503
Restricted	5,864	-	-	5,864
Committed	38,054	12,654	-	50,708
Assigned	75,789	-	-	75,789
Unassigned	1,796	270	-	2,066
<b>Total Fund Balances</b>	<b>123,006</b>	<b>12,924</b>	<b>-</b>	<b>135,930</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$ 288,468</b>	<b>\$ 13,033</b>	<b>\$ -</b>	<b>\$ 301,501</b>

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, 2020**  
**(In Thousands)**

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
<b>Revenues:</b>				
Taxes:				
Property	\$ 181,700	\$ -	\$ -	\$ 181,700
Sales	126,689	-	-	126,689
Utility Users	33,767	-	-	33,767
Other Taxes	29,194	-	-	29,194
Franchise Fees	16,481	-	-	16,481
Licenses and Permits	35,615	-	-	35,615
Fines and Forfeitures	16,354	-	-	16,354
Use of Money and Property	22,433	9,742	-	32,175
From Other Agencies	4,564	-	-	4,564
Charges for Services	42,094	-	-	42,094
Other	3,100	-	-	3,100
Total Revenues	<u>511,991</u>	<u>9,742</u>	<u>-</u>	<u>521,733</u>
<b>Expenditures:</b>				
Legislative and Legal	13,108	-	-	13,108
General Government	27,363	-	-	27,363
Public Safety	353,513	-	-	353,513
Public Health	9,612	-	-	9,612
Community and Cultural	45,052	-	-	45,052
Public Works	47,891	-	-	47,891
Oil Operations	-	2,572	-	2,572
Total Current Expenditures	<u>496,539</u>	<u>2,572</u>	<u>-</u>	<u>499,111</u>
Capital Improvements	347	-	-	347
Debt Service:				
Principal	425	-	-	425
Interest	52	-	-	52
Debt Administration Fees	10	-	-	10
Total Expenditures	<u>497,373</u>	<u>2,572</u>	<u>-</u>	<u>499,945</u>
Excess of Revenues over Expenditures	<u>14,618</u>	<u>7,170</u>	<u>-</u>	<u>21,788</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Asset	8,038	-	-	8,038
Transfers In	71,663	-	-	71,663
Transfers Out	<u>(84,895)</u>	<u>(7,170)</u>	<u>-</u>	<u>(92,065)</u>
Total Other Financing Sources (Uses)	<u>(5,194)</u>	<u>(7,170)</u>	<u>-</u>	<u>(12,364)</u>
Net Change in Fund Balances	<u>9,424</u>	<u>-</u>	<u>-</u>	<u>9,424</u>
Fund Balances - October 1	<u>113,582</u>	<u>12,924</u>	<u>-</u>	<u>126,506</u>
Fund Balances - September 30	<u>\$ 123,006</u>	<u>\$ 12,924</u>	<u>\$ -</u>	<u>\$ 135,930</u>

See accompanying Independent Auditors' Report

**City of Long Beach**  
**General Fund**  
**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Budgetary Basis)**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

	Final Amended Budget				Actual on Budgetary Basis		Combined Actual on Budgetary Basis	Variance with Final Budget - Favorable (Unfavorable)
	General	Uplands	Oil	Eliminations	Combined	General	Uplands	
<b>Sources:</b>								
Property Taxes	\$ 178,484	\$ -	\$ -	\$ 178,484	\$ 181,700	\$ -	\$ 181,700	\$ 3,216
Sales Taxes	124,401	-	-	124,401	126,689	-	126,689	2,288
Utility Users Taxes	35,971	-	-	35,971	33,767	-	33,767	(2,204)
Other Taxes	39,863	-	-	39,863	29,194	-	29,194	(10,669)
Franchise Fees	27,213	-	-	27,213	16,481	-	16,481	(10,732)
Licenses and Permits	26,213	-	-	26,213	35,615	-	35,615	9,402
Fines and Forfeitures	20,633	-	-	20,633	16,354	-	16,354	(4,279)
Use of Money and Property	20,759	12,240	-	32,999	22,433	9,742	32,175	(824)
From Other Agencies	4,894	-	-	4,894	4,564	-	4,564	(330)
Charges for Services	46,698	-	-	46,698	42,094	-	42,094	(4,604)
Other	2,418	-	-	2,418	3,100	-	3,100	682
Proceeds from Sale of Capital Asset	-	-	-	-	8,038	-	8,038	8,038
Transfers In	23,556	-	-	23,556	71,663	-	71,663	48,107
Total Sources	551,103	12,240	-	563,343	591,692	9,742	601,434	38,091
<b>Uses:</b>								
Current:								
Legislative and Legal								
Mayor and City Council	8,043	-	-	8,043	5,150	-	5,150	2,893
City Attorney	4,008	-	-	4,008	2,751	-	2,751	1,257
City Clerk	5,721	-	-	5,721	5,208	-	5,208	513
General Government								
City Auditor	3,162	-	-	3,162	2,413	-	2,413	749
City Manager	7,858	-	-	7,858	5,315	-	5,315	2,543
Civil Service	3,353	-	-	3,353	2,514	-	2,514	839
Financial Management	23,292	-	-	23,292	16,938	-	16,938	6,354
Planning and Building	1,896	-	-	1,896	308	-	308	1,588
Public Safety								
Police	254,347	-	-	254,347	236,687	-	236,687	17,660
Fire	106,498	-	-	106,498	97,222	-	97,222	9,276
Disaster Preparedness	12,938	-	-	12,938	10,865	-	10,865	2,073
City Prosecutor	7,284	-	-	7,284	5,628	-	5,628	1,656
Planning and Building-Code Enforcement	3,760	-	-	3,760	3,442	-	3,442	318
Public Health	20,270	-	-	20,270	9,614	-	9,614	10,656
Community and Cultural								
Development Services	2,704	-	-	2,704	2,227	-	2,227	477
Library	18,420	-	-	18,420	16,115	-	16,115	2,305
Parks and Recreation	33,751	-	-	33,751	26,723	-	26,723	7,028
Public Works	58,862	-	-	58,862	48,218	-	48,218	10,644
Oil Operations	-	3,276	-	3,276	-	2,572	2,572	704
Capital Outlay	3,155	-	-	3,155	347	-	347	2,808
Debt Service	512	-	-	512	487	-	487	25
Transfers Out	51,366	-	-	51,366	84,895	7,170	92,065	(40,699)
Total Uses	631,200	3,276	-	634,476	583,067	9,742	592,809	41,667
Net Change in Budgetary Fund Balance:	\$ (80,097)	\$ 8,964	\$ -	\$ (71,133)	\$ 8,625	\$ -	\$ 8,625	\$ 79,758

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

	General	Uplands Oil	Combined
Change in Fund Balance - September 30, Budgetary Basis	\$ 8,625	\$ -	\$ 8,625
Add: Encumbrances	799	-	799
Change in Fund Balance - September 30, GAAP Basis	9,424	-	9,424
Fund Balance, October 1, GAAP Basis	113,582	12,924	126,506
Fund Balance, September 30, GAAP Basis	\$ 123,006	\$ 12,924	\$ 135,930

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Schedule of Sources, Uses and Changes in Funds Available**  
**Budget and Actual (Non-GAAP Budgetary Basis)**  
**Measure A Fund**  
**For the Fiscal Year Ended September 30, 2020**  
(In Thousands)

	Adopted Budget	Final Amended Budget	Actual on a Budgetary Basis	Variance with
				Final Budget
<b>Sources</b>				Favorable / (unfavorable)
Sales Taxes	\$ 59,725	\$ 59,725	\$ 62,233	\$ 2,508
Use of Money and Property	20	20	-	(20)
Transfers In <sup>(a)</sup>	-	-	2,350	2,350
<b>Total Sources</b>	<b>59,745</b>	<b>59,745</b>	<b>64,583</b>	<b>4,838</b>
<b>Uses</b>				
General Government	208	208	122	86
Public Safety	36,095	36,095	35,851	244
Public Works	100	2,450	109	2,341
Transfers Out <sup>(b)</sup>	21,477	26,377	26,677	(300)
<b>Total Uses</b>	<b>57,880</b>	<b>65,130</b>	<b>62,759</b>	<b>2,371</b>
Net Change in Fund Balance	1,865	(5,385)	1,824	2,467
Fund Balance October 1 GAAP Basis	<u>15,811</u>	<u>15,811</u>	<u>15,811</u>	
Fund Balance September 30 Budgetary Basis	<u>\$ 17,676</u>	<u>\$ 10,426</u>	<u>\$ 17,635</u>	
<b>Fund Balances as September 30, 2020</b>				
Assigned for Subsequent year Programmed Uses, October 1			15,811	
<b>Less:</b>				
Programmed Releases in Fiscal Year 2020 <sup>(c)</sup>			(8,737)	
<b>Add:</b>				
New Programmed Assignments as of September 30 <sup>(d)</sup>		<u>5,278</u>		
Amounts Assigned for Subsequent Year Programmed Uses			\$ 12,352	
Amounts Assigned for Measure B <sup>(e)</sup>			-	
Unassigned Fund Balance			<u>5,283</u>	
<b>Total Measure A Fund Balance</b>			<b><u>\$ 17,635</u></b>	

**Notes:**

<sup>(a)</sup> Amounts "transferred in" are transferred from the City's Capital Projects fund for use in authorized Measure A projects.

<sup>(b)</sup> Amounts "transferred out" are transferred to the City's Capital Projects fund for use in authorized Measure A projects.

<sup>(b)</sup> Amounts released from reserves during fiscal year to fund Measure A projects as programmed in prior fiscal years.

<sup>(c)</sup> Amounts reserved to fund future Measure A projects.

<sup>(d)</sup> Amounts reserved per City Charter

See accompanying Independent Auditors' Report

### **TIDELANDS OPERATING FUND**

The Tidelands 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, 2020:

**City of Long Beach**  
**Tidelands Operating Fund**  
**Combining Schedule of Net Position**  
**September 30, 2020**  
**(In Thousands)**

	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Total Before Elimination	Eliminations Debit (Credit)	Consolidated Tidelands Operating Total
<b>ASSETS</b>								
Current Assets:								
Pooled Cash and Cash Equivalents	\$ 113,768	\$ 5,242	\$ 33,137	\$ 1,743	\$ 4,311	\$ 158,201	\$ -	\$ 158,201
Non-Pooled Cash and Cash Equivalents	29	-	109	2,424	10,305	12,867	-	12,867
Receivables:								
Interest Receivable	1	-	33	-	33	67	-	67
Accounts Receivable	3,145	42	1,022	178	-	4,387	-	4,387
Due from Other Governments	83	28	-	-	-	111	-	111
Due from Other Funds	24,329	900	1,145	150	4,692	31,216	(6,177)	25,039
Allowance for Receivables	(263)	(3)	(486)	-	-	(752)	-	(752)
Total Current Assets	141,092	6,209	34,960	4,495	19,341	206,097	(6,177)	199,920
Noncurrent Assets:								
Non-Pooled Investments	-	-	8,618	-	8,765	17,383	-	17,383
Capital Assets:								
Land and Other Capital Assets Not Being Depreciated	63,361	-	5,485	-	9,900	78,746	-	78,746
Capital Assets Net of Accumulated Depreciation	133,928	10,051	107,431	7,078	19,394	277,882	-	277,882
Other Assets-Long-Term								
Total Noncurrent Assets	197,289	10,051	121,534	7,078	38,059	374,011	-	374,011
Total Assets	338,381	16,260	156,494	11,573	57,400	580,108	(6,177)	573,931
<b>DEFERRED OUTFLOWS OF RESOURCES</b>								
Deferred Outflows of Resources	4,852	-	1,517	50	4,921	11,340	-	11,340
Total Assets and Deferred Outflows	343,233	16,260	158,011	11,623	62,321	591,448	(6,177)	585,271
<b>LIABILITIES</b>								
Current Liabilities payable from Current Assets:								
Accounts Payable	8,377	384	294	11	-	9,066	-	9,066
Accrued Wages	850	13	394	-	-	1,257	-	1,257
Accrued Interest Payable	83	-	2,034	164	1,487	3,768	-	3,768
Due to Other Funds	5,475	834	727	1	-	7,037	(6,177)	860
Unearned Revenues	233	-	1,891	-	-	2,124	-	2,124
Collections Held in Trust	126	-	24	-	-	150	-	150
Customers Deposits	-	-	652	25	-	677	-	677
Compensated Absences and Accrued Employee Benefits	1,888	-	673	-	-	2,561	-	2,561
Obligations under Capital Leases - Current	39	-	-	-	-	39	-	39
Bonds Payable Due Within One Year	2,770	-	1,720	2,055	6,055	12,600	-	12,600
Other Long Term Obligation - Current	27	-	-	-	-	27	-	27
Total Current Liabilities	19,868	1,231	8,409	2,256	7,542	39,306	(6,177)	33,129
Noncurrent Liabilities:								
Advances from Other Funds	1,210	-	-	-	-	1,210	-	1,210
Unearned Revenues	4,490	-	-	-	-	4,490	-	4,490
Compensated Absences	5,393	-	1,020	-	-	6,413	-	6,413
Obligations under Capital Leases	226	-	-	-	-	226	-	226
Other Long Term Obligations	309	-	-	-	-	309	-	309
Bonds Payable	6,500	-	114,042	11,640	77,416	209,598	-	209,598
Total OPEB Liability	351	-	71	-	-	422	-	422
Net Pension Liability	37,003	-	14,756	-	-	51,759	-	51,759
Total Noncurrent Liabilities	55,482	-	129,889	11,640	77,416	274,427	-	274,427
Total Liabilities	75,350	1,231	138,298	13,896	84,958	313,733	(6,177)	307,556
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred Inflows of Resources	2,695	-	845	-	-	3,540	-	3,540
<b>NET POSITION</b>								
Net Investment in Capital Assets	187,415	10,051	5,912	(6,617)	(45,953)	150,808	-	150,808
Restricted for:								
Debt Service	26	-	-	4,862	3,113	8,001	-	8,001
Capital Projects	-	324	-	-	-	324	-	324
Tidelands	-	-	-	-	7,192	7,192	-	7,192
Unrestricted	77,747	4,654	12,956	(518)	13,011	107,850	-	107,850
Total Net Position	\$265,188	\$ 15,029	\$ 18,868	\$ (2,273)	\$ (22,637)	\$ 274,175	\$ -	\$ 274,175

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, 2020**  
**(In Thousands)**

	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Total Before Elimination	Eliminations	Consolidated Tidelands Operating Total
<b>Operating Revenues:</b>								
Licenses and Permits	\$ 36	\$ 165	\$ -	\$ -	\$ -	\$ 201	\$ -	\$ 201
Fines and Forfeitures	341	-	-	-	-	341	-	341
Fees, Concessions, and Rentals	2,357	6,281	24,070	-	-	32,708	-	32,708
From Other Agencies	24	-	21	-	-	45	-	45
Charges for Services	30,444	120	74	-	-	30,638	-	30,638
Other	1,128	-	-	-	-	1,128	-	1,128
<b>Total Revenues</b>	<b>34,330</b>	<b>6,566</b>	<b>24,165</b>	<b>-</b>	<b>-</b>	<b>65,061</b>	<b>-</b>	<b>65,061</b>
<b>Operating Expenses:</b>								
Personnel Services	33,112	333	11,826	21	-	45,292	-	45,292
Maintenance and Other Operations	48,762	1,916	6,394	126	9,198	66,396	-	66,396
Depreciation	9,706	1,706	6,425	421	3,222	21,480	-	21,480
<b>Total Operating Expenses</b>	<b>91,580</b>	<b>3,955</b>	<b>24,645</b>	<b>568</b>	<b>12,420</b>	<b>133,168</b>	<b>-</b>	<b>133,168</b>
<b>Operating Income (Loss)</b>	<b>(57,250)</b>	<b>2,611</b>	<b>(480)</b>	<b>(568)</b>	<b>(12,420)</b>	<b>(68,107)</b>	<b>-</b>	<b>(68,107)</b>
<b>Non-Operating Income (Expense):</b>								
Interest Income	3,994	90	1,110	50	1,189	6,433	-	6,433
Interest Expense	(169)	-	(5,197)	(396)	(2,816)	(8,578)	-	(8,578)
Gain on Disposition of Fixed Assets	-	-	23	-	-	23	-	23
Operating Grants	398	-	102	-	-	500	-	500
Other Income	4,920	-	1,706	780	-	7,406	-	7,406
Other Expense	(900)	(1,531)	(11)	(2)	(491)	(2,935)	-	(2,935)
<b>Total Non-Operating Income (Expense)</b>	<b>8,243</b>	<b>(1,441)</b>	<b>(2,230)</b>	<b>432</b>	<b>(2,118)</b>	<b>2,886</b>	<b>-</b>	<b>2,886</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>(49,007)</b>	<b>1,170</b>	<b>(2,710)</b>	<b>(136)</b>	<b>(14,538)</b>	<b>(65,221)</b>	<b>-</b>	<b>(65,221)</b>
<b>Transfers:</b>								
Transfers In	35,228	-	-	150	-	35,378	(1,149)	34,229
Transfers Out	(648)	(827)	-	-	(172)	(1,647)	1,149	(498)
<b>Change in Net Position</b>	<b>(14,264)</b>	<b>343</b>	<b>(2,710)</b>	<b>14</b>	<b>(14,710)</b>	<b>(31,327)</b>	<b>-</b>	<b>(31,327)</b>
<b>Net Position, October 1</b>	<b>279,452</b>	<b>14,686</b>	<b>21,578</b>	<b>(2,287)</b>	<b>(7,927)</b>	<b>305,502</b>	<b>-</b>	<b>305,502</b>
<b>Net Position, September 30</b>	<b>\$265,188</b>	<b>\$ 15,029</b>	<b>\$ 18,868</b>	<b>\$ (2,273)</b>	<b>\$ (22,637)</b>	<b>\$274,175</b>	<b>\$ -</b>	<b>\$ 274,175</b>

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Tidelands Operating Fund**  
**Combining Schedule of Cash Flows**  
**For the Fiscal Year Ended September 30, 2020**  
**(In Thousands)**

<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Eliminations (Increase) (Decrease)	Consolidated Tidelands Operating Total	
<b>Cash Flows from Operating Activities:</b>								
Receipts from Customers	\$ 34,282	\$ 6,605	\$ 24,122	\$ 1,648	\$ 10,384	\$ -	\$ 77,041	
Receipts from Other Funds	997	(900)	2,030	(151)	-	-	-	1,976
Receipts from Other Governments	5,026	805	568	-	-	-	-	6,399
Payments for Employee Salaries	(25,469)	(321)	(11,100)	(24)	-	-	-	(36,914)
Payments for Goods and Services	(44,324)	(1,771)	(6,341)	(115)	(9,198)	-	-	(61,749)
Payments to Other Entities	-	-	-	-	(4,692)	-	-	(4,692)
Other Income	4,920	-	1,706	780	-	-	-	7,406
Other Expense	(900)	(1,531)	(11)	(2)	(491)	-	-	(2,935)
Net Cash Provided by (Used for) Operating Activities	(25,468)	2,887	10,974	2,136	(3,997)	-	-	(13,468)
<b>Cash Flows from Non-Capital Financing Activities:</b>								
Operating Grants Received from Other Governments	398	-	102	-	-	-	-	500
Transfers In	35,228	-	-	150	-	(1,149)	34,229	
Transfers Out	(648)	(827)	-	-	(172)	1,149	(498)	
Net Cash Provided by Non-Capital Financing Activities	34,978	(827)	102	150	(172)	-	-	34,231
<b>Cash Flows from Capital and Related Financing Activities:</b>								
Receipt of Capital Grants	163	-	-	-	-	-	-	163
Proceeds from the Sale of Capital Assets	-	-	23	-	-	-	-	23
Changes Related to Capital Acquisitions	(17,804)	(2,163)	(901)	-	-	-	-	(20,868)
Payments of Principal on Bonds Payable	(2,636)	-	(1,825)	(2,000)	(4,620)	-	-	(11,081)
Payments of Principal on Other Long-Term Obligations	(66)	-	-	-	-	-	-	(66)
Payments of Interest, Net of Amounts Capitalized	(566)	-	(5,226)	(413)	(3,194)	-	-	(9,399)
Net Cash Used for Capital and Related Financing Activities	(20,909)	(2,163)	(7,929)	(2,413)	(7,814)	-	-	(41,228)
<b>Cash Flows from Investing Activities:</b>								
Payments for Purchase of Investments	-	-	(8,618)	-	(8,765)	-	-	(17,383)
Receipts of Interest	3,996	90	1,117	50	1,214	-	-	6,467
Net Cash Provided by (Used for) Investing Activities	3,996	90	(7,501)	50	(7,551)	-	-	(10,916)
Net Increase (Decrease) in Cash and Cash Equivalents	(7,403)	(13)	(4,354)	(77)	(19,534)	-	-	(31,381)
Cash and Cash Equivalents - October 1	121,200	5,255	37,600	4,244	34,150	-	-	202,449
Cash and Cash Equivalents - September 30	\$ 113,797	\$ 5,242	\$ 33,246	\$ 4,167	\$ 14,616	\$ -	\$ 171,068	
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>								
	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Eliminations (Increase) (Decrease)	Total	
Operating Income (Loss)	\$ (57,250)	\$ 2,611	\$ (480)	\$ (568)	\$ (12,420)	\$ -	\$ (68,107)	
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:								
Depreciation and Amortization Expense	9,706	1,706	6,425	421	3,222	-	21,480	
Other Income	4,920	-	1,706	780	-	-	7,406	
Other Expense	(900)	(1,531)	(11)	(2)	(491)	-	(2,935)	
(Increase) Decrease in Accounts Receivable, Net	134	39	(272)	1,648	10,384	-	11,933	
(Increase) Decrease in Amounts Due from Other Funds	907	(900)	2,030	(150)	(4,692)	-	(2,805)	
Decrease in Amounts Due from Other Governments	(81)	(28)	-	-	-	-	(109)	
Increase (Decrease) in Accounts Payable	4,501	145	29	11	-	-	4,686	
Increase (Decrease) in Accrued Wages Payable	7,643	12	726	(3)	-	-	8,378	
Increase (Decrease) in Amounts Due to Other Funds	5,083	833	547	(1)	-	-	6,462	
Increase in Unearned Revenues	(85)	-	-	-	-	-	(85)	
Increase (Decrease) in Collections Held in Trust	(46)	-	274	-	-	-	228	
Total Adjustments	31,782	276	11,454	2,704	8,423	-	54,639	
Net Cash Provided by (Used for) Operating Activities	\$ (25,468)	\$ 2,887	\$ 10,974	\$ 2,136	\$ (3,997)	\$ -	\$ (13,468)	
<b>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>								
Amortization of Deferred Outflows on Debt Refunding	\$ 44	\$ -	\$ -	\$ -	\$ (489)	\$ -	\$ (445)	
Amortization of Bond (Premium) Discount, Net	(575)	-	275	-	814	-	514	

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Fleet Services Fund**  
**Combining Schedule of Net Position (Deficit)**  
**September 30, 2020**  
**(In Thousands)**

	<u>Fleet Operations</u>	<u>Fleet Vehicle Acquisitions</u>	<u>Fleet Debt Service</u>	<u>Fleet Other</u>	<u>Total Fleet Service Fund</u>
<b>ASSETS</b>					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 2,459	\$ 42,717	\$ 134	\$ 5,254	\$ 50,564
Non-Pooled Cash and Cash Equivalents	-	82	-	-	82
Receivables:					
Accounts Receivable	54	40	-	-	94
Due from Other Governments	-	-	-	30	30
Due from Other Funds	1	-	-	-	1
Allowance for Receivables	(24)	-	-	-	(24)
Inventory	2,860	-	-	-	2,860
Total Current Assets	<u>5,350</u>	<u>42,839</u>	<u>134</u>	<u>5,284</u>	<u>53,607</u>
Noncurrent Assets:					
Capital Assets:					
Capital Assets Net of Accumulated Depreciation	67,773	-	-	-	67,773
Other NonCurrent Assets	-	1,600	-	-	1,600
Total Noncurrent Assets	<u>67,773</u>	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>69,373</u>
Total Assets	<u>73,123</u>	<u>44,439</u>	<u>134</u>	<u>5,284</u>	<u>122,980</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Outflows of Resources	<u>1,536</u>	<u>-</u>	<u>874</u>	<u>-</u>	<u>2,410</u>
<b>LIABILITIES</b>					
Current Liabilities Payable from Current Assets:					
Accounts Payable	1,080	875	-	-	1,955
Accrued Wages and Benefits	353	53	-	-	406
Accrued Interest Payable	-	6	130	-	136
Due to Other Funds	8,487	(7,455)	1	-	1,033
Unearned Revenues	-	-	-	-	-
Compensated Absences	787	-	-	-	787
Environmental Remediation - Current	235	-	-	-	235
Obligations Under Capital Leases - Current	-	1,573	-	-	1,573
Bonds Payable Due Within One Year	-	-	1,542	-	1,542
Total Current Liabilities	<u>10,942</u>	<u>(4,948)</u>	<u>1,673</u>	<u>-</u>	<u>7,667</u>
Noncurrent Liabilities:					
Environmental Remediation	965	-	-	-	965
Obligations Under Capital Lease	-	6,060	-	-	6,060
Bonds Payable	-	-	18,233	-	18,233
Compensated Absences and Accrued Employee Benefits	2,203	-	-	-	2,203
OPEB Liability	144	-	-	-	144
Net Pension Liability	15,111	-	-	-	15,111
Total Noncurrent Liabilities	<u>18,423</u>	<u>6,060</u>	<u>18,233</u>	<u>-</u>	<u>42,716</u>
Total Liabilities	<u>29,365</u>	<u>1,112</u>	<u>19,906</u>	<u>-</u>	<u>50,383</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources	<u>913</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>913</u>
<b>NET POSITION (DEFICIT)</b>					
Net Investment in Capital Assets	67,773	(7,551)	(19,775)	-	40,447
Unrestricted	(23,392)	50,878	877	5,284	33,647
Total Net Position (Deficit)	<u>\$ 44,381</u>	<u>\$ 43,327</u>	<u>\$ (18,898)</u>	<u>\$ 5,284</u>	<u>\$ 74,094</u>

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, 2020**  
**(In Thousands)**

	<b>Fleet</b>	<b>Fleet</b>		<b>Total</b>
	<b>Operations</b>	<b>Vehicle</b>	<b>Debt</b>	<b>Fleet</b>
		<b>Acquisitions</b>	<b>Service</b>	<b>Service</b>
<b>Operating Revenues:</b>				
Billing to Other Departments	\$ 24,000	\$ 21,317	\$ -	\$ 45,833
Other	877	(199)	-	970
<b>Total Operating Revenues</b>	<b>24,877</b>	<b>21,118</b>	<b>-</b>	<b>47,481</b>
<b>Operating Expenses:</b>				
Personnel Services	12,159	1,526	-	-
Maintenance and Other Operations	(3,044)	21,306	-	164
Depreciation	11,712	-	-	-
<b>Total Operating Expenses</b>	<b>20,827</b>	<b>22,832</b>	<b>-</b>	<b>43,823</b>
<b>Operating Income (Loss)</b>	<b>4,050</b>	<b>(1,714)</b>	<b>-</b>	<b>3,658</b>
<b>Non-Operating Income (Expenses):</b>				
Interest Income	474	20	-	-
Interest Expense	(825)	(216)	210	-
Gain (Loss) on Disposition of Capital Assets	(284)	371	-	-
Capital Assets to (from) Other Funds	(37)	-	-	(37)
Other Income	1,421	-	-	-
Other Expense	(1,472)	(181)	1,473	-
<b>Total Non-Operating Income (Expenses)</b>	<b>(723)</b>	<b>(6)</b>	<b>1,683</b>	<b>-</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>3,327</b>	<b>(1,720)</b>	<b>1,683</b>	<b>1,322</b>
				<b>4,612</b>
<b>Transfers:</b>				
Transfers In	338	-	-	1,468
Transfers Out	(30)	-	-	-
<b>Change in Net Position</b>	<b>3,635</b>	<b>(1,720)</b>	<b>1,683</b>	<b>2,790</b>
<b>Net Position (Deficit) - October 1</b>	<b>40,746</b>	<b>45,047</b>	<b>(20,581)</b>	<b>2,494</b>
<b>Net Position (Deficit) - September 30</b>	<b>\$ 44,381</b>	<b>\$ 43,327</b>	<b>\$(18,898)</b>	<b>\$ 5,284</b>
				<b>\$ 74,094</b>

See accompanying Independent Auditors' Report

# STATISTICAL SECTION

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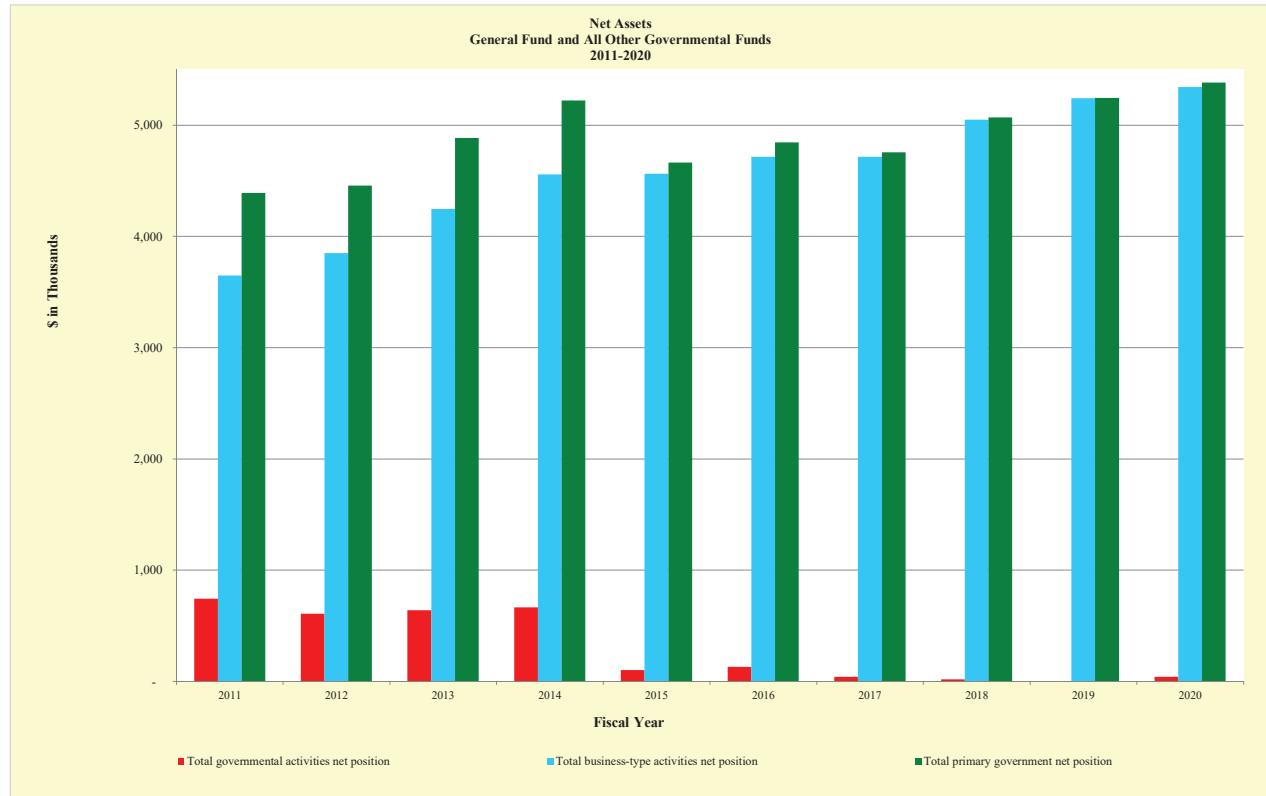
Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant fiscal year.



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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
Net Investment in capital assets	\$ 215,317	\$ 237,998	\$ 242,105	\$ 245,780	\$ 344,839	\$ 346,224	\$ 361,370	\$ 377,098	\$ 418,191	\$ 432,090
Restricted	631,729	470,723	458,167	473,181	351,055	393,588	397,204	403,557	428,903	442,908
Unrestricted	(104,327)	(100,337)	(61,528)	(53,167)	(595,857)	(610,409)	(716,979)	(761,817)	(844,483)	(833,911)
Total governmental activities net position	742,719	608,384	638,744	665,794	100,037	129,403	41,595	18,838	2,611	41,087
Business-type activities:										
Net Investment in capital assets	2,547,605	2,769,461	3,547,110	3,698,447	3,829,779	4,229,484	4,229,484	0	4,477,724	0
Restricted	289,999	289,864	297,694	439,163	494,526	323,827	323,827	298,613	297,552	312,076
Unrestricted	809,277	787,926	399,890	418,151	237,808	160,569	160,569	272,494	338,972	320,382
Total business-type activities net position	3,646,881	3,847,251	4,244,694	4,555,761	4,562,113	4,713,880	4,713,880	5,048,831	5,240,718	5,340,088
Primary government:										
Net Investment in capital assets	2,762,922	3,007,459	3,789,215	3,944,227	4,174,618	4,575,708	4,590,854	4,854,822	5,022,385	5,139,720
Restricted	921,728	760,587	755,861	912,344	845,581	717,415	721,031	702,170	726,455	754,984
Unrestricted	704,950	687,589	338,362	364,984	(358,049)	(449,840)	(556,410)	(489,323)	(505,511)	(513,529)
Total primary government net position	\$ 4,389,600	\$ 4,455,635	\$ 4,883,438	\$ 5,221,555	\$ 4,662,150	\$ 4,843,283	\$ 4,755,475	\$ 5,067,669	\$ 5,243,329	\$ 5,381,175



See accompanying Independent Auditors' Report

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses:</b>										
Governmental Activities:										
Legislative and Legal	\$ 10,106	\$ 10,998	\$ 10,957	\$ 12,001	\$ 10,632	\$ 11,814	\$ 13,343	\$ 13,025	\$ 15,245	\$ 13,155
General Government	22,653	22,128	23,342	21,378	22,400	23,869	29,718	29,189	43,637	40,408
Public Safety	284,986	290,542	303,872	296,817	307,116	344,358	402,361	409,632	430,512	389,489
Public Health	44,428	42,712	41,966	41,877	43,710	46,150	49,688	53,045	57,729	71,880
Community and Cultural	193,886	331,170	173,239	153,206	165,501	155,792	173,637	167,624	183,825	190,370
Public Works	89,942	92,058	102,979	114,303	104,744	103,772	123,268	139,209	171,927	136,067
Oil Operations	7,318	9,256	7,101	4,869	3,961	6,466	9,694	3,755	3,777	1,775
Interest on Long-Term Debt	35,273	28,492	26,941	24,945	22,738	19,104	19,120	17,916	17,473	19,055
Total Governmental Activities Expenses	<b>688,592</b>	<b>827,356</b>	<b>690,397</b>	<b>669,396</b>	<b>680,802</b>	<b>711,325</b>	<b>820,829</b>	<b>833,395</b>	<b>924,125</b>	<b>862,199</b>
Business-type Activities:										
Gas Utility	84,003	77,157	82,693	80,651	68,414	66,896	80,680	83,276	110,991	94,835
Water Utility	82,050	81,377	89,767	93,297	102,501	93,959	96,082	98,204	95,970	111,219
Tidelands Operating	124,830	100,602	96,881	111,074	121,547	107,313	126,123	130,796	124,283	143,249
Harbor	217,335	193,773	195,335	233,410	236,186	307,546	298,756	298,441	309,722	327,081
Tideland Oil Revenue	393,317	390,602	362,144	327,087	81,565	70,949	93,200	101,495	101,872	30,436
Sewer	15,357	15,042	15,542	15,681	16,244	16,151	16,766	15,476	15,375	18,819
Airport	39,530	41,764	41,616	44,067	44,844	47,686	51,917	56,540	55,739	58,627
Development Services	11,126	11,617	15,404	15,753	17,621	20,281	25,907	28,700	27,223	28,928
Solid Waste Management	71,330	69,506	71,708	76,027	73,525	72,745	76,332	88,831	88,967	90,197
Towing	6,670	6,743	5,915	4,938	5,134	5,815	5,524	6,518	6,402	5,421
Subsidence	5	5	3	-	-	-	-	-	-	-
Total Business-Type Activities Expenses	<b>1,045,553</b>	<b>988,188</b>	<b>977,008</b>	<b>1,001,985</b>	<b>767,581</b>	<b>809,341</b>	<b>871,287</b>	<b>883,484</b>	<b>936,544</b>	<b>908,812</b>
Total Primary Government Expenses	<b>1,734,145</b>	<b>1,815,544</b>	<b>1,667,405</b>	<b>1,671,381</b>	<b>1,448,383</b>	<b>1,520,666</b>	<b>1,692,116</b>	<b>1,716,879</b>	<b>1,860,669</b>	<b>1,771,011</b>
<b>Program Revenues:</b>										
Governmental Activities:										
Charges for services:										
Legislative and Legal	104	714	61	163	224	1,804	52	481	34	558
General Government	16,501	17,521	16,093	16,459	16,545	17,955	17,981	17,727	16,473	16,182
Public Safety	35,110	34,617	32,371	34,659	38,961	38,050	34,995	43,536	50,961	50,198
Public Health	8,725	9,538	11,856	8,498	8,178	7,284	8,052	8,550	10,232	9,826
Community and Cultural	20,825	13,978	14,656	12,168	15,084	17,051	25,801	21,980	35,649	32,599
Public Works	21,072	26,876	25,011	25,963	25,246	27,949	29,875	32,208	43,283	38,123
Oil Operations	31,552	39,156	39,869	36,942	19,414	10,900	12,176	16,060	14,926	9,743
Operating Grants and Contributions	198,198	175,647	171,937	183,789	164,621	170,614	176,643	187,038	167,793	200,489
Capital Grants and Contributions	7,588	6,147	10,778	8,530	3,780	2,085	12,286	10,739	67,976	65,232
Total Governmental Activities										
Program Revenues	<b>\$ 339,675</b>	<b>\$ 324,194</b>	<b>\$ 322,632</b>	<b>\$ 327,171</b>	<b>\$ 292,053</b>	<b>\$ 293,692</b>	<b>\$ 317,861</b>	<b>\$ 338,319</b>	<b>\$ 407,327</b>	<b>\$ 422,950</b>

(continued)

See accompanying Independent Auditors' Report

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

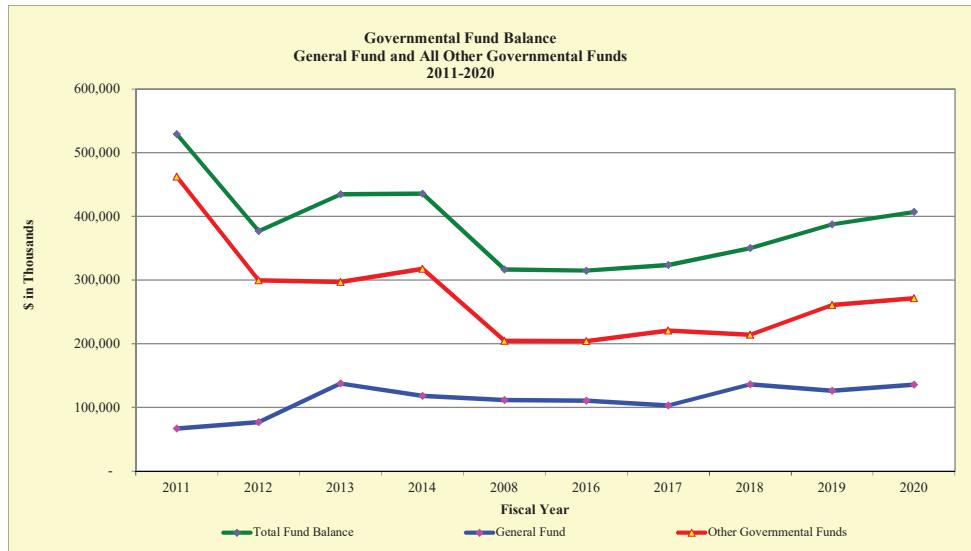
(continued)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Business-Type activities:</b>										
Charges for Services:										
Gas Utility	\$ 88,240	\$ 83,633	\$ 87,141	\$ 82,293	\$ 77,398	\$ 79,826	\$ 97,033	\$ 92,109	\$ 120,562	\$ 103,869
Water Utility	88,576	87,073	93,036	101,345	101,158	98,677	100,761	104,701	102,474	116,071
Tidelands Operating	83,018	56,726	59,929	64,318	67,894	67,205	76,352	77,734	80,594	72,467
Harbor	345,389	333,887	346,244	362,752	363,309	363,343	388,834	406,420	415,321	399,841
Tideland Oil Revenue	449,819	452,863	397,301	362,783	99,401	53,630	81,989	124,721	117,528	59,385
Sewer	16,447	17,325	17,311	17,954	17,904	17,904	19,964	19,964	19,750	19,200
Airport	40,395	43,893	43,817	44,811	36,537	36,537	49,607	49,607	46,997	31,034
Development Services	12,160	13,812	17,546	17,573	20,783	20,783	31,039	31,039	30,803	24,293
Solid Waste Management	74,019	78,613	79,542	81,051	80,322	80,322	82,848	82,848	79,627	86,034
Towing	7,297	6,583	6,445	5,440	5,253	5,253	5,310	5,310	5,885	4,583
Subsidence	-	-	-	-	-	-	-	-	499	499
Operating Grants and Contributions	2,723	1,413	1,105	921	753	758	976	2,768	932	3,394
Capital Grants and Contributions	26,406	26,552	259,188	182,021	140,618	150,510	83,681	99,586	96,660	80,020
<b>Total Business-Type Activities</b>	<b>1,234,489</b>	<b>1,202,373</b>	<b>1,408,605</b>	<b>1,323,262</b>	<b>1,011,330</b>	<b>976,247</b>	<b>1,018,394</b>	<b>1,088,141</b>	<b>1,117,632</b>	<b>1,000,690</b>
<b>Total Primary Government</b>	<b>1,574,164</b>	<b>1,526,567</b>	<b>1,731,237</b>	<b>1,650,433</b>	<b>1,303,383</b>	<b>1,269,939</b>	<b>1,336,255</b>	<b>1,426,460</b>	<b>1,524,959</b>	<b>1,423,640</b>
<b>Net Revenues (expenses):</b>										
Governmental Activities	(348,917)	(503,162)	(367,765)	(342,225)	(388,749)	(417,633)	(502,968)	(495,076)	(516,798)	(439,249)
Business-Type Activities	188,936	214,185	431,597	321,277	243,749	166,906	147,107	204,657	181,088	91,878
<b>Total Net Expenses</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>(335,710)</b>	<b>(347,371)</b>
<b>General Revenues and Other Changes in Net Position:</b>										
Governmental Activities:										
Taxes:										
Property	218,570	179,746	203,770	183,719	180,989	200,766	191,514	199,576	211,007	220,665
Sales	60,159	60,414	63,443	59,097	64,177	67,658	99,528	133,523	138,598	129,095
Utility Users	38,739	37,097	38,026	38,691	38,419	37,079	35,858	36,639	34,898	33,767
Other	43,254	43,360	46,446	41,504	45,517	47,746	46,837	51,558	51,066	39,449
Franchise Taxes	24,184	23,143	25,243	26,175	25,915	24,911	25,912	20,308	18,126	16,481
Grants and Contributions not Restricted to Specific Programs	-	-	150	-	-	-	-	-	-	-
Unrestricted Investment Earnings	10,291	4,349	3,417	3,688	6,061	13,182	3,581	4,761	14,172	11,426
Gain (Loss) on Sales of Capital Assets	-	-	-	-	-	-	-	-	-	(2)
Capital Asset Transfers	1,266	5,090	4,786	2,365	-	-	-	-	-	(37)
Transfers	21,601	15,628	21,490	14,210	21,661	16,855	11,930	25,954	32,704	26,881
<b>Total Governmental Activities</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>500,571</b>	<b>477,725</b>
Business-type Activities:										
Unrestricted Investment Earnings	9,253	6,903	5,557	6,365	8,887	10,802	7,714	13,357	43,503	34,336
Loss on Sales of Capital Assets	-	-	-	-	-	-	-	-	-	-
Capital Asset Transfers	(1,266)	(5,090)	(4,786)	(2,365)	-	-	-	-	-	37
Transfers	(21,601)	(15,628)	(21,490)	(14,210)	(21,661)	(16,855)	(11,930)	(25,954)	(32,704)	(26,881)
<b>Total Business-type Activities</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>10,799</b>	<b>7,492</b>
<b>Total Primary Government</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>511,370</b>	<b>485,217</b>
<b>Change in Net Position</b>										
Government activities	69,147	(134,335)	39,006	27,224	(6,010)	(9,436)	(87,808)	(22,757)	(16,227)	38,476
Business-type Activities	175,322	200,370	410,878	311,067	230,975	160,853	142,891	192,060	191,887	99,370
<b>Total Primary Government</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>	<b>\$ 175,660</b>	<b>\$ 137,846</b>

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)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Nonspendable	\$ 2,083	\$ 2,008	\$ 2,043	\$ 6	\$ 2	\$ 102	\$ 500	\$ 1,375	\$ 1,424	\$ 1,503
Restricted	675	2,929	2,311	4,266	4,308	4,498	4,469	4,807	5,009	5,864
Committed	4,108	5,394	5,711	61,079	62,598	63,568	64,539	67,640	69,440	50,708
Assigned	59,445	61,935	119,542	49,531	42,953	38,482	31,947	59,463	50,495	75,789
Unassigned	682	4,857	8,130	3,397	2,170	3,934	1,926	3,072	138	2,066
Total General Fund	<u>66,993</u>	<u>77,123</u>	<u>137,737</u>	<u>118,279</u>	<u>112,031</u>	<u>110,584</u>	<u>103,381</u>	<u>136,357</u>	<u>126,506</u>	<u>135,930</u>
Other Governmental Funds:										
Nonspendable	1,654	45	8,009	8,012	2,846	2,577	2,613	1,324	2,406	2,377
Restricted	489,841	320,310	293,567	289,497	173,096	173,562	180,084	174,541	199,781	201,777
Committed	161	1,362	1,362	1,362	1,422	1,422	1,414	1,414	1,414	1,414
Assigned	10,664	10,791	24,433	36,476	39,197	26,710	36,582	37,067	57,443	65,823
Unassigned	(39,867)	(32,643)	(30,112)	(17,646)	(11,819)	-	-	-	-	-
Total Other Governmental Funds	<u>462,453</u>	<u>299,865</u>	<u>297,259</u>	<u>317,701</u>	<u>204,742</u>	<u>204,271</u>	<u>220,693</u>	<u>214,346</u>	<u>261,044</u>	<u>271,391</u>
Total All Governmental Funds	<u>\$ 529,446</u>	<u>\$ 376,988</u>	<u>\$ 434,996</u>	<u>\$ 435,980</u>	<u>\$ 316,773</u>	<u>\$ 314,855</u>	<u>\$ 324,074</u>	<u>\$ 350,703</u>	<u>\$ 387,550</u>	<u>\$ 407,321</u>



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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues:</b>										
Taxes:										
Property	\$ 218,593	\$ 181,041	\$ 214,816	\$ 183,885	\$ 179,999	\$ 201,207	\$ 191,808	\$ 199,336	\$ 210,656	\$ 220,665
Sales	60,159	60,414	63,443	59,097	64,177	67,658	99,528	133,523	138,598	129,095
Utility Users	38,739	37,097	38,026	38,691	38,419	37,079	35,858	36,639	34,898	33,767
Other Taxes	43,254	43,360	46,446	41,504	45,517	47,746	46,837	51,558	51,066	39,449
Franchise Fees	24,184	23,143	25,243	26,175	25,915	24,911	25,912	20,308	18,126	16,481
Licenses and Permits	24,812	24,278	19,941	22,341	23,329	25,456	24,926	26,076	42,728	48,803
Fines and Forfeitures	16,193	17,762	16,394	16,166	15,988	16,292	16,184	15,946	17,674	16,354
Use of Money and Property	56,415	58,398	58,441	56,687	41,816	40,991	33,815	39,419	48,033	39,543
From Other Agencies	208,167	184,470	181,039	191,423	166,988	170,780	187,872	197,570	235,841	290,748
Charges for Services	28,549	28,586	28,292	29,042	28,428	29,482	33,533	41,034	46,987	44,621
Other Contributions	-	-	1,385	341	556	249	194	137	-	-
Other	25,256	19,544	18,577	10,693	17,615	13,167	19,907	17,599	19,944	10,236
<b>Total Revenues</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>	<b>864,551</b>	<b>889,762</b>
<b>Expenditures:</b>										
Legislative and Legal	9,683	10,316	9,673	11,373	9,604	11,420	11,522	13,378	13,458	13,108
General Government	20,035	17,441	17,785	17,951	18,116	21,793	23,285	25,426	39,002	40,577
Public Safety	289,538	285,807	288,979	300,519	297,901	307,065	353,456	360,879	383,222	369,052
Public Health	43,665	41,449	39,297	41,273	42,108	42,819	44,530	47,658	52,487	69,773
Community and Cultural	263,625	289,597	185,378	158,122	237,433	152,005	160,985	173,542	180,390	188,806
Public Works	44,178	60,368	65,484	66,498	70,921	74,580	73,103	82,450	71,989	61,459
Oil Operations	7,173	9,146	4,722	4,309	3,512	2,352	2,563	2,945	2,774	2,572
<b>Total Current Expenditures</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>	<b>743,322</b>	<b>745,347</b>
Capital Improvements	29,630	17,183	26,199	36,427	27,139	38,629	45,693	47,935	90,370	73,355
Loss on Disposition of Land										
Held for Resale	519	79,111	-	-	-	-	-	-	-	-
Debt Service:										
Principal	13,475	14,379	16,358	18,836	18,601	18,717	20,564	28,439	23,356	20,072
Interest	28,984	23,298	23,776	21,044	22,499	16,763	16,156	15,361	14,155	13,679
Debt Administration Fees	391	494	542	57	178	434	90	29	27	24
<b>Total Expenditures</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>	<b>871,230</b>	<b>852,477</b>
(Deficiency) of Revenues over (under) Expenditures	(6,575)	(170,496)	33,850	(364)	(99,265)	(11,559)	(35,573)	(18,897)	(6,679)	37,285
<b>Other Financing Sources (Uses):</b>										
Proceeds from Sale of Capital Asset	-	-	-	-	-	-	-	-	-	11,062
Debt Issuance	297	753	54,186	1,012	155,820	13,150	-	2,306	26,458	-
Premium (Discount) on Debt Issuance	-	-	-	-	6,700	1,045	-	-	-	-
Payment to Refunded Bond										
Escrow Agent	-	-	(57,611)	-	(179,330)	-	-	-	(15,020)	-
Reconveyance of Land	-	-	-	-	-	-	-	-	-	-
Cost of Issuance	-	-	-	-	(1,505)	-	-	-	(411)	-
Land Transfers	(6,233)	-	-	-	-	-	-	-	-	-
Transfers In	271,094	409,802	114,615	106,128	91,363	60,641	104,983	125,473	130,312	126,196
Transfers Out	(247,930)	(392,317)	(87,032)	(105,577)	(92,990)	(65,195)	(60,191)	(82,253)	(97,813)	(154,772)
<b>Total Other Financing Sources</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>43,526</b>	<b>(17,514)</b>
<b>Net Change in Fund Balances</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>	<b>\$ 36,847</b>	<b>\$ 19,771</b>
Debt Service as a Percentage of Noncapital Expenditures	5.9%	4.7%	6.1%	6.1%	5.6%	5.2%	5.1%	5.6%	4.4%	4.0%

Debt Service as a Percentage of Noncapital Expenditures calculated as follows: (Principle + Interest)  
(Total Expenditures - Capital Outlay)

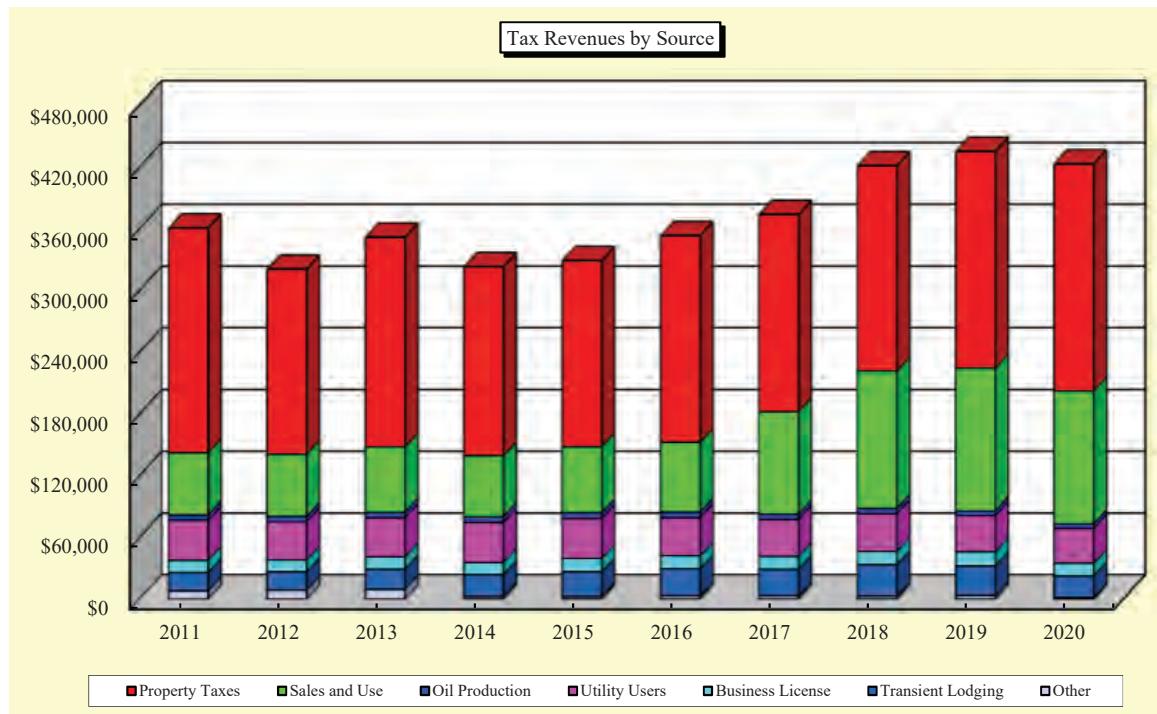
See accompanying Independent Auditors' Report

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

Fiscal Year-end (1)	Property Taxes	Sales and Use Taxes	Oil Production Taxes	Utility Users Taxes	Business License Taxes	Transient Lodging Taxes	Other (1) Taxes	Totals
2011	\$ 218,570	\$ 60,159	\$ 5,331	\$ 38,739	\$ 11,956	\$ 17,603	\$ 8,364	\$ 360,722
2012	179,746	60,414	5,259	37,097	11,537	17,759	8,805	320,617
2013	203,770	63,443	5,301	38,026	11,981	19,451	9,713	351,685
2014	183,719	59,097	5,653	38,691	11,862	21,265	2,724	323,011
2015	180,989	64,177	5,787	38,419	12,934	23,999	2,798	329,103
2016	200,766	67,658	5,582	37,079	12,512	26,382	3,271	353,250
2017	191,514	99,528	5,129	35,858	12,501	25,935	3,272	373,737
2018	199,336	133,523	5,026	36,639	12,940	30,612	2,980	421,056
2019	210,656	138,598	4,841	34,898	13,855	28,758	3,612	435,218
2020	220,665	129,095	4,473	33,767	12,351	20,914	1,711	422,976

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
2011	\$ 42,014,055	\$ 2,575,570	\$ (1,593,660)	\$ 42,995,965	1.00%
2012	42,641,685	2,780,087	(1,318,100)	44,103,672	1.00%
2013	45,184,614	2,767,496	(1,025,398)	46,926,712	1.00%
2014	47,768,304	2,730,192	(1,630,080)	48,868,416	1.00%
2015	48,648,554	3,029,600	(1,572,403)	50,105,751	1.00%
2016	49,939,578	2,959,078	(1,424,373)	51,474,283	1.00%
2017	52,481,371	3,180,877	(1,618,510)	54,043,738	1.00%
2018	55,394,865	3,239,627	(1,580,969)	57,053,523	1.00%
2019	58,432,448	3,456,685	(1,690,820)	60,198,313	1.00%
2020	61,781,691	3,663,861	(1,967,621)	63,477,931	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

**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		
2011	1.000000	-	0.186954	0.040310	0.003700	1.230964	
2012	1.000000	-	0.168187	0.035296	0.003700	1.207183	
2013	1.000000	-	0.175606	0.048750	0.003500	1.227856	
2014	1.000000	-	0.146439	0.044541	0.003500	1.194480	
2015	1.000000	-	0.146881	0.040174	0.003500	1.190555	
2016	1.000000	-	0.129709	0.035755	0.003500	1.168964	
2017	1.000000	-	0.122192	0.045990	0.003500	1.171682	
2018	1.000000	-	0.123226	0.046213	0.003500	1.172939	
2019	1.000000	-	0.125520	0.027175	0.003500	1.156195	
2020	1.000000	-	0.139929	0.040162	0.003500	1.183591	

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

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

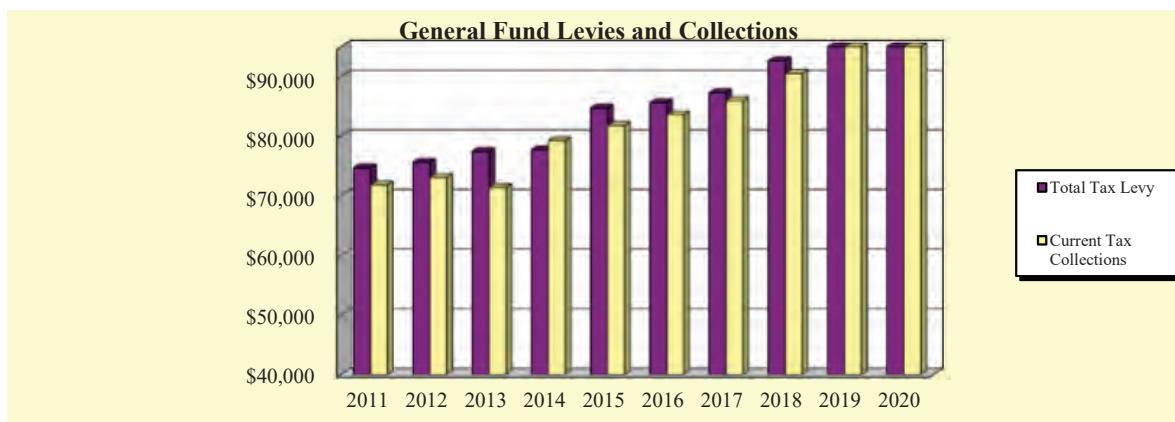
Taxpayer	Fiscal Year 2020		Fiscal Year 2011	
	Assessed Valuation	Percentage of Total Net	Assessed Valuation	Percentage of Total Net
		Assessed Valuation		Assessed Valuation
The Boeing Company	\$ 211,935	0.37 %	\$ 415,898	1.03 %
2009 CUSA Community Owner LLC	158,896	0.28	136,697	0.34
John Hancock Life Insurance	148,903	0.26		
AGNL Clinic LP	148,615	0.26		
TABC Inc.	139,096	0.24		
Studio Management Services Inc.	134,515	0.24		
IMT Capital IV Gallery LLC	125,247	0.22		
W GL Ocean Avenue LB Holdings	112,329	0.20		
Terra Funding Shoreline Square	111,760	0.20		
DP3 Sub 1 & 2 LLC	104,452	0.18		
Tesoro Logistics Operations LLC	92,042	0.16		
Equity One LLC	90,018	0.16		
AGNL Clinic Pine LP	87,550	0.15		
Long Beach Center LLC	87,316	0.15		
GS Long Beach LLC	86,739	0.15		
HCI 333 East Ocean Owner LP	86,088	0.15		
404 Pine LP	80,916	0.14		
Omninet Freeway LP	77,693	0.14		
Edison LB LLC	77,026	0.14		
Sunstone Ocean LLC	66,616	0.12		
Macerich Lakewood LLC			286,656	0.71
AES Alamitos LLC			229,400	0.57
Legacy Partners II LB World Trade LLC			153,840	0.38
Trizechahn Centers, Inc.			114,069	0.28
GRE Shoreline Square LP			94,380	0.23
Noble Utah Long Beach LLC			90,933	0.23
Arco Terminal Services Corp.			84,573	0.21
200 Oceangate LLC			83,050	0.21
Advanced Group 05-86			81,616	0.20
HEI Long Beach LLC			62,988	0.16
City Place Long Beach LLC			60,870	0.15
Alamitos Bay Partnership			60,734	0.15
Sunstone Ocean LLC			54,396	0.14
Pacific Pipeline System LLC			52,138	0.13
Lyon West Gateway LLC			50,804	0.13
EQR Fresca 2009 LP			50,075	0.12
Los Altos Gateway LLC			47,901	0.12
Pacific Castle			46,812	0.12
	<u>\$ 2,227,752</u>	<u>3.91 %</u>	<u>\$ 2,257,830</u>	<u>5.61 %</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)**

Fiscal Year-end	General Fund <sup>1</sup>							
	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections <sup>2</sup>	Collections as Percentage of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percentage of Current Levy
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 <sup>1</sup>	84,726	81,798	96.5%	4,061	85,859	101.3%	5,449	6.4%
2016	85,609	83,582	97.6%	2,821	86,403	100.9%	5,605	6.5%
2017	87,315	85,962	98.5%	7,581	93,543	107.1%	5,430	6.2%
2018	92,661	90,551	97.7%	3,068	93,619	101.0%	5,472	5.9%
2019	97,494	95,437	97.9%	5,019	100,456	103.0%	5,902	6.1%
2020	102,555	98,949	96.5%	5,763	104,712	102.1%	6,761	6.6%
Redevelopment/Successor Agency								
2011	\$ 99,318	\$ 74,660	75.2%	\$ 2,810	\$ 77,470	78.0%	\$ -	0.0%
2012	98,891	59,989	60.7%	884	60,873	61.6%	-	0.0%
2013	102,702	65,387	63.7%	-	65,387	63.7%	-	0.0%
2014	106,760	53,226	49.9%	-	53,226	49.9%	-	0.0%
2015	122,477	44,903	36.7%	-	44,903	36.7%	-	0.0%
2016	137,809	63,963	46.4%	-	63,963	46.4%	-	0.0%
2017	108,194	46,189	42.7%	-	46,189	42.7%	-	0.0%
2018	146,784	51,370	35.0%	-	51,370	35.0%	-	0.0%
2019	146,551	53,256	36.3%	-	53,256	36.3%	-	0.0%
2020	145,610	54,872	37.7%	-	54,872	37.7%	-	0.0%
Total City Tax Levy								
2011	\$ 174,025	\$ 146,483	84.2%	\$ 7,468	\$ 153,951	88.5%	\$ 11,251	6.5%
2012	174,504	133,062	76.3%	4,169	137,231	78.6%	10,698	6.1%
2013	180,138	136,816	76.0%	3,049	139,865	77.6%	10,147	5.6%
2014	184,500	132,481	71.8%	3,975	136,456	74.0%	4,458	2.4%
2015	207,203	126,701	61.1%	4,061	130,762	63.1%	5,449	2.6%
2016	223,418	147,545	66.0%	2,821	150,366	67.3%	5,605	2.5%
2017	195,509	132,151	67.6%	7,581	139,732	71.5%	5,430	2.8%
2018	239,445	141,921	59.3%	3,068	144,989	60.6%	5,472	2.3%
2019	244,045	148,693	60.9%	5,019	153,712	63.0%	5,902	2.4%
2020	248,165	153,821	62.0%	5,763	159,584	64.3%	6,761	2.7%



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

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

See accompanying Independent Auditors' Report

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

Fiscal Year-end	Governmental Activities							Total Governmental Activities
	Revenue Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Notes Payable	Capital Leases	Other LT Obligations - Civic Center		
2011	\$ 113,420	\$ 54,520	\$ 337,557	\$ 8,560	\$ 49,712	\$ -	\$ 563,769	
2012	111,415	50,205	326,852	8,118	46,064	-	542,654	
2013	93,410	45,675	315,399	7,102	41,869	-	503,455	
2014	99,084	40,822	309,160	6,137	38,150	-	493,353	
2015	95,189	35,837	276,934	5,117	33,978	-	447,055	
2016	105,349	30,597	262,871	5,258	30,682	-	434,757	
2017	100,107	25,083	248,167	5,400	27,263	-	406,020	
2018	86,754	19,283	233,113	7,751	67,670	-	414,571	
2019	90,393	13,183	217,290	8,241	49,020	299,875	678,002	
2020	83,985	6,765	200,820	7,905	44,676	294,864	639,015	

Business-type Activities			Total Business-type Activities
Revenue Bonds	Notes Payable	Capital Leases	
2011 \$ 1,709,685	\$ 56,687	\$ 3,541	\$ 1,769,913
2012 1,640,665	54,488	3,109	1,698,262
2013 1,564,045	147,020	2,667	1,713,732
2014 1,534,901	515,995	2,215	2,053,111
2015 1,696,772	499,248	19,752	2,215,772
2016 1,620,885	379,893	18,167	2,018,945
2017 1,736,215	343,821	16,688	2,096,724
2018 1,673,774	348,471	15,143	2,037,388
2019 1,781,199	339,056	40,356	2,160,611
2020 1,670,260	477,885	37,747	2,185,892

Total Primary Government	Percentage of Personal Income	Per Capita	
2011 \$ 2,333,682	2.917%	\$ 5,048	
2012 2,240,916	3.019%	4,813	
2013 2,217,187	3.156%	4,741	
2014 2,546,464	3.307%	5,425	
2015 2,662,827	3.430%	5,623	
2016 2,453,702	3.573%	5,175	
2017 2,502,744	3.720%	5,324	
2018 2,451,959	3.879%	5,223	
2019 2,838,613	4.042%	6,074	
2020 2,824,907	4.208%	6,106	

**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)				
2011	\$ 54,520	\$ 337,557	\$ 48,360	\$ 343,717	77%		\$ 743.56	
2012	50,205	326,852	32,615	344,442	76%		739.82	
2013	45,675	315,399	33,375	327,699	68%		700.74	
2014	40,822	309,160	32,471	317,511	63%		676.38	
2015	35,837	276,934	20,331	292,440	57%		617.51	
2016	30,597	262,870	20,591	272,876	52%		575.52	
2017	25,083	248,167	20,894	252,356	45%		536.78	
2018	19,283	233,113	16,769	235,627	40%		501.92	
2019	13,183	217,290	17,450	213,023	34%		455.81	
2020	6,765	200,820	21,504	186,081	28%		402.23	

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.

**City of Long Beach**  
**Schedule of Direct and Overlapping Debt**  
**September 30, 2020 (In Thousands)**

2019-20 Assessed Valuation:	\$61,049,143			
<b><u>DIRECT DEBT:</u></b>		<b>Outstanding Debt</b>	<b>Exclusions</b>	<b>Estimated Overlapping Debt</b>
City of Long Beach				
Lease Revenue Bonds	\$ 77,220	\$ -	\$ 77,220	
Tax Allocation Bonds	200,820	-	200,820	
Notes Payable	7,905	-	7,905	
Capital Leases	44,676	-	44,676	
Pension Obligations	6,765	-	6,765	
Total Direct Debt	<u>\$ 337,386</u>	<u>\$ -</u>	<u>\$ 337,386</u>	
<b><u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u></b>	<b>% Applicable</b>			
Cerritos Community College District	0.367 %	\$ 392,416	\$ 390,976	\$ 1,440
Coast Community College District	0.001	886,290	886,281	9
Compton Community College District	2.601	108,334	105,516	2,818
Long Beach Community College District	85.851	506,476	71,662	434,814
Los Angeles Community College District	0.050	4,146,055	4,143,982	2,073
ABC Unified School District	1.138	79,711	78,804	907
Compton Unified School District	0.024	253,235	253,174	61
Long Beach Unified School District	85.852	1,410,590	199,571	1,211,019
Los Angeles Unified School District	0.061	10,078,835	10,072,687	6,148
Paramount Unified School District	9.170	142,907	129,803	13,104
Metropolitan Water District	1.975	32,230	31,593	637
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT(1)		<u>\$ 18,037,079</u>	<u>\$ 16,364,049</u>	<u>\$ 1,673,030</u>
<b><u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u></b>				
Los Angeles County General Fund Obligations	3.785 %	\$ 2,303,503	\$ 2,216,315	\$ 87,188
Los Angeles County Superintendent of Schools Certificates of Participation	3.785	4,565	4,392	173
Compton Unified School District Certificates of Participation	0.024	31,180	31,173	7
Los Alamitos Unified School District Certificates of Participation	0.009	37,649	37,646	3
Los Angeles Unified School District Certificates of Participation	0.061	162,915	162,816	99
Paramount Unified School District Certificates of Participation	9.170	27,860	25,305	2,555
County Sanitation District No. 1 Certificates of Participation	1.219	3,658	3,613	45
County Sanitation District No. 2 Certificates of Participation	0.188	5,648	5,637	11
County Sanitation District No. 3 Certificates of Participation	85.913	4,292	605	3,687
County Sanitation District No. 8 Certificates of Participation	2.738	2,234	2,173	61
County Sanitation District No. 19 Certificates of Participation	29.396	1,017	718	299
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,584,521</u>	<u>\$ 2,490,393</u>	<u>\$ 94,128</u>
<b><u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u></b>	100.000 %	\$ 193,920	\$ -	\$ 193,920
<b>TOTAL GROSS OVERLAPPING COMBINED DEBT</b>		<b>\$ 20,815,520</b>	<b>\$ 18,854,442</b>	<b>\$ 1,961,078</b>
Los Angeles Unified School District General Obligation Bonds Election of 2005				
Series J (2010) Qualified School Construction Bonds: Amount accumulated in Interest and Sinking Fund and Set Aside Repayment		88,259	88,205	54
Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts)		9,756	9,750	6
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 20,717,505</u>	<u>\$ 18,756,487</u>	<u>\$ 1,961,018</u>
<b>TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT</b>		<b><u>\$ 21,054,891</u></b>	<b><u>\$ 18,756,487</u></b>	<b><u>\$ 2,298,404</u></b>

**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				
	2011	2012	2013	2014	2015
Assessed valuation	\$ 44,589,625	\$ 45,421,772	\$ 47,952,110	\$ 50,498,496	\$ 51,678,154
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,147,406	11,355,443	11,988,028	12,624,624	12,919,539
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,672,111	1,703,316	1,798,204	1,893,694	1,937,931
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,672,111</u>	<u>\$ 1,703,316</u>	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>	<u>\$ 1,937,931</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2016	2017	2018	2019	2020
Assessed valuation	\$ 52,898,656	\$ 55,662,248	\$ 58,634,492	\$ 61,889,133	\$ 65,445,552
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	13,224,664	13,915,562	14,658,623	15,472,283	16,361,388
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,983,700	2,087,334	2,198,793	2,320,842	2,454,208
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,983,700</u>	<u>\$ 2,087,334</u>	<u>\$ 2,198,793</u>	<u>\$ 2,320,842</u>	<u>\$ 2,454,208</u>
Total debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15 percent of gross assessed valuation. This provision was enacted when assessed valuation was based on 25 percent of market value. Effective with fiscal year 1982, each parcel is assessed at 100 percent of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 percent level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

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

See accompanying Independent Auditors' Report

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

Fiscal Year-end	Operating Revenue	Operating Expenses (1)	Net Operating Income	Non-Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2011	\$ 87,730	\$ 45,922	\$ 41,808	\$ 227	\$ 42,035	\$ 10,400	\$ 33,444	\$ 43,844	1.0
2012	82,671	38,902	43,769	(348)	43,421	10,035	32,955	42,990	1.0
2013	80,215	37,274	42,941	(1,067)	41,874	9,040	32,492	41,532	1.0
2014	81,992	42,503	39,489	(946)	38,543	7,305	32,079	39,384	1.0
2015	77,098	30,845	46,253	83	46,336	6,840	31,725	38,565	1.2
2016	79,526	28,135	51,391	(949)	50,442	7,150	31,375	38,525	1.3
2017	96,723	40,459	56,264	192	56,456	8,120	31,024	39,144	1.4
2018	91,786	44,279	47,507	59	47,566	8,925	30,628	39,553	1.2
2019	120,228	71,223	49,005	1,739	50,744	10,290	30,135	40,425	1.3
2020	102,486	56,438	46,048	1,138	47,186	11,905	29,552	41,457	1.1

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

2011	\$ 88,576	\$ 70,565	\$ 18,011	\$ (207)	\$ 17,804	\$ -	\$ 861	\$ 861	20.7
2012	86,515	69,982	16,533	(702)	15,831	490	1,249	1,739	9.1
2013	91,949	76,217	15,732	(1,789)	13,943	2,110	1,484	3,594	3.9
2014	100,187	81,767	18,420	371	18,791	2,385	1,502	3,887	4.8
2015	99,475	91,395	8,080	1,561	9,641	2,510	1,390	3,900	2.5
2016	97,650	81,086	16,564	(237)	16,327	2,630	1,264	3,894	4.2
2017	97,383	80,127	17,256	887	18,143	2,730	1,165	3,895	4.7
2018	99,173	82,733	16,440	2,795	19,235	2,815	1,077	3,892	4.9
2019	99,289	81,439	17,850	4,802	22,652	2,930	964	3,894	5.8
2020	113,090	97,712	15,378	3,376	18,754	3,050	847	3,897	4.8

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.

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)(2)	Net Operating Income	Non-Operating Income (Loss) (1)	Net Revenue or Funds Available for Debt Service	Debt Service Requirements			Times Coverage
						Principal	Interest	Total	
2011	\$ 32,416	\$ 28,150	\$ 4,266	\$ 7,224	\$ 11,490	\$ 905	\$ 5,668	\$ 6,573	1.7
2012	34,405	27,142	7,263	8,772	16,035	1,330	7,046	8,376	1.9
2013	34,760	26,513	8,247	8,060	16,307	2,260	7,004	9,264	1.8
2014	35,802	27,302	8,500	8,661	17,161	2,340	6,927	9,267	1.9
2015	33,811	27,842	5,969	3,134	9,103	2,420	6,844	9,264	1.0
2016	36,951	30,562	6,389	3,200	9,589	2,515	6,750	9,265	1.0
2017	46,678	33,250	13,428	3,199	16,627	2,625	6,640	9,265	1.8
2018	47,497	35,711	11,786	4,007	15,793	2,740	6,522	9,262	1.7
2019	44,780	36,798	7,982	4,938	12,920	2,875	6,388	9,263	1.4
2020	29,778	26,759	3,019	8,741	11,760	3,015	6,252	9,267	1.3

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

2011	\$ 33,460	\$ 22,348	\$ 11,112	\$ 1,011	\$ 12,123	\$ 1,025	\$ 1,493	\$ 2,518	4.8
2012	32,620	19,547	13,073	319	13,392	1,035	1,410	2,445	5.5
2013	30,015	19,843	10,172	409	10,581	820	1,512	2,332	4.5
2014	31,923	19,201	12,722	351	13,073	-	912	912	14.3
2015	32,660	23,719	8,941	1,592	10,533	-	912	912	11.5
2016	33,502	24,459	9,043	1,968	11,011	-	912	912	12.1
2017	36,539	27,341	9,198	2,036	11,234	-	912	912	12.3
2018	41,177	25,520	15,657	2,055	17,712	773	912	1,685	10.5
2019	45,561	29,937	15,624	2,458	18,082	1,410	884	2,294	7.9
2020	47,481	32,111	15,370	1,785	17,155	1,473	833	2,306	7.4

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

2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	-
2012	-	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-	-
2016	20,358	14,613	5,745	197	5,942	-	5,352	5,352	1.1
2017	22,050	13,975	8,075	261	8,336	-	5,634	5,634	1.5
2018	23,954	15,764	8,190	307	8,497	1,250	5,634	6,884	1.2
2019	23,698	15,802	7,896	3,033	10,929	1,400	5,571	6,971	1.6
2020	24,165	18,220	5,945	2,967	8,912	1,550	5,501	7,051	1.3

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense. Prior year adjustments to operating expenses were made to exclude amortization.
- (2) FY20 Airport Operating Expense adjusted due to Federal Relief Funds from the CARES Act that were used to reimburse Operating Expenses.

Source: City of Long Beach, Department of Financial Management

See accompanying Independent Auditors' Report

**City of Long Beach**  
**Pledged Revenue Coverage**  
**Tideland Operating Segment**  
**Revenue Bond Coverage**  
**Last Ten Fiscal Years (2)**  
**(In Thousands)**

Fiscal Year-end	Operating Revenue (4)	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	
2011	\$ 55,287	\$ 73,809	\$ (18,522)	\$ 1,524	\$ (16,998)	\$ 3,240	\$ 6,010	\$ 9,250	-
2012	28,075	51,697	(23,622)	1,555	(22,067)	3,380	5,622	9,002	-
2013	31,481	46,924	(15,443)	753	(14,690)	5,560	4,578	10,138	-
2014	32,306	59,557	(27,251)	1,157	(26,094)	3,670	4,495	8,165	-
2015	38,858	69,007	(30,149)	1,630	(28,519)	3,780	4,374	8,154	-
2016	35,565	55,280	(19,715)	1,924	(17,791)	3,915	4,229	8,144	-
2017	40,965	58,709	(17,744)	2,845	(14,899)	4,070	4,070	8,140	-
2018	40,403	66,164	(25,761)	4,986	(20,775)	4,235	3,904	8,139	-
2019	39,585	71,075	(31,490)	7,815	(23,675)	1,995	656	2,651	-
2020	40,896	84,123	(43,227)	6,971	(36,256)	2,015	617	2,632	-

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

2011	\$ 345,389	\$ 81,423	\$ 263,966	\$ (12,490)	\$ 251,476	\$ 42,175	\$ 37,247	\$ 79,422	3.2
2012	333,887	87,637	246,250	(2,522)	243,728	44,815	35,193	80,008	3.0
2013	346,244	97,696	248,548	(818)	247,730	46,965	33,026	79,991	3.1
2014	356,880	108,455	248,425	4,020	252,445	125,460	30,623	156,083	1.6
2015	355,450	130,013	225,437	44,386	269,823	145,215	26,558	171,773	1.6
2016	360,660	143,873	216,787	2,712	219,499	45,360	27,666	73,026	3.0
2017	381,010	142,349	238,661	8,445	247,106	44,905	27,171	72,076	3.4
2018	401,678	136,669	265,009	6,761	271,770	47,190	32,378	79,568	3.4
2019	412,273	140,144	272,129	12,277	284,406	45,965	31,059	77,024	3.7
2020	398,629	142,707	255,922	13,335	269,257	37,300	36,834	74,134	3.6

Notes:

(1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.

(2) The Long Beach Aquarium of the Pacific Lease Revenue Refunding Bonds Series 2012 were issued to (1) refund the Long Beach Aquarium of the Pacific Revenue Bonds 2001 Series bonds, (2) to fund a reserve fund for the Series 2012 Bonds, and (3) pay the costs of issuance of the Series 2012 Bonds.

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)
2011	462,257	13,486	29,173	84,812	13.4
2012	465,576	14,058	30,196	83,691	12.2
2013	467,646	14,757	31,556	82,256	10.3
2014	469,428	15,525	33,072	81,155	8.6
2015	473,577	16,242	34,296	79,709	6.8
2016	474,140	16,939	35,725	77,812	5.7
2017	470,130	17,490	37,203	76,428	5.3
2018	469,450	18,209	38,789	74,681	4.7
2019	467,354	18,892	40,423	73,221	4.7
2020	462,628 <sup>(6)</sup>	19,467	42,079	72,002	15.9

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 2011 - 2014 restated due to annual revisions.
- (6) Data is an estimated value from previous year.

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

Ranking	Employer	Fiscal Year 2020		Fiscal Year 2011	
		Number of Employees (1)	Percentage of Total City Employment (2)	Ranking (1)	Number of Employees (1)
1	Long Beach Unified School District	12,625	5.23%	1	8,304
2	City of Long Beach	5,503	2.28%	3	5,312
3	Long Beach Memorial Medical Center	5,127	2.12%	4	5,805
4	California State University Long Beach (CSULB)	3,272	1.36%	5	5,790
5	Veteran Affairs Medical Center	3,100	1.28%	6	2,332
6	Long Beach City College	2,719	1.13%	7	1,579
7	The Boeing Company	1,844	0.76%	2	6,847
8	CSULB Research Foundation	1,603	0.66%	10	1020
9	St. Mary Medical Center	1,558	0.65%	8	1,556
10	Molina Healthcare Inc	1,227	0.51%		
	United States Postal Service			9	1,257
	Verizon				0.53%

Sources:

(1) Department of Financial Management Accounting and Business License  
(2) State of California Employment Development Department Labor Market Info for 2011 and 2020

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

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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Legislative and Legal	133	130	129	130	130	122	140	136	141	141
General Government <sup>(1)</sup>	438	424	382	398	415	513	534	556	607	718
Public Safety	1,826	1,796	1,765	1,757	1,843	1,698	1,738	1,729	1,862	1,862
Public Health	311	262	263	249	257	252	259	287	272	272
Community and Cultural <sup>(1)</sup>	1,094	1,038	1,020	1,046	1,121	1,006	1,040	855	1,008	1,008
Public Works	336	287	273	275	258	263	310	305	297	213
Gas Utility	195	194	202	201	198	201	209	199	183	183
Water Utility	216	225	223	217	220	224	224	248	266	266
Airport	57	96	88	88	91	97	98	103	89	89
Solid Waste Management	205	189	177	181	183	177	187	183	198	198
Towing	34	29	22	26	26	26	26	27	27	27
Tideland Oil Revenue	22	19	15	15	15	16	17	15	17	17
Harbor	445	466	469	491	529	527	536	514	509	509
Total	5,312	5,155	5,028	5,074	5,286	5,122	5,318	5,157	5,476	5,503

(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, 2020.

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

Function	Fiscal Year 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
Public Safety:					
Police priority one calls response time in minutes	4.20	4.35	4.35	4.69	4.90
Violent crime rate - per 1,000 residents	5.90	6.18	5.85	4.37	4.28
Fire on-scene arrival for emergency calls within six minutes	62.9%	60.8%	55.1%	50.0%	46.3%
Public Health:					
Percentage of beach days that are safe for swimming in summer	85%	91%	94%	97%	95%
Homeless population ratio vs. total population (1)	0.93%	0.93%	0.93%	0.75%	0.51%
Community and Cultural:					
Public library computer session log-ons	330,375	331,028	N/A	N/A	222,360
Parks, recreation programs - youth and teen attendance	744,103	745,052	636,796	760,641	779,641
Public Works:					
Number of trees trimmed	19,986	28,021	24,668	23,500	23,839
Curbs and alleys swept in miles	151,743	156,537	150,804	156,302	153,527
Sidewalk repaired in square feet	179,641	481,497	382,536	551,597	363,476
Storm drain catch basins cleaned	3,550	3,800	3,004	5,771	5,800
Gas Utility:					
Gas consumption in sales dollars-total	\$ 78,663,000	\$ 70,193,000	\$ 68,229,000	\$ 72,544,000	\$ 62,281,000
Gas consumption in cubic feet ( In 000's)	9,388,000	9,135,000	9,092,000	8,183,000	7,689,000
Average daily gas consumption (MCF)	25,721	24,959	24,910	22,421	21,065
Gas mains installed/replaced/relocated in feet (2)	66,567	84,594	108,646	110,900	40,589
Gas meters installed/removed/replaced	7,150	8,664	6,093	3,529	4,440
Water Utility:					
Water daily demand in thousand gallons	50,910	52,260	53,079	52,389	47,441
Water annual demand in thousand gallons	18,581,979	19,074,861	19,373,993	19,122,012	17,315,820
Available supply total in thousand gallons	20,604,243	21,330,532	21,538,947	21,019,736	19,000,372
Sewer Utility:					
Sewer mains cleaned in miles	470	414	535	498	492
Sewer mains and laterals repaired in number of jobs	259	261	241	213	224
Airport:					
Number of commercial passengers enplaned	1,532,442	1,643,383	1,497,503	1,433,273	1,276,679
Number of commercial passengers deplaned	1,549,164	1,634,345	1,492,430	1,426,830	1,273,232
Number of aircraft landings and take offs	302,763	287,699	284,193	325,527	300,184
Solid Waste Management:					
Number of refuse tons collected	194,462	187,505	187,146	182,452	173,895
Number of recycling tons collected	180,160	172,143	169,264	169,420	161,997
SERRF tons of refuse received	460,906	474,689	470,510	459,160	447,535
SERRF energy sold to So Cal Edison megawatt-hours	208,663	220,867	226,592	223,658	200,994
Harbor:					
Number of container movements in twenty-foot equivalent units	6,298,840	5,857,218	6,647,975	6,817,590	7,087,699
Cargo in thousands of metric revenue tons	154,417	145,144	162,257	165,526	164,274
Number of ship calls	4,758	3,993	3,425	2,752	2,676

Source: City Departments

(1) The homeless population count is biannual.

(2) Restated prior years (2011-2013), due to updated reports from Gas Department.

See accompanying Independent Auditors' Report

Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Function
Public Safety:					
4.60	4.80	4.50	4.30	4.40	Police priority one calls response time in minutes
5.79	6.40	7.00	5.75	4.96	Violent crime rate - per 1,000 residents
43.4%	41.7%	41.1%	38.6%	37.0%	Fire on-scene arrival for emergency calls within six minutes
Public Health:					
94% 0.51%	90% 0.51%	88% 0.39%	89% 0.40%	86% 0.44%	Percentage of beach days that are safe for swimming in summer Homeless population ratio vs. total population (1)
Community and Cultural:					
218,717 835,358	254,974 892,556	225,983 793,226	186,873 820,748	79,862 4,062	Public library computer session log-ons Parks, recreation programs - youth and teen attendance
Public Works:					
19,500	23,112	21,857	22,055	25,000	Number of trees trimmed
154,300	141,132	142,851	147,316	125,254	Curbs and alleys swept in miles
333,039	296,865	603,504	537,666	306,044	Sidewalk repaired in square feet
5,800	5,800	5,800	5,800	5,800	Storm drain catch basins cleaned
Gas Utility:					
\$ 64,382,000 8,542,000 23,404 22,556 29,873	\$ 78,467,000 9,237,000 25,307 40,737 34,465	\$ 77,999,000 8,802,000 24,114 17,327 2,944	\$ 98,355,000 9,116,009 24,975 32,032 1,279	\$ 79,886,282 9,113,067 24,967 22,279 1,983	Gas consumption in sales dollars-total Gas consumption in cubic feet ( In 000's) Average daily gas consumption (MCF) Gas mains installed/replaced/relocated in feet Gas meters installed/removed/replaced
Water Utility:					
46,417 16,942,297 19,412,932	45,869 16,742,192 19,045,926	47,620 17,381,120 19,172,030	44,478 16,234,549 17,439,187	50,503 18,433,521 20,238,997	Water daily demand in thousand gallons Water annual demand in thousand gallons Available supply total in thousand gallons
Sewer Utility:					
405 215	113 169	439 157	477 164	360 162	Sewer mains cleaned in miles Sewer mains and laterals repaired in number of jobs
Airport:					
1,327,001 1,325,537 295,007	1,793,753 1,794,245 294,303	2,006,292 2,007,872 266,892	1,757,499 1,752,650 293,587	904,815 914,487 294,509	Number of commercial passengers enplaned Number of commercial passengers deplaned Number of aircraft landings and take offs
Solid Waste Management:					
187,432 158,852 417,169 158,400	193,622 160,037 426,430 201,438	185,403 133,932 359,752 165,702	192,483 40,955 385,541 182,342	202,620 39,481 378,016 181,000	Number of refuse tons collected Number of recycling tons collected SERRF tons of refuse received SERRF energy sold to So Cal Edison / CAISO megawatt-hours
Harbor:					
6,946,255 161,322 2,227	7,230,758 168,100 2,149	8,000,929 180,593 2,278	7,747,251 172,961 2,095	7,660,975 168,574 2,237	Number of container movements in twenty-foot equivalent units Cargo in thousands of metric revenue tons 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 2011	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014
Public Safety:				
Number of police stations	1	1	1	1
Number of police substations (full facility)	3	3	3	3
Number of police storefront stations	3	-	-	-
Number of fire stations	23	23	23	23
Community and Cultural:				
Number of parks	160	162	161	162
Parks and golf courses in acres	3,120	3,124	3,121	3,123
Number of libraries	12	12	12	12
Number of library holdings (books, videos, tapes)	888,975	818,390	782,571	798,809
Number of library circulations	1,561,713	1,551,997	1,391,825	1,391,617
Public Works:				
Street in miles	823	823	823	823
Storm drain lines in miles	180	180	180	180
Number of street lights (1)	31,000	31,000	31,550	31,550
Gas Utility:				
Gas mains in miles (2)	929	929	930	928
Water Utility:				
Water mains in miles	911	911	912	912
Number of fire hydrants	6,603	6,594	6,589	6,604
Number of water services	95,629	95,643	95,607	95,999
Sewer Utility:				
Sanitary sewers in miles	712	712	714	714
Number of manholes	16,147	16,148	16,158	16,170
Sanitary sewer pump stations	28	28	28	28
Storm drain pump stations	23	23	23	23
Harbor:				
Sanitary sewer pump stations	36	34	37	37
Storm drain pump stations	20	23	21	23
Solid Waste Management:				
Number of waste-to-energy facilities	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 (2011-2013), due to updated reports from Gas Department.

Source: City Departments

See accompanying Independent Auditors' Report

Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Function
1	1	1	1	1	1	Public Safety:
3	3	3	3	3	3	1 Number of police stations
-	-	-	-	-	-	3 Number of police substations (full facility)
23	23	23	23	23	23	- Number of police storefront stations
						23 Number of fire stations
						Community and Cultural:
164	168	169	169	169	167	Number of parks
3,122	3,124	3,125	3,125	3,126	3,125	Parks and golf courses in acres
12	12	12	12	12	12	Number of libraries
808,957	851,614	795,629	798,760	740,442	728,829	Number of library holdings (books, videos, tapes)
1,205,523	1,233,309	1,335,819	1,302,021	1,273,997	966,790	Number of library circulations
						Public Works:
823	823	823	823	823	823	Street in miles
180	180	180	180	180	180	Storm drain lines in miles
31,337	32,283	27,439	32,481	32,502	32,480	Number of street lights (1)
						Gas Utility:
929	929	931	916	917	917	Gas mains in miles (2)
						Water Utility:
912	912	912	912	916	917	Water mains in miles
6,631	6,894	6,910	6,953	7,036	7,049	Number of fire hydrants
95,775	95,749	95,667	95,586	95,690	95,731	Number of water services
						Sewer Utility:
714	714	715	714	714	715	Sanitary sewers in miles
15,129	15,127	15,112	15,122	15,125	15,126	Number of manholes
28	28	28	28	28	28	Sanitary sewer pump stations
23	22	23	23	23	23	Storm drain pump stations
						Harbor:
37	39	39	39	39	39	Sanitary sewer pump stations
23	22	22	22	22	22	Storm drain pump stations
						Solid Waste Management:
1	1	1	1	1	1	1 Number of waste-to-energy facilities

See accompanying Independent Auditors' Report

*The Harbor Department, an Enterprise Fund of the City of Long Beach, California*

# Comprehensive Annual Financial Report

For the fiscal year ended September 30, 2020



**THE HARBOR DEPARTMENT, AN ENTERPRISE FUND OF THE CITY  
OF LONG BEACH, CALIFORNIA**

Comprehensive Annual

Financial Report

Fiscal Year Ended September 30, 2020

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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# Introductory Section

## **Letter of Transmittal**

March 29, 2021

The Board of Harbor Commissioners  
The Harbor Department of the City of Long Beach  
Long Beach, California  
Members of the Board of Harbor Commissioners:

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report (CAFR) of the Harbor Department of the City of Long Beach (the Department), an enterprise fund of the City of Long Beach (the City), California, for the fiscal year ended September 30, 2020. The Department's operations are included in the City's reporting entity as an enterprise fund.

This report consists of management's representations concerning the finances of the Department. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework that is designed to protect assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the financial statements in conformity with GAAP. The costs of internal controls should not exceed their benefits; therefore, the comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Management asserts that, to the best of its knowledge and belief, this financial report is complete and reliable in all material aspects.

The Department's basic financial statements have been audited by KPMG LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the Department's financial statements for the fiscal year ended September 30, 2020 are free of material misstatement. The independent audit entails examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit performed, that there was a reasonable basis for rendering an unmodified opinion, and that the Department's financial statements for the fiscal year ended September 30, 2020 are fairly presented, in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is intended to complement the MD&A, and should be read in conjunction with it. The Department's MD&A immediately follows the report of the independent auditors.

## Profile of the Department

In 1911, the State of California conveyed, in trust, to the City certain tidal and submerged lands for the establishment and maintenance of the Harbor District (which includes the Port of Long Beach). Consistent with this grant, the City Charter confers on the Board of Harbor Commissioners (the Board) exclusive control and management of the Department (the Port). The Board has authority, on behalf of the City, to provide for the needs of commerce, navigation, recreation, and fishery; to develop and maintain all waterfront properties; to dredge and reclaim land; and to construct and operate terminals, railroad tracks, and other facilities both inside and outside the Port's jurisdiction. The Port is a landlord port providing the region, state, and nation with state-of-the-art seaport facilities and serving as an international gateway for trade. The Port of Long Beach is the second busiest container seaport in North America.

The Port generates revenues through leases, tariffs, and other charges assessed to Port of Long Beach tenants and other customers. No local, state, or federal taxes support Port operations. The Port does not contribute to the City of Long Beach general fund or governmental activities, but compensates the City of Long Beach for services such as public safety, human resources, civil service, and centralized financial, legal, and audit services.

The Port maintains a financial and cost accounting system independent of other City departments. The focus of the statement of revenues and expenses is on inflows and outflows of economic resources using the accrual basis of accounting. Changes in net position are recognized as soon as the cause of the change occurs, regardless of the timing of related cash flows; that is, revenues are recognized as soon as they are earned, and expenses are recognized as soon as a liability is incurred. All the assets and liabilities associated with the Port's operations are included in the statement of net position. Net position is segregated into net investment in capital assets, restricted for related debt service, and unrestricted.

## Commercial and Economic Outlook

The Port of Long Beach provides best in class customer service to attract more commercial activity and maximize revenue opportunities. By aligning its product with the customers' demands, the Port employs a strategic and customized approach with all customer segments. Focused customer outreach ensures the Port has a full understanding of the customers' needs and successfully promotes the benefits of its services.

Container volumes remained strong in fiscal year 2020 despite a slight decrease of 1.1% from the prior year to 7.7 million TEUs. Volume levels were weak in the first half of the fiscal year due to the coronavirus (COVID-19) outbreak in China and the subsequent closure of their supply chain. A surge in volume during the second half of the fiscal year was spurred by China's reopening and the increase in demand for new product categories as many people began working from home and shifted to online purchasing.

Aside from the pandemic and on-going geopolitical developments, the following trends continue to shape the future of the maritime industry: capacity management by ocean carriers, rationalization of alliance deployments, vessel upsizing and fuel prices.

The expansion or contraction of foreign trade directly affects local, regional, and national economies. The Port, as a crucial economic engine for the region and beyond, must continually strengthen its

competitiveness by anticipating and responding to economic challenges, and seizing opportunities to continue to be the Port of Choice for the trans-Pacific trade.

Fiscal year 2020 marked the fourth year of having three-vessel sharing alliances (2M, OCEAN and THE Alliance) operating within the Port. During this fiscal year, Macquarie Infrastructure and Real Assets (MIRA) purchased International Transportation Service (ITS) from the Ocean Network Express (ONE). MIRA is the same group that purchased Long Beach Container Terminal (LBCT) last year.

As container ships capable of transporting more than 14,000 to 24,000 twenty-foot-equivalent units (TEU) continue to call at the Port of Long Beach, the Port's ability to accommodate these vessels and handle the additional cargo volume has become a key objective to retain its competitive advantage over other gateways. In preparation for the next generation of even larger vessels, the Port of Long Beach is moving forward with an ongoing multi-billion dollar capital program to upgrade its infrastructure and modernize its facilities to improve efficiency in its cargo operations and enhance reliability. When completed, the capital program will make the Port one of the most efficient ports in the world.

Infrastructure projects are currently underway that will position the Port for increased volume and revenue focusing on terminal, road, and rail improvements. They include the following:

- Middle Harbor Redevelopment Program: A \$1.5 billion program to combine and modernize two aging shipping terminals. The project more than quintuples on-dock rail capacity and adds shore power connections and advanced technology that will allow the new terminal to significantly increase cargo capacity. Construction began in 2011 and is expected to be completed in 2021
- Gerald Desmond Bridge Replacement: A \$1.5 billion project to build a new bridge to span the Port's Main Channel. The new bridge is taller, to allow additional clearance for ships, and is also wider, to ease the flow of cars and trucks that use the bridge. Construction began in early 2013 and was open to traffic in October 2020. The demolition of the old bridge will be complete by the end of 2022.
- Pier B Rail Support Facility: The Pier B Rail Support Facility will provide for more efficient transfer of cargo between marine terminals and the Class 1 railroads, resulting in increased on-dock rail capacity and operating efficiency.

To accommodate the expected increase in business activities during the next 20 years, the Port will continue to explore innovative solutions to mitigate the environmental impact to the surrounding communities.

The Port is also taking a leadership role by working with its partners to formulate solutions to continuously improve operating efficiencies through a combination of infrastructure enhancements, operational improvements, and investment in innovative environmental programs.

The COVID-19 outbreak impact on the Port continues into 2021. The initial closure of factories in China at the beginning of the outbreak resulted in a higher-than-normal cancellation of vessel calls originating from China, significantly impacting U.S. retail inventories. Ocean carriers continued to add unscheduled vessel services to make up for this increase in demand, creating a backlog of vessels into the San Pedro Bay Ports. This volume surge is expected to continue into mid-year 2021.

## Environmental Protection

The Port is making substantial investments to improve the environment through sustainable practices that reduce the environmental impacts from Port operations and development.

In 2005, the Long Beach Board of Harbor Commissioners adopted the Green Port Policy, which committed to reducing the Port's impact on the environment and the community. In 2006, at a historic joint board session of Long Beach and Los Angeles Boards of Harbor Commissioners (the Ports), the San Pedro Bay Clean Air Action Plan (CAAP) was approved. The CAAP was updated in 2010, and most recently in 2017, to identify new strategies to achieve significant emission reductions into the future. The 2017 update includes zero emission mandates for cargo handling equipment by 2030 and drayage trucks by 2035.

Similarly, at a joint board session in 2009, the Ports adopted the Water Resources Action Plan (WRAP) which outlines the Ports' water quality programs and strategies for maintaining and improving harbor water resources. The Port continues its significant efforts related to complying with regulatory programs, such as the Total Maximum Daily Load (TMDL), the statewide Industrial General Permit, Construction Storm Water Permit, and the Long Beach Municipal Permit. The Port continues to invest in opportunities for the sustainable management of contaminated and non-contaminated sediments within the Harbor District. And finally, the Port continues to evaluate the water quality and sediment in the harbor, the levels of pollution in fish, and the health of the harbor ecosystem.

The Harbor Department administers a number of hazardous materials and waste management programs designed to ensure compliance with applicable federal, state, and local regulations. These programs include surveys to identify the presence of hazardous materials, including asbestos and lead-based paint; assessment and remediation of soil and groundwater contaminated by historical industrial development within the Harbor District; and hazardous material spill response.

Through its environmental initiatives, the Port has:

- Cut diesel particulates by 88%, sulfur oxides by 97%, smog-forming nitrogen oxides by 58%, and greenhouse gases by 19% from 2005 levels, identified in the 2019 annual air emissions inventory.
- Continued to foster the development of new clean air technologies through the Technology Advancement Program including zero emission terminal equipment.
- Awarded nearly \$80 million in grant-funding to demonstrate zero emission equipment and advanced energy systems in Port operations.
- Established a technical working group with the Port of Los Angeles, the Los Angeles Regional Water Quality Control Board and the State Water Resources Control Board, to conduct the special studies and analysis required to make sound environmental management decisions and support modifications to the Total Maximum Daily Load (TMDL) regulation.
- Completed a comprehensive hydrodynamic, sediment transport and bioaccumulation model to link water and sediment management actions with desired outcomes.

- Continued the Green Flag Vessel Speed Reduction Program within 20 nautical miles or 40 nautical miles of the Port (where greater than 90% of ships slow down to 12 knots), to reduce air pollution emissions.

### **Risk Management**

The Port has developed a comprehensive, all-hazard business continuity plan to facilitate the efficient movement of cargo following a business disruption event. The plan focuses on: 1) maintaining a safe and secure port environment; 2) keeping the land and water infrastructure operational to the greatest extent possible; and 3) ensuring that those objectives are performed in a legally and financially responsible manner.

### **Security**

The Port is committed to safety and security and is dedicated to becoming the safest and most secure port in the world. Since 2009, the Port has operated the Joint Command and Control Center (JCCC). This state-of-the-art facility houses not only the Port's Security Division and Harbor Patrol, but also the Long Beach Police Department's Port Police Division. The Long Beach Fire Department is also represented in the JCCC by an assistant chief. The Port takes an above the water, on the water, and below the water approach to Maritime Domain Awareness. This is accomplished through the use of the latest integrated, high-tech surveillance systems to maintain vigilance and share data with the many agencies responsible for port security. The JCCC monitors more than 500 cameras throughout the port complex, including long-range and night-vision units, in addition to access control and radar detection systems.

The Port has secured over \$169 million in grant revenue to aid in safety and security efforts. The Port is protected by multiple layers of security, including the U.S. Coast Guard, U.S. Customs and Border Protection, Long Beach Police Department, and other federal, state, and local law enforcement agencies. Additionally, the Port has its own harbor patrol, a cadre of highly trained public officers who are responsible for security operations on the property owned by the Port and any public roadways within its boundaries 24 hours a day, seven days a week. The Long Beach Police Department, Port Police Division also provides a dedicated force of police officers who patrol land side and water side in the port complex 24 hours a day, seven days a week. Within the Harbor District, the Long Beach Fire Department has two landside stations, one with a hazardous materials response unit, in addition to two swing stations with landside and waterside response capabilities.

### **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. This was the 37<sup>th</sup> consecutive year that the Department has received this prestigious award. In order to be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's



requirements, and we are submitting it to the GFOA to determine its eligibility for the current reporting period.

We would like to acknowledge the dedication of the Finance Division staff in the timely preparation of this report.

Respectfully submitted:



Mario Cordero  
Executive Director



Sam Joumblat  
Chief Financial Officer  
Managing Director of  
Finance and Administration



Government Finance Officers Association

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

Presented to

**The Harbor Department of the City of Long Beach  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

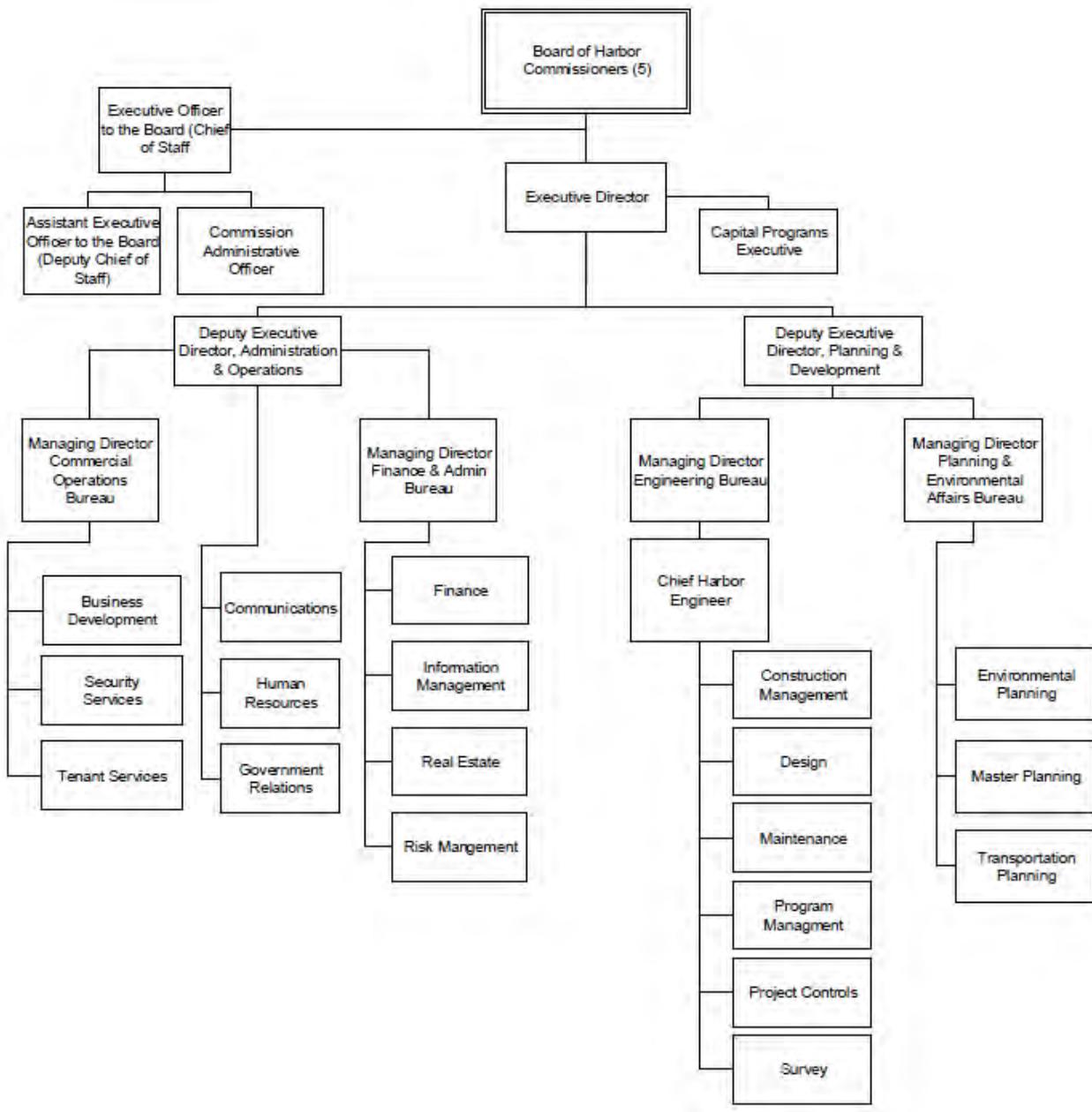
*Christopher P. Monill*

Executive Director/CEO

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Organizational Chart

September 30, 2020



## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Board of Harbor Commissioners and Senior Management

September 30, 2020

### Board of Harbor Commissioners

Frank Colonna, President  
Steven Neal, Vice President  
Bonnie Lowenthal, Secretary and Commissioner  
Bobby Olvera Jr., Commissioner  
Sharon L. Weissman, Commissioner

#### Executive Offices

Executive Director	Mario Cordero
Deputy Executive Director	Noel Hacegaba
Deputy Executive Director	Richard D. Cameron
Acting Executive Officer to the Board	Shana Espinoza
Capital Program Executive	Duane Kenagy
Communications Division	Director, Kerry Gerot
Government Relations Division	Director, Eleanor Torres (Dec. 2019)
Human Resources Division	Director, Stacey Lewis

#### Finance and Administration Bureau

Finance Division	Managing Director, Sam Joumblat
Information Management Division	Director, Wei Chi
Real Estate Division	Director, Nyariana Maiko
Risk Management Division	Director, Eamonn Killeen
	Director, Richard S. Baratta

#### Commercial Operations Bureau

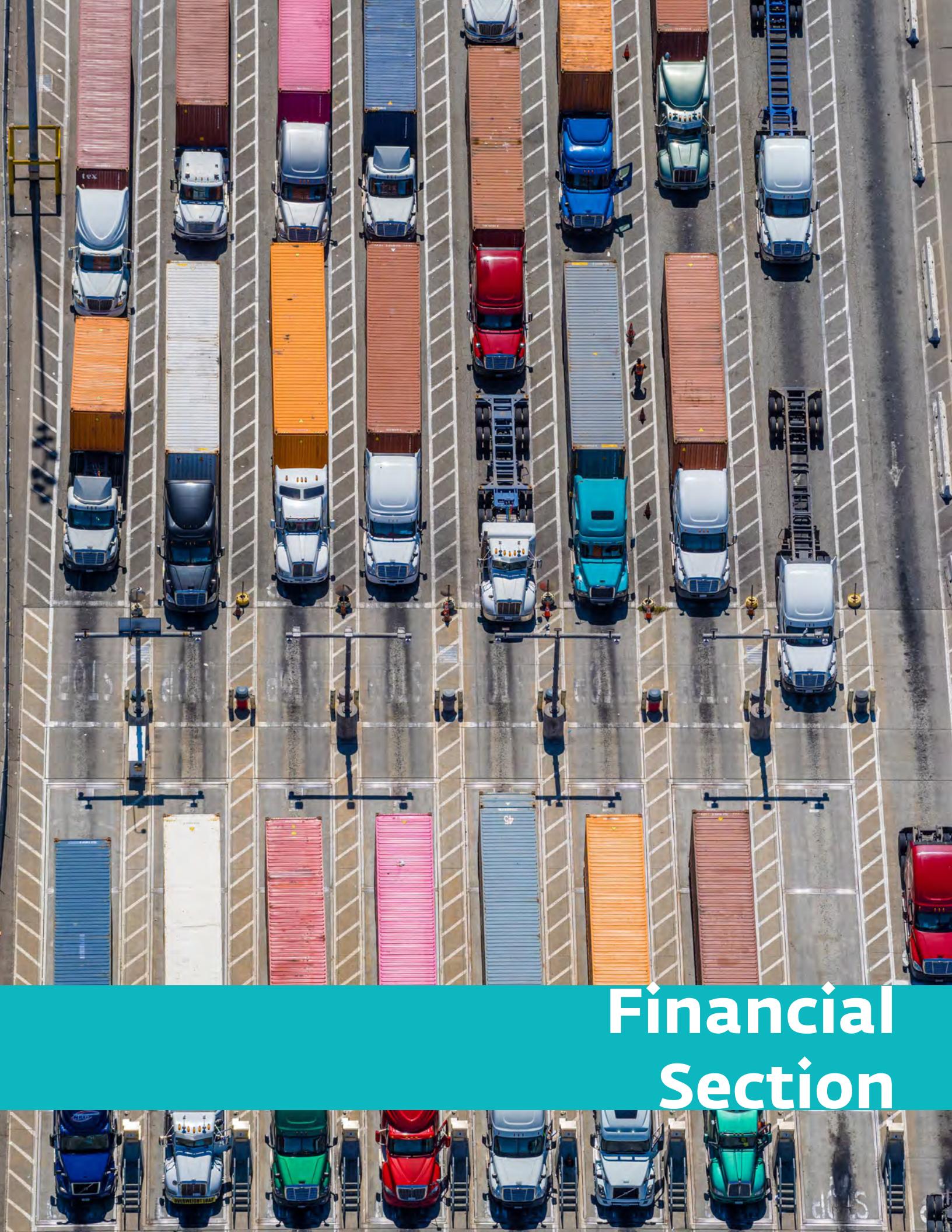
Business Development Division	Managing Director, Kenneth W. Duncan (Mar. 2020)
Security Division	Director, Roger Wu (May 2020)
Tenant Services and Operations Division	Director, Casey Hehr
	Director, Glenn Farren

#### Planning and Environmental Affairs Bureau

Environmental Planning Division	Managing Director, Heather Tomley
Master Planning Division	Director, Matthew Arms (May 2020)
Transportation Planning Division	Director, Matt Plezia
	Director, Allison Yoh

#### Engineering Services Bureau

Program Delivery Group	Managing Director, Sean Gamette
Program Management Division	Senior Director, Suzanne Plezia
Construction Management Division	Director, Tom Baldwin
Design Division	Director, Darrin Lambrigger
Maintenance Division	Director, John Chun
Project Controls Division	Director, Fred Greco
Surveys Division	Director, Marlene Dupras
	Director, Kimberly Holtz

An aerial photograph of a busy shipping port. Numerous semi-trucks are lined up in several parallel rows, each towing a large shipping container. The containers are stacked in vertical columns and come in various colors including white, blue, red, orange, and pink. The trucks are positioned in a grid-like pattern within a large, paved area marked by white lines. In the foreground, there are several large, white shipping containers stacked horizontally. The scene is captured from a high vantage point, providing a top-down view of the industrial activity.

# Financial Section



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

## Independent Auditors' Report

The Honorable Members of the Board of Harbor Commissioners  
The Harbor Department of the City of Long Beach  
Long Beach, California:

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Harbor Department of the City of Long Beach (the Department), an enterprise fund of the City of Long Beach, California, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Department's basic financial statements for the year then ended 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Harbor Department of the City of Long Beach, California as of September 30, 2020 and the changes in its net position and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.



### *Other Matters*

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 12–20 and the schedules listed under required supplementary information under the financial section in the table of contents (collectively referred to as required supplementary information) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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.

#### *Other Information*

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

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 29, 2021 on our consideration of the Department's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Department'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 the Department's internal control over financial reporting and compliance.

*KPMG LLP*

Irvine, California  
March 29, 2021

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Management's Discussion and Analysis

September 30, 2020 and 2019

The following discussion and analysis of the financial performance of the Harbor Department of the City of Long Beach, California (the Department) provides an overview of the financial activities for the fiscal years ended September 30, 2020 and 2019. The information presented here should be read in conjunction with the additional information contained in the Department's financial statements and related notes and our letter of transmittal that precedes this section.

#### Using this Financial Report

This annual financial report consists of the Department's financial statements and the required supplementary information, and reflects the self-supporting activities of the Department that are funded primarily through leasing property, tariffs, and other charges to its tenants.

The Department's financial report consists of this management's discussion and analysis (MD&A) and the following financial statements:

- *The statement of net position* – Reports all of the Department's assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, as well as an indication about which assets can be used for general purposes, and which assets are restricted as a result of bond covenants and other requirements
- *The statement of revenue, expenses, and changes in net position* – Reports the results of all revenue and expenses of the Department's operation for the fiscal period presented
- *The statement of cash flows* – Reports the inflows and outflows of cash and cash equivalents resulting from operating, noncapital financing, capital and related financing, and investing activities; a reconciliation is also provided to assist in understanding the difference between operating income and cash flows from operating activities
- *Notes to the basic financial statements* – Report information that supplements and clarifies significant elements of the financial statements; such information is essential to a full understanding of the Department's financial activities

#### Overview of the Department's Financial Statements

The Department is an enterprise fund, and is a fiscally independent component unit of the City of Long Beach, California (the City). The Department's financial statements are prepared on an accrual basis in accordance with generally accepted accounting principles supported by the Governmental Accounting Standards Board.

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Management's Discussion and Analysis

September 30, 2020 and 2019

**Analysis of Net Position**

The following condensed financial information provides an overview of the Department's financial position as of September 30, 2020 and 2019:

**Condensed Schedule of Assets, Deferred Outflows,  
Liabilities, Deferred Inflows, and Net Position**

September 30, 2020 and 2019

(Amounts expressed in thousands)

	<b>2020</b>	<b>2019</b>
<b>Assets:</b>		
Capital assets, net	\$ 5,030,654	4,937,455
Current and other assets	<u>851,936</u>	<u>759,168</u>
<b>Total assets</b>	<b>5,882,590</b>	<b>5,696,623</b>
Deferred outflows of resources	<u>8,716</u>	<u>14,057</u>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 5,891,306</b>	<b><u>5,710,680</u></b>
<b>Liabilities:</b>		
Current liabilities	\$ 650,689	179,635
Long-term obligations, net of current portion	<u>868,008</u>	<u>1,262,955</u>
<b>Total liabilities</b>	<b>1,518,697</b>	<b>1,442,590</b>
Deferred inflows of resources	<u>9,779</u>	<u>13,118</u>
<b>Total liabilities and deferred inflows of resources</b>	<b>\$ 1,528,476</b>	<b><u>1,455,708</u></b>
<b>Net position:</b>		
Net investment in capital assets	\$ 3,791,206	3,745,084
<b>Restricted:</b>		
Capital projects	37,743	37,743
Debt service	13,801	9,228
<b>Unrestricted</b>	<b>520,080</b>	<b>462,917</b>
<b>Total net position</b>	<b>\$ 4,362,830</b>	<b><u>4,254,972</u></b>

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Management's Discussion and Analysis

September 30, 2020 and 2019

#### ***Net Position Discussion***

The changes in net position over time may serve as a useful indicator of the Department's financial activities and position. As of September 30, 2020, \$3.8 billion, or 86.9%, of the Department's total net position represents its net investment in capital assets. This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding borrowings attributable to those assets that have been expended at September 30, 2020. These capital assets are used to facilitate the operations of the Port of Long Beach (the Port) and its tenants.

The restricted portion of the Department's net position of \$51.5 million, or 1.2%, is comprised of \$37.7 million in environmental mitigation credits for use on landfill capital projects and \$13.8 million of a debt service reserve fund required by the bonds' indenture. The remaining balance of \$520.1 million, or 11.9%, reflects unrestricted resources that may be used for ongoing and future operations of the Department.

Current and other assets of \$851.9 million, an increase of \$92.8 million from the prior fiscal year. Current assets increased by \$135.1 million primarily from the new proceeds of the 2020C Notes issuance, and the offsetting \$42.4 million decrease primarily due to the refunding the 2010A and 2010B.

Capital assets, net of depreciation increased by \$93.2 million, or 1.9%, from the prior fiscal year mostly in large capital projects such as the Gerald Desmond Bridge Replacement and Middle Harbor Redevelopment. Refer to page 19 and notes 4 and 5 for additional discussion related to capital assets.

Current liabilities increased by \$471.1 million primarily a result of the reclassification of the 2018A Notes and 2020C Notes from long-term to short-term liabilities due to their maturity dates. Refer to page 20 and notes 11 and 12 for additional discussion related to long-term liabilities and debt service.

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Management's Discussion and Analysis

September 30, 2020 and 2019

**Analysis of Changes in Net Position**

The following condensed financial information provides an overview of the changes of the Department's net position during fiscal years 2020 and 2019:

**Condensed Schedule of Revenue, Expenses, and Changes in Net Position**

Years ended September 30, 2020 and 2019

(Amounts expressed in thousands)

	<b>2020</b>	<b>2019</b>
Operating revenues:		
Berths and special facilities	\$ 380,764	393,796
Rental properties	14,855	15,668
Miscellaneous	3,010	2,809
	<hr/>	<hr/>
Total operating revenues	398,629	412,273
Operating expenses:		
Personnel services	57,116	51,179
Maintenance and operations	46,786	45,798
Interdepartmental services	38,806	38,061
	<hr/>	<hr/>
Total operating expenses before depreciation	142,708	135,038
Depreciation	<hr/>	<hr/>
	149,652	144,716
Income from operations	<hr/>	<hr/>
	106,269	132,519
Nonoperating revenue (expenses):		
Interest income (expense), net	(16,674)	9,280
Discontinued capital projects	(2,280)	(16,493)
Other income (expense), net	(3,248)	522
	<hr/>	<hr/>
Net nonoperating revenues (expenses)	(22,202)	(6,691)
Income before capital grants and transfer	<hr/>	<hr/>
	84,067	125,828
Transfer to the City	<hr/>	<hr/>
Grants	(21,253)	(20,614)
	<hr/>	<hr/>
Change in net position	45,044	68,593
	<hr/>	<hr/>
Total net position – beginning of year, as restated	107,858	173,807
	<hr/>	<hr/>
Total net position – end of year	\$ 4,254,972	4,081,165
	<hr/>	<hr/>
	\$ 4,362,830	4,254,972

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Management's Discussion and Analysis

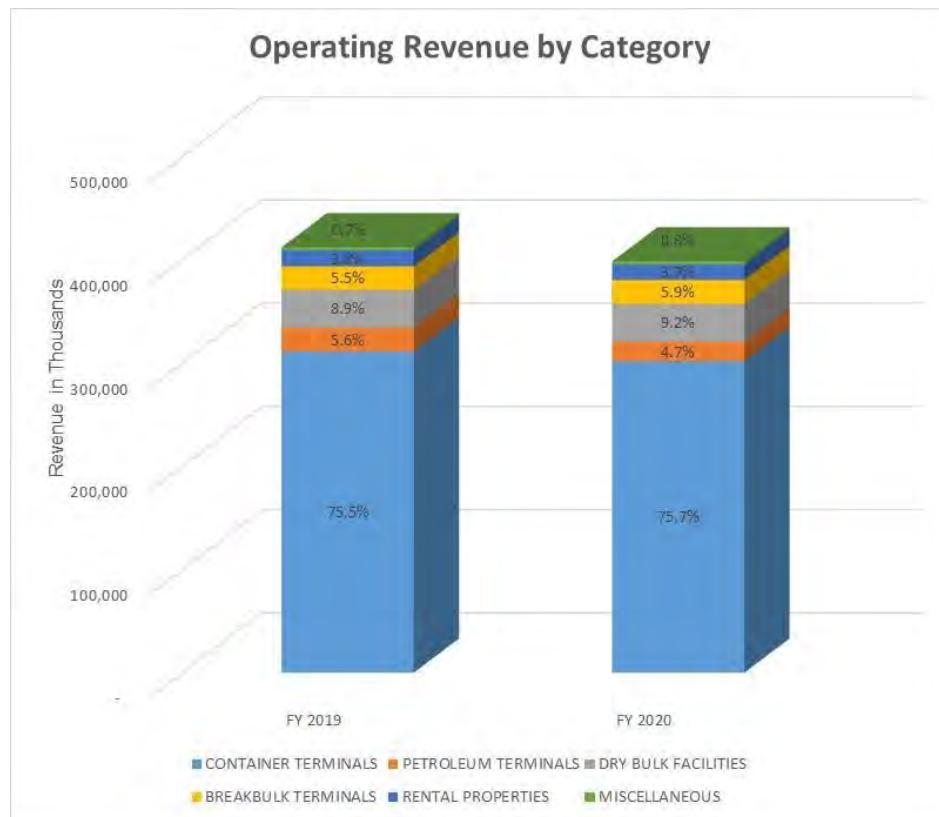
September 30, 2020 and 2019

#### ***Changes in Net Position Discussion***

##### ***Operating Revenues***

Operating revenues for fiscal year 2020 were \$398.6 million, a decrease of \$13.6 million, or 3.3%, from the prior fiscal year. This was primarily attributed a 1.1% decrease to cargo volume in the container terminals impacted by the COVID-19 pandemic. Petroleum terminals' revenue was lower because the prior year had a one-time 5-year retroactive billing of \$5.0 million based on a renegotiation of an expired lease.

The chart below depicts the revenue categories as a percentage of total operating revenues:



##### ***Cargo Volumes***

The Port is the second busiest gateway in North America by container volume and services many of the major ocean carriers. Some of these major carriers are COSCO Shipping, OOCL, Ocean Network Express, Mediterranean Shipping Company, Hyundai Merchant Marine, Matson and SM lines.

Cargo volumes, measured in Metric Revenue Tons (MRTs), decreased by 2.5% to 168.6 million MRTs versus 173.0 million MRTs in the prior fiscal year, with all cargo categories posting year-over-year decreases. Containerized cargo decreased 1.1% to 131.0 million MRTs, dry bulk (coke, coal, sulfur, etc.) decreased 14.6% to 6.6 million MRTs, break bulk (vehicles, metals, and lumber) decreased 16.2% to 1.0 million MRTs, and liquid bulk (petroleum and crude) decreased 5.0% to 30.0 million MRTs. The Port continues to invest in capital

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

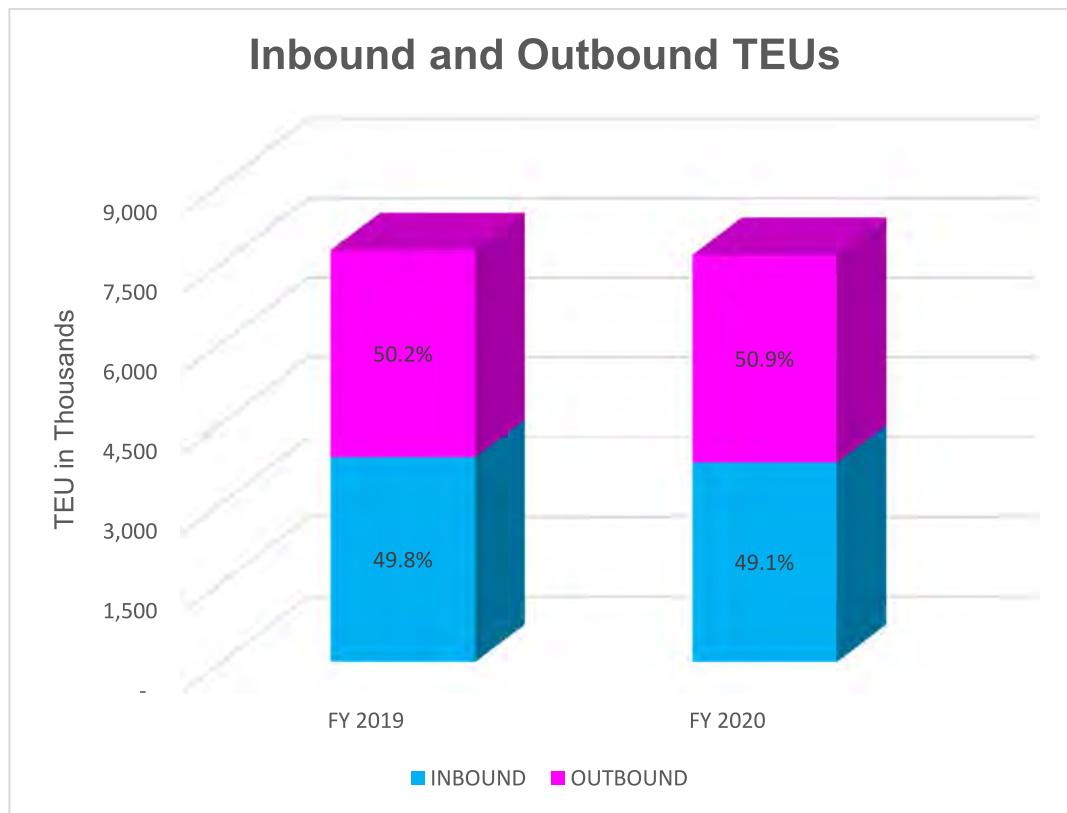
### Management's Discussion and Analysis

September 30, 2020 and 2019

programs to modernize its terminal facilities and infrastructures to enhance operational excellence in preparation for an anticipated growth in trade volumes. Its terminals continue to service as the port of choice for shipping lines to move cargo into and out of the continental United States.

Container count, measured in Twenty-Foot Equivalent Units (TEUs) decreased 1.1% to 7.66 million TEUs versus 7.75 million TEUs in the prior fiscal year. The slight decrease was due to the COVID-19 outbreak that affected shipments from Asia.

The chart below depicts the components of inbound and outbound TEUs as a percentage of total volume:



#### *Change in Net Position*

Change in net position for fiscal year 2020 was \$107.9 million, a decrease of \$65.9 million, or 37.9%, from the prior fiscal year. This was primarily due to \$13.6 million lower in operating revenues, \$12.6 million higher total operating expenses (including depreciation), \$15.5 million increase in non-operating expenses, and \$23.5 million decrease in grants contribution. The following section provides a further discussion of the operations.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Management's Discussion and Analysis

September 30, 2020 and 2019

#### *Operating Expense and Other Income and Expense*

Total operating expenses (excluding depreciation) for fiscal year 2020 was \$142.7 million, or \$7.7 million higher than the prior fiscal year. Personnel services was \$57.1 million, or \$5.9 million higher than prior year primarily due to a \$5.6 million increase in salaries and fringe benefits. Maintenance and other operations was \$46.8 million, or \$1.0 million higher primarily due to \$1.0 million accrued expenses for environmental remediation obligation.

Depreciation expense is affected by capital assets being placed into service or being retired in accordance with their useful lives. Depreciation expense in fiscal year 2020 was \$149.7 million, or \$4.9 million higher than the prior fiscal year primarily due to the increase in structures and facilities, when the new Port administration building was placed in service towards the fourth quarter of prior fiscal year, along with other fixtures and equipment.

Interest income, net or (expense) is comprised of the following: (1) investment interest income with unrealized gain or loss, (2) debt service interest expense. Fiscal year 2020 had a net interest expense of \$19.1 million and fiscal year 2019 had a net interest income of \$6.7 million, an increase in net interest expense of \$25.8 million. The increase was primarily due to the implementation of GASB 89 in fiscal year 2020, which eliminated the capitalization of interest cost on constructed capital projects. Interest income was also \$3.8 million lower than of prior year, attributed by the falling short-term interest rates coupled with having a lower average balance of pooled cash and investment during the year. Interest expenses, before accounting for the capitalization of interest cost, for fiscal years 2020 and 2019 were \$33.8 million and \$29.2 million, respectively. There was no capitalized interest in fiscal years 2020 as compared to \$17.2 million in fiscal year 2019.

Discontinued capital projects for fiscal year 2020 was \$2.3 million, or \$14.2 million lower than the prior fiscal year primarily due to the write-off of projects with smaller costs.

Other expense for fiscal year 2020 was \$3.2 million, or \$3.8 million higher than the prior fiscal year, primarily due to a \$4.3 million loss on sale of the Interim Administration Office building at 4801 Airport Plaza Drive.

Transfers to the City totaled \$21.3 million in fiscal year 2020, or \$0.6 million higher than the prior fiscal year, of which \$19.9 million was for the City Tidelands Operating Fund to be paid in fiscal year 2020, per the City Charter. Refer to note 9 for additional discussion.

Grant revenue totaled \$45.0 million in fiscal year 2020, a decrease of \$23.5 million in comparison to the prior fiscal year. Grant revenue is recognized based on eligible project costs incurred. The Gerald Desmond Bridge Replacement Project remains as the primary driver of grant revenue.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Management's Discussion and Analysis

September 30, 2020 and 2019

#### Capital Assets and Debt Administration

##### **Capital Assets**

The Department's capital assets, net of accumulated depreciation as of September 30, 2020 and 2019 are as follows:

	<b>2020</b>	<b>2019</b>
Nondepreciable capital assets:		
Land	\$ 1,251,388	1,250,036
Construction in progress	1,950,346	1,710,706
Right-of-way	<u>197,884</u>	<u>207,032</u>
Total nondepreciable capital assets	<u>3,399,618</u>	<u>3,167,774</u>
Depreciable capital assets (net):		
Structures and facilities	1,604,657	1,664,144
Furniture, fixtures, and equipment	<u>26,379</u>	<u>105,537</u>
Total depreciable capital assets (net)	<u>1,631,036</u>	<u>1,769,681</u>
Total capital assets, net	<u>\$ 5,030,654</u>	<u>4,937,455</u>

##### **Capital Assets Discussion**

The capital asset accounts, net of accumulated depreciation totaled \$5.0 billion, a net increase of \$93.2 million from the prior fiscal year. The increase in capital spending during fiscal year 2020 comprised largely of the following: Middle Harbor terminal development for \$127.0 million; Gerald Desmond Bridge Replacement Project for \$63.4 million; and partially offset by incremental accumulated depreciation and various write-offs to expense due to project cancellation or discontinuation. The amount of capital assets transferred out of construction in progress and into service totaled approximately \$35.8 million for the year ended September 30, 2020. Refer to (note 4 and 5) for additional discussion related to capital assets.

##### **Debt Administration**

The following table summarizes the Department's debt as of September 30, 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Short-term notes (principal and net premiums)	\$ 477,548	338,691
Long-term debt (principal and net premiums)	<u>751,577</u>	<u>831,141</u>
Total	<u>\$ 1,229,125</u>	<u>1,169,832</u>

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Management's Discussion and Analysis

September 30, 2020 and 2019

#### ***Debt Administration Discussion***

The Department's total debt increased by \$59.3 million, or 5.1%. The increase was due to the issuance of 2020C Notes for \$145.0 million, partially offset by the annual debt service principal payment and refunding of the 2010A and 2010B bond series. Refer to notes 11 and 12 for additional discussion related to debt service.

The underlying ratings assigned to the Department's long-term debt are as follows: Moody's Investors Services Aa2, stable outlook; and Fitch Ratings AA, stable outlook.

The debt service coverage ratio for fiscal year 2020 was approximately 4.09, and is calculated as (operating revenues plus interest income minus operating expenses excluding depreciation) divided by (debt service on senior bonds). The minimum required debt service coverage ratio is 1.25.

#### ***Factors that May Affect the Department***

There is significant competition among North American ports. The Department cannot predict the impact of this competition.

The Port is subject to Federal and State environmental regulations governing ships, trains, trucks, and other operational activities within the Port. Mandated environmental mitigation costs have become a significant portion of the Department's capital and operating budgets.

The coronavirus (COVID-19) outbreak has had a significant impact on the global supply chain. This has resulted in higher-than-normal cancellations of vessel calls coming from Asia during first half of the fiscal year. The Harbor Department cannot predict the duration and the impact of the outbreak.

#### *Notes to Financial Statements*

The notes to the Department's financial statements can be found on pages 26–58 of this report. These notes provide additional information that is essential to a full understanding of the financial statements.

#### *Requests for Information*

This financial report is designed to provide a general overview of the Department's finances. Questions concerning any of the information provided in this report should be addressed to the Director of Finance, 415 West Ocean Blvd., Long Beach CA 90802. This report and other financial reports can be viewed on the Port's Web site at [www.polb.com](http://www.polb.com) under the Finance menu. On the home page, select Finance; there are links to reports by title and reporting date.

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Statement of Net Position

September 30, 2020

(Dollars in thousands)

**Assets and Deferred Outflows**

**Current assets:**

Pooled cash and cash equivalents (note 2)	\$ 546,390
Trade accounts receivable, net of allowance (note 3)	75,294
Due from other governmental agencies (note 3)	42,900
Loan receivable (note 3)	25,000
Other current assets	<u>6,081</u>

Subtotal 695,665

**Restricted funds as to use (Harbor Revenue Bonds and other):**

Restricted pooled cash and cash equivalents (note 2)	<u>97,202</u>
Total current assets	<u>792,867</u>

**Noncurrent assets:**

Capital assets (notes 4 and 5):	
Land	1,251,388
Construction in progress	1,950,346
Right-of-way (note 6)	197,884
Structures and facilities	3,708,729
Furniture, fixtures, and equipment	191,637
Less accumulated depreciation	<u>(2,269,330)</u>

Net capital assets 5,030,654

**Other assets:**

Long-term receivables (note 3)	1,210
Environmental mitigation credits (note 7)	37,743
Investment in joint venture (note 8)	4,431
Other noncurrent assets (note 10)	<u>15,685</u>
Total other assets	<u>59,069</u>
Total noncurrent assets	<u>5,089,723</u>
Total assets	<u>5,882,590</u>
Deferred outflows of resources (note 17)	<u>8,716</u>
Total assets and deferred outflows of resources	<u>\$ 5,891,306</u>

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Statement of Net Position

September 30, 2020

(Dollars in thousands)

**Liabilities and Deferred Inflows**

Current liabilities payable from current assets:

Accounts payable and accrued expenses	\$ 83,670
Due to the City of Long Beach (note 9)	21,898
Compensated absences (note 11)	4,989
Security deposits and unearned revenue	14,928
Liability claims (note 10)	<u>5,250</u>

Total current liabilities payable from current assets 130,735

Current liabilities payable from restricted assets:

Current portion of bonds indebtedness (notes 11 and 12)	24,470
Current senior notes (notes 11 and 13)	477,548
Accrued interest – bonds	<u>17,936</u>

Total current liabilities payable from restricted assets 519,954

Total current liabilities 650,689

Long-term obligations net of current portion:

Bonded indebtedness (notes 11 and 12)	727,107
Due to City of Long Beach non-current (note 11)	4,560
Compensated absences (note 11)	10,462
Environmental remediation liability (notes 11 and 16)	3,700
Net pension liability (notes 11 and 15)	121,539
Net OPEB liability (notes 11 and 15)	<u>640</u>

Total noncurrent liabilities 868,008

Total liabilities 1,518,697

Deferred inflows of resources (note 17)

Total liabilities and deferred inflows of resources 9,779

Total liabilities and deferred inflows of resources 1,528,476

Net position:

Net investment in capital assets	3,791,206
Restricted – capital projects	37,743
Restricted – debt service	13,801
Unrestricted	<u>520,080</u>

Total net position \$ 4,362,830

See accompanying notes to financial statements.

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Statement of Revenues, Expenses, and Changes in Net Position

Year ended September 30, 2020

(Dollars in thousands)

**Port operating revenues:**

Berths and special facilities	\$ 380,764
Rental properties	14,855
Miscellaneous	3,010
	<hr/>
Total port operating revenues	398,629

**Port operating expenses:**

Personnel services	57,116
Maintenance and operations	46,786
Interdepartmental services	38,806
	<hr/>
Total operating expenses before depreciation	142,708
Depreciation	149,652
	<hr/>
Total operating expenses	292,360
Income from operations	106,269
	<hr/>

**Nonoperating revenues, (expenses) net:**

Investment income, net	16,404
Equity in income from joint venture	2,461
Interest expense	(35,539)
Discontinued capitalized projects	(2,280)
Other income, net	(3,248)
	<hr/>
Total nonoperating expenses, net	(22,202)
Income before transfers and grants	84,067
	<hr/>
Transfers (note 9)	(21,253)
Grants	45,044
	<hr/>
Increase in net position	107,858
Total net position – beginning of year	4,254,972
	<hr/>
Total net position – end of year	\$ 4,362,830

See accompanying notes to financial statements.

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Statement of Cash Flows

Year ended September 30, 2020

(Dollars in thousands)

**Cash flows from operating activities:**

Cash received from customers	\$ 401,250
Cash paid to employees	(76,397)
Cash paid to suppliers	(69,951)
Other income	<u>1,030</u>
Net cash provided by operating activities	<u>255,932</u>

**Cash flows from noncapital financing activities:**

Transfers to City Tidelands Fund	<u>(21,935)</u>
Net cash used for noncapital financing activities	<u>(21,935)</u>

**Cash flows from capital and related financing activities:**

Grants provided	53,103
Interest paid	(54,958)
Principal payments made on bonds payable	(213,525)
Proceeds from issuance of bonds and senior notes	299,782
Debt issuance costs	(826)
Payments for capital acquisitions – personnel costs	(10,707)
Payments for capital acquisitions – vendors	(254,517)
Proceeds from sales of capital assets	20,160
Disbursement of loan receivable	<u>(25,000)</u>
Net cash used for capital and related financing activities	<u>(186,488)</u>

**Cash flows from investing activities:**

Interest received	16,418
Proceeds from sale of investments	55,026
Purchases of investments	(5,038)
Return on investment in joint venture	<u>2,000</u>
Net cash provided by investing activities	<u>68,406</u>

Net increase in cash and cash equivalents

Cash and cash equivalents, beginning of year	527,677
Cash and cash equivalents, end of the year	<u>\$ 643,592</u>

**Reconciliation of cash and cash equivalents:**

Unrestricted pooled cash and cash equivalents	\$ 546,390
Restricted pooled cash and cash equivalents	25,914
Bond reserve held by the City Treasurer	<u>71,288</u>
	<u>\$ 643,592</u>

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Statement of Cash Flows

Year ended September 30, 2020

(Dollars in thousands)

Reconciliation of income from operations to net cash provided by operating activities:

Income from operations	\$ 106,269
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	149,652
Other income, net	1,030
Increase in accounts receivable and prepaid	522
Decrease in accounts payable	(12,153)
Increase in accrued liabilities	(500)
Decrease in accrued claims and judgments	(200)
Increase in unearned revenues	2,319
Increase in due to other funds	4,651
Increase in compensated absences	1,391
Decrease in pension liability and related deferred inflows of resources	968
Increase in net pension liability and related deferred outflows of resources	2,898
Decrease in net OPEB liability	(915)
Total adjustments	<u>149,663</u>
Net cash provided by operating activities	<u>\$ 255,932</u>

Supplemental schedule of noncash capital and financing activities:

Accrued capital assets liabilities	\$ 69,037
Accrued transfers to the City's tidelands fund	19,931
Amortization of bond premium	21,270
Amortization of deferred outflows on debt refunding	2,443
Amortization of deferred inflows on debt refunding	3,621
Discontinued capital projects	2,280

See accompanying notes to financial statements

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

#### **(1) Summary of Significant Accounting Policies**

##### ***(a) The Reporting Entity***

Article XII of the City Charter of the City of Long Beach, California (the City) created the Harbor Department of the City of Long Beach (the Department) to promote and develop the Port of Long Beach (the Port). The Department's operations are included in the City's reporting entity as an enterprise fund; its activities are conducted in the Tidelands Trust area of the City and are subject to coastal area laws of the State of California and to the terms of the trust agreement between the City and the State of California. The financial statements present only the financial activities of the Department and are not intended to present the financial position and results of operations of the City.

The Department, together with the Harbor Department of the City of Los Angeles, formed a joint venture in 1983 to finance the construction of the Intermodal Container Transfer Facility (ICTF). The ICTF venture has been recorded as an investment under the equity method of accounting in the accompanying financial statements.

In 1989, the cities of Los Angeles and Long Beach entered into a Joint Exercise of Powers Agreement to create the Alameda Corridor Transportation Authority (ACTA). This agreement was amended and restated in 1996. The purpose of ACTA was to acquire, construct, finance, and operate the Alameda Corridor. The Alameda Corridor consists of a 20-mile-long rail cargo expressway connecting the ports in San Pedro Bay to the transcontinental rail yards near downtown Los Angeles, and it began operating in April 2004. ACTA prepares its own financial statements and its transactions are not included as part of the Department's financial statements due to the separate legal status. Refer to Note 6 for additional discussion.

##### ***(b) Basis of Accounting and Measurement Focus***

Disbursement of funds derived from the Department's operations are restricted to Harbor Trust Agreement purposes. The costs of providing port services are recovered entirely through leases, tariffs, and other charges assessed to the Department's tenants. Consistent with U.S. generally accepted accounting principles for enterprise funds, the accounting policies of the Department conform to the accrual basis of accounting. The accompanying financial statements have been prepared using the economic resources measurement focus.

Operating revenue and expenses are generated and incurred through cargo activities performed by port tenants; operating expenses include maintenance of facilities and infrastructure, security, and payments to other City departments for services provided to the Port. Administration and depreciation expenses are also considered operating expenses. Other revenue and expenses not included in the above categories are reported as nonoperating revenues (expenses). The Department applies applicable Governmental Accounting Standards Board (GASB) pronouncements and interpretations.

##### ***(c) City of Long Beach Investment Pool***

In order to maximize investment return and in accordance with City Charter requirements, the Department pools its available cash with other City funds into the City of Long Beach Investment Pool (the Pool). The Pool is an internal investment pool that is used as a demand deposit account by participating units. Investment decisions are made by the City Treasurer and approved by a general investment committee, whose membership includes a member of the Department's management.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

Interest income and realized and unrealized gains and losses arising from the Pool are apportioned to each participating unit based on their average daily cash balances compared to aggregate pooled cash and investments.

The Department's share of the Pool is stated at fair value.

For a complete description of the Pool and its underlying investments, refer to the City's separately issued financial statements.

#### **(d) Cash Equivalents**

The Department classifies its investment in the Pool as cash and cash equivalents, regardless of the underlying maturity of the Pool's investments as the pool operates as a demand account for the Department.

The Department classifies all other investments with maturities of three months or less at the time of purchase as cash equivalents.

#### **(e) Investments**

Investments are reflected at fair value using quoted market prices in active and inactive markets. Realized and unrealized gains and losses are included in the accompanying statement of revenue, expenses, and changes in net position as investment income, net.

#### **(f) Fair Value Measurements**

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 Department categorizes investments reported at fair value within the fair value hierarchy established by generally accepted accounting principles. Refer to (note 2) for additional detailed disclosure.

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

- (i) Level 1: Quoted prices for identical investments in active markets*
- (ii) Level 2: Observable inputs other than quoted market prices*
- (iii) Level 3: Unobservable inputs*

#### **(g) Inventories**

Inventories of supplies are valued at cost as the Department does not have inventories held for resale, which would be valued at the lower of average cost or market. Inventory is recorded when purchased and expensed at the time the inventory is consumed. This is reported as other assets in the accompanying financial statements.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

#### **(h) Capital Assets**

An asset is classified as a capital asset if it is a nonconsumable, tangible item, valued at a single amount greater than \$10,000, and with a useful life of more than one year. Capital assets are valued at historical costs. The historical cost of acquiring an asset includes the cost necessarily incurred to bring it to the condition and location necessary for its intended use.

Identifiable intangible assets are recognized as such if they are separable or when they arise from contractual or other legal right, regardless of whether those rights are transferable or separable from the entity, or from other rights and obligations.

Depreciation is determined using the straight-line method with no allowance for salvage values. Estimated useful lives used in the computation of depreciation of capital assets are as follows:

Structures and facilities:	
Bridges and overpasses	75 years
Wharves and bulkheads	40 years
Transit sheds and buildings	5–20 years
State highway connections	15 years
Others	5–50 years
Furniture, fixtures, and equipment	5–15 years

Capitalized interest, which represents the cost of borrowed funds used for the construction of capital assets, is included as part of the cost of capital assets and as a reduction of interest expense.

#### **(i) Investment in Joint Venture**

The investment in ICTF is accounted for using the equity method. The amount realized by the Department is proportional to the reported value and is based on the Department's share of ICTF. The reported profit is proportional to the size of the equity investment.

#### **(j) Compensated Absences**

The Department records all accrued employee benefits, including accumulated sick leave and vacation, as a liability in the period when the benefits are earned. Accrued employee benefits are classified into current and noncurrent liability for financial statement presentation. The current liability is calculated based on a five years average of vacation taken or used annually.

#### **(k) Transfers to the City Tidelands Operating Fund**

City Charter Chapter XII, Section 1209 (c) (4), as amended, provides for the transfer of a maximum of 5% of Harbor Department operating revenue. The City Charter provides that the City Council, by a 2/3 vote expressed by resolution, may request the transfer to meet the lawful obligations of the Tidelands Operations Fund. The provision requires a majority vote of the Board of Harbor Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department operations.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

#### ***(l) Net Position***

The Department has adopted a policy of generally utilizing restricted funds, prior to unrestricted funds, when an expense is incurred for purposes for which both are available.

The Department's net position is classified into the following categories:

Net investment in capital assets – Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and unexpended bond proceeds and economic losses of refunding of debt

Restricted – Net position subject to externally imposed conditions or constraints that can be fulfilled by the actions of the Department or by the passage of time; the restrictions are externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or by law through constitutional provisions or enabling legislation

Unrestricted – All other categories of net position; additionally, unrestricted net position may be designated for use by management of the Department. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas.

#### ***(m) Revenue Recognition***

The Department recognizes revenue on an accrual basis when earned. Rents, tariffs, or other miscellaneous receipts that are received in advance of earnings are recorded as unearned revenue until earned.

Federal or state grants are considered as nonoperating revenue, recognized as such when reimbursable and grant-eligible expenses are incurred, and are identified as capital grants in the statement of revenue, expenses, and changes in net position. Operating revenue or capital grant funds that have been received but not earned are identified as unearned revenue in the statement of net position.

#### ***(n) Allowance for Doubtful Accounts***

The allowance for doubtful accounts (allowance) is estimated at a level to absorb expected accounts receivable losses. The allowance is established to reflect the amount of the Department's receivables that management estimates will be uncollectible.

The allowance is set at the greater of (1) one half of one percent (0.5%) of actual annual operating revenues or (2) the sum of 75% of aged receivable amounts over 120 days delinquent, plus 50% of amounts over 90 days delinquent, plus 25% of amounts over 60 days delinquent, plus 10% of amounts over 30 days delinquent.

In addition, management reviews the adequacy of the allowance on a monthly basis by reviewing the aging report and assesses whether any further adjustment is necessary. To determine uncollectible amounts, the Department's Finance Division reviews all delinquent accounts in August of each year. Amounts deemed uncollectible are written off.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

#### **(o) Pension Plan and Postretirement Benefits**

All full-time Department employees are members of the City's Miscellaneous Plan. The Department's policy is to fund all pension costs accrued. The costs to be funded are determined annually as of October 1 and are incorporated into the payroll burden rate to reimburse the Employee Benefits Internal Service Fund for contributions made on behalf of Department employees (see note 15(a)).

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Miscellaneous Plan and additions to/deductions from Miscellaneous Plan's fiduciary net position have been determined on the same basis as they are reported by the Miscellaneous Plan. 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.

The Department also participates in the City's Retiree Health Care plan (OPEB). This program is a single-employer defined benefit healthcare plan (see note 15(b)).

#### **(p) Use of Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **(q) Recent Accounting Pronouncements**

GASB Statement No. 84, *Fiduciary Activities*: issued in January 2017, effective for periods beginning after December, 2018. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement has been evaluated in fiscal year 2020, and it has no impact on the Department's financial statements.

GASB Statement No. 87, *Leases*: issued in June 2017, effective for reporting periods beginning after December 15, 2019. 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. This statement will be effective beginning fiscal year 2022 and the Department is evaluating the impact of this statement on its financial statements.

GASB Statement No. 89, *Accounting for interest cost incurred before the end of a construction period*: issued in June 2018, effective for reporting periods beginning after December 15, 2019. The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

capital asset reported in a business type activity or enterprise fund. This statement has been implemented in fiscal year 2020.

GASB Statement No. 90, *Majority equity interests-an amendment of GASB statements no. 14 and no. 61*: issued in August 2018, effective for periods beginning after December 15, 2018. The primary objectives 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. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. This statement has been evaluated in fiscal year 2020, and it has no impact on the Department's financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*: issued in May 2019, effective for reporting periods beginning after December 15, 2020. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. This statement will be effective beginning fiscal year 2023, which includes a one-year postponement as a result of GASB 95 adoption (see below).

GASB Statement No. 92, *Omnibus 2020*: issued in January 2020, effective for reporting periods beginning after June 15, 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting by addressing practice issues identified from the implementation and application of certain GASB statements. This statement will be implemented beginning fiscal year 2022, which includes a one-year postponement as a result of GASB 95 adoption (see below).

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, effective for reporting periods beginning after June 15, 2020. The objective of this statement is to address accounting and financial reporting implications that result from the replacement of an interbank offered rate (IBOR), such as the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021. The statement will be implemented beginning fiscal year 2022, which includes a one-year postponement as a result of GASB 95 adoption (see below).

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued in March 2020, effective for reporting periods beginning after June 15, 2022. The objectives of this statement are to establish definitions of public-public partnership arrangements (PPPs) and availability payment arrangements (APAs) and provide specific guidance on accounting and financial reporting for PPPs and APAs transactions. The statement will be implemented beginning fiscal year 2023.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, issued in May 2020, effective immediately. This statement provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective for periods beginning after June 15, 2018.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued in May 2020, effective for fiscal years beginning after June 5, 2022. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. This statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The statement is effective beginning fiscal year 2023, and the Department is currently evaluating the financial impact of this statement.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, issued in June 2020, effective for fiscal years beginning after June 15, 2021. The primary objectives of this statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective beginning fiscal year 2022, and the Department is currently evaluating the financial impact of this statement.

### **(2) Cash, Cash Equivalents, and Other Investments**

The Department's cash and cash equivalents and investments is classified in the accompanying statement of net position as follows (in thousands):

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Equity in the City's investment pool	\$ <u>546,390</u>	<u>97,202</u>	<u>643,592</u>

The Department's investment policy allows funds to be invested with the City. The City's investment policy limits the permitted investments in the investment pool to the following: obligations of the U.S. government, federal agencies, local agency bonds, medium-term corporate notes, certificates of deposit; bankers' acceptances, commercial paper, LAIF, repurchase agreements, reverse repurchase agreements, securities lending, asset-backed securities, mortgage-backed securities, and money market mutual funds.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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As of September 30, 2020, the City's investment pool has a weighted average maturity of less than two years and is not rated. The Department's investment in the pool is not categorized. At September 30, 2020, the Department had \$572.3 million equity in the pool, representing approximately 30.8% of the pool.

#### *Fair Value Hierarchy*

The following table categorizes the City's pooled cash and investments within the fair value hierarchy (in thousands):

<b>Pooled cash and investments</b> <b>Investments at fair value level</b>	<b>Total</b>	<b>Fair value measurement</b>		
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
<b>Debt securities:</b>				
U.S. Treasury notes	\$ 986,707	—	986,707	—
Federal agency securities	395,075	—	395,075	—
Total investments at fair value	1,381,782	\$ —	1,381,782	—
<b>Other investments at fair value:</b>				
Local Agency Investment Fund (LAIF)	192,282			
<b>Other investments at cost:</b>				
Money market funds	749			
Cash and deposits	283,179			
Total pooled cash and investments	\$ 1,857,992			

### **(3) Accounts Receivable and Other Receivables**

Accounts receivable as of September 30, 2020, included the following (expressed in thousands):

	<b>2020</b>
Trade accounts receivable	\$ 78,667
Less allowance for doubtful accounts	(3,373)
Accounts receivable, net	<u>\$ 75,294</u>

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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Other receivables as of September 30, 2020 included the following (expressed in thousands):

	<u>2020</u>
Due from other governmental agencies:	
Current:	
Federal and state grants	\$ 42,900
Long term:	
Due from the City of Long Beach	<u>1,210</u>
Total due from other governmental agencies	<u>\$ 44,110</u>

The due from other governmental agencies is related to the grant programs from various governmental agencies, which include, but are not limited to: The Federal Highway Bridge Program; the Trade Corridor Improvement Program; and the Port Security Grant Program. Funds from these grant programs are available to the Department on a reimbursement basis. Most of these programs require a contribution from the Department.

#### **Loan Receivable – Gerald Desmond Bridge Replacement Project**

On May 2020, the Department executed Amendment No. 1 to Design-Build Contract for the Gerald Desmond Bridge Replacement Project at the request of Shimmick Construction Company, Inc. / FCC Construcción S.A. / Impregilo S.p.A., a Joint Venture (“Design-Builder”). In this amendment, the Department will advance funds of \$25.0 million to Design-Builder in monthly installments not exceeding \$6.25 million each (Advanced Funds). Repayment of Advanced Funds is guaranteed with an Irrevocable Letter of Credit that can be drawn by the Port on demand without condition. All Advanced Funds are repayable within one year, unless extended by mutual agreement in writing. Design-Builder will apply the Advanced Funds only to Design-Builder’s administrative, design, construction and related Project expenses. As of September 30, 2020, the Department has advanced the full \$25.0 million to Design-Builder.

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#### **(4) Capital Assets**

Capital assets' schedule as of September 30, 2020 is as follows: (expressed in thousands):

Description	Balance, October 1, 2019	Additions	Adjustments/ disposals	Placed in service	Balance, September 30, 2020
<b>Nondepreciable capital assets:</b>					
Purchased land	\$ 462,108	—	—	—	462,108
Constructed land	787,928	—	—	1,352	789,280
Construction in progress	1,710,706	281,317	(5,869)	(35,808)	1,950,346
Right of way (note 6)	207,032	—	(9,148)	—	197,884
<b>Subtotal</b>	<b>3,167,774</b>	<b>281,317</b>	<b>(15,017)</b>	<b>(34,456)</b>	<b>3,399,618</b>
<b>Depreciable capital assets:</b>					
Structures and facilities	3,707,826	1,000	(30,123)	30,026	3,708,729
Furniture, fixtures, and equipment	197,695	815	(11,303)	4,430	191,637
<b>Subtotal</b>	<b>3,905,521</b>	<b>1,815</b>	<b>(41,426)</b>	<b>34,456</b>	<b>3,900,366</b>
<b>Total capital assets</b>	<b>7,073,295</b>	<b>283,132</b>	<b>(56,443)</b>	<b>—</b>	<b>7,299,984</b>
<b>Less accumulated depreciation:</b>					
Structures and facilities	2,043,682	140,351	(9,355)	—	2,174,678
Furniture, fixtures, and equipment	92,158	9,301	(6,807)	—	94,652
	2,135,840	149,652	(16,162)	—	2,269,330
<b>Net capital assets</b>	<b>\$ 4,937,455</b>	<b>133,480</b>	<b>(40,281)</b>	<b>—</b>	<b>5,030,654</b>

Construction in progress at September 30, 2020 includes the following projects (in thousands):

Gerald Desmond Bridge Replacement Project	\$ 1,361,171
Middle Harbor Redevelopment Program (includes multiple projects)	384,444
All other programs and projects	204,731
<b>Total</b>	<b>\$ 1,950,346</b>

During the year ended September 30, 2020, \$5.9 million of Construction in Progress was written off, of which \$2.3 million was due to discontinued projects.

#### **(5) Operating Property Leases to Tenants**

The major portion of the Department's property is leased to others. Such property includes marine terminal facilities, special-purpose facilities, office and commercial space, and land.

Some marine terminal facilities are leased under agreements that provide the tenants with preferential but not exclusive use of the facilities. Some leases provide for rentals based on gross revenue or, in the case

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of marine terminal facilities, on annual usage of the facilities. The leases and the preferential assignments generally provide for minimum rentals.

Property under lease at September 30, 2020 consisted of the following (expressed in thousands):

Land	\$ 789,280
Structures and facilities:	
Docks and wharves	700,056
Warehouses and sheds	24,416
Cranes and shiploaders	70,602
Buildings and other facilities	845,193
Infrastructure	<u>1,713,987</u>
Historical cost of leased property	4,143,534
Less accumulated depreciation	<u>(2,085,551)</u>
Carrying value of leased property	<u>\$ 2,057,983</u>

The future minimum rental income under noncancelable operating leases having an initial term in excess of one year is as follows (expressed in thousands):

2021	\$ 357,849
2022	365,366
2023	389,413
2024	391,332
2025	398,135
2026–2030	1,350,705
2031–2035	1,010,110
2036–2040	984,336
2041 and thereafter	<u>1,423,150</u>
Total	<u>\$ 6,670,396</u>

### **(6) Right-of-Way Purchase**

#### *Alameda Corridor Transportation Authority (ACTA)*

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

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The total purchase involved the right-of-way property from the three former railroad companies and a drill track from Southern Pacific to provide an additional right of way to access local businesses along the Project. Construction of the Project began in 1997 and was completed in April 2002. Funding for the Project came from federal, state, and local sources, and the issuance of debt. By the end of fiscal 2003, the Department had paid a total of \$207.0 million for its share related to this right-of-way purchase. During fiscal year 2020, certain portion of this right-of-way were sold to the Port of Los Angeles that resulted in a \$9.1 million disposal. As of September 30, 2020, the balance of the right-of-way is \$197.9 million.

In the future, when ACTA is able and entitled to distribute income or make equity distributions, the Ports shall share such income and equity distributions equally. Refer to (note 10) for additional discussion related to the guarantee the Department has made related to the ACTA.

### (7) Environmental Mitigation Credits

The Bolsa Chica Mitigation Agreement of 1996 established a “Project for Wetland Acquisition and Restoration at the Bolsa Chica Lowlands in Orange County, California, for the purpose, among others, of Compensating for Marine Habitat Losses Incurred by the Port Development Landfills within the Harbor Districts of the cities of Los Angeles and Long Beach, California.”

In exchange for contributions that the Ports made to restore Bolsa Chica Lowlands, the Bolsa Chica Mitigation Agreement granted the Ports mitigation credits that the Ports may use when they undertake landfill as part of port developments. The agreement established a ratio between the number of mitigation credits to be used and the number of acres to be developed based on whether development occurred within the inner or outer harbors. The agreement established that Bolsa Chica mitigation credits could be used by the Ports at one credit for each acre of outer harbor landfill and in accordance with Section 15(a), that “...inner harbor landfills shall be debited from this account at half the rate of outer harbor landfills...” Section 15(a) of the Bolsa Chica Mitigation Agreement also provided that the inner and outer harbor boundaries could be adjusted based on biological surveys.

The Department 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 Department to complete landfill projects within its harbor. The cost incurred in the acquisition of the environmental credits has been classified as a noncurrent asset. The balance of environmental mitigation credits will get adjusted as landfill credits are used for the Port’s development.

As of September 30, 2020, the Department has utilized a total of \$13.1 million of environmental credits for completed landfill as part of capital projects within the port boundaries to date. No environmental credit has been incurred and acquired in fiscal year 2020. The existing \$37.7 million or 226 credits will be partially used in completing phase 3 of the Middle Harbor project that is currently underway and estimated to be completed in fiscal year 2021; and other remaining credits will be used in future projects.

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#### **(8) Investment in Joint Venture**

##### *Intermodal Container Transfer Facility (ICTF)*

The Department and the Port of Los Angeles (POLA) entered into a joint powers agreement to form the ICTF Joint Powers Authority for the purpose of financing and constructing a facility to transfer cargo containers between trucks and railroad cars. The facility, which began operations in December 1986, was developed and operated by Southern Pacific Transportation Company (SPTC) under a long-term lease agreement. SPTC was subsequently merged and continues to operate as Union Pacific Corporation. The Department appoints two members of the ICTF's five-member governing board and accounts for its investment using the equity method. The Department and POLA share income and equity distributions equally.

The ICTF's operations are financed from lease revenue from ICTF activities. The Department's share of the ICTF's net position as of September 30, 2020 totaled \$4.4 million. Independent ICTF financial statements for the year ended June 30, 2020 are available on their website at <http://ictf-jpa.org>.

#### **(9) Transfers to the City Tidelands Operating Fund**

City Charter Chapter XII, Section 1209 (c)(4), as amended, provides for the transfer of a maximum of 5% of Harbor Department's operating revenue. The City Charter provides that the City Council, by a two-third vote expressed by Resolution, may request the transfer to meet the lawful obligations of the Tidelands Operations Fund. The provision requires a majority vote of the Board of Harbor Commissioners, expressed by Resolution, to enact the transfer, determining that the funds will not be needed for Harbor Department's operations. During fiscal year 2020, the Department accrued \$19.9 million as transfers due to the City Tidelands Operating Fund, to be paid in the following fiscal year.

#### **(10) Commitments and Contingencies**

The Department is subject to claims and lawsuits arising from the normal course of business. The City Attorney's office evaluates these claims on a regular basis. Department management may make a provision for probable losses if deemed appropriate on advice of legal counsel. To the extent that such provision for damages is considered necessary, appropriate amounts are reflected in the accompanying financial statements. Based upon information obtained from the City Attorney with respect to remaining cases, it is the opinion of management that the estimated liability for unreserved claims and suits will not have a material impact on the financial statements of the Department.

Claims expenditures and liabilities are reported when it is probable that a loss has been incurred and the amount of that loss, including those incurred but not reported, can be reasonably estimated. Based on an opinion from legal counsel, the Department reserved a litigation claim liability of \$5.3 million for fiscal year 2020, most of which is related to construction claims and recorded as component of accrued expenses.

Contract commitments and purchase orders, mostly related to capital projects, for which materials or services were not received at September 30, 2020 aggregated \$13.5 million.

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In September of 2019, the Department entered into a nonoperating Memorandum of Understanding (MOU) with the City of Long Beach Public Works Department to purchase 19.7 mitigation credits from the Colorado Lagoon Restoration project for a total of \$26.3 million, of which \$1.3 million has already been advanced to the City in the form of a loan that remains outstanding. The remaining funds will be paid to the City as reimbursement for actual cost incurred per the MOU terms from fiscal year 2020 through 2023.

#### **(a) Risk Management**

The Department currently carries an all-risk property insurance program covering loss or damage by fire and other risks (excluding earthquake and flood) with a loss limit of \$1.4 billion in aggregate. The coverage also includes terrorism exposure.

##### *(i) Construction related*

The Department also carries two insurance programs known as "Builder's Risk," which cover property under construction in the Port. One policy, specific to the construction of the Gerald Desmond Bridge replacement, has an overall policy limit of \$781.1 million that includes an earthquake limit of \$65.0 million. The second policy is a master builder's risk insurance program that covers all other active Department's construction projects currently underway. The coverage limit for each construction project in this program is equivalent to the contract's contract price. Exclusive of earthquake coverage, the maximum per project coverage is \$125.0 million without expressed underwriter approval, but can be increased as needed with underwriter approval.

##### *(ii) General Liability*

To address third-party liability exposure, an excess liability insurance program is carried by the Department with total limits of \$150.0 million in excess of a \$1.0 million self-insured retention. The excess liability insurance program covers the Department's operations and includes acts of terrorism within the \$150.0 million limit. In addition, the Department carries specialized insurance policies providing coverage for damage to owned vessels, damage to other vessels, and pollution liability.

The amount of settlements reached by the Department did not exceed the amount of insurance coverage in any of the past three fiscal years.

The following is a summary of insurance coverage for the Department as of September 30, 2020 (in thousands):

Insurance coverage for fire and other risks	\$ 1,426,842
Builder's risk for Gerald Desmond Bridge project	781,122
Builder's risk for other projects	125,000
Comprehensive general liability	150,000
Self-insured retention	1,000

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The Port has a provision that requires tenants, contractors, and vendors to carry various types and levels of insurance, including general liability insurance on leased premises. The insurance must include coverage for bodily injury and property damage liabilities, and name of the City, its Board of Harbor Commissioners, and the Department's officers and employees as additional insured. This provision helps the Port in mitigating its insurance liabilities.

*(iii) Workers Compensation*

The Department participates in the City's self-insured workers' compensation program. During fiscal years 2020, it made payments to the City's Insurance Fund totaling \$1.6 for permanent and temporary Department employees. Amounts in the City's Insurance Fund are accumulated to meet losses as they arise.

**(b) Potential Obligations Related to the ACTA**

The Alameda Corridor Use and Operating Agreement was executed by the Department, the Harbor Department of the City of Los Angeles (Port of Los Angeles), ACTA, and the Burlington Northern Santa Fe and Union Pacific Railroads (the Railroads) in 1998. This agreement provides for a payment of funds, known as a "Shortfall Advance," to be made, under certain circumstances, to ACTA by the Department and the POLA. Revenue generated by use fees and container charges, paid by the Railroads, will be used to pay debt service on ACTA financing, to establish and maintain bond repayment and reserve funds, to establish and replenish a reserve account, and to pay ACTA's reasonable expenses relating to administration of the rail corridor.

To the extent that the revenue from use fees and container charges is not sufficient to meet ACTA's obligations, the Department and the POLA have agreed to advance the funds necessary to make up the difference. This obligation began after completion of the corridor project and is limited to a total of 40% of the total annual debt service, with the Department and the POLA each responsible for one-half or 20% of the total amount due in such calendar year.

Prior to April 1 of each year, ACTA is required to provide a Notice of Estimated Shortfall Advances and Reserve Account Funding (the Notice); estimates included in the Notice are dependent upon the accuracy of the assumptions used in their formulation. It is anticipated that there will be differences between estimates and actual results; the differences may be material.

In 2011 and 2012, the Department funded Shortfall Advances of \$2.95 million each year. The balance reimbursable by ACTA of \$5.9 million, recorded under "other noncurrent assets", the previously paid Shortfall Advances remained unchanged as of September 30, 2020. Shortfall Advances made by the Department and the POLA are reimbursable, with interest, upon ACTA's ability to pay, which is undefined in the near term.

On May 24, 2016, ACTA issued the Series 2016 Bonds and restructured a portion of its debt. This potentially helped reduce the frequency and amount of future Shortfall Advances. The most recent notice date, March 25, 2020, indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2021.

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#### **(c) Gerald Desmond Bridge Replacement Project (GDB Project)**

The GDB Project consists of replacing the existing four-lane Gerald Desmond Bridge, which spans the Port's Main Channel, with a new six-lane bridge. Currently, the Gerald Desmond Bridge is only two lanes in each direction with no shoulder and, depending on tide conditions, is too low to accommodate passage of the largest ships. The new bridge is being built with a cable-stayed design under a design-build contract and will feature three lanes in each direction for improved traffic flow, emergency lanes on both the inner and outer shoulders in each direction to reduce traffic delays and safety hazards from accidents and vehicle breakdowns, a 200-foot vertical clearance to accommodate the world's largest vessels, a reduction in the bridge's steep grades, and a bicycle/pedestrian path with scenic overlooks. Additional improvements include reconstruction of the Terminal Island East Interchange and a new interchange with the 710 Freeway. Construction of the new bridge began in 2013 and is expected to be opened to traffic by the calendar year end of 2020.

The bridge budget is a joint effort between Caltrans and the Department. At the latest cost estimate review performed in September 2018, the bridge budget was increased by \$69.0 million from \$1.492 billion to \$1.561 billion, which remained unchanged as of September 30, 2020. The increase is comprised of \$19.0 million for Caltrans' labor related cost, and \$50.0 million for the Department's interest cost partially as a result of additional time needed to complete the project. The Department anticipates that funding of the project will come from various sources including federal, state, and local grants. Commitments from these funding sources total \$913.0 million and are available as reimbursement for expenditures on the bridge project; and local matching and Port's contribution of \$648.0 million. As these expenditures are incurred, amounts eligible for reimbursement from the funding sources are recognized as capital grant revenues in the accompanying statement of revenues, expenses, and change in net position. As of September 30, 2020, the Department has incurred approximately \$1.361 billion in costs to construct the replacement bridge. Of this total amount, approximately \$737.4 million has been received from grants contribution since inception, and \$20.9 million reported as part of due from other governmental agencies on the statement of net position as of September 30, 2020.

Upon completion of the GDB Project, the agreement with Caltrans provides for transfer of ownership of the new bridge to Caltrans assuming all conditions of the agreement are met, as a component of the State highway system. The transfer will result in a loss from contributed asset and a reduction of the Department's capital asset of approximately \$1.561 billion. Additionally, the Department has agreed to pay Caltrans operating and maintenance costs with respect to the new bridge for a 30-year period commencing on the date ownership of the new bridge is transferred to Caltrans.

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**(11) Long-Term Liabilities**

**Schedule of Changes in Long-term Liabilities (In thousands)**

<b>Description</b>	<b>Balance, October 1, 2019</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance, September 30, 2020</b>	<b>Due in one year</b>
Revenue bonds	\$ 736,135	130,665	213,525	653,275	24,470
Premium	95,006	19,665	16,369	98,302	—
<b>Total revenue bonds</b>	<b>831,141</b>	<b>150,330</b>	<b>229,894</b>	<b>751,577</b>	<b>24,470</b>
2018A Note	327,050	—	—	327,050	327,050
2020C Note	—	145,000	—	145,000	145,000
Premium	11,641	5,068	11,211	5,498	5,498
<b>Total notes payable</b>	<b>338,691</b>	<b>150,068</b>	<b>11,211</b>	<b>477,548</b>	<b>477,548</b>
Compensated absences	14,060	4,284	2,893	15,451	4,989
Net pension liability	113,611	7,928	—	121,539	—
Net OPEB liability	1,555	—	915	640	—
Unearned revenues	850	—	850	—	—
Environmental remediation liability	4,200	1,000	1,500	3,700	—
Due to City of Long Beach EBF	—	4,560	—	4,560	—
<b>Total long-term liability</b>	<b>\$ 1,304,108</b>	<b>318,170</b>	<b>247,263</b>	<b>1,375,015</b>	<b>507,007</b>

Senior Bonds are secured by and payable solely from revenues of the Harbor Department pledged under the Senior Resolution, and are not a debt of the City. Upon the occurrence and continuation of an event of default under the Senior Resolution, the bond owners, credit facility provider, a liquidity facility provider or any other party do not have the right to accelerate the payment of principal of and interest on the bonds outstanding. Subordinate Obligations are secured by and payable solely from revenues of the Harbor Department pledged under the Subordinate Resolution (subject to the prior pledge to the Senior Bonds), and are not a debt of the City. Pursuant to Section 10.02 of the Subordinate Resolution, except as otherwise permitted in the Subordinate Resolution or a supplemental resolution, upon the occurrence and continuation of an event of default under the Subordinate Resolution, the holders, a credit facility provider, a liquidity facility provider or any other party do not have the right to accelerate the payment of principal of and interest on the Subordinate Obligations outstanding.

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#### **(12) Bonds Indebtedness**

Bond premiums and discounts of long-term debt issues are amortized over the life of the related debt. The Harbor department's bonded indebtedness issues and transactions are as follows (in thousands):

<b>Description</b>	<b>Date of issue</b>	<b>Interest rate</b>	<b>Fiscal term and maturity year</b>	<b>Original principal</b>	<b>Beginning balance October 1, 2019</b>			<b>Ending balance September 30, 2020</b>	<b>Principal due within one year</b>
						<b>Additions</b>	<b>Payments *</b>		
<b>Revenue bonds:</b>									
2010A	3/31/2010	3%–5%	2018–25	200,835	97,475	—	97,475	—	—
2010B	4/29/2010	4%–5%	2018–27	158,085	109,200	—	109,200	—	—
2014B	4/24/2014	3%–5%	2018–27	20,570	11,700	—	—	11,700	—
2015A	4/16/2015	4%–5%	2018–23	44,845	33,115	—	6,850	26,265	4,835
2015B	4/16/2015	5 %	2023–25	20,130	20,130	—	—	20,130	—
2015C	7/15/2015	5 %	2026–32	66,085	66,085	—	—	66,085	—
2015D	7/15/2015	5 %	2033–42	66,865	66,865	—	—	66,865	—
2017A	6/28/2017	5 %	2026–40	101,610	101,610	—	—	101,610	—
2017B	6/28/2017	5 %	2041–43	25,985	25,985	—	—	25,985	—
2017C	6/28/2017	5 %	2043–47	42,660	42,660	—	—	42,660	—
2019A	7/11/2019	5 %	2026–49	161,310	161,310	—	—	161,310	—
2020A	2/19/2020	4%–5%	2024–27	55,725	—	55,725	—	55,725	—
2020B	2/19/2020	4%–5%	2021–24	74,940	—	74,940	—	74,940	19,635
<b>Total bonds</b>				<b>\$ 1,039,645</b>	<b>736,135</b>	<b>130,665</b>	<b>213,525</b>	<b>653,275</b>	<b>24,470</b>
<b>Unamortized bond premium</b>				<b>95,006</b>	<b>16,354</b>	<b>13,058</b>	<b>—</b>	<b>98,302</b>	<b>—</b>
<b>Net total bonds indebtedness</b>				<b>\$ 831,141</b>	<b>147,019</b>	<b>226,583</b>	<b>—</b>	<b>751,577</b>	<b>24,470</b>

\* Bonds' principal payable is annually on May 15, and interest payable is semiannually on May 15 and November 15.

#### *Annual Debt Service Requirements to Maturity – All Bonded Debt (excluding Bond Anticipated Notes)*

Scheduled annual principal bond maturities and interest are summarized as follows (in thousands):

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>Fiscal year(s) ending September 30:</b>			
2021	\$ 24,470	31,889	56,359
2022	35,530	31,058	66,588
2023	37,090	29,493	66,583
2024	38,945	27,639	66,584
2025	32,000	25,786	57,786
Thereafter	<u>485,240</u>	<u>291,951</u>	<u>777,191</u>
	<b>\$ 653,275</b>	<b>437,816</b>	<b>1,091,091</b>

The Department has pledged operating revenues to repay all bonds. 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.

Details of each outstanding debt issue are as follows:

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### Notes to Financial Statements

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#### **(a) 2010A Harbor Revenue Bonds**

The City of Long Beach Harbor Revenue Bonds Series 2010A (the 2010A Bonds) are secured by the Department's gross revenue. The 2010A Bonds, dated March 31, 2010, amounting to \$200.8 million were issued to finance certain capital improvements at the Port, to fund a reserve fund for the 2010A Bonds, and to pay the costs of issuing the 2010A Bonds.

The 2010A Bonds were defeased on May of fiscal year 2020 and the liability for those bonds was removed from the Department's statement of net position.

#### **(b) 2010B Harbor Revenue Refunding Bonds**

The City of Long Beach Harbor Revenue Refunding Bonds Series 2010B (the 2010B Bonds) are secured by the Department's gross revenue. The 2010B Bonds, dated April 29, 2010, amounting to \$158.1 million were issued to refund \$63.1 million aggregate principal amount of the City's Harbor Revenue Bonds Series 2002B, \$12.1 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds Series 2004A, and \$78.4 million aggregate principal amount of the City's Harbor Revenue Refunding Bonds Series 2005A to fund a reserve fund for the 2010B Bonds and to pay the costs of issuing the 2010B Bonds.

The 2010B Bonds were defeased on May of fiscal year 2020 and the liability for those bonds was removed from the Department's statement of net position.

#### **(c) 2014B Harbor Revenue Refunding Bonds**

The City of Long Beach Harbor Revenue Senior Bonds Series 2014B (the 2014B Bonds) are secured by the Department's gross revenue. The 2014B Bonds, dated April 24, 2014, amounting to \$20.6 million were issued in conjunction with the 2014A Bonds described above to refund all of (a)(i) the City of Long Beach, California, Harbor Revenue Bonds, Series 2002B, which were outstanding in the aggregate principal amount of \$43.4 million, (a) (ii) the City of Long Beach, California, Harbor Revenue Refunding Bond, Series 2004A, which were outstanding in the aggregate principal amount of \$13.1 million, and (a)(iii) the City of Long Beach, California, Harbor Revenue Refunding Bonds Series 2004B, which were outstanding in the aggregate principal amount of \$32.0 million (collectively, the Refunded Bonds), and (b) pay the costs of issuing the 2014 Bonds.

The 2014B Bonds maturing on or before May 15, 2024 are not subject to redemption prior to maturity. The 2014B Bonds maturing on or after May 15, 2025 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2024, at a redemption price equal to 100% of the principal amount of the 2014B Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemptions, without premium.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred inflow of resources.

#### **(d) 2015A Harbor Revenue Refunding Bonds**

The City of Long Beach Harbor Revenue Senior Bonds Series 2015A (the 2015A Bonds) are secured by the Department's gross revenue. The 2015A Bonds, dated April 16, 2015, amounting to

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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\$44.8 million were issued in conjunction with the 2015B Bonds described below and other available moneys to (a) current refund and/or defeased all or a portion of the Series 2005 Senior Bonds, and (b) pay the costs of issuing the 2015A Bonds. This refunding was undertaken to reduce total debt service payments over the next 10 years by \$36.2 million with an economic gain of \$12.1 million.

The 2015A Bonds are not redeemable prior to maturity.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred inflow of resources.

#### **(e) 2015B Harbor Revenue Refunding Bonds**

The City of Long Beach Harbor Revenue Senior Bonds Series 2015B (the 2015B Bonds) are secured by the Department's gross revenue. The 2015B Bonds, dated April 16, 2015, amounting to \$20.1 million, were issued in conjunction with the 2015A Bonds described above and other available money to (a) current refund and/or defeased all or a portion of the Series 2005 Senior Bonds, and (b) pay the costs of issuing the 2015 Bonds. Even though this refunding resulted in an increase of \$0.8 million in the total of debt service payments over the next 10 years, it resulted in an economic gain of \$1.7 million.

The 2015B Bonds are not subject to redemption prior to maturity.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred inflow of resources.

#### **(f) 2015C Harbor Revenue Bonds**

The City of Long Beach Harbor Revenue Senior Bonds Series 2015C (the 2015C Bonds) are secured by the Department's gross revenue. The 2015C Bonds, dated July 15, 2015, amounting to \$66.1 million were issued in conjunction with the 2015D Bonds (the Series 2015 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department at the Port of Long Beach, including, but not limited to, the Series 2015 Projects, and/or repaying all or a portion of the outstanding Series A Subordinate Obligations and Series B Subordinate Obligations and (b) paying the financing costs and the costs of issuing the Series 2015 Senior Revenue Bond.

The 2015C Bonds are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, or after May 15, 2025, at a redemption price equal to 100% of the principal amount of the 2015C Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

#### **(g) 2015D Harbor Revenue Bonds**

The City of Long Beach Harbor Revenue Senior Bonds Series 2015D (the 2015D Bonds) are secured by the Department's gross revenue. The 2015D Bonds, dated July 15, 2015, amounting to \$66.8 million were issued in conjunction with the 2015C Bonds (the Series 2015 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be

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incurred by the Harbor Department, including, but not limited to, the Series 2015 Projects, and/or repaying all or a portion of the outstanding Series A Subordinate Obligations and Series B Subordinate Obligations and (b) paying the financing costs and the costs of issuing the Series 2015 Senior Revenue Bond.

The 2015D Bonds are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, or after May 15, 2025, at a redemption price equal to 100% of the principal amount of the 2015D Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

#### ***(h) 2017A Harbor Revenue Bonds***

The City of Long Beach Harbor Revenue Senior Bonds Series 2017A (the 2017A Bonds) are secured by the Department's gross revenue. The 2017A Bonds, dated June 28, 2017, amounting to \$101.6 million were issued in conjunction with the 2017B and 2017C Bonds (the Series 2017 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department, including, but not limited to, the Series 2017 Projects, and (b) pay the financing costs and the costs of issuing the Series 2017 Senior Revenue Bond.

The 2017A Bonds maturing on or before May 15, 2027 are not subject to redemption prior to maturity. The 2017A Bonds maturing on or after May 15, 2028 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2027, at a redemption price equal to 100% of the principal amount of the 2017A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

#### ***(i) 2017B Harbor Revenue Bonds***

The City of Long Beach Harbor Revenue Senior Bonds Series 2017B (the 2017B Green Bonds) are secured by the Department's gross revenue. The 2017B Bonds, dated June 28, 2017, amounting to \$26.0 million were issued in conjunction with the 2017A and 2017C Bonds (the Series 2017 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department, including, but not limited to, the Series 2017B Green Projects, and (b) pay the financing costs and the costs of issuing the Series 2017 Senior Revenue Bond.

The 2017B Green Bonds maturing on or before May 15, 2027 are not subject to redemption prior to maturity. The 2017B Green Bonds maturing on or after May 15, 2028 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2027, at a redemption price equal to 100% of the principal amount of the 2017B Green Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

#### ***(j) 2017C Harbor Revenue Bonds***

The City of Long Beach Harbor Revenue Senior Bonds Series 2017C (the 2017C Bonds) are secured by the Department's gross revenue. The 2017C Bonds, dated June 28, 2017, amounting to \$42.7 million were issued in conjunction with the 2017A and 2017B Bonds (the Series 2017 Senior Revenue Bonds) described above to (a) pay and/or reimburse the Harbor Department for capital expenditures incurred or to be incurred by the Harbor Department, including, but not limited to,

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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Series 2017 Projects, (b) repay all of the outstanding Series B Subordinate Revolving Obligations, and (c) pay the financing costs and the costs of issuing the Series 2017 Senior Revenue Bond.

The 2017C Bonds maturing on or before May 15, 2027 are not subject to redemption prior to maturity. The 2017C Bonds maturing on or after May 15, 2028 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2027, at a redemption price equal to 100% of the principal amount of the 2017C Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

#### **(k) 2019A Harbor Revenue Bonds**

The City of Long Beach Harbor Revenue Bonds Series 2019A (the 2019A Bonds) are secured by the Department's gross revenue. The 2019A Bonds, dated July 11, 2019, amounting to \$161.3 million were issued to provide funds to (a) pay and/or reimburse the Harbor Department for the costs of the design and construction of the new headquarters building for the Harbor Department, and (b) pay the costs of issuing the Series 2019A Bonds.

The 2019A Bonds maturing on or before May 15, 2029 are not subject to redemption prior to maturity. The 2019A Bonds maturing on or after May 15, 2030 are subject to redemption prior to maturity, at the option of the Board, as a whole or in part on any date, on or after May 15, 2029, at a redemption price equal to 100% of the principal amount of the 2019A Bonds to be redeemed, plus accrued interest thereon to the date fixed for redemption, without premium.

#### **(l) 2020A Harbor Revenue Refunding Bonds**

The City of Long Beach Revenue Refunding Bonds Series 2020A (the 2020A Bonds) are secured by the Department's gross revenue. The 2020A Bonds, dated February 19, 2020, amounting to \$55.7 million were issued to refund and defease all of the City's Harbor Revenue Bonds Series 2010A and Series 2010B, and to pay the costs of issuing the 2020A Bonds. The sources contributed to reducing principal balance are \$20.0 million of the 2010A reserve fund, \$10.8 million in principal payment, and \$12.1 million in issue premium. This refunding was undertaken to reduce total debt service payments over the next 7 years by 41.2 million with an economic gain of \$9.8 million.

The 2020A Bonds are not subject to redemption prior to maturity.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred outflow of resources.

#### **(m) 2020B Harbor Revenue Refunding Bonds**

The City of Long Beach Revenue Refunding Bonds Series 2020B (the 2020B Bonds) are secured by the Department's gross revenue. The 2020B Bonds, dated February 19, 2020, amounting to \$74.9 million were issued to refund and defease all of the City's Harbor Revenue Bonds Series 2010A and Series 2010B, and to pay the costs of issuing the 2020B Bonds. The sources contributed to reducing principal balance are \$16.5 million of the 2010A reserve fund, \$12.1 million in principal payment, and \$7.0 million in issue premium. This refunding was undertaken to reduce total debt service payments over the next 4 years by 45.5 million with an economic gain of \$12.8 million.

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### Notes to Financial Statements

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The 2020B Bonds are not subject to redemption prior to maturity.

The difference between the reacquisition price and net carrying amount is amortized using the straight-line method over the life of the new bonds and is reported in the accompanying statements of net position as component of deferred outflow of resources.

**(13) 2018A and 2020C Harbor Revenue Refunding Bond Anticipated Notes (BANs) in connection to the Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan Commitment**

BANs or Notes are short term debt, and premiums or discounts are amortized over the life of the related debt. The Department's notes indebtedness issues and transactions are as follows (in thousands):

Description	Date of issue	Interest rate	Fiscal term and maturity year	Original principal	Beginning Balance October 1, 2019	Additions	Payments	Ending balance September 30, 2020	Principal due within one year
Senior Notes:									
2018A Notes	9/19/2018	5 %	2021	\$ 327,050	327,050	—	—	327,050	327,050
2020C Notes	5/19/2020	5 %	2021	\$ 145,000	—	145,000	—	145,000	145,000
Total notes				\$ 472,050	327,050	145,000	—	472,050	472,050
Unamortized bond premium					11,641	5,068	11,211	5,498	5,498
Net total notes indebtedness				\$ 338,691	338,691	150,068	11,211	477,548	477,548

**(a) 2018A Senior Notes**

The City of Long Beach Harbor Revenue Notes Series 2018A Senior Notes (the 2018A Notes) are secured by the Department's gross revenue. The 2018A Notes were issued on September 19, 2018 to refund the 2014C Notes that were due to mature on November 15, 2018. The 2014C Notes were issued with a 4.5 year term at an aggregate principal and interest amount of \$325.0 million and \$69.2 million, respectively. The 2018A Notes were issued with a 2.25 year term for an aggregate principal and interest amount of \$327.1 million and \$36.0 million, respectively. Proceeds of the Series 2018A Senior Notes, along with certain moneys and investments to be released from the Interest Account of the Bond Service Fund, will be used 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), which are outstanding in the aggregate principal amount of \$325.0 million, (b) fund the "Capitalized Interest Fund", a debt service account reserve for interest payments on the Series 2018A Senior Notes through approximately April 24, 2020, and (c) pay the costs of issuing the Series 2018A Senior Notes.

The 2014C and 2018A Notes were issued as an interim financing for a portion of the Port's share of the GDB Project's construction costs through its expected substantial completion, the date after which the TIFIA loan can be drawn. This proposed financing instrument allows flexibility for the Port to benefit from interest savings of a lower short term interest rate market. It is anticipated that the proceeds from the TIFIA loan, when it is drawn, will be used to repay the 2018A Notes.

The 2018A Notes are outstanding as of September 30, 2020, and will mature on December 15, 2020 with interest payable semiannually of June 15 and December 15. The Series 2018A Senior Notes will not be subject to redemption prior to maturity.

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### Notes to Financial Statements

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#### **(b) 2020C Senior Notes**

The City of Long Beach Harbor Revenue Notes Series 2020C Senior Notes (the 2020C Notes) are secured by the Department's gross revenue. The 2020C Notes were issued on May 19, 2020 with an approximately 1.5 year term for an aggregate principal and interest amount of \$145.0 million and \$6.7 million, respectively. Proceeds of the Series 2018A Senior Notes, along with certain moneys and investments to be released from the Interest Account of the Bond Service Fund, will be used to (a) pay and/or reimburse the Department for capital expenditures incurred or to be incurred, including, but not limited to, the costs of designing and constructing a replacement for the Gerald Desmond Bridge, (b) fund capitalized interest on the 2020C Notes through the maturity date, and (c) pay the costs of issuing the 2020C Notes.

The 2020C Notes were issued as an interim financing for a portion of the Port's share of the GDB Project's construction costs through its expected substantial completion, the date after which the TIFIA loan can be drawn. This proposed financing instrument allows flexibility for the Port to benefit from interest savings of a lower short term interest rate market. It is anticipated that the proceeds from the TIFIA loan, when it is drawn, will be used to repay the 2020C Notes.

The 2020C Notes are outstanding as of September 30, 2020, and will mature on July 15, 2021 with interest payable semiannually of January 15 and July 15. The Notes are not subject to redemption prior to maturity.

As of September 30, 2020, the balance of the debt service account (Capitalized Interest Fund) \$5.8 million is restricted to meet debt service requirements in conformity with the note resolution.

#### *(i) TIFIA Loan Commitment*

In May 2014, the Harbor Department (the Port) entered into a loan agreement (the 2014 TIFIA Loan) with the United States Department of Transportation (USDOT) under the TIFIA for an approved amount of \$325.0 million. On May 2020, the Port entered into a revised new TIFIA loan agreement (the 2020 TIFIA Loan) for an approved amount up to \$500.0 million that replaced the 2014 TIFIA Loan. Under the 2020 TIFIA Loan, the USDOT will allow the Department to borrow up to \$500.0 million, provided the amount so borrowed will be used to finance and refinance the costs related to the replacement of the Gerald Desmond Bridge, including, but not limited to, the repayment of the 2018A Notes and the 2020C Notes. The loan is secured by a subordinate lien on the Port's gross revenue. The loan agreement defines the permissible period for the drawdown of funds to be within the one year after substantial completion of the replacement bridge that was retroactively declared in December of 2020. As such, there is no outstanding liability for the TIFIA Loan as of September 30, 2020. Once drawn upon, the TIFIA Loan will be repaid over a period not to exceed 35 years at an interest rate of 1.26%.

#### **(14) Lines of Credit**

On May 16, 2019, the Board of Harbor Commissioners approved a three-year revolving credit agreement in connection with a tax-exempt and taxable revolving line of credit to be provided by MUFG Union Bank, N.A. in an aggregate principal amount not to exceed \$200.0 million outstanding at any one time. The tax-exempt and taxable interest rates to be paid by the Department for borrowings under the revolving lines of credit with Union Bank will be based on a percentage of the one-month London Interbank Offered Rate (LIBOR).

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### Notes to Financial Statements

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The purpose of this line of credit is to provide more flexibility to access unrestricted funds when the Department has a need.

As of September 30, 2020, the Department has no outstanding balance under this revolving line of credit with Union Bank. The expiration date of this line of credit is May 13, 2022.

#### **(15) Retirement Program**

##### **(a) Pension Plan**

###### *(i) Plan Description – California Public Employees' Retirement System (CalPERS)*

The City contributes to the CalPERS agent multiple-employer defined-benefit pension plan. The City is considered the employer and the Department is a department of the City. The Department's employees are enrolled in the City Miscellaneous Plan. CalPERS provides retirement benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the plan are established by the State's statute and the City's resolution. All City departments are considered collectively to be a single employer, and the actuarial present value of vested and nonvested accumulated plan benefits attributable to the Department's employees is determined based on the Department's percentage of plan contribution. 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 of the Department are eligible to participate in the Miscellaneous Plan. 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 or 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. The cost of living adjustments for the plan is applied as specified by the Public Employees' Retirement Law.

*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.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

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The Miscellaneous Plan's provisions and benefits in effect at September 30, 2020, are summarized in the following table:

<b>Hire date</b>	<b>Miscellaneous</b>		
	<b>Tier 1</b> <b>Prior to</b> <b>October 1,</b> <b>2006</b>	<b>Tier 2</b> <b>On or after</b> <b>October 1, 2006</b> <b>and prior to</b> <b>January 1,</b> <b>2013</b>	<b>Tier 3</b> <b>On or after</b> <b>January 1,</b> <b>2013</b>
Benefit formula	2.7% at 55	2.5% at 55	2.0% at 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 %	7.0 %
Employer	28.446 %	28.446 %	28.446 %
<b>Percentage of eligible compensation</b>			
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%

*(ii) Allocation Methodology*

The City used a calculated percentage based on the Department's share of contribution to the City's total contribution amounts for each plan, to provide the Department's net pension liability and related GASB 68 accounting elements. The Department's proportionate share totaled 18.4% as of September 30, 2020.

*(iii) Pension Liability, Pension Expense, Deferred Outflows and Deferred Inflows Related to Pensions*

The City's net pension liability for the Miscellaneous Plan is measured as the total pension liability, less the plan's fiduciary net position. Net pension liability is measured as of June 30, 2020 (measurement date). The Department's share of the net pension liability for the Miscellaneous Plan was \$108.5 million at the beginning of the period and \$121.5 million at June 30, 2020. For the measurement period ending June 30, 2020, the Department incurred pension expense of \$11.8 million.

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### Notes to Financial Statements

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As of September 30, 2020, the Department had deferred outflows and deferred inflows related to pensions as follows (in thousands):

#### Deferred outflows of resources:

Pension contributions after measurement date	\$ 3,679
CalPERS difference between actual and expected investment returns	3,092
CalPERS differences between actual and expected experience	703
CalPERS change in proportion	557
	<hr/>
Total deferred outflows of resources	\$ <u>8,031</u>

#### Deferred inflows of resources:

CalPERS differences between actual and expected experience	\$ 514
CalPERS change in proportion	1,355
	<hr/>
Total deferred inflows of resources	\$ <u>1,869</u>

Exclusive of deferred outflows related to payments after the measurement date which will be recognized in the following year, the net amount of deferred outflows (inflows) of resources related to pensions that will be recognized in pension expense during the next five years and thereafter is as follows (in thousands):

Measurement period ending		
	June 30	Total
2021	\$ 2,233	
2022	(1,070)	
2023	(2,022)	
2024	(1,624)	
	<hr/>	
Total	\$ <u>(2,483)</u>	

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

#### (iv) *Actuarial Methods and Assumptions Used to Determine Total Pension Liability*

A summary of principal assumptions and methods used to determine the net pension liability as of September 30, 2020 is as follows:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Actuarial cost method	Entry Age Normal
Actuarial assumptions:	
Discount rate	7.15 %
Inflation	2.625 %
Projected salary increase	Varies by entry age and service
Investment rate of return	7.25 % <sup>1</sup>
Mortality	<sup>2</sup>

<sup>1</sup> Net of pension plan investment and administrative expenses; includes inflation.

<sup>2</sup> The mortality table used was developed based on CalPERS specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 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.

*Discount Rate* – The discount rate used to measure the total pension liability was 7.15%. 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% 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% is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called *GASB Crossover Testing Report* that can be obtained from the CalPERS website under the GASB Statement No. 68 section.

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

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### Notes to Financial Statements

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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 the Miscellaneous Plan. 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.

Asset class as of September 30, 2020	New strategic allocation	Real return years 1–10 <sup>a</sup>	Real return years 11+ <sup>b</sup>
Global equity	50.00 %	4.80 %	5.98 %
Fixed income	28.00	1.00	2.62
Inflation sensitive	—	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

### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following table presents the net pension liability of the Department as of the measurement date, calculated using the discount rate of 7.15%, compared to a discount rate that is 1.0% age point lower (6.15%) or 1.0% age point higher (8.15%). Amounts shown below are in thousands:

<b>Sensitivity to net pension liability</b>		
1.0% Decrease (6.15%)	\$	187,685
Current discount rate (7.15%)		121,539
1.0% Increase (8.15%)		66,717

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### Notes to Financial Statements

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#### **(b) Postretirement Healthcare Benefits (OPEB)**

##### *(i) Plan Description*

The Department participates in the City of Long Beach Retiree Health Care plan (the Plan), a single-employer plan administer by the City of Long Beach. 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.

##### *(ii) Benefits Provided*

The Plan provides access to health, dental and long-term care insurance for retirees and their dependents at active employee rates as long as (a) that employee participated in a City provided insurance program of that type (PPO or HMO) during the year immediately preceding retirement, (b) has not attained the eligibility age for Medicare payments, and (c) has attained the minimum retirement age for the employee's retirement plan. Benefits are administered through a third-party provider.

##### *(iii) Total OPEB Liability, OPEB Expense, and Deferred Outflows and Deferred Inflows of Resources Related to OPEB*

At September 30, 2020, the Department reported a total OPEB liability of \$0.6 million for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of September 30, 2019 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of September 30, 2018. The Departments proportion of the City's total OPEB liability was based on the Department's share of sick leave balances. At September 30, 2020, the Department's proportion was 6.6%.

For the years ended September 30, 2020, the Department incurred OPEB expense of \$902 thousand and is reported in the personnel services expense in the accompanying financial statements.

As of September 30, 2020, the Department had deferred outflows and deferred inflows related to OPEB as follows (in thousands):

##### Deferred outflows of resources:

OPEB contributions after measurement date	\$ 234
Change in assumptions	381
Change in proportion	<u>70</u>
Total deferred outflow of resources	\$ <u>685</u>

##### Deferred inflows of resources:

Difference between actual and expected experience	\$ 405
Change in assumptions	2,466
Change in proportion	<u>130</u>
Total deferred inflow of resources	\$ <u>3,001</u>

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

Amounts reported as deferred outflows and deferred inflows related to OPEB from the Department's contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the following year. Amounts related to both the deferred outflow of resources and deferred inflow of resources will be amortized over the next 8.3 years. Amounts reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense over the next five years as follows (in thousands):

<u>Year ending September 30</u>	<u>Amount to be recognized</u>
2021	\$ (316)
2022	(316)
2023	(316)
2024	(316)
2025	(328)
2026–2030	<u>(898)</u>
Total	<u>\$ (2,490)</u>

*(iv) Actuarial Assumptions*

The total OPEB liability in the September 30, 2018 actuarial valuation was determined using the following actuarial assumptions.

Valuation date	September 30, 2018	
Measurement date	September 30, 2019	
Actuarial cost method	Entry age	
Actuarial assumptions:		
Inflation	2.75 %	
Discount rate	2.75 %	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll increases	3.00 %	
Merit		CalPERS 1997-2015 Experience Study
Mortality, withdrawal, disability, retirement		CalPERS 1997-2015 Experience Study and mortality projected fully generational with Scale MP-2018
Healthcare costs trend rates	7.50% for 2020, decreasing to 4.0% for 2076 and later	
Participation rate	75%, 100% select City plans; 50% post-Medicare	

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

**(v) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate**

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

Total OPEB liability	1 Percent decrease (1.75%)	Discount rate (2.75%)	1 Percent increase (3.75%)
As of September 30, 2020	\$ 623	640	1,498

**(vi) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

Total OPEB liability	1 Percent decrease (6.5%)	Healthcare cost trend rate (7.5%)	1 Percent increase (8.5%)
As of September 30, 2020	\$ 1,367	640	514

**(c) Termination Benefits**

As of September 30, 2020, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$157.7 million, based on an actuarial study of current and future retiree accumulated sick leave in accordance with GASB Statement No. 16, *Accounting for Compensated Absences* (GASB 16). The liability takes into account an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees.

The \$157.7 million long-term portion of the liability is being funded over time through burden rates, applied as a percentage of current productive salaries, and charged to the various City funds.

For the years ended September 30, 2020, the Department has recorded noncurrent liabilities totaling \$10.5 million, which represents the Department's share of these liabilities.

**(d) Deferred Compensation Plan**

The City offers its employees the option to participate in a deferred compensation plan created in accordance with Internal Revenue Code Section 457 allowing them to defer or postpone receipt of income. Amounts deferred may not be paid to the employee during employment with the City except for a catastrophic circumstance creating an undue financial hardship for the employee. Further information regarding the City's deferred compensation plan may be found in the City's Comprehensive Annual Financial Report for the years ended September 30, 2020.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

### Notes to Financial Statements

September 30, 2020

#### **(16) Environmental Remediation Obligation**

The Department identified these environmental remediation obligations as of September 30, 2020:

- (a) Warehouse D48-50 Transit Shed: Environmentally sensitive materials were identified in the warehouse as a result of a hazardous building materials survey in 2017. The current remediation cost estimate is \$2.6 million, an increase of \$1.0 million from prior fiscal year. This warehouse has a net book value of zero and there is no reasonable expectation of any recovery associated with these remediation efforts.
- (b) Demolition of Port's Former Administration Building: Environmentally sensitive materials were identified in the building and a remediation effort will be required as part of the demolition procedures. The current abatement cost estimate is approximately \$1.1 million. This building has a net book value of zero and there is no reasonable expectation of any recovery associated with these remediation efforts.

#### **(17) Deferred Outflows/Inflows of Resources**

The deferrals of accounting gains and losses are related to cumulative bond refunding activity from current year and prior year bonds. The deferred outflows and deferred inflows of resources related to net pension liability are certain changes in total pension liability and fiduciary net position of the pension plan that are to be recognized in future pension expense.

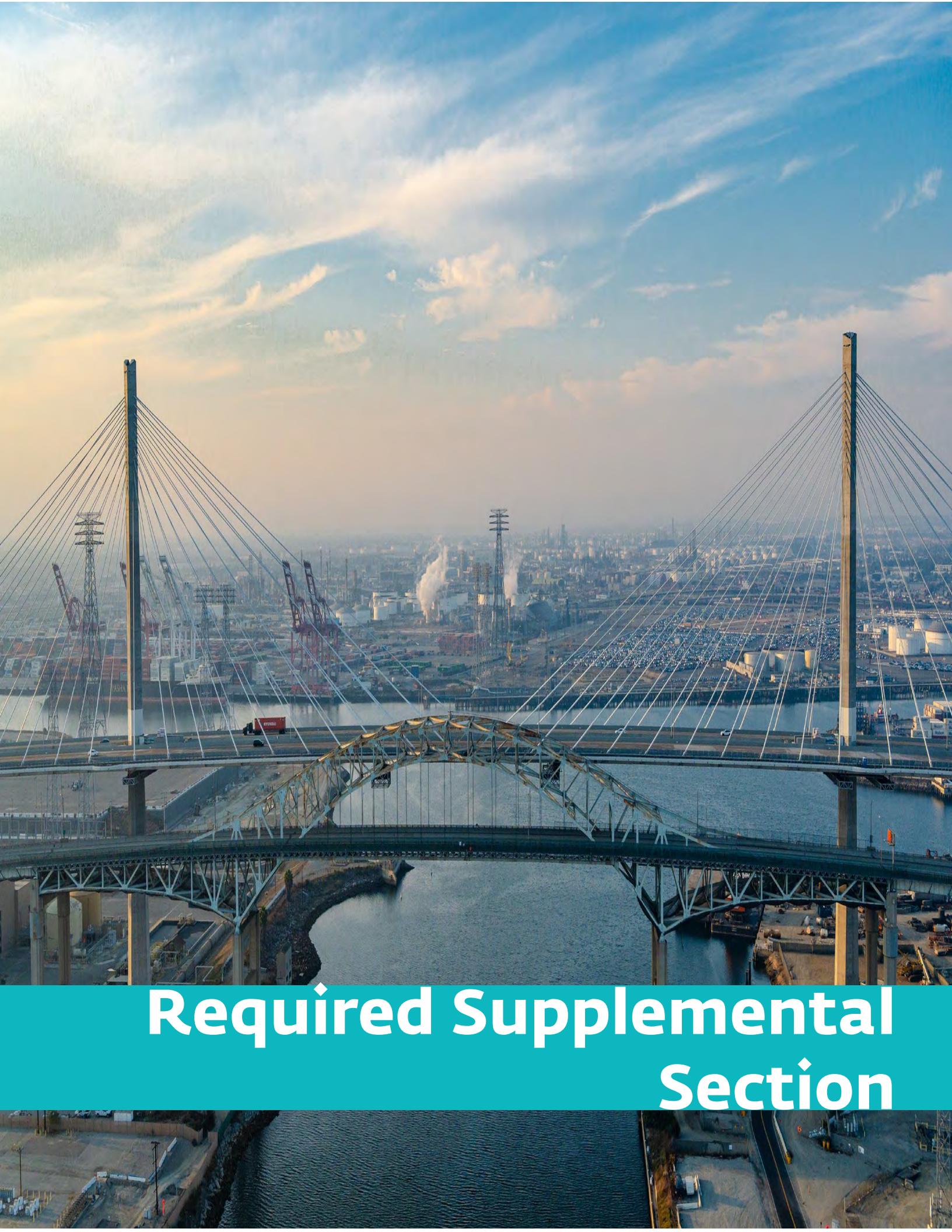
The schedule of deferrals as of September 30, 2020 is as follows (expressed in thousands):

##### Deferred outflows of resources:

Pension related deferred outflows	\$ 8,031
OPEB related deferred outflows	<u>685</u>
Total deferred outflows of resources	\$ <u>8,716</u>

##### Deferred inflows of resources:

Gain on debt refunding	\$ 4,909
Pension related deferred inflows	1,869
OPEB related deferred inflows	<u>3,001</u>
Total deferred inflows of resources	\$ <u>9,779</u>



# Required Supplemental Section

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**

Schedule of the Department's Proportionate Share of the Net Pension Liability and Department's Contributions  
 September 30, 2020 (dollars in thousands)

Last 10 years<sup>1</sup>

(Unaudited)

**Schedule of the Department's proportionate share of the net pension liability**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Department's proportion of the collective net pension liability <sup>2</sup>	18.40%	18.3%	18.7%	19.2%	20.9%	18.9%
Department's proportionate share of the collective net pension liability <sup>2</sup>	\$ 121,539	\$ 113,611	\$ 110,982	\$ 129,893	\$ 124,170	\$ 90,470
Department's covered payroll	53,372	50,754	49,981	49,241	52,312	45,335
Department's proportionate share of the collective net pension liability as a percent of covered payroll	227.7%	223.8%	222.0%	263.8%	237.4%	199.6%
Pension plan's fiduciary net position as a percentage of total pension liability	76.5%	77.2%	77.4%	74.1%	74.2%	78.4%

**Schedule of the Harbor Fund's Contributions**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Contractually required contribution <sup>3</sup>	\$ 13,168	\$ 11,435	\$ 9,963	\$ 8,806	\$ 8,334	\$ 6,641
Contributions in relation to the contractually required contributions <sup>4</sup>	\$ 13,168	\$ 11,435	\$ 9,963	\$ 8,806	\$ 8,334	\$ 6,641
Contribution deficiency (excess)	<u> </u>					
Harbor's covered payroll	\$ 53,372	\$ 50,754	\$ 49,981	\$ 49,241	\$ 52,312	\$ 45,335
Harbor's contributions as a percentage of covered payroll	24.7%	22.5%	19.9%	17.9%	15.9%	14.6%

**Notes to Required Supplementary Information**

<sup>1</sup>The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

<sup>2</sup>The net pension liability includes the impact of changes in assumptions. Amounts reported in 2017 and later reflect a discount rate reduction from 7.65% to 7.15%. For amounts reported from 2015 to 2017, reflect a discount rate increase on 7.5% to 7.65%.

<sup>3</sup>Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

<sup>4</sup>Amount represents actual contributions recorded by CalPERS.



# Statistical Section

**THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH**  
Statistical Section  
Year ended September 30, 2019  
(Unaudited)

This section presents detailed information as a context for understanding of what the information in the financial statements and note disclosures shows about the Department's overall financial health.

	<b>Page</b>
<b>Financial Trends Information:</b>	
These condensed schedules provide trend information of how the Department's financial performance and well-being have changed over time.	
Statements of Net Position – Last 10 Fiscal Years – Exhibit 1	60
Changes in Fund Net Position – Last 10 Fiscal Years – Exhibit 2	61
<b>Revenue Capacity Information:</b>	
This schedule contains information of the Department's major revenue sources.	
Operating Revenue by Type – Last 10 Fiscal Years – Exhibit 3	62
<b>Debt Capacity Information:</b>	
This schedule presents the affordability of the Department's current level of outstanding debt and the Department's ability to issue additional debt in the future.	
Revenue Bonds Debt Service Coverage – Last 10 Fiscal Years – Exhibit 4	63
<b>Operating Information:</b>	
These schedules and the schedules under Other Information provide operating data that reflects how the Department's financial report relates to the services it provides and the activities it performs.	
Tonnage Summary – Last 10 Fiscal Years – Exhibit 5	64
Tonnage by Commodity Group and Vessel Calls – Last 10 Fiscal Years – Exhibit 6	65
Metric Revenue Tons and Container Counts – Last 10 Fiscal Years – Exhibit 7	66
<b>Other Information:</b>	
Principal Customers – Exhibit 8	67
Employee Headcount by Division – Last 10 Fiscal Years – Exhibit 9	68

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

## Statements of Net Position

Last Ten Fiscal Years

(In millions)  
(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Assets and deferred outflows:										
Current	\$ 793	658	717	690	487	501	453	441	673	634
Other	5,089	5,039	4,853	4,665	4,550	4,474	4,229	3,612	2,931	2,858
Deferred outflows	9	14	21	42	42	22	10	11	13	—
Total assets and deferred outflows	\$ 5,891	5,711	5,591	5,397	5,079	4,997	4,692	4,064	3,617	3,492
Liabilities and deferred inflows:										
Current	\$ 131	125	315	101	111	100	123	153	123	104
Current – restricted*	520	55	58	65	61	60	67	61	59	58
Long term	868	1,263	1,115	1,292	1,115	1,215	1,037	672	641	678
Deferred inflows	9	13	22	13	12	15	3	—	—	—
Total liabilities and deferred inflows	\$ 1,528	1,456	1,510	1,471	1,299	1,390	1,230	886	823	840
Net position:										
Net investment in capital assets	\$ 3,791	3,745	3,643	3,492	3,442	3,077	2,975	2,848	2,105	1,916
Restricted	52	47	56	51	90	265	199	62	157	178
Unrestricted	520	463	382	383	248	267	289	289	531	558
Total net position	\$ 4,363	4,255	4,081	3,926	3,780	3,609	3,463	3,179	2,798	2,652
Working capital	\$ 662	533	402	589	376	401	330	288	550	530
Current ratio	1.2	3.7	1.9	4.2	2.8	3.1	2.4	2.1	3.7	3.9
Debt to asset ratio	30.0 %	28.8 %	31.0 %	31.3 %	28.3 %	30.9 %	29.0 %	24.5 %	28.0 %	29.4 %

\* Current liabilities payable from restricted assets.

Source: Finance Division, Harbor Department.

See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

## Changes in Fund Net Position

Last Ten Fiscal Years

(In millions)

(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
\$	399	412	402	381	362	355	348	346	335	345
	292	279	287	291	292	271	228	188	177	166
Operating revenue										
Operating expense										
Income from operations	107	133	115	90	70	84	130	158	158	179
Investment earnings	(17)	(9)	(10)	—	(15)	39	(12)	—	(16)	(50)
Other income/(expense)	(6)	3	2	2	5	4	7	1	3	5
Transfers to City Tidelands Fund/Other Operating Funds	(21)	(21)	(20)	(19)	(19)	(18)	(18)	(17)	(17)	(37)
Capital grants	45	68	68	73	132	121	178	251	14	7
\$	108	174	155	146	173	230	285	393	142	104
Change in net position										
Return on investment	2.8 %	4.6 %	4.3 %	4.2 %	0.1 %	7.4 %	9.4 %	14.4 %	6.7 %	5.2 %
Capital expenditures (Includes personnel costs)	\$ 265	\$ 496	\$ 251	\$ 252	\$ 367	\$ 363	\$ 562	\$ 792	\$ 373	\$ 226
Personnel:										
Wages and benefits from operations	\$ 76	\$ 66	\$ 63	\$ 60	\$ 62	\$ 55	\$ 48	\$ 45	\$ 43	\$ 42
Source: Finance Division, Harbor Department.										

See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

## Operating Revenue by Type

Last 10 fiscal years

(In millions)

(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Berth and special facilities:										
Wharfage	\$ 355	367	359	342	323	312	308	297	269	280
Dockage	6	6	7	7	8	11	11	12	12	12
Bunkers	1	1	1	1	1	1	1	1	1	1
Special facilities rentals	18	19	16	13	16	16	14	12	28	23
Crane rentals	—	—	—	—	—	2	13	13	13	13
Other	1	1	1	1	1	1	1	1	—	—
Total berths and special facilities	\$ 381	394	384	364	349	343	348	336	323	329
Rental properties	15	15	14	14	10	10	9	9	10	14
Miscellaneous	3	3	4	3	3	2	1	1	2	2
<b>Total operating revenue</b>	<b>\$ 399</b>	<b>412</b>	<b>402</b>	<b>381</b>	<b>362</b>	<b>355</b>	<b>358</b>	<b>346</b>	<b>335</b>	<b>345</b>
Growth (reduction) %										
Special facility revenue by terminal commodity:										
Containers	\$ 302	311	311	291	275	270	280	268	256	267
Liquid bulk	19	23	17	18	17	17	16	17	17	16
Dry bulk	37	37	37	35	29	29	26	26	24	22
Vehicles	18	17	14	15	15	14	13	12	13	10
Steel	4	5	4	4	8	8	8	8	8	8
Lumber	1	1	1	1	1	1	1	1	1	1
Miscellaneous	—	—	—	—	3	3	3	3	3	3
Total special facility revenue	\$ 381	394	384	364	348	342	347	335	322	327

Source: Finance Division, Harbor Department

See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Revenue Bonds Debt Service Coverage

Last Ten Fiscal Years

(Millions of Dollars)

(Unaudited)

Fiscal year	Revenues (a)	Maintenance costs (b)	Net revenues (a-b)	Revenue bonds debt service (c)	Times debt service covered
2020	\$ 415	145	270	66	4.09
2019	432	135	297	77	3.86
2018	406	139	267	80	3.34
2017	383	143	240	72	3.33
2016	365	144	221	73	3.03
2015	359	134	225	78	2.88
2014	360	108	252	80	3.15
2013	347	98	249	80	3.11
2012	337	87	250	80	3.13
2011	350	81	269	80	3.36

(a) Total port operating revenue and interest income only.  
 (b) Port operating expenses before depreciation and amortization.  
 (c) Bonds only not including bond anticipation notes (BANs) or line of credit.

BANs are set up with capitalized interest reserve funds.

Source: Finance Division, Harbor Department.

See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

## Tonnage Summary

Last 10 fiscal years

(Thousands of Metric Revenue Tons)

(Unaudited)

Fiscal year	Inbound tonnage			Outbound tonnage			Port of Long Beach total
	Municipal	Private*	Total	Municipal	Bunkers	Total	
2020	129,133	—	129,133	37,812	1,630	39,442	168,575
2019	134,070	—	134,070	38,036	851	38,887	172,957
2018	139,597	—	139,597	39,734	1,262	40,996	180,593
2017	130,435	—	130,435	36,190	1,474	37,664	168,099
2016	122,937	—	122,937	36,733	1,652	38,385	161,322
2015	124,525	—	124,525	38,436	1,313	39,749	164,274
2014	122,244	—	122,244	42,415	867	43,282	165,526
2013	119,504	—	119,504	41,910	843	42,753	162,257
2012	107,283	—	107,283	36,947	914	37,861	145,144
2011	112,962	192	113,154	39,717	1,546	41,263	154,417

Average annual growth (reduction)

Metric revenue ton = 1 metric ton or 1 cubic meter, whichever is the basis for tariff assessment

\* Private berth information is no longer available. Revenue from private berth leases is revenue of the terminal operator and not part of the Port's revenue.

Beginning in 2012, the Port implemented a new automated billing system that no longer collects private berth statistics.

Source: Finance Division, Harbor Department

See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Tonnage by Commodity Group and Vessel Calls

Last 10 fiscal years

(Thousands of metric revenue tons)  
(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	Total	Average annual growth
Containerized:												
In	100,669	103,173	108,091	98,941	93,614	95,798	94,310	91,047	77,910	83,482	947,035	2.34%
Out	30,247	29,204	30,823	28,174	29,400	29,307	31,262	30,525	27,584	29,623	296,149	0.42%
Other break bulk:												
In	964	1,116	1,243	1,127	1,008	1,039	1,002	854	917	752	10,022	3.48%
Out	60	115	129	61	99	101	92	108	98	827	1,690	(7.84)%
Liquid bulk:												
In	26,950	29,310	29,819	30,130	27,971	27,479	26,696	27,398	28,197	28,585	282,535	(0.57)%
Out	3,074	2,300	2,351	2,497	3,203	3,521	2,995	3,197	2,466	3,239	28,843	1.29%
Dry bulk:												
In	550	471	445	238	344	209	235	259	259	333	3,343	11.20%
Out	6,060	7,268	7,692	6,933	5,684	6,820	8,934	8,869	7,713	7,576	73,549	(1.33)%
Total:												
In	129,133	134,070	139,598	130,436	122,937	124,525	122,243	119,558	107,283	113,152	1,242,935	1.62%
Out	39,441	38,887	40,905	37,665	38,386	39,749	42,283	42,283	42,699	41,961	400,231	—%
Vessel calls*	2,237	2,095	2,278	2,149	2,227	2,676	2,752	3,425	3,425	3,993	4,758	28,590
Annual growth/(decline)	6.78 %	(8.03)%	6.00 %	(3.50)%	(16.78)%	(2.76)%	(19.65)%	(14.22)%	(16.08)%	(1.41)%	(1.41)%	
TEUs	7,661	7,747	8,001	7,231	6,946	7,088	6,818	6,648	5,857	6,298	70,295	
TEU annual growth/(decline)	(1.11)%	(3.17)%	10.65 %	4.10 %	(2.00)%	3.96 %	2.56 %	13.51 %	(7.00)%	6.10 %		

\* Beginning in FY 2014, only billable vessel calls are included in the total vessel call number.

Metric revenue ton = 1 metric ton or 1 cubic meter, whichever is the basis for the tariff assessment.

See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

## Metric Revenue Tons and Container Counts

Last 10 fiscal years  
(In thousands)  
(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Municipal berths <sup>1</sup> :										
Foreign	101,566	104,012	108,811	98,468	93,928	98,464	104,245	101,027	91,490	96,908
Coastwise/intercoastal	27,567	30,058	30,787	30,977	29,009	26,061	17,998	18,477	15,733	16,054
Total inbound cargo	129,133	134,070	139,598	130,445	122,937	124,525	122,243	119,504	107,233	112,962
Outbound cargo:										
Foreign	34,061	34,418	36,218	32,923	32,737	33,592	37,067	36,769	36,210	36,210
Coastwise/intercoastal	3,751	3,618	3,516	3,258	3,996	4,843	5,348	5,141	3,270	3,507
Bunkers	1,630	851	1,261	1,474	1,653	1,313	867	843	1,311	1,546
Total outbound cargo	39,442	38,887	40,995	37,655	38,386	39,748	43,282	42,753	4,581	41,263
Total municipal cargo	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257	111,884	154,225
Private berths <sup>1</sup> :										
Inbound	—	—	—	—	—	—	—	—	—	—
Outbound	—	—	—	—	—	—	—	—	—	—
Total private cargo	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257	111,884	154,225
Grand total										
Container count summary (000's) <sup>2</sup>										
Loaded inbound TEUs	3,761	3,862	4,044	3,698	3,514	3,596	3,523	3,420	2,932	3,139
Loaded outbound TEUs	1,492	1,441	1,564	1,451	1,538	1,528	1,664	1,671	1,491	1,582
Total loaded	5,253	5,303	5,608	5,149	5,052	5,124	5,187	5,091	4,423	4,721
Full containers annual growth (decline)	2,408	(5.4)%	8.9%	1.9%	(1.4)%	(1.2)%	1.9%	15.1%	(6.3)%	5.7%
Total empty		2,444	2,393	2,081	1,894	1,964	1,631	1,557	1,434	1,577
Empty containers annual growth (decline)		2.1%	15.0%	9.9%	(3.6)%	20.4%	4.8%	8.6%	(9.1)%	7.3%
Total TEUs	7,661	7,747	8,001	7,230	6,946	7,038	6,818	6,648	5,837	6,298
Annual growth										
<sup>1</sup> Metric revenue tons is equal to either 1,000 kilograms or one cubic meter.	(1.1)%	(3.2)%	10.7%	4.1%	(2.0)%	4.0%	2.6%	13.5%	(7.0)%	6.1%
<sup>2</sup> A TEU represents a 20-foot equivalent unit.										

Source: Finance Division, Harbor Department  
See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

## Principal Customers

(Unaudited)

The Port's Largest Customers	Effective date	Expiration date
Total Terminals International, LLC	08/2002	08/2027
OOCL, LLC – Long Beach Container Terminal, LLC	07/2011	06/2051
Pacific Maritime Services – Pacific Container Terminal	05/2002	04/2042
International Transportation Service, Inc.	09/2006	08/2026
SSA Terminals (Long Beach), LLC	12/2002	10/2027
Toyota Logistics Services	01/2009	12/2028
SSA Terminals, LLC – SSA Terminal C60/Matson Navigation	05/2002	04/2022
Metropolitan Stevedore Company	09/2014	09/2034
Oxbow Carbon & Minerals, LLC	09/2014	09/2029
Carson Cogeneration Company – Tesoro Refining & Marketing	06/1983	05/2023
SA Recycling, LLC	11/1994	11/2024
Tesoro Refining & Marketing Co – Tesoro Logistics LP	01/2012	01/2032
Koch Carbon, Inc.	01/1988	12/2027
Tesoro Refining & Marketing	01/2015	12/2034
Tesoro Refining & Marketing	01/1981	12/2022
Jacobsen Pilot Service, Inc.	08/2017	07/2032
Chemoil Corporation	07/2010	06/2025
Crescent Terminals, Inc.	07/2000	06/2027
Pacific Crane Maintenance Company, LLC	05/2002	Month-to-month
MITSUBISHI CEMENT CORPORATION	06/1989	

Contractual obligations between the Port and its customers prevent the Port from releasing information related to tenant revenue.

Source: Real Estate Division, Harbor Department.

See accompanying independent auditors' report.

## THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

## Employee Headcount by Division

Last 10 fiscal years  
(Unaudited)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Executive administration	18.0	18.0	15.0	14.0	18.0	17.0	11.9	9.3	15.4	17.3
Business development	12.0	11.0	12.0	13.0	13.0	11.0	—	—	—	—
Communications	19.0	18.0	16.0	14.0	14.0	16.0	15.0	12.8	14.0	14.8
Construction management	48.0	47.0	48.0	45.0	47.0	46.0	48.0	—	—	—
Design	46.0	46.0	46.0	51.0	49.0	48.0	—	—	—	—
Engineering	—	—	—	—	—	140.7	128.8	128.0	117.1	117.1
Environmental planning	23.0	21.0	24.0	24.0	24.0	23.0	—	—	—	—
Finance	28.0	23.0	22.0	25.0	25.0	25.0	24.5	24.9	26.0	21.2
Government relations/affairs	4.0	3.0	3.0	4.0	3.0	4.0	4.0	4.0	4.0	3.4
Human resources	19.0	20.0	18.0	16.0	18.0	18.0	17.4	16.3	17.0	17.8
Information management	27.0	24.0	20.0	22.0	22.0	22.0	20.6	20.8	21.0	18.6
Maintenance	81.0	78.0	82.0	90.0	92.0	84.0	76.3	81.1	81.0	76.8
Master planning	6.0	8.0	7.0	7.0	5.0	6.0	31.7	30.6	31.0	30.3
Program delivery	3.0	3.0	3.0	3.0	3.0	2.0	—	—	—	—
Program management	25.0	23.0	22.0	27.0	28.0	25.0	—	—	—	—
Project controls	16.0	15.0	12.0	11.0	11.0	8.0	—	—	—	—
Real estate	9.0	7.0	8.0	9.0	9.0	8.0	8.8	9.0	9.0	8.0
Risk management	11.0	11.0	11.0	9.0	10.0	10.0	8.3	7.6	8.0	7.0
Security	85.0	78.0	84.0	81.0	74.0	79.0	68.0	71.2	76.5	69.8
Survey	21.0	20.0	21.0	22.0	22.0	23.0	—	—	—	—
Tenant services/trade relations	13.0	13.0	13.0	12.0	9.0	9.0	19.3	16.5	16.0	14.9
Transportation planning	6.0	6.0	5.0	7.0	6.0	6.0	—	—	—	—
Full-time/permanent subtotal	520.0	493.0	492.0	503.0	502.0	490.0	446.5	432.9	446.9	417.0
Growth/decline	5.5 %	0.2 %	(2.2)%	0.2 %	2.4 %	9.7 %	3.1 %	(3.1)%	7.2 %	4.9 %
Part-time/temporary subtotal	24.0	13.7	19.0	31.0	29.0	34.0	25.5	29.4	13.0	18.9
Growth/decline	75.2 %	(27.9)%	(38.7)%	6.9 %	(14.7)%	33.3 %	(13.3)%	126.2 %	(31.2)%	(30.8)%
Total number of employees	<u>544.0</u>	<u>506.7</u>	<u>511.0</u>	<u>534.0</u>	<u>531.0</u>	<u>524.0</u>	<u>472.0</u>	<u>462.3</u>	<u>459.9</u>	<u>435.9</u>
Growth/decline	7.4 %	(0.8)%	(4.3)%	0.6 %	1.3 %	11.0 %	2.1 %	0.5 %	5.5 %	2.6 %

Note:

FY2015 – FY2020 presented the count at year-end (personnel inventory report)

FY2006 – FY2014 presented the count average of the year

Board of Harbor Commissioners are not included

Source: Human Resources, Harbor Department

See accompanying independent auditors' report.





415 W. Ocean Blvd. • Long Beach • CA 90802  
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# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## OF LONG BEACH WATER DEPARTMENT

A DEPARTMENT OF THE CITY OF LONG BEACH, CALIFORNIA

For The Fiscal Year Ended  
**September 30, 2020**



**Long Beach Water**  
Exceptional Water • Exceptional Service



**Long Beach Water**

Exceptional Water · Exceptional Service

**Long Beach Water Department**

1800 East Wardlow Road  
Long Beach, CA 90807  
<http://www.lbwwater.org>

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Photos by: Liezl Estipona & Adam Klempe  
Front cover design created by: Jesse Hiemstra, Graphic Design Intern

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE  
LONG BEACH WATER DEPARTMENT  
(A Department of the City of Long Beach, California)**

**For the Fiscal Year Ended  
SEPTEMBER 30, 2020**

**CHRISTOPHER J. GARNER  
General Manager**

**B. ANATOLE FALAGAN  
Assistant General Manager**

**SOKHALAY HONG  
Senior Accountant**

**YUMINA C. EGGLESTON  
Senior Accountant**

**Prepared by the Finance Division  
of the  
Business Bureau**

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## INTRODUCTORY SECTION

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# **Comprehensive Annual Financial Report**

**of the**

## **Long Beach Water Department (A Department of the City of Long Beach, California)**

**For the Fiscal Year Ended September 30, 2020**

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# Long Beach Water

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DATE March 29, 2021

TO Board of Water Commissioners  
FROM B. Anatole Falagan, Assistant General Manager  
SUBJECT Approval of Comprehensive Annual Financial Report for the fiscal years ended September 30, 2020

Management is pleased to present the Comprehensive Annual Financial Report of the Long Beach Water Department (Department), for the fiscal year ended September 30, 2020. The Department's financial statements are also included in the City of Long Beach (the City) Financial Statements as enterprise funds (Water Fund and Sewer Fund).

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The accompanying financial statements have been audited by KPMG LLP, an independent certified public accounting firm. KPMG LLP has issued an unmodified ("clean") opinion on the Department's financial statements for the fiscal year ended September 30, 2020. The independent auditors' report is located at the front of the financial section of this report.

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

## **THE REPORTING ENTITY**

During the early years of the 20<sup>th</sup> Century, Long Beach began establishing itself as an up-and-coming area that seemed destined to someday become a large city. In order to sustain the expected growth that would occur in future years, it was critical that the City identify and secure a reliable source of water. In recognizing the importance of this, on June 27, 1911, Long Beach voters approved an \$850,000 bond issuance to purchase two private water companies that had been providing water supplies to the Long Beach population. Three days later, on June 30, 1911, the Long Beach city council approved an emergency ordinance creating the Long Beach Water Department, thereby giving the City its own municipal water agency that would regulate and control the use, sale and distribution of water owned or controlled by the City.

Twenty years later, in 1931, two additional significant milestones came to pass for the Department. The first was the creation of the Long Beach Board of Water Commissioners (Board), which governs the Department and is comprised of five members appointed by the Mayor, subject to confirmation by the City Council. Members of the Board serve overlapping five-year terms to provide continuity of operations. That same year, the City also became one of the original 13 founding members of the Metropolitan Water District of Southern California (MWD). Joining MWD would allow the Department to eventually acquire imported water as a supplement to the City's groundwater supplies.

In February 1988, the Department assumed the responsibility of the various functions of the City's sanitary sewer system, including operations and maintenance. In April 1990, the citizens of Long Beach passed a City Charter amendment that allowed greater autonomy for the Department in administering the City's sanitary sewer operations.

The Department's service area encompasses the boundaries of the City of Long Beach, the seventh largest city in State, with an area of approximately 50 square miles and a population of 462,628 with some customers outside the City limits. The Department is not subject to regulation by the California Public Utilities Commission.

## **LOCAL ECONOMY**

Long Beach has drawn from the strength and adaptability of the local economy to maximize opportunities in today's global world economy. The blending of local, national, and international businesses keep Long Beach growing and adapting to meet the constantly changing needs of today's modern life.

The Coronavirus Disease 2019 (COVID-19) pandemic has been a big challenge, and the City has been state and national leader in addressing it and minimizing the impact on the city of Long Beach and its residents and businesses.

On March 11, 2020, the World Health Organization (WHO) declared a global pandemic due to the outbreak of the COVID-19. The City took many actions including issuing health orders (the City is one of the few in California with its own health department) to restrict

social gatherings, require face coverings when in a business or within six feet of another person, deferring payment of business taxes and fees for those businesses impacted by the COVID-19 pandemic, deferring most lease payments to the city if a tenant was impacted, a series of grants and other actions (often supported by federal grants) to assist businesses, a moratorium on evictions to provide relief to residential tenants facing hardships and different forms of parking relief. In 2020, the unemployment rate in Long Beach began at 3.6% but grew to an alarming 18.0% in May 2020 due to the COVID-19 pandemic. Thanks to the resilience of the Long Beach economy and the committed response of the community, it fell to 9.6% by the end of December 2020.

The City found opportunities in the television and film industry which selected Long Beach for the filming of many television shows like LA, 911, Lodge 49, and Seal Team. In 2020, 370 film permits were issued bringing 540 production days to the City. In addition to the improvements that can be easily seen, but equally important to the safety of the citizens and visitors, were the 86 lane-miles of streets and 13 lane-miles of alleys rehabilitated and the 1.25 million square feet of graffiti abated by City staff and contractors. Further information on the local economy is provided in the City of Long Beach CAFR.

As an older, established and geographically built-out City, the Department's customer base is relatively stable and is comprised of ninety percent (90%) residential accounts, with the remaining ten percent (10%) comprised of commercial, industrial, irrigation and other accounts. The residential accounts comprise approximately seventy-one percent (71%) of the Department's total potable water sales.

The Department recognizes the potential effect on revenue streams of the COVID-19 pandemic and has been monitoring the accounts receivables in unpaid bills as a portion of these receivables are expected to ultimately become uncollectable and be written off as lost revenue. As of January 2021, the Water Fund has approximately \$695,000 and the Sewer Fund has approximately \$90,000 in unpaid bills which are over 120 days past due. The Department is monitoring Federal and State legislation which is intended to provide economic relief to customers in the form of assistance in paying past due utility bills. The Department is also engaging in customer outreach with flexible payment options for customers with past due bills. The economic impact on revenues is not expected to be permanent and the time frame to return to a normal standard of operations cannot yet be determined.

## **WATER SUPPLY**

The Department meets the needs of its customers through an increasingly diverse portfolio of water resources. Local groundwater, combined with imported supplies, water recycling and water conservation are used in combination to meet the water demands within the service area.

### ***Drought Related Developments***

Long Beach water demand peaked in 1990, but water demand has been declining ever since. The reduced water demand can be attributed to a combination of a steady commitment to water conservation efforts by the Department and statewide droughts in 1990-1991, 2007-2009, and 2015-2016, each of which triggered a sharp decrease in water demand. Conservation efforts have included aggressive public outreach and incentive programs for water saving measures. The Water Department will continue these efforts to incorporate the conservation success into a sustained change in consumption behavior.

Reduced water usage due to conservation does result in reduced revenues. At the same time, those reductions are also offset by a reduction in operating expenses as a result of less imported water purchases from Metropolitan Water District (MWD).

Additionally, the Department managed discretionary budget expenses to minimize initial budget and rate impacts from reduced consumption. The Water Department's budget and rate structure is based annually on cost recovery and on State law governing water utility rate setting (Proposition 218).

The following subsections provide an overview of the Department's water resources.

### ***Groundwater***

Ownership of water rights allows approximately sixty percent (60%) of Long Beach's water supply needs to be produced from groundwater wells located within the City. Before it reaches our customers' taps, local groundwater must journey many miles from its source high up in the mountains. Rain and snow-melt from the San Gabriel Mountains watershed travel through washes and creeks into the San Gabriel River and the Whittier Narrows Basin. From there it percolates underground through sand and water beds where it begins a lengthy subsurface journey to Long Beach. High-powered pumps then extract it from 24 active groundwater wells and pump it to our groundwater treatment plant.

During the 1940's and 1950's the population grew and the increased water demand in the San Gabriel Valley significantly reduced the flows southward to the Central Basin, contributing to falling water tables. In 1959, to protect this vital source of local water supply, the Board initiated a lawsuit against major water producers in the San Gabriel Valley to guarantee water supplies to Central Basin producers.

Parties to the lawsuit negotiated a settlement which provided the basis of a stipulated judgment (the "Long Beach Judgment") rendered by the Superior Court on October 8, 1965. By separate action, a committee of Central Basin producers reached an agreement for voluntary reduction of pumping within the basin to restore and protect the water table and to expedite the above judgment to permanently prevent excessive pumping. The reduction in pumping began October 1, 1962. The two events were of major importance in securing local water supplies for the City. The Department is the largest producer of water in the Central Basin.

### ***Imported Supplies***

Another portion of the City's potable (drinking) water supply is treated water purchased from MWD. This water originates from two sources: the Colorado River Aqueduct and the State Water Project (SWP).

Through its 242-mile long system, the Colorado River Aqueduct provides up to a billion gallons of water a day to residents and businesses in Southern California's coastal plain. Water is taken in at Lake Havasu and carried to the reservoir facilities at Lake Mathews. The State Water Project delivers water originating from the Oroville Dam and Reservoir and the Sacramento River Delta. The SWP is an intricate network of dams, pumping plants, reservoirs, hydroelectric plants, the Sacramento and San Joaquin Rivers and 440 miles of aqueducts that carry water to several Southern California reservoirs.

### ***Water Recycling***

Effective water recycling helps stretch the potable water supply; that is the primary reason the Department launched a reclaimed water system in 1978. In FY2020, the Department served approximately 1.8 billion gallons of reclaimed water to a variety of users throughout the City.

Water that would otherwise flow to the ocean and be wasted is reclaimed and used to irrigate park land, golf courses, freeway landscaping and school grounds, which reduces our dependence on imported water. Since 2005, recycled water treated at the Leo J. Vander Lans Advanced Water Treatment Facility (LVLAWTF) has partially replaced the use of imported water at the Alamitos Barrier, an engineered freshwater pressure ridge and seawater trough constructed to prevent seawater intrusion into the Central Basin and neighboring Orange County Groundwater Basin. In 2015, LVLAWTF was expanded, providing the operational flexibility to meet the needs of the Alamitos Barrier almost entirely with recycled water, minimizing the need of imported water.

### ***Conservation***

The Department has an aggressive water conservation program that offers a variety of opportunities to conserve water across different sectors of the community and for both indoor and outdoor water uses.

Single-family and multi-family customers together are responsible for approximately two-thirds of the City's demand for water. Several of the Department's programs provide rebates to residential customers towards the purchase of water-efficient toilets and washing machines.

Close to half of single-family residential water use is estimated to be for landscape irrigation. The Department provides, at no cost to the customers, very well attended and well received classroom instruction on the design, installation, and maintenance of water-efficient California-friendly landscapes. The Department has also developed and implemented an award-winning Lawn-to-Garden program whereby customers can apply for an incentive to replace up to 1,500 square feet of turf with a California-friendly landscape. Incentives are also offered for customers to change traditional spray

irrigation systems to water-efficient drip irrigation.

In addition to promoting conservation to residential and landscape accounts, we work closely with commercial, industrial and institutional (CII) customers to help them conserve water. The Department has encouraged conservation through targeted direct marketing, through rebates for water conserving devices, and offers a Certified Blue program to promote water efficiency in restaurants which will be expanded to include other CII sectors.

Long Beach Water Department promotes water use efficiency with many community partners, including schools, organizations and businesses. The Department takes pride in its award-winning outreach efforts, including supporting community functions, making presentations at local and regional events, and marketing through print, digital and social media strategies.

## **WATER QUALITY**

A primary objective of the Department is to deliver to our customers water that meets or exceeds all Federal and State standards. The Department continues to be recognized as a leader in water quality. Our extensive testing and Quality Assurance/Quality Control program ensures that water delivered to our customers is of the highest possible quality.

The Long Beach Groundwater Treatment Plant is a state of the art water treatment facility, including four advanced water quality laboratories. This combination helps explain why the City's high quality drinking water consistently meets or exceeds all Federal and state drinking water regulations.

The Department conducts extensive sampling and testing of groundwater wells, water storage reservoirs, the water distribution system and, when appropriate, selected homes, businesses, schools and public facilities. This year, our Water Quality laboratories collected 13,273 samples and performed 65,771 tests while maintaining certification with the California Department of Health Services and Environmental Protection Agency (EPA).

During fiscal year 2020, the Groundwater Treatment Plant processed approximately 7.4 billion gallons of drinking water. Overall, 16.2 billion gallons of high-quality water were delivered to the Long Beach community.

## **MAJOR INITIATIVES**

### ***Automated Metering Infrastructure***

The Department has undertaken a comprehensive overhaul of its metering infrastructure, by installing Automated Metering Infrastructure (AMI) on all of its approximately 90,000 metered connections. Completion is anticipated in early 2021. Once completed, the installed automated meters will capture and store real-time flow measurements, and then routinely upload them electronically into the existing Meter Data Management System (MDMS) and interface with the Customer Information System (CIS), used for all utility billing in the City.

AMI is expected in the near future to provide enhanced customer benefits, ultimately allowing for more self-monitoring of water use by customers via an interactive web portal, allowing for more timely responses to customer leaks through high use alerts, and provide additional data to help with Department operations.

### ***Seawater Desalination Research***

During the 1990's and early 200's, through an innovative public sector partnership, the Long Beach Water Department along with the Los Angeles Department of Water & Power and the United States Bureau of Reclamation operated a 300,000 gallon-per-day prototype desalination facility, one of the largest seawater desalination research and development facilities in the United States. The Seawater Desalination study was completed in March 2010 and research gathered from the operation of the prototype plant was published as a report to the U.S. Bureau of Reclamation. Additionally, the Department continues to operate an ongoing research project for an under-ocean intake and discharge system.

### ***Conjunctive Use***

The Department has also partnered with MWD and the California Department of Water Resources (DWR) on an innovative groundwater storage program. The \$4.5 million project, which was funded by State of California Proposition 13, stored surplus water in the Central Groundwater Basin, and has previously, delivered the stored water during previous drought conditions in 2008 and 2009. A second \$2.7 million joint conjunctive use project with the City of Lakewood was completed in 2009 and water stored under this project may also be called upon in a drought.

### ***Water Distribution System***

The City has an aging infrastructure, which needs to be maintained, and in certain parts, replaced. At September 30, 2020, the water distribution system totaled 917 miles of water mains with approximately 90,000 service connections.

During fiscal year 2020, the Department and contractors replaced 5,802 feet of deteriorated cast iron water mains with new ductile iron pipe. This critical replacement program addresses upgrading old pipelines, many of which were installed more than 50 years ago.

The Department maintains 642 large control valves 20 inches or more in diameter and 22,914 smaller control valves. The Department has a maintenance and replacement program to ensure that control valves are operational and that they can be turned off or on promptly during emergencies. The Department responds immediately, 24-hours a day, 365 days a year to water emergencies. With 24 active water wells across Long Beach supplying just over half of the City's water, well maintenance is another ongoing project for the Department. Rehabilitation of water wells and storage tanks at Alamitos and J. Will Johnson Reservoirs continues to ensure a reliable supply of water in the future.

### ***Sanitary Sewer Collection System***

The Department has made considerable progress since 1988 in addressing the substantial challenges posed by an aging sanitary sewer infrastructure, much of which is between 60 and 100 years old. At September 30, 2020, the sanitary sewer collection system totaled 715 miles of sewer pipelines. The Department developed the first City-wide Sewer Master Plan in 1991, which provided an initial prioritization of sewer deficiencies to be addressed. The Department has since developed a comprehensive program of maintenance, monitoring and repair of sewer lines including:

- an aggressive annual pipeline cleaning program;
- a Fats, Oil and Grease (FOG) program, working collaboratively with the City's Department of Health and Human Services, to address impacts to lines;
- a video monitoring program to assess conditions of pipelines;
- a comprehensive annual sewer infrastructure rehabilitation and replacement program

In fiscal year 2009, the Department completed a comprehensive Sewer Master Plan Update, providing the Department with an updated evaluation and prioritization of current deficiencies. The plan included the use of dynamic hydraulic modeling software to assess existing collection system performance, as well as to evaluate the system for future conditions. Based on the plan, the Department developed and began implementation of a multi-year Capital Improvement Program to address aging infrastructure identified by the Master Plan analysis. The plan was again updated in 2013, and is slated for another update in 2021. Additionally, the Department completed a sewer focused study of the city of Long Beach Downtown area in 2018.

## **RELEVANT FINANCIAL POLICIES**

The Department's financial statements are presented on the accrual basis of accounting. As an enterprise fund, the cost of providing water is recovered through user charges assessed by meter size, volumetric charges and other miscellaneous charges. The cost of providing sewer service is also recovered through user and volumetric charges for all water customers who are connected to the City's sewers. Certain services, such as payroll, civil service, public service, general service, customer billing, data processing, legal, etc., are provided to the Department by other City departments; these costs are reimbursed to the City by transfer of funds from the Water Fund or the Sewer Fund.

### ***Internal Control Structure***

In the development and enhancement of the Department's accounting system, careful consideration is given to the adequacy of the internal controls designed to provide reasonable assurance regarding the safeguarding of assets against possible loss, unauthorized use or disposition; to ensure the reliability of financial records for preparing financial statements and maintaining accountability for assets, and to promote operational efficiency and compliance with managerial policies. The concept of reasonable assurance recognizes that: (1) the cost of a specific control feature should not exceed the benefits likely to be derived, and; (2) the evaluation of costs and benefits requires continued estimates and judgment by management.

### ***Budgetary Control***

The budget is a management control device for the forthcoming fiscal year. Prior to July 1 each year, the Board adopts an operating budget, which covers anticipated revenues and expenditures of the Department. The Department's budget is also subject to the approval of the City Council. By September 30 each year, the City Council shall approve the budget as adopted by the Board of Water Commissioners, or shall amend the budget and approve it as amended.

Budgets are prepared on a cash basis for revenues and for several categories of expenses. These budgets are not designed to be pro-forma statements of income and expense in the same format as the Water Department's financial statements. Instead, they are utilized primarily for controlling costs along organizational and programmatic lines. Each Bureau within the Department is responsible for outlays initiated by Divisions. Revenues are monitored only at the departmental level, except in certain areas where they are controlled by individual projects.

## AWARDS AND ACKNOWLEDGEMENTS

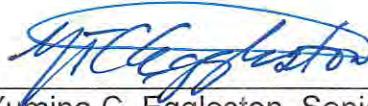
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Department for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting and its attainment represents a significant accomplishment by a government agency and its management. In order to be awarded a Certificate of Achievement, the Department must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents not only conform to the high program standards of the GFOA, but also satisfy both generally accepted accounting principles and applicable legal requirements.

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

It is recommended that the Board of Water Commissioners receive and file the Comprehensive Annual Financial Report for the fiscal years ended September 30, 2020.

Prepared  
by:

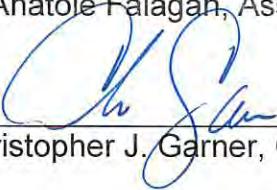
  
Sokhalay Hong, Senior Accountant

  
Yumina C. Eggleston, Senior Accountant

Submitted and  
Recommended by:

  
B. Anatole Falagan, Assistant General Manager

Approved by:

  
Christopher J. Garner, General Manager



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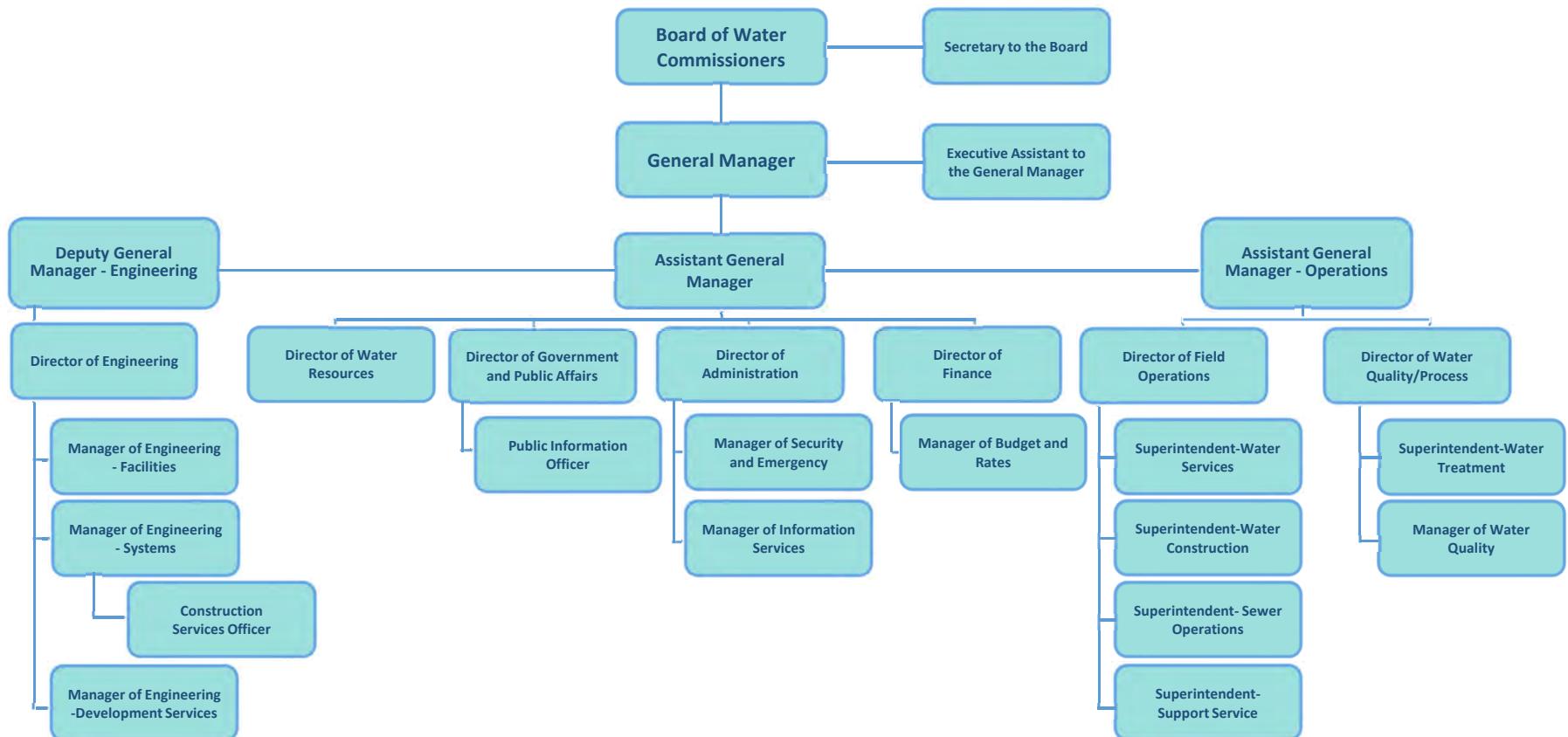
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morrell*

Executive Director/CEO

## Long Beach Water Department Organizational Chart



# **LONG BEACH WATER DEPARTMENT**

## **BOARD OF WATER COMMISSIONERS**

FRANK MARTINEZ	PRESIDENT
ARTHUR LEVINE	VICE PRESIDENT
ROBERT SHANNON	SECRETARY
GLORIA CORDERO	MEMBER
NAOMI RAINY	MEMBER

## **STAFF**

CHRISTOPHER J. GARNER  
General Manager

B. ANATOLE FALAGAN  
Assistant General Manager

## FINANCIAL SECTION

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

## Independent Auditors' Report

The Honorable Mayor and City Council  
The Honorable Members of the Board of Water Commissioners:

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

We have audited the accompanying financial statements of the business-type activities and each major fund of the Long Beach Water Department (the Department) of the City of Long Beach, California (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Department'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 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, and each major fund of the Long Beach Water Department of the City of Long Beach, California, as of September 30, 2020, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.



### *Emphasis of Matter*

As discussed in note 1, the financial statements of the Department are intended to present the financial position, the changes in financial position and, where applicable, cash flows of only that portion of the business-type activities and each major fund of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City as of September 30, 2020, the changes in its financial position, or, where applicable, its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis and schedules listed under the Required Supplementary Information in the table of contents 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 Department's basic financial statements. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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 29, 2021 on our consideration of the Department'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 Department'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 the Department's internal control over financial reporting and compliance.

*KPMG LLP*

Los Angeles, California  
March 29, 2021

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

As the management of the Long Beach Water Department, a department of the City of Long Beach (the City), we offer readers of the Long Beach Water Department's financial statements this narrative overview and analysis of the financial activities of the Long Beach Water Department (the Department) for the fiscal year ended September 30, 2020. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements. The Department comprises the City's Water Enterprise Fund (Water Fund) and Sewer Enterprise Fund (Sewer Fund) operations. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

### FINANCIAL HIGHLIGHTS

The Department's assets and deferred outflows exceeded its liabilities and deferred inflows at the close of fiscal year 2020 (FY2020) by \$368,502 (*net position*). The Department's net position is further broken down between the Water Fund and Sewer Fund below.

**Water Fund.** Assets and deferred outflows exceeded liabilities and deferred inflows at the close of FY2020 by \$293,741. This amount includes a total of net investment in capital assets of \$321,467, and \$2,377 in resources that are subject to restrictions on how they may be used. The Water Fund showed a deficit in unrestricted net position of \$30,103 in FY2020. Total Water Fund net position decreased by \$2,349 (-0.8%) from the prior fiscal year. The decrease is mostly due to net increases on expenditures during the year.

**Sewer Fund.** Total Sewer Fund net position totaled \$74,761 as of September 30, 2020, an increase of \$602 (+0.8%) from the prior fiscal year. The increase reflects income in excess of expenses during the year and contributed capital received during the year. In FY2020, the net investment in capital assets and the unrestricted portion of net position totaled \$71,906 and \$2,551, respectively.

### Significant Department Events

On March 11, 2020, the World Health Organization declared a global pandemic due to an outbreak caused by a respiratory disease called Coronavirus Disease 2019 (COVID-19). Since then, the virus and its impact on economic activity has spread across the globe. On March 17, 2020, the City issued a notice to modify all city operations in accordance to the mandate issued by the City of Long Beach Health and Human Services Department. On March 19, 2020, the Safer-At-Home Order went into effect whereas residents of Long Beach were informed to stay at home as much as possible, requiring face coverings indoors and outdoors, employers offering telework, closing of local schools for in-person learning, limiting commercial businesses capacity, and implementing restrictions on community gathering and non-essential travels. The Department responded in full support of the City's mandate by closing its facilities to the public, encouraging employees whose

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

positions enabled them to work remotely, purchasing and providing personal protective equipment (PPE) for employees at work, implementing changes in work environments and continued communication updates about COVID-19. As changes in the pandemic continue, the Department, being part of the critical infrastructure sector, remains diligent in providing the city of Long Beach with clean water as its top priority.

On April 16, 2020, the Board of Water Commissioners (the Board) approved Resolution WD-1427 authorizing the issuance of up to \$60,000 of Second Lien Water Revenue Short-Term Obligations pursuant to the Master Subordinate Trust Indenture, the Fourth Supplemental Subordinate Trust Indenture, and a Credit Agreement with JPMorgan Chase Bank, National Association, the provider of the Revolving Line of Credit (LOC). The term of the Water LOC was for three years, ending on May 19, 2023, with the option to extend for an additional two years after such date. Obligations under the Water LOC are secured and payable solely from the Water Fund revenues. The Water LOC would accrue interest at a variable rate per annum equal to a percentage of the One Month London Interbank Offered Rate (LIBOR) plus a spread. This rate will be deemed no less than three-fourths of one percent in any one-month interest period. The purpose of establishing the Water LOC is to facilitate increased investment in the Department's water system infrastructure.

Effects of these significant events on the Water Fund and Sewer Fund operations are further discussed in the Financial Analysis section of this report.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Department's financial statements. Because the Department is a business-type activity of the City, enterprise funds are used to account for its water and sewer operations. These financial statements include only the activities of the Department and provide comparative information for the last fiscal year. Information on Citywide financial operating results is available in the City of Long Beach Comprehensive Annual Financial Report as of September 30, 2020.

The Department's financial statements comprise two components: 1) financial statements and 2) notes to financial statements. Included as part of the financial statements are the Statements of Net Position, Statements of Revenues, Expenses, and Changes in Fund Net Position, and Statements of Cash Flows.

The *Statements of Net Position* present the Department's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Department is improving or deteriorating.

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

The *Statements of Revenues, Expenses, and Changes in Fund Net Position* present information showing how the Department's net position have changed during the most recent fiscal year. Results of operations are recorded under the accrual basis of accounting, whereby transactions are reported as underlying events occur, regardless of the timing of cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (i.e., accounts payable and accounts receivable). The Department's use of the accrual basis of accounting is more fully described in the accompanying *Notes to Financial Statements*.

The *Statements of Cash Flows* present flows of cash and cash equivalents during the last fiscal year, including certain restricted amounts.

The *Notes to Financial Statements* provide additional information that is essential to the full understanding of the data provided in the financial statements and can be found on pages 26-48 of this report.

## FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the Department's financial position. As of September 30, 2020, Water Fund assets exceeded liabilities by \$293,741, and Sewer Fund assets exceeded liabilities by \$74,761, representing a 0.8% decrease in net position over the prior fiscal year for the Water Fund and a 0.8% increase in Sewer Fund net position. Net positions are further categorized by net investment in capital assets, restricted and unrestricted net positions.

As of September 30, 2020, investment in capital assets, such as production, transmission, and distribution facilities, less any related debt used to acquire those assets that remains outstanding, amounted to \$321,467 and \$71,906 of Water Fund and Sewer Fund, respectively. The Department uses these capital assets to provide services to customers; consequently, these assets are not available for future spending. Resources needed to repay the outstanding debt on the Statements of Net Position must come from other sources such as operations.

The restricted portion of the Department's net position amounted to \$2,377 and \$304 for Water Fund and Sewer Fund, respectively. This represents resources that are subject to external restrictions on how they may be used. These restrictions are for items such as debt repayment and other legally restricted purposes.

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis

September 30, 2020

The unrestricted portion of the net position for Water Fund reflects a deficit of \$30,103 as of September 30, 2020, representing an 81.3% increase on the deficit over FY2019. The Sewer Fund's unrestricted portion amounted to \$2,551, representing a 60.8% decrease over FY2019. The unrestricted portion of the Department's net position may be used to meet the Department's ongoing obligations to creditors and customers.

The Department's Condensed Schedules of Net Position as of September 30, 2020 and 2019 are as follows (in thousands):

**Long Beach Water Department**  
**Condensed Schedules of Net Position**  
**September 30, 2020 and 2019**  
(in thousands)

	2020	2019	Variance	
			Amount	2020/2019 %
<b>Assets:</b>				
Current and other assets	\$ 59,778	\$ 92,627	\$ (32,849)	-35.5%
Capital assets	437,885	411,559	26,326	6.4%
<b>Total assets</b>	<u>497,663</u>	<u>504,186</u>	<u>(6,523)</u>	<u>-1.3%</u>
<b>Deferred outflows of resources</b>	<u>7,194</u>	<u>7,523</u>	<u>(329)</u>	<u>-4.4%</u>
<b>Liabilities:</b>				
Current liabilities	28,674	31,122	(2,448)	-7.9%
Noncurrent liabilities	105,546	106,085	(539)	-0.5%
<b>Total liabilities</b>	<u>134,220</u>	<u>137,207</u>	<u>(2,987)</u>	<u>-2.2%</u>
<b>Deferred inflows of resources</b>	<u>2,135</u>	<u>4,253</u>	<u>(2,118)</u>	<u>-49.8%</u>
<b>Net Position:</b>				
Net investment in capital assets	393,373	376,773	16,600	4.4%
Restricted	2,681	3,571	(890)	-24.9%
Unrestricted	(27,552)	(10,095)	(17,457)	172.9%
<b>Total net position</b>	<u>\$ 368,502</u>	<u>\$ 370,249</u>	<u>\$ (1,747)</u>	<u>-0.5%</u>

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis

September 30, 2020

The Department's financial position is further broken down as follows between the Department's Water Fund and the Sewer Fund as of September 30, 2020 and 2019:

**Water Fund**  
**Condensed Schedules of Net Position**  
**September 30, 2020 and 2019**  
(in thousands)

	2020	2019	Variance	
			2020/2019 Amount	%
<b>Assets:</b>				
Current and other assets	\$ 44,829	\$ 74,902	\$ (30,073)	-40.1%
Capital assets	356,447	334,184	22,263	6.7%
<b>Total assets</b>	<u>401,276</u>	<u>409,086</u>	<u>(7,810)</u>	<u>-1.9%</u>
<b>Deferred outflows of resources</b>	<u>5,808</u>	<u>6,128</u>	<u>(320)</u>	<u>-5.2%</u>
<b>Liabilities:</b>				
Current liabilities	25,252	28,144	(2,892)	-10.3%
Noncurrent liabilities	86,327	87,457	(1,130)	-1.3%
<b>Total liabilities</b>	<u>111,579</u>	<u>115,601</u>	<u>(4,022)</u>	<u>-3.5%</u>
<b>Deferred inflows of resources</b>	<u>1,764</u>	<u>3,523</u>	<u>(1,759)</u>	<u>-49.9%</u>
<b>Net Position:</b>				
Net investment in capital assets	321,467	309,416	12,051	3.9%
Restricted	2,377	3,277	(900)	-27.5%
Unrestricted	(30,103)	(16,603)	(13,500)	81.3%
<b>Total net position</b>	<u>\$ 293,741</u>	<u>\$ 296,090</u>	<u>\$ (2,349)</u>	<u>-0.8%</u>

**Sewer Fund**  
**Condensed Schedules of Net Position**  
**September 30, 2020 and 2019**  
(in thousands)

	2020	2019	Variance	
			2020/2019 Amount	%
<b>Assets:</b>				
Current and other assets	\$ 14,949	\$ 17,725	\$ (2,776)	-15.7%
Capital assets	81,438	77,375	4,063	5.3%
<b>Total assets</b>	<u>96,387</u>	<u>95,100</u>	<u>1,287</u>	<u>1.4%</u>
<b>Deferred outflows of resources</b>	<u>1,386</u>	<u>1,395</u>	<u>(9)</u>	<u>-0.6%</u>
<b>Liabilities:</b>				
Current liabilities	3,422	2,978	444	14.9%
Noncurrent liabilities	19,219	18,628	591	3.2%
<b>Total liabilities</b>	<u>22,641</u>	<u>21,606</u>	<u>1,035</u>	<u>4.8%</u>
<b>Deferred inflows of resources</b>	<u>371</u>	<u>730</u>	<u>(359)</u>	<u>-49.2%</u>
<b>Net Position:</b>				
Net investment in capital assets	71,906	67,357	4,549	6.8%
Restricted	304	294	10	3.4%
Unrestricted	2,551	6,508	(3,957)	-60.8%
<b>Total net position</b>	<u>\$ 74,761</u>	<u>\$ 74,159</u>	<u>\$ 602</u>	<u>0.8%</u>

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

#### **Fiscal Year Ended September 30, 2020 Compared to 2019**

**Water Fund.** Net position decreased by \$2,349 (-0.8%) over FY2019. This net decrease is mostly attributable to a loss from operations of \$6,258 in FY2020. This decrease was offset by the contributed capital from various Developers for water distribution system improvements in the amount of \$3,909.

Current and other assets decreased by \$30,073 (-40.1%) from FY2019, which reflects a decrease in non-pooled cash and cash equivalents and inventory by \$25,210 (-70.3%). The decrease is mainly a result of inventory material and supplies used for the Automated Metering Infrastructure (AMI) project and for the ongoing activities in water capital improvement projects in FY2020.

Capital assets increased by \$22,263 (+6.7%) over the prior year, mainly due to the ongoing capital improvement program such the AMI project, cast iron water main replacement, water service installations, machinery and equipment purchases, and facility improvements.

Deferred outflows of resources decreased by \$320 (-5.2%) over FY2019. This net decrease reflects a decrease of \$61 (-1.3%) on deferred pension costs, a decrease of \$198 (-21.8%) on debt refunding and a decrease of \$61 (-13.2%) in changes in actuarial assumptions on OPEB costs. The majority of the net decrease in FY2020 is the result of a decrease on pension contributions after the measurement date in the amount of \$1,886 (-59.2%), which was offset by increases on difference between actual and expected investment returns in FY2020 in the amount of \$1,091 (+100.0%). Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 42.

Current liabilities decreased by \$2,892 (-10.3%) compared to FY2019, mainly due to a decrease in of \$3,074 (-74.1%) in the amount due to the City Utility Revenue Transfer Charter Amendment (Measure M) and City street right-of-way (ROW Study). This decrease in the amount due to the City was the result of timing of payments.

Noncurrent liabilities decreased by \$1,130 (-1.3%) from FY2019, primarily due to annual principal payments on debt and bonds premium amortization in FY2020. This decrease was offset by an increase in net pension liability in the amount of \$4,683 (+12.3%). Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements in page 38 and on Note 6 - Leasing Arrangements on page 47.

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

Deferred inflows of resources decreased by \$1,759 (-49.9%) over FY2019. This net decrease reflects changes in actuarial assumptions, differences between actual and projected experience and proportionate share of deferred pension and OPEB costs. Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 42.

**Sewer Fund.** Net position increased \$602 (+0.8%) over FY2019. This increase is primarily due to revenues in excess of expenses.

Current assets and other assets decreased by \$2,776 (-15.7%) over FY2019, reflecting a decrease in pooled cash and cash equivalents due primarily to the funding of major sewer capital improvement projects and other sewer operations in FY2020.

Capital assets increased by \$4,063 (+5.3%) over FY2019, due to machinery and equipment purchases and to continued expenditures on sewer main pipe relining and replacement, and sewer pump station rehabilitation projects across the City of Long Beach.

Deferred outflows of resources decreased by \$9 (-0.6%) over FY2019. This net decrease reflects a decrease of \$14 (-14.1%) in changes in actuarial assumptions on OPEB costs. The decrease was offset by an increase of \$5 (+0.4%) on deferred pension costs. The actuarial determined deferred pension costs decreased \$43 (-45.3%) due to changes in actuarial assumptions and experience. The decrease was offset by an increase of \$194 (+34.9%) in the funds proportion of the City wide pension liability compared to FY2018. The pension contributions after measurement date decreased by \$374 (-58.0%) compared to FY2019. Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 42.

Current liabilities increased by \$444 (+14.9%) compared to FY2019, which reflects an increase in accounts payable as a result of increases in expenditures relating to sewer collection system maintenance and capital improvements.

Noncurrent liabilities increased by \$591 (+3.2%) from FY2019, primarily due to an increase in the net pension liabilities by \$1,203 (+15.5%). In addition, long-term bonds payable decreased by \$501 (-5.2%) due to annual principal payments on Series 2016A Bonds. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements in page 38 and on Note 5 - Retirement Program on page 42.

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis

September 30, 2020

Deferred Inflows of resources decreased by \$359 (-49.2%) over FY2019. This decrease reflects a decrease in actuarial assumptions, differences between actual and projected experience and proportionate share of deferred pension, which was offset by a \$55 (+19.8%) increase in OPEB costs. Additional information on deferred outflows related to pensions is provided on the Note 5 - Retirement Program of the Notes to Financial Statements in page 42.

The Water Department's Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position provide further insight as to the nature and source of changes in net position and are summarized as follows for the years ended September 30, 2020 and 2019 (in thousands):

**Long Beach Water Department**  
**Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position**  
**Fiscal Years Ended September 30, 2020 and 2019**  
(in thousands)

	2020	2019	Variance	
			2020/2019 Amount	2020/2019 %
<b>Operating Revenues:</b>				
Metered water sales	\$ 73,511	\$ 66,047	\$ 7,464	11.3%
Reclaimed water sales	3,154	2,644	510	19.3%
Service charges	43,954	40,203	3,751	9.3%
Other services	10,397	9,525	872	9.2%
<b>Total operating revenues</b>	<b>131,016</b>	<b>118,419</b>	<b>12,597</b>	<b>10.6%</b>
<b>Operating Expenses:</b>				
Cost of water	36,163	28,659	7,504	26.2%
Personal services	38,857	28,638	10,219	35.7%
Commercial Services	4,291	4,206	85	2.0%
Maintenance and other	29,377	28,535	842	3.0%
Street Impact charges	3,903	4,200	(297)	-7.1%
Depreciation and amortization	15,636	14,145	1,491	10.5%
<b>Total operating expenses</b>	<b>128,227</b>	<b>108,383</b>	<b>19,844</b>	<b>18.3%</b>
<b>Operating income</b>	<b>2,789</b>	<b>10,036</b>	<b>(7,247)</b>	<b>-72.2%</b>
<b>Nonoperating Income (Expenses):</b>				
Interest income	1,060	2,086	(1,026)	-49.2%
Interest expense	(1,774)	(527)	(1,247)	236.6%
Rental income	1,043	942	101	10.7%
Payments to the City	(10,450)	(9,722)	(728)	7.5%
Other	1,638	1,624	14	0.9%
<b>Total non-operating income (expense)</b>	<b>(8,483)</b>	<b>(5,597)</b>	<b>(2,886)</b>	<b>51.6%</b>
<b>Income (loss) before contributed capital</b>	<b>(5,694)</b>	<b>4,439</b>	<b>(10,133)</b>	<b>-228.3%</b>
<b>Contributed capital</b>	<b>3,947</b>	<b>1,723</b>	<b>2,224</b>	<b>129.1%</b>
<b>Changes in net position</b>	<b>(1,747)</b>	<b>6,162</b>	<b>(7,909)</b>	<b>-128.4%</b>
<b>Net position - October 1</b>	<b>370,249</b>	<b>364,087</b>	<b>6,162</b>	<b>1.7%</b>
<b>Net position - September 30</b>	<b>\$ 368,502</b>	<b>\$ 370,249</b>	<b>\$ (1,747)</b>	<b>-0.5%</b>

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

The Department's operations are further broken down as follows between the Department's Water Fund and the Sewer Fund for the years ended September 30, 2020 and 2019:

**Water Fund**  
**Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position**  
**Fiscal Years Ended September 30, 2020 and 2019**  
 (in thousands)

	2020	2019	Variance	
			Amount	2020/2019 %
<b>Operating Revenues:</b>				
Metered water sales	\$ 67,987	\$ 60,299	\$ 7,688	12.7%
Reclaimed water sales	3,154	2,644	510	19.3%
Service charges	32,807	29,121	3,686	12.7%
Other services	9,143	7,225	1,918	26.5%
<b>Total operating revenues</b>	<b>113,091</b>	<b>99,289</b>	<b>13,802</b>	<b>13.9%</b>
<b>Operating Expenses:</b>				
Cost of water	36,163	28,659	7,504	26.2%
Personal services	31,617	23,532	8,085	34.4%
Commercial Services	2,405	2,263	142	6.3%
Maintenance and other	25,774	25,137	637	2.5%
Street Impact charges	1,753	2,169	(416)	-19.2%
Depreciation and amortization	13,025	11,720	1,305	11.1%
<b>Total operating expenses</b>	<b>110,737</b>	<b>93,480</b>	<b>17,257</b>	<b>18.5%</b>
<b>Operating income</b>	<b>2,354</b>	<b>5,809</b>	<b>(3,455)</b>	<b>-59.5%</b>
<b>Nonoperating Income (Expenses):</b>				
Interest income	697	1,518	(821)	-54.1%
Interest expense	(1,538)	(527)	(1,011)	191.8%
Rental income	1,043	942	101	10.7%
Payments to the City	(10,450)	(9,722)	(728)	7.5%
Other	1,636	1,283	353	27.5%
<b>Total non-operating income (expense)</b>	<b>(8,612)</b>	<b>(6,506)</b>	<b>(2,106)</b>	<b>32.4%</b>
<b>Income (loss) before contributed capital</b>	<b>(6,258)</b>	<b>(697)</b>	<b>(5,561)</b>	<b>797.8%</b>
<b>Contributed capital</b>	<b>3,909</b>	<b>1,627</b>	<b>2,282</b>	<b>140.3%</b>
<b>Changes in net position</b>	<b>(2,349)</b>	<b>930</b>	<b>(3,279)</b>	<b>-352.6%</b>
<b>Net position - October 1</b>	<b>296,090</b>	<b>295,160</b>	<b>930</b>	<b>0.3%</b>
<b>Net position - September 30</b>	<b>\$ 293,741</b>	<b>\$ 296,090</b>	<b>\$ (2,349)</b>	<b>-0.8%</b>

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis

September 30, 2020

**Sewer Fund**  
**Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position**  
**Fiscal Years Ended September 30, 2020 and 2019**  
(in thousands)

	2020	2019	Variance	
			2020/2019	
			Amount	%
<b>Operating Revenues:</b>				
Metered water sales	\$ 5,524	\$ 5,748	\$ (224)	-3.9%
Service charges	11,147	11,082	65	0.6%
Other services	1,254	2,300	(1,046)	-45.5%
<b>Total operating revenues</b>	<b>17,925</b>	<b>19,130</b>	<b>(1,205)</b>	<b>-6.3%</b>
<b>Operating Expenses:</b>				
Personal services	7,240	5,106	2,134	41.8%
Commercial Services	1,886	1,943	(57)	-2.9%
Maintenance and other	3,603	3,398	205	6.0%
Street Impact charges	2,150	2,031	119	5.9%
Depreciation	2,611	2,425	186	7.7%
<b>Total operating expenses</b>	<b>17,490</b>	<b>14,903</b>	<b>2,587</b>	<b>17.4%</b>
<b>Operating income</b>	<b>435</b>	<b>4,227</b>	<b>(3,792)</b>	<b>-89.7%</b>
<b>Nonoperating Income (Expenses):</b>				
Interest income	363	568	(205)	-36.1%
Interest expense	(236)	-	(236)	-100.0%
Other	2	341	(339)	-99.4%
<b>Total non-operating income (expense)</b>	<b>129</b>	<b>909</b>	<b>(780)</b>	<b>-85.8%</b>
<b>Income before contributed capital</b>	<b>564</b>	<b>5,136</b>	<b>(4,572)</b>	<b>-89.0%</b>
<b>Contributed capital</b>	<b>38</b>	<b>96</b>	<b>(58)</b>	<b>-60.4%</b>
<b>Changes in net position</b>	<b>602</b>	<b>5,232</b>	<b>(4,630)</b>	<b>-88.5%</b>
<b>Net position - October 1</b>	<b>74,159</b>	<b>68,927</b>	<b>5,232</b>	<b>7.6%</b>
<b>Net position - September 30</b>	<b>\$ 74,761</b>	<b>\$ 74,159</b>	<b>\$ 602</b>	<b>0.8%</b>

# LONG BEACH WATER DEPARTMENT

## Management's Discussion and Analysis September 30, 2020

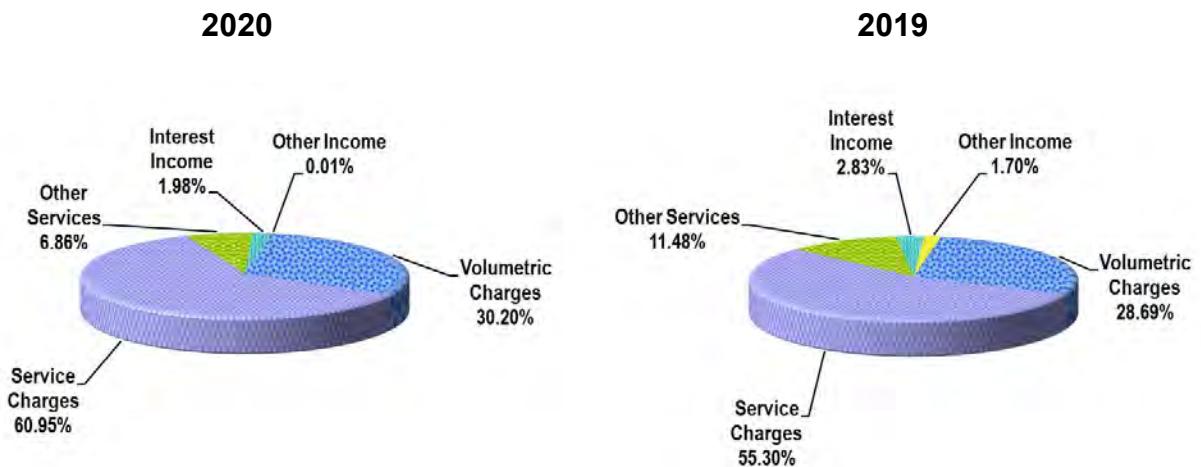
### Sources of Revenues

Sources of revenue for fiscal years 2020 and 2019 are shown on the following charts.

#### Water Fund



#### Sewer Fund



## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

#### ***Management Review of the Department's Revenues***

##### **Water Fund**

###### **Fiscal Year Ended September 30, 2020 Compared to 2019**

Total operating revenues were \$113,091, an increase of \$13,802 (+13.9%) over FY2019. The major elements of this net increase are as follows:

- Metered potable water sales revenue increased by \$7,688 (+12.7%) primarily due to a 12% water rates increase and a 359 AF (+0.74%) increase in consumption in FY2020. Customer potable water consumption shows a decrease of 587 AF (-4.0%) for non-residential and an increase of 946 AF (+2.8%) for residential compared to FY2019. This shows a shift on consumption between customer accounts due to the COVID-19 mandate in FY2020.
- Service charges increased by \$3,686 (+12.7%) over FY2019 which reflects the 12% rate increase effective October 1, 2019.
- Revenue from other services totaled \$9,143, a net increase of \$1,918 from the prior year. The major factors of this net increase are as follows:
  - Revenue from an In-Lieu Groundwater Replenishment Agreement with the Water Replenishment District of Southern California (WRD) increased by \$2,532 (+100.0%) over FY2019, whereas the Department agreed to retire unused Current Allocated Pumping Rights (CAPR) of 5,000 AF and increased purchases of imported water in-lieu of the groundwater pumping in FY2020.
  - Reimbursements received for Conservation Incentive programs increased by \$623 (+100.0%) over FY2019. This is due to the Department's active promotion of water conservation programs across different sectors of the community during FY2020.
  - Revenue received from sales of potable water and readiness-to-serve charges to WRD and Orange County Water District (OCWD) decreased by \$937 (-17.4%) and \$171 (-26.7%), respectively. This is mainly due to the decrease in demand by 1,006 AF (-19.5%) in relation to the Alamitos Seawater Intrusion Barrier.

Contributed capital increased by \$2,282 (+140.3%) compared to FY2019 primarily due to an increase in water distribution system development agreements with the Department and contributions received in relation to the Automated Metering Infrastructure (AMI).

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

#### Sewer Fund

##### Fiscal Year Ended September 30, 2020 Compared to 2019

Total operating revenues decreased \$1,205 (-6.3%) over FY2019. The key elements of this decrease are as follows:

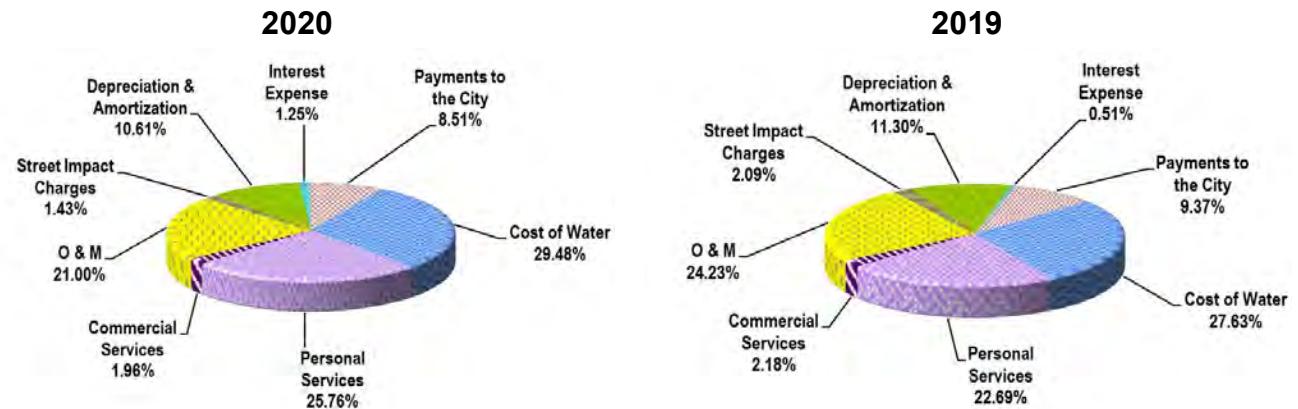
- Metered water sales revenue decreased by \$224 (-3.9%) as a result of a 1,126 AF (-3.0%) decrease in demand, which was slightly offset by an increase in service charges in the amount of \$65 (+0.6%) over FY2019. There was no sewer rate increase in FY2020.
- Other services revenue decreased by \$1,046 (-45.5%) over FY2019, due to a decrease in sewer capacity charges revenue. This reflects a decline in residential and commercial sewer collection system developments in the city of Long Beach, primarily due to construction delays brought by COVID-19 pandemic restrictions.

Contributed capital decreased by \$58 (-60.4%) compared to FY2019, primarily due to a decrease in proceeds received from sewer collection system development agreements with the Department.

#### Functional Expenses

Functional expenses for the 2020 and 2019 fiscal years are shown on the following charts.

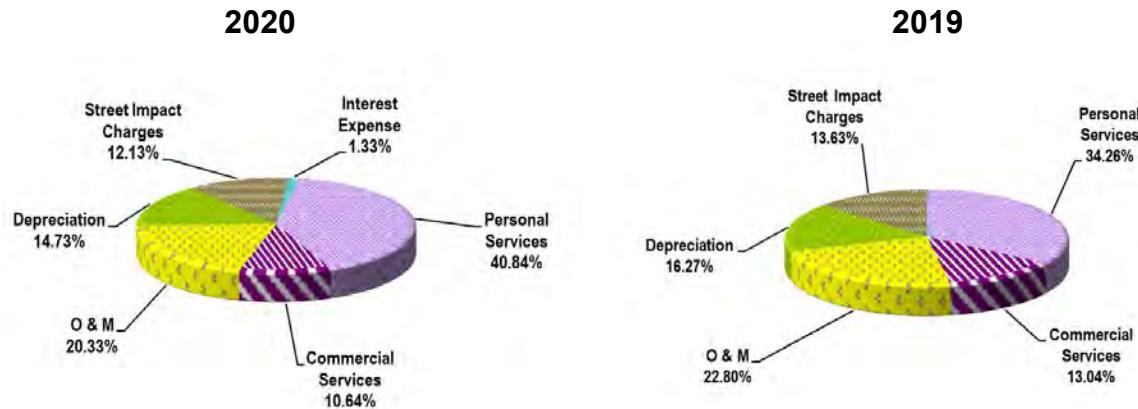
#### Water Fund



## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

#### Sewer Fund



#### ***Management Review of the Department's Expenses.***

#### **Water Fund**

##### **Fiscal Year Ended September 30, 2020 Compared to 2019**

Operating expenses totaled \$110,737, an increase of \$17,257 (+18.5%) over FY2019. The major elements attributable to the net increase are as follows:

- In FY2020, purchased water costs and volume increased by \$7,504 (+26.2%) and 8,844 AF (32.7%) respectively. This net increase is due to changes on potable water demand and rates as follows:
  - Purchased potable water from Metropolitan Water District (MWD) increased by 11,560 AF (+61.5%), primarily due to an agreement with WRD to help replenish the Central Groundwater Basin by purchasing 5,000 AF of imported water in-lieu of pumping groundwater, and an extended shutdown of the Groundwater Treatment Plant due to COVID-19 related staff safety issues, challenges and maintenance contractor delays.
  - Purchased potable water through an agreement with the City of Lakewood via a distribution pipeline inter-tie connection decreased by 1,710 AF (-55.7%) in FY2020. This decrease was offset by an increase in purchased water rates of 4.1% compared to FY2019.

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

- Personal services costs increased by \$8,085 (+34.4%) in FY2020, primarily as a result of increases in staffing previously budgeted vacant positions, negotiated salary range and Cost of Living Allowance (COLA), overtime, fringe benefits, and pension costs.
- Depreciation expense increased by \$1,305 (+11.1%) compared to FY2019, mainly due to the completion of water well, water reservoir, and pipeline distribution system improvement projects in FY2020.

FY2020 net nonoperating expense totaled \$8,612, a net increase of \$2,106 (+32.4%) over FY2019. There was no interest expense capitalized in FY2020 as a result of Governmental Accounting Standards Board Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89) implementation. In addition, interest income received in relation to mark-to-market pooled cash investments in FY2020 decreased by \$821 (-54.1%).

### **Sewer Fund**

#### **Fiscal Year Ended September 30, 2020 Compared to 2019**

Total operating expenses amounted to \$17,490, an increase of \$2,587 (+17.4%) over FY2019. This increase is mostly attributable to the following elements:

- Personal services costs increased by \$2,134 (+41.8%) in FY2020, primarily because of increases in staffing previously budgeted vacant positions, negotiated salary range and Cost of Living Allowance (COLA), overtime, fringe benefits, and pension costs.
- Maintenance and other expenses increased by \$205 (+6.0%) compared to FY2019. This net increase is mostly attributable to the increase of \$411 (+241.3%) in other contractual services relating to meter reading and sewer manholes pest abatement services in FY2020. This increase was offset by a decrease in sewer pipeline repair and other services in the amount of \$199 (-88.8%) over FY2019.

FY2020 net nonoperating income decreased by \$780 (-85.8%) over FY2019. This is mainly due to an increase of \$352 (+40.4%) in the share of costs for the AMI project. In addition, interest income received in relation to mark-to-market pooled cash investments in FY2020 decreased by \$205 (-36.1%). The remaining decrease was due to an increase in interest expense as no interest expense was capitalized in FY2020 as a result of Governmental Accounting Standards Board Statement No. 89 – Accounting for Interest Cost Incurred before the End of a Construction Period (GASB 89) implementation.

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis September 30, 2020

#### Capital Assets and Debt Administration

**Capital assets.** The Department's capital assets (net of accumulated depreciation and amortization) as of September 30, 2020 amounted to \$356,447 for the Water Fund and \$81,438 for the Sewer Fund. Capital assets include investments in production, transmission, patent, improvements on buildings and structures, and distribution related facilities, as well as general items such as office equipment and furniture. For FY2019, net capital assets increased \$22,263 (+6.7%) and \$4,063 (+5.3%) for Water Fund and Sewer Fund, respectively. The net increase is due primarily to machinery and equipment purchases and capitalization of major potable water and reclaimed water distribution systems, and sewer collection systems.

The Department's capital assets are summarized as follows for the years ended September 30, 2020 and 2019 (in thousands):

Long Beach Water Department  
Condensed schedules of Capital Assets  
September 30, 2020 and 2019  
(in thousands)

	2020	2019	Variance	
			2020/2019 Amount	%
Land	\$ 11,214	\$ 11,214	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	159,452	149,889	9,563	6.4%
Distribution/collection systems	583,169	573,386	9,783	1.7%
Machinery and equipment	27,548	26,627	921	3.5%
Construction in progress	69,048	48,684	20,364	41.8%
<b>Total capital assets</b>	<b>851,286</b>	<b>810,655</b>	<b>40,631</b>	<b>5.0%</b>
Less: accumulated depreciation and amortization	(413,401)	(399,096)	(14,305)	3.6%
<b>Total capital assets, net</b>	<b>\$ 437,885</b>	<b>\$ 411,559</b>	<b>\$ 26,326</b>	<b>6.4%</b>

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis

September 30, 2020

The Department's capital assets are further broken down as follows between the Department's Water Fund and the Sewer Fund for the years ended September 30, 2020 and 2019:

	Water Fund		Variance	
	Capital Assets		2020/2019	
	September 30, 2020 and 2019	(in thousands)	Amount	%
Land	\$ 11,214	\$ 11,214	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	147,022	140,267	6,755	4.8%
Distribution/collection systems	371,322	364,834	6,488	1.8%
Machinery and equipment	20,853	20,338	515	2.5%
Construction in progress	60,496	40,297	20,199	50.1%
<b>Total capital assets</b>	<b>611,762</b>	<b>577,805</b>	<b>33,957</b>	<b>5.9%</b>
Less: accumulated depreciation and amortization	(255,315)	(243,621)	(11,694)	4.8%
<b>Total capital assets, net</b>	<b>\$ 356,447</b>	<b>\$ 334,184</b>	<b>\$ 22,263</b>	<b>6.7%</b>

	Sewer Fund		Variance	
	Capital Assets		2020/2019	
	September 30, 2020 and 2019	(in thousands)	Amount	%
Buildings, structures, and facilities	\$ 12,430	\$ 9,622	\$ 2,808	29.2%
Distribution/collection systems	211,847	208,552	3,295	1.6%
Machinery and equipment	6,695	6,289	406	6.5%
Construction in progress	8,552	8,387	165	2.0%
<b>Total capital assets</b>	<b>239,524</b>	<b>232,850</b>	<b>6,674</b>	<b>2.9%</b>
Less: accumulated depreciation	(158,086)	(155,475)	(2,611)	1.7%
<b>Net capital assets</b>	<b>\$ 81,438</b>	<b>\$ 77,375</b>	<b>\$ 4,063</b>	<b>5.3%</b>

Additional information regarding capital assets can be found in notes 1 and 3 to the Department's financial statements.

## LONG BEACH WATER DEPARTMENT

### Management's Discussion and Analysis

September 30, 2020

**Long-term obligations.** As of September 30, 2020, the Department had total outstanding long-term obligations in the amount of \$37,162 for the Water Fund and \$9,157 for the Sewer Fund. All debt is supported by Water Fund revenues and Sewer Fund revenues. Total Department outstanding debt as of September 30, 2020 and 2019 is summarized as follows:

**Water Fund**  
**Long-Term Obligations**  
**September 30, 2020 and 2019**  
(in thousands)

	2020	2019	Variance	2020/2019
	Amount	%		
<b>Capital Lease:</b>				
AMI Capital Lease	\$ 24,860	\$ 26,326	\$ (1,466)	-5.6%
<b>Total capital lease outstanding</b>	<u>24,860</u>	<u>26,326</u>	<u>(1,466)</u>	<u>-5.6%</u>
<b>Long-term debt:</b>				
Revenue refunding bonds	16,115	19,165	(3,050)	-15.9%
<b>Long-term debt outstanding, net</b>	<u>16,115</u>	<u>19,165</u>	<u>(3,050)</u>	<u>-15.9%</u>
Add: Unamortized bond premium	873	1,190	(317)	-26.6%
<b>Total long-term debt outstanding</b>	<u>16,988</u>	<u>20,355</u>	<u>(3,367)</u>	<u>-16.5%</u>
<b>Total long-term obligations</b>	<u>\$ 41,848</u>	<u>\$ 46,681</u>	<u>\$ (4,833)</u>	<u>-10.4%</u>

**Sewer Fund**  
**Long-Term Obligations**  
**September 30, 2020 and 2019**  
(in thousands)

	2020	2019	Variance	2020/2019
	Amount	%		
<b>Long-term debt:</b>				
Revenue refunding bonds	\$ 8,335	\$ 8,695	\$ (360)	-4.1%
<b>Long-term debt outstanding, net</b>	<u>8,335</u>	<u>8,695</u>	<u>(360)</u>	<u>-4.1%</u>
Add: Unamortized bond premium	1,197	1,323	(126)	-9.5%
<b>Total long-term debt outstanding</b>	<u>\$ 9,532</u>	<u>\$ 10,018</u>	<u>\$ (486)</u>	<u>-4.9%</u>

The Department maintains AA+ credit ratings from Standard & Poor's for the Water and Sewer Funds. Additional information on the Department's long-term obligations can be found in Note 4 - Long-term Liabilities of the Notes to Financial Statements in page 38 and on Note 6- Leasing Arrangements on page 47.

## **LONG BEACH WATER DEPARTMENT**

### **Management's Discussion and Analysis**

**September 30, 2020**

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

The Board of Water Commissioners (Board) approved the budget for the fiscal year-end September 30, 2021, with budgeted expenditures totaling approximately \$136,195, an increase of \$1,338 (+1.0%) compared to FY2020. In addition, Sewer Fund's budgeted expenditures amounted to \$23,552, which increased by \$2,156 (+1.0%) in FY2021.

In fiscal year 2021 (FY2021), there were 6.0% rate increases for potable water and reclaimed water. There were no rate increases for sewer collection services in FY2021.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Department's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Director of Finance, Long Beach Water Department, 1800 E. Wardlow Road, Long Beach, California 90807.

**LONG BEACH WATER DEPARTMENT**

**Statements of Net Position**  
**Business Type Activity - Enterprise**  
**September 30, 2020**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Pooled cash and cash equivalents	\$ 14,976	13,451	28,427
Non-pooled cash equivalents	4,131	-	4,131
Interest receivable	11	-	11
Due from other government	1,892	-	1,892
Due from employee benefit fund	896	57	953
Customer accounts receivable	8,914	1,030	9,944
Allowance for doubtful accounts	(507)	(78)	(555)
Material and supplies inventory	6,512	185	6,697
Prepaid expense	2,552	-	2,552
Restricted assets:			
Pooled cash and cash equivalents:			
Funds held in trust	986	-	986
Bond service funds	1,623	304	1,927
Sub-total pooled cash and cash equivalents	2,609	304	2,913
Non-pooled investments	2,843	-	2,843
Total restricted assets	5,452	304	5,756
Total current assets	44,829	14,949	59,778
<b>Noncurrent Assets:</b>			
<b>Capital assets:</b>			
Land	11,214	-	11,214
Water rights	40	-	40
Patent	815	-	815
Buildings, structures and facilities	147,022	12,430	159,452
Distribution/collection systems	371,322	211,847	583,169
Machinery and equipment	20,853	6,695	27,548
Construction in progress	60,496	8,552	69,048
Total capital assets	611,762	239,524	851,286
Less: Accumulated depreciation and amortization	(255,315)	(158,086)	(413,401)
Total capital assets, net	356,447	81,438	437,885
<b>Total assets</b>	<b>401,276</b>	<b>96,387</b>	<b>497,663</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Economics loss from the refunding of debt	709	-	709
Pension contributions after measurement date	1,298	271	1,569
Difference between actual and expected			
CalPERS investment returns	1,091	228	1,319
Pension changes in proportions	2,062	750	2,812
Pension changes in experience	248	52	300
OPEB contributions after measurement date	119	26	145
OPEB liability change in proportions	86	18	104
OPEB change in assumptions	195	41	236
<b>Total deferred outflows of resources</b>	<b>\$ 5,808</b>	<b>1,386</b>	<b>7,194</b>

*(Continued)*

**LONG BEACH WATER DEPARTMENT**

**Statements of Net Position**  
**Business Type Activity - Enterprise**  
**September 30, 2020**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts payable	\$ 13,956	1,707	15,663
Accrued wages payable	1,105	308	1,413
Accrued compensated absences	2,182	438	2,620
Due to other funds	1,075	180	1,255
Advances from developers	939	267	1,206
Accrued interest payable	302	147	449
Capital lease due within one year	1,516	-	1,516
Long-term debt due within one year	3,170	375	3,545
Customer deposits	1,007	-	1,007
Total current liabilities	25,252	3,422	28,674
<b>Noncurrent Liabilities:</b>			
Capital lease, net of current portion	23,344	-	23,344
Long-term debt, net of current portion	13,818	9,157	22,975
Compensated absences	4,940	1,046	5,986
Total OPEB liability	326	69	395
Net pension liability	42,899	8,947	51,846
Accrued site restoration cost	1,000	-	1,000
Total noncurrent liabilities	86,327	19,219	105,546
<b>Total Liabilities</b>	<b>111,579</b>	<b>22,641</b>	<b>134,220</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension changes in experience	181	38	219
OPEB change in assumptions	1,257	265	1,522
OPEB change in experience	326	68	394
<b>Total deferred inflows of resources</b>	<b>1,764</b>	<b>371</b>	<b>2,135</b>
<b>NET POSITION</b>			
<b>Net investment in capital assets</b>	<b>321,467</b>	<b>71,906</b>	<b>393,373</b>
Restricted for:			
Bond Service	1,623	304	1,927
Bond Reserve	754	-	754
Unrestricted	(30,103)	2,551	(27,552)
<b>Total Net Position</b>	<b>\$ 293,741</b>	<b>74,761</b>	<b>368,502</b>

*See accompanying notes to financial statements*

**LONG BEACH WATER DEPARTMENT**

**Statements of Revenues, Expenses,  
and Changes in Fund Net Position  
Business Type Activity - Enterprise  
Year Ended September 30, 2020**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Metered water sales	\$ 67,987	5,524	73,511
Reclaimed water sales	3,154	-	3,154
Service charges	32,807	11,147	43,954
Other services	9,143	1,254	10,397
<b>Total operating revenues</b>	<b>113,091</b>	<b>17,925</b>	<b>131,016</b>
<b>Operating Expenses:</b>			
Cost of water	36,163	-	36,163
Personal services	31,617	7,240	38,857
Commercial services	2,405	1,886	4,291
Maintenance and other	25,774	3,603	29,377
Street Impact charges	1,753	2,150	3,903
Depreciation and amortization	13,025	2,611	15,636
<b>Total operating expenses</b>	<b>110,737</b>	<b>17,490</b>	<b>128,227</b>
<b>Operating income</b>	<b>2,354</b>	<b>435</b>	<b>2,789</b>
<b>Non-operating Income (Expense):</b>			
Interest income	697	363	1,060
Interest expense	(1,538)	(236)	(1,774)
Rental income	1,043	-	1,043
Payments to the City	(10,450)	-	(10,450)
Other	1,636	2	1,638
<b>Total non-operating income (expense)</b>	<b>(8,612)</b>	<b>129</b>	<b>(8,483)</b>
<b>Income (loss) before contributed capital</b>	<b>(6,258)</b>	<b>564</b>	<b>(5,694)</b>
<b>Contributed capital</b>	<b>3,909</b>	<b>38</b>	<b>3,947</b>
<b>Changes in net position</b>	<b>(2,349)</b>	<b>602</b>	<b>(1,747)</b>
<b>Net position - October 1</b>	<b>296,090</b>	<b>74,159</b>	<b>370,249</b>
<b>Net Position - September 30</b>	<b>\$ 293,741</b>	<b>74,761</b>	<b>368,502</b>

*See accompanying notes to financial statements*

**LONG BEACH WATER DEPARTMENT**

**Statements of Cash Flows**  
**Business Type Activity - Enterprise**  
**Year ended September 30, 2020**

	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>			
Cash received from customers	\$ 116,902	18,627	135,529
Cash paid to employees	(28,744)	(6,013)	(34,757)
Cash paid for water	(32,641)	-	(32,641)
Cash paid for goods and services	(24,574)	(5,602)	(30,176)
Cash paid to the City	(1,753)	(2,150)	(3,903)
Other income	228	1,274	1,502
Other expense	(284)	(1,281)	(1,565)
<b>Net cash provided by operating activities</b>	<b>29,134</b>	<b>4,855</b>	<b>33,989</b>
<b>Cash flows from non-capital financing activities:</b>			
Payments to the City	(10,450)	-	(10,450)
Cash received from rental income	1,043	-	1,043
Payments received from the City	1,710	-	1,710
<b>Net cash (used for)/provided by non-capital financing activities</b>	<b>(7,697)</b>	<b>-</b>	<b>(7,697)</b>
<b>Cash flows from capital and related financing activities:</b>			
Proceeds from sale of capital assets	348	9	357
Contributions in aid of construction	2,332	38	2,370
Payments for capital acquisitions	(35,843)	(6,671)	(42,514)
Principal repayments-bonds	(3,050)	(360)	(3,410)
Principal repayments-capital lease	(1,466)	-	(1,466)
Interest payments	(1,708)	(368)	(2,076)
<b>Net cash used for capital and related financing activities</b>	<b>(39,387)</b>	<b>(7,352)</b>	<b>(46,739)</b>
<b>Cash flows from investing activities:</b>			
Interest income received	643	363	1,006
<b>Net cash provided by investing activities</b>	<b>643</b>	<b>363</b>	<b>1,006</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(17,307)</b>	<b>(2,134)</b>	<b>(19,441)</b>
<b>Cash and cash equivalents, October 1</b>	<b>39,023</b>	<b>15,889</b>	<b>54,912</b>
<b>Cash and cash equivalents, September 30</b>	<b>21,716</b>	<b>13,755</b>	<b>35,471</b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>			
Operating income	2,354	435	2,789
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense and amortization	13,025	2,611	15,636
Other income	228	1,274	
Other expense	(284)	(1,281)	
Increase in pension, OPEB and compensated absences	2,472	1,112	3,584
Increase in customer accounts receivable	(782)	(74)	(856)
Decrease in due from City of Long Beach	4,691	776	5,467
(Increase) decrease in material and supplies inventory	10,484	(60)	10,424
Increase (decrease) in accounts and retainage payable	(281)	549	268
Increase in accrued wages payable	401	115	516
Decrease in due to City of Long Beach	(3,074)	(602)	(3,676)
Decrease in customer deposits	(100)	-	(100)
Total adjustments	26,780	4,420	31,200
<b>Net cash provided by operating activities</b>	<b>\$ 29,134</b>	<b>4,855</b>	<b>33,989</b>

*See accompanying notes to financial statements*

## LONG BEACH WATER DEPARTMENT

Notes to Financial Statements  
September 30, 2020  
(in thousands of dollars)

### **Note 1 - Description of the Department and Summary of Significant Accounting Policies**

#### **Description of the Department**

The Long Beach Water Department (the Department) was established in 1911 through adoption of the City Charter of the City of Long Beach, California (the City) to regulate and control the use, sale, and distribution of water owned or controlled by the City. In February 1988, the City Council of the City of Long Beach voted to transfer administrative, operational, and maintenance responsibility of the City's sewer system to the Department. In addition, in April 1990, the citizens of Long Beach passed a City Charter amendment that allowed greater autonomy of the Department in administering sewer operations. For accounting purposes, the transfer was effective July 1, 1988.

The Department services the City's sewer system that consists of 715 miles of sewer mains, 15,126 manholes, and 28 sewage pumping stations. This system is capable of transporting for treatment approximately 40 to 60 million gallons of raw sewage daily.

The Department obtains potable water for distribution from two sources. Historically, approximately half of the City's water is purchased from the Metropolitan Water District of Southern California; the other half is pumped from the Department's own groundwater wells. Potable water is stored in two reservoirs with a combined capacity of 108.9 million gallons. As of September 30, 2020, the Department delivered over 1.8 billion gallons of reclaimed water to various users in the City.

#### **Reporting Entity**

The Department's financial activities are considered to be enterprise operations of the City of Long Beach; accordingly, such activities are included in the City's Comprehensive Annual Financial Report in the Water Utility Fund and Sewer Utility Fund. Control and management of the Department is vested in the five-member Board of Water Commissioners (the Board). Each Commissioner is appointed by the Mayor, confirmed by the City Council, and may serve two five-year terms.

The accompanying Department financial statements include the Water and Sewer Fund operations of the City of Long Beach. The statements of the Department are intended to present the financial position, and changes in financial position, and cash flows of only that portion of the business-type activities of the City that is attributable to the transactions of the Department. They do not purport to, and do not, present fairly the financial position of the City, as of September 30, 2020, and the changes in its financial position, and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

The City's Comprehensive Annual Financial Report may be obtained by contacting:

City of Long Beach, California – Department of Financial Management  
411 W. Ocean Blvd.  
Long Beach, CA 90802

#### Basis of Accounting

The Department's accounts are maintained on a flow of economic resources measurement focus utilizing the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, regardless of when they are received, and expenses are recognized in the period incurred. The Department's operations are not subject to regulation by the Public Utilities Commission.

The Department applies all Governmental Accounting Standards Board (GASB) Statements and Interpretations.

#### Implementation of New Accounting Pronouncements

Application of the following Statements was effective for the Department's fiscal year ended September 30, 2020.

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. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. The Department has chosen to implement the provisions of this statement for fiscal year 2020.

In May of 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objectives of this Statement are to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. The requirements of this Statement were effective immediately upon issuance. Application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2020.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

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

In June of 2017, the GASB issued Statement No. 87, *Leases*. This Statement is effective for the Department's fiscal year ending September 30, 2022.

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests Interests – an Amendment of GASB Statements No. 14 and No. 61*. This Statement is effective for the Department's fiscal year ending September 30, 2021.

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This Statement is effective for the Department's fiscal year ending September 30, 2023.

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. This Statement is effective for the Department's fiscal year ending September 30, 2022.

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement is effective for the Department's fiscal year ending September 30, 2022.

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. This Statement is effective for the Department's fiscal year ending September 30, 2023.

In May of 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement is effective for the Department's fiscal year ending September 30, 2023.

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. This Statement is effective for the Department's fiscal year ending September 30, 2023.

#### *City of Long Beach Investment Pool*

In order to maximize investment return and in accordance with City Charter requirements, the Department pools its available cash with other City funds into the City of Long Beach Investment Pool (the Pool). The Pool is an internal investment pool that is used as a demand deposit account by participating units. Investment decisions are made by the City Treasurer and approved by a general investment committee whose membership includes a member of the Department's management. Interest income and realized and unrealized gains and losses arising from the Pool are apportioned to each participating unit based on their average daily cash balances compared to aggregate pooled cash and investments.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

At September 30, 2020, the Water Fund and Sewer Fund had equity in the Pool of \$17,585 and \$13,755, respectively, which represents approximately 0.95% and 0.74%, respectively, for a total departmental equity of \$31,340 or 1.69% of the Pool.

The Department's share of the Pool is stated at fair value.

For a complete description of the Pool and its underlying investments, refer to the City of Long Beach's separately issued financial statements.

#### Cash Equivalents

The Department classifies its investment in the Pool as cash and cash equivalents, regardless of the underlying maturity of the Pool's investments as the Department can withdraw amounts from the pool without penalty or notice.

The Department classifies all other investments with maturities of three months or less at the time of purchase as cash equivalents. These cash equivalents are reported at amortized cost in the accompanying financial statements.

#### 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 Department categorizes investments 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

#### Material and Supplies Inventory

Material and supplies inventory are reported at cost determined on a first-in, first-out basis.

#### Capital Assets

Capital assets, which include property, plant, equipment, and transmission and distribution infrastructure, are composed of assets with an initial, individual cost of more than five thousand dollars and an estimated useful life in excess of one year. The cost of additions to capital assets and replacement of retired property is capitalized. The costs of replacement expenditures are expensed as incurred. Upon retirement or sale of capital assets, the cost and related accumulated depreciation are removed from the accounts, with any resulting gain or loss recorded in the Department's financial statements (see note 3).

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

Depreciation of capital assets is provided by the straight-line method based on the estimated service lives of the properties, as follows:

Buildings, structures, and facilities	10 to 50 years
Distribution/collection systems	20 to 75 years
Patents	20 years
Other machinery and equipment	5 to 10 years

#### Contributed Capital

Advances received from developers for construction of plant assets are recorded as advances from developers when received. As construction progresses, advanced amounts equivalent to capitalized expenditures are recorded as contributed capital in the accompanying financial statements. Donated assets, donated works of art and similar items, capital assets received in service concession arrangement and assets constructed by developers and contributed to the Department are capitalized at fair value at the date of acquisition which equates to the acquisition cost.

#### Revenue Recognition

Operating revenues include revenues derived from the sale of water, from providing sewer service, and from other activities closely related to providing water and sewer service. Principal revenues are derived from volumetric usage and service charges for water and sewer services. Nonoperating revenues and expenses are those not directly associated with the Department's normal business operations of supplying water and sewer service and include interest income and expense, rents received for Department property, and gains and losses on disposition of property. Revenues for water and sewer charges are recorded when delivered to customers. Billings to customers are based on monthly meter readings.

#### Operating Expenses

The cost of water includes all purchases of water from the Metropolitan Water District of Southern California. Personal services include labor costs for operations, maintenance, and general and administrative functions. Commercial services cost is the Department's share of the City's utility billing system. Maintenance and other costs include the operating costs of the Department and include costs of pumping and treating groundwater as well as general and administrative costs. Permit fees are transfers made to the City.

## LONG BEACH WATER DEPARTMENT

Notes to Financial Statements  
September 30, 2020  
(in thousands of dollars)

### Employee Benefits, Compensated Absences and Termination Benefits

At September 30, 2020, the Department has recorded compensated absences of \$8,606 (\$7,122 for Water and \$1,484 for Sewer). The balance includes accrued but unused vacation and holiday benefits of \$2,620 (\$2,182 for Water and \$438 for Sewer) and accumulated sick and termination benefits of \$5,986 (\$4,940 for Water and \$1,046 for Sewer).

Vacation, holiday and sick benefits are recognized when earned and recorded as personal services in the accompanying financial statements. Amounts that are earned but unused at year end, are reported as compensated absences and classified as current or non-current in the accompanying financial statements based on historical usage of the benefits. The City's policy is to pay all accumulated vacation and holiday pay when an employee retires or terminates. Accumulated sick leave vests when an employee meets the City's minimum requirements for retirement and is forfeited if the employee terminates prior to vesting.

Upon retirement, management employees may convert 75 percent of their outstanding vacation leave to sick leave. The retiree's accumulated sick leave and any covered sick leave may be used to either purchase additional pension benefits from CalPERS or to participate in the City's Retired Employee Health Insurance Program (REHIP) until the sick leave is exhausted. The REHIP allows retirees to convert their accumulated vested unused sick leave to the cash value at the date of retirement and use those amounts for health, dental, and long-term care insurance premiums for the retiree, their spouse, and eligible dependents in accordance with the City's Personnel Ordinance.

The sick and termination benefits are determined based on an actuarial study of current and future retiree accumulated sick leave in accordance with GASB Statement No. 16, *Accounting for Compensated Absences (GASB 16)*. The liability considers an estimate of future usage, additional leave accumulation and wage increases for both current retirees and active employees. The Department's share of the liability is based on its share of accrued sick leave at September 30, 2020. The liability is being funded over time through burden rates, applied as a percentage of current productive salaries.

### Pension Plan and Postretirement Benefits

All full-time Department employees are members of the City's Miscellaneous Plan. The Department's policy is to fund. The costs to be funded are determined annually as of July 1 and are incorporated into the payroll burden rate to reimburse the Employee Benefits Internal Service Fund for contributions made on behalf of Department employees (see note 5).

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

the fiduciary net position of the Miscellaneous Plan and additions to/deductions from Miscellaneous Plan's fiduciary net position have been determined on the same basis as they are reported by the Miscellaneous Plan. 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.

#### Restricted Assets

Amounts restricted for bond indenture requirements and funds held in trust are recorded as restricted assets. Related liabilities of these funds are identified as amounts payable from restricted assets when such obligations are incurred.

#### 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 of resources (expense) 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.

#### Risk Management

The Department, as an entity of the City, participates in the City's self-insured program for workers' compensation, property, and tort liability. The City and the Department's management believe that sufficient funds are being accumulated in the City's Insurance Internal Service Fund (Insurance Fund) to meet losses as they arise. The Department contributes to the Insurance Fund through payroll burden charges applied as a percent of current productive salaries. In addition, various risk control techniques, including safety training for all employees and the inclusion of appropriate legal provisions in third-party contracts, have been implemented to minimize risk losses.

#### Estimates

The preparation of the Department's financial statements in conformity with the U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## LONG BEACH WATER DEPARTMENT

Notes to Financial Statements  
September 30, 2020  
(in thousands of dollars)

### Net Position

The Department has adopted a policy of generally utilizing restricted funds, prior to unrestricted funds, when an expense is incurred for purposes for which both are available.

The Department's net position are classified into the following net position categories:

*Net Investment in Capital Assets* - Capital assets net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, or improvement of those assets and unexpended bond proceeds and economic losses of refunding of debt.

*Restricted* - Amounts restricted for bond indenture requirements.

*Unrestricted* - All other categories of net position.

### Reclassifications

Certain reclassifications have been made to the 2019 financial data to conform to the 2020 presentation.

### Current Environment – Coronavirus Disease 2019 (COVID-19)

On March 11, 2020, the World Health Organization declared a global pandemic due to an outbreak caused by a respiratory disease called Coronavirus Disease 2019 (COVID-19). Since then, the virus and its impact on economic activity has spread across the globe. On March 17, 2020, the City issued a notice to modify all city operations in accordance to the mandate issued by the City of Long Beach Health and Human Services Department. On March 19, 2020, the Safer-At-Home Order went into effect whereas residents of Long Beach were informed to stay at home as much as possible, requiring face coverings indoors and outdoors, employers offering telework, closing of local schools for in-person learning, limiting commercial businesses capacity, and implementing restrictions on community gathering and non-essential travels. The Department responded in full support of the City's mandate by closing its facilities to the public, encouraging employees whose positions enabled them to work remotely, purchasing and providing personal protective equipment (PPE) for employees at work, implementing changes in work environments and continued communication updates about COVID-19. As changes in the pandemic continue, the Department, being part of the critical infrastructure sector, remains diligent in providing the city of Long Beach with clean water as its top priority.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

#### **Note 2 - Cash Equivalents and Investments**

The Department's unrestricted and restricted cash equivalents and investments are as follows:

<b>Water Fund</b>			
	Unrestricted	Restricted	Total Investments & Cash Equivalent
Equity in the City of Long Beach's investment pool	\$ 14,976	2,609	17,585
Non-pooled cash equivalents	4,131	-	4,131
Investments - U.S. Treasury Notes	-	2,843	2,843
<b>Total cash and investments</b>	<b>\$ 19,107</b>	<b>5,452</b>	<b>24,559</b>

<b>Sewer Fund</b>			
	Unrestricted	Restricted	Total Investments & Cash Equivalent
<b>Sewer Fund</b>			
Equity in the City of Long Beach's investment pool	\$ 13,451	304	13,755
<b>Total cash and investments</b>	<b>\$ 13,451</b>	<b>304</b>	<b>13,755</b>

The Department's investment policy allows funds to be invested with the City or to be held outside of the Pool based on the requirements of bond indentures or by actions of the Board. The City's investment policy limits the permitted investments in the Investment Pool to the following: Obligations of the U.S. government, federal agencies, local agency bonds, medium-term corporate notes, certificates of deposit; bankers' acceptances, commercial paper, Local Agency Investment Fund, repurchase agreements, reverse repurchase agreements, securities lending, asset-backed securities, mortgage-backed securities and money market mutual funds. Cash equivalents held outside of the Pool are governed by the provisions of the debt agreement.

As of September 30, 2020, the City's Investment Pool has weighted average maturity of less than 3 years and is not rated. The Department's investment in the Pool is not categorized nor leveled in the fair value hierarchy.

The Water Funds' investments in U.S. Treasury notes have a weighted average maturity of 1.59 years and are not rated. These investments are reported at fair value using observable inputs and are accordingly reported as a level 2 investment in the fair value hierarchy.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

#### **Note 3 – Capital Assets**

Capital assets at September 30, 2020 were as follows:

<b>Water Fund</b>	Balance September 30, 2019	Additions	Deletions, Retirements and Transfers	Balance September 30, 2020
<b>Capital assets, not being depreciated:</b>				
Land	\$ 11,214	-	-	11,214
Construction in progress	40,297	35,306	(15,107)	60,496
Water Rights	40	-	-	40
<b>Total capital assets, not being depreciated</b>	<b>51,551</b>	<b>35,306</b>	<b>(15,107)</b>	<b>71,750</b>
<b>Capital assets, being depreciated:</b>				
Buildings, structures and facilities	140,267	6,755	-	147,022
Patents	815	-	-	815
Distribution/collection systems	364,834	8,013	(1,525)	371,322
Machinery and equipment	20,338	687	(172)	20,853
<b>Total capital assets, being depreciated</b>	<b>526,254</b>	<b>15,455</b>	<b>(1,697)</b>	<b>540,012</b>
<b>Less accumulated depreciation for:</b>				
Buildings, structures and facilities	(69,910)	(3,974)	-	(73,884)
Patents	(531)	(41)	-	(572)
Distribution/collection systems	(156,414)	(7,561)	1,159	(162,816)
Machinery and equipment	(16,766)	(1,449)	172	(18,043)
<b>Total accumulated depreciation</b>	<b>(243,621)</b>	<b>(13,025)</b>	<b>1,331</b>	<b>(255,315)</b>
<b>Total capital assets, being depreciated, net</b>	<b>282,633</b>	<b>2,430</b>	<b>(366)</b>	<b>284,697</b>
<b>Total Water Fund capital assets, net</b>	<b>\$ 334,184</b>	<b>37,736</b>	<b>(15,473)</b>	<b>356,447</b>
 <b>SEWER FUND</b>				
<b>SEWER FUND</b>	Balance September 30, 2019	Additions	Deletions, Retirements and Transfers	Balance September 30, 2020
<b>Capital assets, not being depreciated:</b>				
Construction in progress	\$ 8,387	6,324	(6,159)	8,552
<b>Total capital assets, not being depreciated</b>	<b>8,387</b>	<b>6,324</b>	<b>(6,159)</b>	<b>8,552</b>
<b>Capital assets, being depreciated:</b>				
Buildings, structures and facilities	9,622	2,808	-	12,430
Distribution/collection systems	208,552	3,295	-	211,847
Machinery and equipment	6,289	406	-	6,695
<b>Total capital assets, being depreciated</b>	<b>224,463</b>	<b>6,509</b>	<b>-</b>	<b>230,972</b>
<b>Less accumulated depreciation for:</b>				
Buildings, structures and facilities	(2,438)	(297)	-	(2,735)
Distribution/collection systems	(149,334)	(1,828)	-	(151,162)
Machinery and equipment	(3,703)	(486)	-	(4,189)
<b>Total accumulated depreciation</b>	<b>(155,475)</b>	<b>(2,611)</b>	<b>-</b>	<b>(158,086)</b>
<b>Total capital assets, being depreciated, net</b>	<b>68,988</b>	<b>3,898</b>	<b>-</b>	<b>72,886</b>
<b>Total Sewer Fund capital assets, net</b>	<b>\$ 77,375</b>	<b>10,222</b>	<b>(6,159)</b>	<b>81,438</b>

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

Combined Total	Balance September 30, 2019	Additions	Deletions, Retirements and Transfers	Balance September 30, 2020
<b>Capital assets, not being depreciated:</b>				
Land	\$ 11,214	-	-	11,214
Construction in progress	48,684	41,630	(21,266)	69,048
Water Rights	40	-	-	40
<b>Total capital assets, not being depreciated</b>	<b>59,938</b>	<b>41,630</b>	<b>(21,266)</b>	<b>80,302</b>
<b>Capital assets, being depreciated:</b>				
Buildings, structures and facilities	149,889	9,563	-	159,452
Patents	815	-	-	815
Distribution/collection systems	573,386	11,308	(1,525)	583,169
Machinery and equipment	26,627	1,093	(172)	27,548
<b>Total capital assets, being depreciated</b>	<b>750,717</b>	<b>21,964</b>	<b>(1,697)</b>	<b>770,984</b>
<b>Less accumulated depreciation for:</b>				
Buildings, structures and facilities	(72,348)	(4,271)	-	(76,619)
Patents	(531)	(41)	-	(572)
Distribution/collection systems	(305,748)	(9,389)	1,159	(313,978)
Machinery and equipment	(20,469)	(1,935)	172	(22,232)
<b>Total accumulated depreciation</b>	<b>(399,096)</b>	<b>(15,636)</b>	<b>1,331</b>	<b>(413,401)</b>
<b>Total capital assets, being depreciated, net</b>	<b>351,621</b>	<b>6,328</b>	<b>(366)</b>	<b>357,583</b>
<b>Total Department capital assets, net</b>	<b>\$ 411,559</b>	<b>47,958</b>	<b>(21,632)</b>	<b>437,885</b>

In FY2020, the Department capitalized enhancements to several facilities and structures, which amounted to \$6,755 for Water Fund and \$2,808 for Sewer Fund. These improvements included water reservoir fall protection system installation, well rehabilitations, and sewer lift station rehabilitation. In addition, the Department completed numerous projects as part of ongoing improvements to its current water distribution system and sewer collection system, which totaled \$8,013 for the Water Fund and \$3,295 for the Sewer Fund. The Department also purchased machinery and equipment which totaled \$504 for the Water Fund and \$406 for the Sewer Fund. These machinery and equipment purchases included utility vehicles, surveillance camera system, mobile water transfer pump system, sewer collection pumps, and sewer cleaning trucks.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

#### Construction in Progress

Construction in progress at September 30, 2020 includes the following projects:

Project	Water Fund	Sewer Fund	Total
Water Main Replacement Program	\$ 10,730	\$ -	\$ 10,730
Water Reservoir Improvements	3,538	-	3,538
Water Well Development and Rehabilitation	5,932	-	5,932
Water System Facility Improvements	33,324	-	33,324
Reclaimed Water System	307	-	307
Sewer Main Replacement Program	-	4,848	4,848
Sewer Lift Stations Rehabilitation	-	2,414	2,414
Other Projects	6,665	1,290	7,955
Total Combined Construction in Progress	<u>\$ 60,496</u>	<u>\$ 8,552</u>	<u>\$ 69,048</u>

It is the Department's policy to transfer the costs of projects after their completion to other capital asset classifications or to expense. For the fiscal year ended September 30, 2020, completed projects were transferred from Construction in progress as follows:

	Total	
	Water Fund	Sewer Fund
Transfers to Capital Assets	\$ 14,951	6,103
Transfers to Expense	156	56
Total	<u>\$ 15,107</u>	<u>6,159</u>

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

#### **Note 4 – Long-term Liabilities:**

<b>Water Fund</b>					
September 30, 2020	Beginning of year	Additions	Reductions	End of year	Due within one year
2010 Water Revenue Refunding Bonds	\$ 13,135	-	(2,395)	10,740	2,490
2012 Water Revenue Refunding Bonds	6,030	-	(655)	5,375	680
	19,165	-	(3,050)	16,115	3,170
Add 2010 unamortized bond premium	698	-	(217)	481	-
Add 2012 unamortized bond premium	492	-	(100)	392	-
Total long-term debt	20,355	-	(3,367)	16,988	3,170
Compensated Absences	7,183	2,293	(2,354)	7,122	2,182
Net Pension Liability	38,216	4,683	-	42,899	-
Total OPEB Liability	839	-	(513)	326	-
Capital Lease	26,326	-	(1,466)	24,860	1,516
Accrued site restoration cost	1,000	-	-	1,000	-
<b>Total</b>	<b>\$ 93,919</b>	<b>6,976</b>	<b>(7,700)</b>	<b>93,195</b>	<b>6,868</b>

<b>Sewer Fund</b>					
September 30, 2020	Beginning of year	Additions	Reductions	End of year	Due within one year
2016 Sewer Revenue Refunding Bonds	\$ 8,695	-	(360)	8,335	375
	8,695	-	(360)	8,335	375
Add 2016 unamortized bond premium	1,323	-	(126)	1,197	-
Total long-term debt	10,018	-	(486)	9,532	375
Compensated Absences	1,114	789	(419)	1,484	438
Net Pension Liability	7,744	1,203	-	8,947	-
Total OPEB Liability	180	-	(111)	69	-
<b>Total</b>	<b>\$ 19,056</b>	<b>1,992</b>	<b>(1,016)</b>	<b>20,032</b>	<b>813</b>

The bonds are payable from and secured by net revenues of the Department.

#### Second Lien Water Revenue Bonds - Series 2012A

On August 30, 2012, the Water Fund issued \$9,850 in Second Lien Water Revenue Bonds, Series 2012A (the Series 2012A Bonds) at a premium of \$1,342 to provide funds to (a) refund, on a current basis, \$11,000 aggregate principal outstanding in Subordinate Water Revenue Commercial Paper Notes, and (b) pay the cost of issuing the Series 2012A Bonds. There is no bond reserve requirement. The objective of this debt refinancing was to take advantage of historically low fixed bond rates and provide the Department with certainty in its future debt service payment requirements. The Commercial Paper program, as authorized by the Board under Resolution WD-1170, expired on October 1, 2012.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

The Bonds bear interest ranging from 2.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2012. Principal payments are due every May 1, commencing on May 1, 2013, with bond terms maturing through the year 2027. The initial issuance premium of \$1,342 on the Series 2012 Bonds is reported as an addition to long-term debt and is amortized using the effective-interest-rate method over the life of the Bonds.

Under Board Resolution WD-1300 adopted July 24, 2012 authorizing the issuance and sale of the Series 2012A Bonds, the Board also approved closure of the Senior Lien trust indentures pursuant to which the Department previously issued the Series 1997A City of Long Beach Water Revenue Refunding Bonds and Series 2010A City of Long Beach Water Revenue Refunding Bonds. The Board also irrevocably covenanted that the Department would not issue any additional Parity Obligations in the future that would have a lien on Net Revenues senior to its Subordinate Obligations, including the 2012A Bonds.

The Board, on behalf of the City, has covenanted under the Master Subordinate Indenture, to set rates and charges for the supply of water to its customers sufficient to yield net revenues each year equal to at least equal to 1.10 times the aggregate annual amount of principal and interest due on the Senior Lien Bonds and any Subordinate Obligations, including the Series 2012A Bonds.

#### Water Revenue Refunding Bonds - Series 2010A

On September 29, 2010, the Water Fund issued \$22,740 in Water Revenue Refunding Bonds, Series 2010A (the Series 2010A Bonds) at a premium of \$3,021 to (a) advance refund 82.4% or \$24,290 of the outstanding Series 1997A Water Revenue Refunding Bonds at a redemption premium of 2% over par value, (b) fund a reserve fund for the Series 2010A Bonds, and (c) pay the cost of issuing the 2010 Bonds. The Series 2010A Bonds bear interest ranging from 3.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2010. Principal payments are due May 1, commencing on May 1, 2012.

The remaining Series 1997A Bonds maturing on May 1, 2015 were not subject to redemption prior to maturity and the \$1,825 outstanding was paid off on May 1, 2015.

The initial issuance premium of \$3,021 on the Series 2010A Bonds is reported as an addition to long-term debt and is amortized using the effective-interest-rate method over the life of the Bonds.

In addition, the refunding resulted in a difference between the reacquisition price and the net carrying amount of the Series 1997A Bonds of \$2,697. This difference is considered to be a deferred outflow on the refunding and is reported in the Statement of Net Positon as a separate category under Deferred Outflows of Resources. The deferred outflow from the

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

refunding is being amortized using the straight-line method over the life of the Series 2010A bonds, which have the same maturity as the old debt. The Refunded Series 1997A Bonds were refunded in order to take advantage of lower interest rates to achieve debt service savings. The Department reduced its aggregate debt service payments by \$3,286, with the refunding structured to achieve such savings upfront over fiscal years 2011 and 2012. The economic gain from the refunding (difference between the present value of the old and new debt service payments) was \$3,349.

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

#### Second Lien Water Revenue Short-Term Obligation Revolving Line of Credit

On April 16, 2020, the Board approved Resolution WD-1427 authorizing the issuance of up to \$60,000 of Second Lien Water Revenue Short-Term Obligations pursuant to the Master Subordinate Trust Indenture, the Fourth Supplemental Subordinate Trust Indenture, and a Credit Agreement with JPMorgan Chase Bank, National Association, the provider of the Revolving Line of Credit (LOC). The term of the Water LOC was for three years, with a Commitment Termination Date of May 19, 2023, with the option to extend for an additional two years after such date. Obligations under the Water LOC are secured and payable solely from the Water Fund revenues.

The Water LOC would accrue interest at a variable rate per annum equal to a percentage of the One Month London Interbank Offered Rate (LIBOR) plus a spread. This rate will be deemed no less than three-fourths of one percent in any one-month interest period. The purpose of establishing the Water LOC is to facilitate increased investment in the Department's water system infrastructure. As of September 30, 2020, and for the year then ended, there were no draws on the Water LOC.

#### Senior Sewer Revenue Refunding Bonds - Series 2016A

On September 7, 2016, the Sewer Fund issued \$9,830 in Senior Sewer Revenue Refunding Bonds, Series 2016A (the Series 2016A Bonds) at a premium of \$1,727 to provide funds to (a) refund, on a current basis, \$11,250 aggregate principal outstanding in Subordinate Sewer Revenue Obligations pursuant to the terms of a credit agreement with Wells Fargo Bank, National Association, and (b) pay the cost of issuing the Series 2016A Bonds. There is no bond reserve requirement. The objective of this debt refinancing was to

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

take advantage of low fixed bond yield rates, and provide the Department with certainty in its future debt service payment requirements.

The Series 2016A Bonds bear interest ranging from 4.0% to 5.0% per annum payable on May 1 and November 1 of each year, commencing on November 1, 2016. Principal payments are due every May 1, commencing on May 1, 2017, with bond terms maturing through the year 2036. The initial issuance premium of \$1,727 on the Series 2016A Bonds is reported as an addition to long-term debt and is amortized using the effective-interest-rate method over the life of the Bonds.

The Series 2016A Bonds and any Parity Obligations are secured by a first lien upon and pledge of all of the net revenues of the Sewer Enterprise. Net revenues are defined as all gross revenues derived by ownership and operation of the Sewer Enterprise less operation and maintenance costs. The Board, on behalf of the City, has covenanted under the Senior Indenture to set rates and charges for sewer service to its customers sufficient to yield net revenues each year which are at least equal to 1.25 times the aggregate annual amount of debt service on the Senior Bonds (including the Series 2016A Bonds) for such fiscal year.

#### Total Annual Debt Service Requirements to Maturity

Annual debt service requirements to maturity are as follows:

#### Water Fund

Fiscal Year Ending Sept 30	Series 2010 Bonds		Series 2012 Bonds		Total		Total Debt Service
	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 2,490	502	680	223	3,170	725	3,895
2022	2,590	396	710	196	3,300	592	3,892
2023	2,715	276	735	168	3,450	444	3,894
2024	2,945	147	775	131	3,720	278	3,998
2025	-	-	795	108	795	108	903
2026-2027	-	-	1,680	127	1,680	127	1,807
Total	\$ 10,740	1,321	5,375	953	16,115	2,274	18,389

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

Fiscal Year Ending Sept 30	Sewer Fund		Total Debt Service
	Principal	Interest	
2021	\$ 375	354	729
2022	390	339	729
2023	405	323	728
2024	420	307	727
2025	435	290	725
2026-2030	2,495	1,144	3,639
2031-2035	3,115	524	3,639
2036	700	28	728
Total	\$ 8,335	3,309	11,644

### Note 5 - Retirement Program

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

The Department contributes to the California Public Employees’ Retirement System (CalPERS) agent multiple-employer defined benefit pension plan. The City is considered the employer and the Department is a department of the City. The plan functions as a cost sharing plan for the Department. The Department’s employees are enrolled in the City Miscellaneous Plan. CalPERS provides retirement benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. All City departments are considered collectively to be a single employer, and the actuarial present value of vested and non-vested accumulated plan benefits attributable to the Department’s employees is determined as the Department’s percentage of the City as a single employer. Similarly, the net assets available for benefits of Department employees is determined as the Department’s percentage of the City’s net assets. 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 of the Department are eligible to participate in the Miscellaneous Plan. 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 or 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. The cost of living adjustments for the plan is applied as specified by the Public Employees’ Retirement Law.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

**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.

The Plans' provisions and benefits in effect at September 30, 2020, are summarized in the following table:

<b>Miscellaneous</b>			
Hire date	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50 - 55	50 - 55	52 - 62
Required Contribution Rates			
Employee	8.0%	8.0%	6.5%
Employer	28.446%	28.446%	28.446%
Percentage of Eligible Compensation			
Monthly benefits	2.0% to 2.7%	2.0% to 2.5%	1.0% to 2.0%

#### Allocation Methodology

The City used a calculated percentage based on the Department's share of the pension plan contributions to the City's pension plan contributions amounts for each plan, to provide the Department's net pension liability and related GASB 68 accounting elements. The Department's calculated percentage was 7.9% (6.5% for Water and 1.4% for Sewer) for the Plan.

#### Pension Liability, Pension Expense, and Deferred Outflows and Deferred Inflows Related to Pensions

The City's net pension liability for the Plan was measured as the total pension liability, less the plan's fiduciary net position. Net pension liability is measured as of June 30, 2020 (measurement date), using the actuarial valuation report as of June 30, 2019. The Department's net pension liability for the Plan was \$51,846 (\$42,899 for Water and \$8,947 for Sewer) at September 30, 2020.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

For the measurement period ended June 30, 2020 (the measurement date), the Department incurred a pension expense of \$5,000 (\$4,100 for Water and \$900 for Sewer).

As of September 30, 2020, the Department had deferred outflows and deferred inflows related to pensions as follows:

**Deferred outflows and inflows at September 30**

	Water	Sewer	Total
Deferred outflows of resources:			
Pension contributions after measurement date	\$ 1,298	271	1,569
Difference between actual and expected CalPERS investment returns	1,091	228	1,319
CalPERS differences between actual and expected experience	248	52	300
CalPERS change in proportion	2,062	750	2,812
Total deferred outflows of resources	<u>\$ 4,699</u>	<u>1,301</u>	<u>6,000</u>
Deferred inflows of resources:			
CalPERS differences between actual and expected experience	\$ 181	38	219
Total deferred inflows of resources	<u>\$ 181</u>	<u>38</u>	<u>219</u>

Exclusive of deferred outflows related to payments after the measurement date, the net amount of deferred outflows (inflows) of resources related to pensions that will be recognized in future pension expense is as follows:

**Measurement  
Period ended**

June 30	Water	Sewer	Total
2021	\$ 898	429	1,327
2022	1,035	294	1,329
2023	714	149	863
2024	573	120	693
	<u>\$ 3,220</u>	<u>992</u>	<u>4,212</u>

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

#### Actuarial Methods and Assumptions Used to Determine Total Pension Liability

A summary of principal assumptions and methods used to determine the net pension liability is as follows:

<b>Miscellaneous</b>	
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return	7.15% <sup>1</sup>
Mortality	1

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

All other actuarial assumptions used in the June 30, 2019 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.

#### Discount Rate

The discount rate used to measure the total pension liability was 7.15%. 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% 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% 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% 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

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

7.30%. 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 Miscellaneous Plan. 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.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 <sup>a</sup>	Real Return Years 11+ <sup>b</sup>
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	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

## LONG BEACH WATER DEPARTMENT

Notes to Financial Statements  
September 30, 2020  
(in thousands of dollars)

### 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%, compared to a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%):

<b>Net Pension Liability</b>	<b>Water</b>	<b>Sewer</b>	<b>Total</b>
1% Decrease (6.15%)	\$ 66,246	13,817	80,063
Current Discount Rate (7.15%)	42,899	8,947	51,846
1% Increase (8.15%)	23,549	4,912	28,461

### Note 6 – Leasing Arrangements

The Department owns approximately 820 acres of land, approximately 80 acres of which is leased for commercial purposes. Minimum future rental income due to the Water Fund under noncancelable operating leases which have an initial term in excess of one year is as follows:

Year ending September 30:

2021	\$ 982
2022	990
2023	1,017
2024	1,046
2025	1,076
2026-2030	4,785
2031-2035	2,999
2036-2040	1,273
2041-2045	122
Total minimum future rentals	\$ <u>14,290</u>

### Capital Lease-Automated Metering Infrastructure (AMI)

On November 1, 2018, the Board of Water Commissioners authorized the Long Beach Water Department to proceed with execution of a lease-purchase agreement and related financing documents with Banc of America Public Capital Corp, for the financing of the Advanced Metering Infrastructure (AMI) Project, in an amount not to exceed \$36,000, including cost of issuance, principal and interest, payable over a fifteen-year period.

## LONG BEACH WATER DEPARTMENT

### Notes to Financial Statements September 30, 2020 (in thousands of dollars)

The AMI Project is an integrated network of smart meters, communication collectors, and data management systems that allow water meters to be read automatically and uploaded electronically. AMI Project costs to be financed total approximately \$27,400.

On December 11, 2018, City Council approved the execution of the 15-year lease-purchase agreement through the City's Master Lease Agreement with Banc of America Public Capital Corporation to finance the AMI Project. The lease-purchase agreement was executed and funded on December 20, 2018. The total purchase price was \$27,400, at an interest rate of 3.35%. In FY2020, the Department paid a total of \$2,326, (\$1,466 principal and \$860 interest) in rental payments.

#### Water Fund - Capital Lease

Fiscal Year Ending Sept 30	Principal	Interest	Total Debt Service
2021	\$ 1,516	810	2,326
2022	1,568	758	2,326
2023	1,621	705	2,326
2024	1,676	650	2,326
2025	1,733	593	2,326
2026-2030	9,592	2,038	11,630
2031-2034	7,154	406	7,560
Total	<u>\$ 24,860</u>	<u>5,960</u>	<u>30,820</u>

#### Note 7 - Commitments and Contingencies

##### Litigation

The Department is subject to claims and lawsuits arising from the normal course of business. Such claims are routinely evaluated by representatives of the City Attorney's office. Department management may make provision for probable losses if deemed appropriate on advice of legal counsel. To the extent that such provision for damages is considered necessary, appropriate amounts are reflected in the accompanying basic financial statements. Based upon information obtained from the City Attorney with respect to remaining cases, it is the opinion of management that any liability for unreserved claims and lawsuits will not have a material impact on the basic financial statements of the Department.

##### Commitments

Contract commitments and purchase orders for which materials or services were not received as of September 30, 2020 amount to \$6,608 and \$1,180 for the Water Fund and Sewer Fund, respectively.

**REQUIRED SUPPLEMENTARY  
INFORMATION SECTION  
(Unaudited)**

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**LONG BEACH WATER DEPARTMENT**  
 Schedule of the Department Proportionate Share of the  
 Net Pension Liability and Contributions  
 September 30, 2020 (in thousands of dollars)  
 Last 10 years<sup>1</sup>  
 (Unaudited)

**Schedule of the Department's proportionate share of the net pension liability**

Department's proportion of the collective net pension liability  
 Department's proportionate share of the collective net pension liability<sup>2</sup>  
 Department's covered payroll  
 Department's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2020</b>	<b>2019</b>
	7.9%	7.3%
\$	51,846	45,960
\$	22,915	20,246
	226.3%	227.0%
	76.5%	77.2%

**Schedule of the Water Fund's proportionate share of the net pension liability**

Water's proportion of the collective net pension liability  
 Water's proportionate share of the collective net pension liability<sup>2</sup>  
 Water's covered payroll  
 Water's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2020</b>	<b>2019</b>
	6.50%	6.1%
	42,899	38,216
\$	18,854	16,918
\$	227.5%	225.9%
	76.5%	77.2%

**Schedule of the Sewer's Fund's proportionate share of the net pension liability**

Sewer's proportion of the collective net pension liability  
 Sewer's proportionate share of the collective net pension liability<sup>2</sup>  
 Sewer's covered payroll  
 Sewer's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2020</b>	<b>2019</b>
	1.40%	1.2%
\$	8,947	7,744
\$	4,061	3,328
	220.3%	232.7%
	76.5%	77.2%

**Schedule of the Department's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Department's covered payroll  
 Department's contributions as a percentage of covered payroll

	<b>2020</b>	<b>2019</b>
\$	5,654	4,562
\$	5,654	4,562
\$	—	—
\$	22,915	20,246
	24.7%	22.5%

**Schedule of the Water Fund's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Water's covered payroll  
 Water's contributions as a percentage of covered payroll

	<b>2020</b>	<b>2019</b>
\$	4,652	3,812
\$	4,652	3,812
\$	—	—
\$	18,854	16,918
	24.7%	22.5%

**Schedule of the Sewer Fund's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Sewer's covered payroll  
 Sewer's contributions as a percentage of covered payroll

	<b>2020</b>	<b>2019</b>
\$	1,002	750
\$	1,002	750
\$	—	—
\$	4,061	3,328
	24.7%	22.5%

**Notes to Required Supplementary Information**

<sup>1</sup> The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

<sup>2</sup> The net pension liability includes the impact of changes in assumptions. Amounts reported in 2017 and later reflect a discount rate reduction from 7.65% to 7.15%. For amounts reported from 2015 to 2017, reflect a discount rate increase on 7.5% to 7.65%.

<sup>3</sup> Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

<sup>4</sup> Amount represents actual contributions recorded by CalPERS.

**LONG BEACH WATER DEPARTMENT**  
 Schedule of the Department Proportionate Share of the  
 Net Pension Liability and Contributions  
 September 30, 2020 (in thousands of dollars)  
 Last 10 years<sup>1</sup>  
 (Unaudited)

**Schedule of the Department's proportionate share of the net pension liability**

Department's proportion of the collective net pension liability  
 Department's proportionate share of the collective net pension liability<sup>2</sup>  
 Department's covered payroll  
 Department's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2018</b>	<b>2017</b>
	7.0%	6.9%
\$	41,860	46,689
\$	18,709	17,696
	223.7%	263.8%
	77.4%	74.1%

**Schedule of the Water Fund's proportionate share of the net pension liability**

Water's proportion of the collective net pension liability  
 Water's proportionate share of the collective net pension liability<sup>2</sup>  
 Water's covered payroll  
 Water's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2018</b>	<b>2017</b>
	5.9%	5.8%
	35,183	39,341
\$	15,769	14,875
\$	223.1%	264.5%
	77.4%	74.1%

**Schedule of the Sewer's Fund's proportionate share of the net pension liability**

Sewer's proportion of the collective net pension liability  
 Sewer's proportionate share of the collective net pension liability<sup>2</sup>  
 Sewer's covered payroll  
 Sewer's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2018</b>	<b>2017</b>
	1.1%	1.1%
\$	6,677	7,348
\$	2,940	2,821
	227.1%	260.5%
	77.4%	74.1%

**Schedule of the Department's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Department's covered payroll  
 Department's contributions as a percentage of covered payroll

	<b>2018</b>	<b>2017</b>
\$	3,729	3,165
	3,729	3,165
\$	—	—
\$	18,709	17,696
	19.9%	17.9%

**Schedule of the Water Fund's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Water's covered payroll  
 Water's contributions as a percentage of covered payroll

	<b>2018</b>	<b>2017</b>
\$	3,143	2,660
	3,143	2,660
\$	—	—
\$	15,769	14,875
	19.9%	17.9%

**Schedule of the Sewer Fund's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Sewer's covered payroll  
 Sewer's contributions as a percentage of covered payroll

	<b>2018</b>	<b>2017</b>
\$	586	505
	586	505
\$	—	—
\$	2,940	2,821
	19.9%	17.9%

**Notes to Required Supplementary Information**

<sup>1</sup> The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

<sup>2</sup> The net pension liability includes the impact of changes in assumptions. Amounts reported in 2017 and later reflect a discount rate reduction from 7.65% to 7.15%. For amounts reported from 2015 to 2017, reflect a discount rate increase on 7.5% to 7.65%.

<sup>3</sup> Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

<sup>4</sup> Amount represents actual contributions recorded by CalPERS.

**LONG BEACH WATER DEPARTMENT**  
 Schedule of the Department Proportionate Share of the  
 Net Pension Liability and Contributions  
 September 30, 2020 (in thousands of dollars)  
 Last 10 years<sup>1</sup>  
 (Unaudited)

**Schedule of the Department's proportionate share of the net pension liability**

Department's proportion of the collective net pension liability  
 Department's proportionate share of the collective net pension liability<sup>2</sup>  
 Department's covered payroll  
 Department's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2016</b>	<b>2015</b>
	6.9%	7.2%
\$	43,284	37,374
\$	17,271	17,270
	250.6%	216.4%
	74.2%	78.4%

**Schedule of the Water Fund's proportionate share of the net pension liability**

Water's proportion of the collective net pension liability  
 Water's proportionate share of the collective net pension liability<sup>2</sup>  
 Water's covered payroll  
 Water's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2016</b>	<b>2015</b>
	5.7%	6.0%
	36,007	31,033
\$	14,267	14,392
\$	252.4%	215.6%
	74.2%	78.4%

**Schedule of the Sewer's Fund's proportionate share of the net pension liability**

Sewer's proportion of the collective net pension liability  
 Sewer's proportionate share of the collective net pension liability<sup>2</sup>  
 Sewer's covered payroll  
 Sewer's proportionate share of the collective net pension liability as a percent of covered payroll  
 Pension plan's fiduciary net position as a percentage of total pension liability

	<b>2016</b>	<b>2015</b>
	1.2%	1.2%
\$	7,277	6,341
\$	3,004	2,878
	242.2%	220.3%
	74.2%	78.4%

**Schedule of the Department's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Department's covered payroll  
 Department's contributions as a percentage of covered payroll

	<b>2016</b>	<b>2015</b>
\$	2,752	2,530
\$	2,752	2,530
\$	—	—
\$	17,271	17,270
	15.9%	14.6%

**Schedule of the Water Fund's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Water's covered payroll  
 Water's contributions as a percentage of covered payroll

	<b>2016</b>	<b>2015</b>
\$	2,273	2,108
\$	2,273	2,108
\$	—	—
\$	14,267	14,392
	15.9%	14.6%

**Schedule of the Sewer Fund's Contributions**

Contractually required contribution<sup>3</sup>  
 Contributions in relation to the contractually required contributions<sup>4</sup>  
 Contribution deficiency (excess)  
 Sewer's covered payroll  
 Sewer's contributions as a percentage of covered payroll

	<b>2016</b>	<b>2015</b>
\$	479	422
\$	479	422
\$	—	—
\$	3,004	2,878
	15.9%	14.7%

**Notes to Required Supplementary Information**

<sup>1</sup> The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

<sup>2</sup> The net pension liability includes the impact of changes in assumptions. Amounts reported in 2017 and later reflect a discount rate reduction from 7.65% to 7.15%. For amounts reported from 2015 to 2017, reflect a discount rate increase on 7.5% to 7.65%.

<sup>3</sup> Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

<sup>4</sup> Amount represents actual contributions recorded by CalPERS.

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**STATISTICAL SECTION**  
**(Unaudited)**

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# **Financial Trends**

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

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**LONG BEACH WATER DEPARTMENT**  
**CHANGES IN NET POSITION - WATER FUND**  
**LAST TEN FISCAL YEARS**  
(in thousands of dollars)

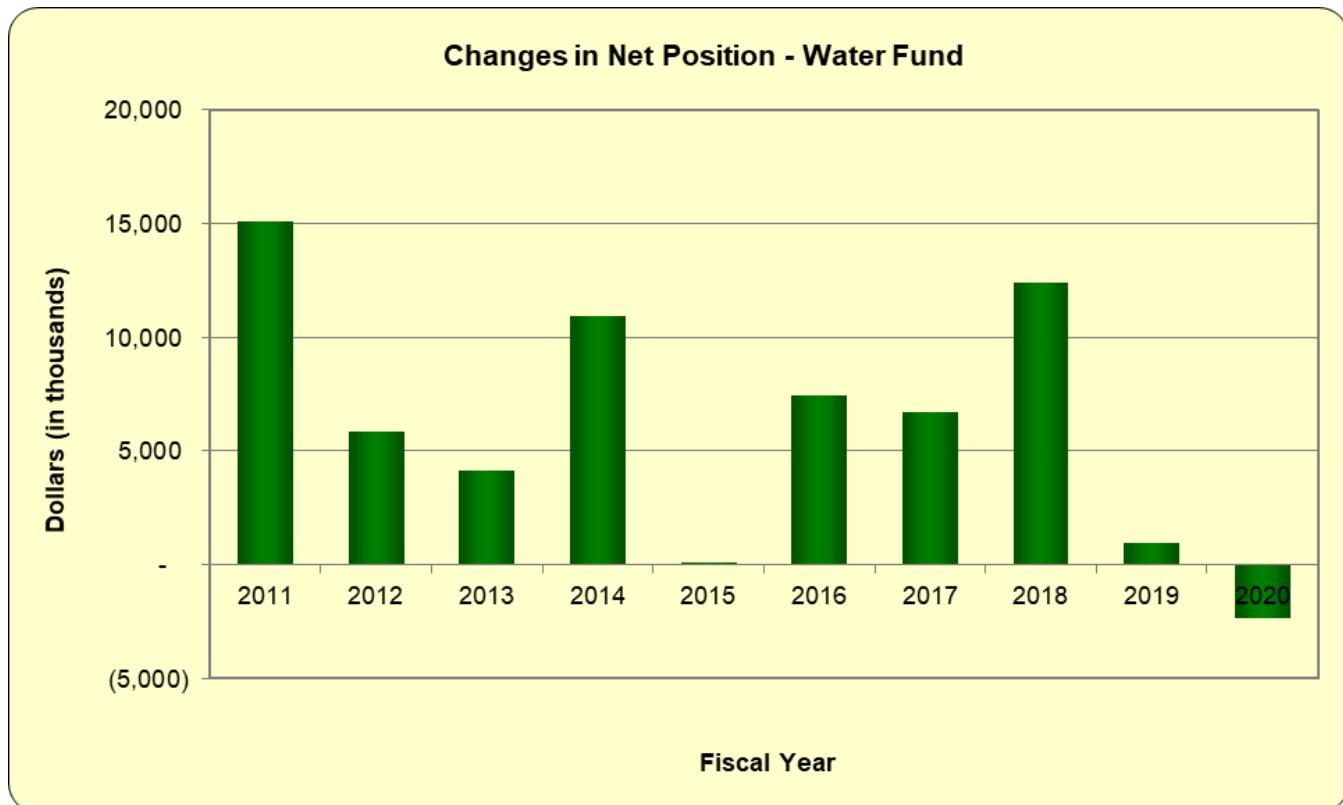
<b>Fiscal Year Ended</b>	<b>Total Operating Revenue <sup>(1)</sup></b>	<b>Total Operating Expense</b>	<b>Operating Income (Loss)</b>	<b>Total Non-Operating Income (Expense)</b>	<b>Total Contributed capital</b>	<b>Changes in Net Position</b>
9/30/2011	88,576	80,403	8,173	(1,374)	8,283	15,082
9/30/2012	86,515	79,342	7,173	(1,573)	247	5,847
9/30/2013	91,949	85,783	6,166	(2,152)	131	4,145 <sup>(2)</sup>
9/30/2014	100,187	91,992	8,195	(216)	2,924	10,903
9/30/2015	99,475	102,134	(2,659)	1,051	1,726	118
9/30/2016	97,650	92,253	5,397	(672)	2,710	7,435
9/30/2017	97,383	91,893	5,490	510	734	6,734
9/30/2018	99,173	95,066	4,107	2,167	6,122	12,396
9/30/2019	99,289	93,480	5,809	(6,506)	1,627	930
9/30/2020	113,091	110,737	2,354	(8,612)	3,909	(2,349)

Notes: (1) Total Operating Revenue is net of Provision for doubtful accounts expense.

(2) Changes in Net Position amount excludes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.

Source: Department's annual reports

See accompanying *independent auditors' report*



**LONG BEACH WATER DEPARTMENT**  
**CHANGES IN NET POSITION - SEWER FUND**  
**LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	Total Operating Revenue <sup>(1)</sup>	Total Operating Expense	Operating Income (Loss)	Total Non-Operating Income (Expense)	Total Contributed capital	Changes in Net Position
9/30/2011	16,448	14,795	1,653	(650)	2,868	3,871
9/30/2012	17,325	14,411	2,914	(1,260)	185	1,839
9/30/2013	17,311	15,165	2,146	(761)	-	1,385 <sup>(2)</sup>
9/30/2014	17,953	15,479	2,474	(462)	759	2,771
9/30/2015	17,903	16,024	1,879	(257)	-	1,622
9/30/2016	18,355	15,835	2,520	(280)	-	2,240
9/30/2017	19,949	15,312	4,637	(1,087)	-	3,550
9/30/2018	18,872	14,428	4,444	345	549	5,338
9/30/2019	19,130	14,903	4,227	909	96	5,232
9/30/2020	17,925	17,490	435	129	38	602

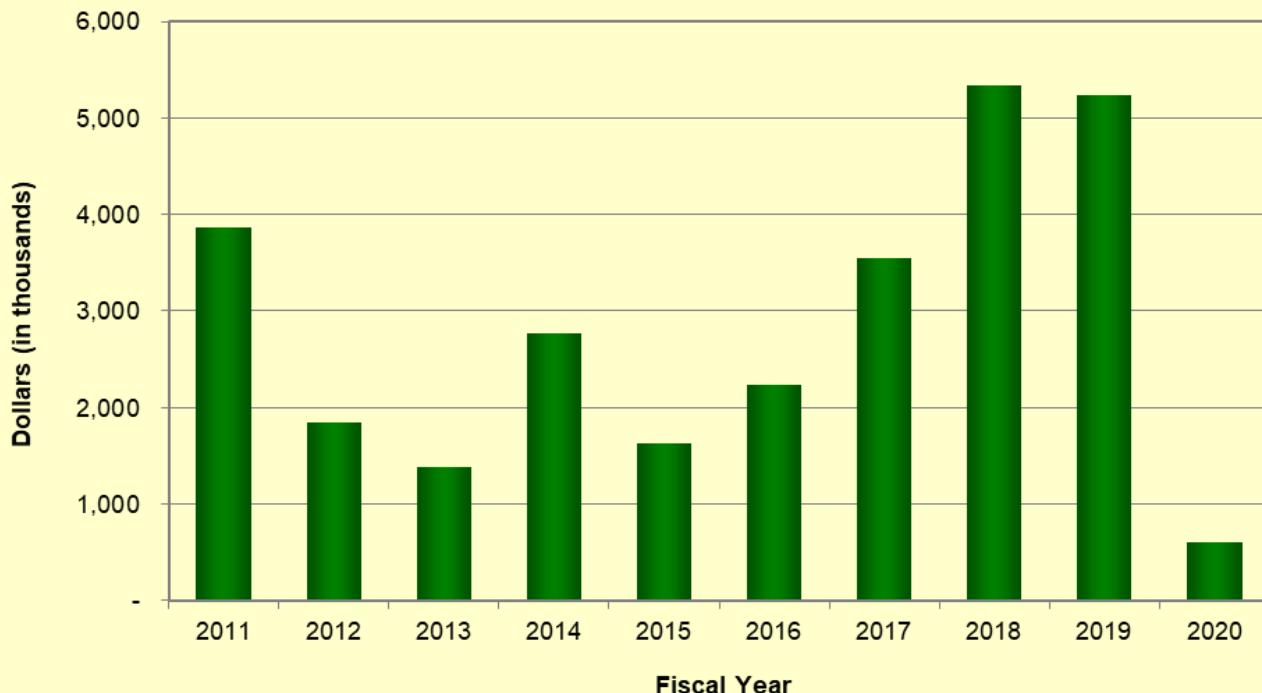
Notes: (1) Total Operating Revenue is net of Provision for doubtful accounts expense.

(2) Changes in Net Position amount excludes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.

Source: Department's annual reports

See accompanying independent auditors' report

**Changes in Net Position - Sewer Fund**



**LONG BEACH WATER DEPARTMENT**  
**NET POSITION BY COMPONENT - WATER FUND**  
**LAST TEN FISCAL YEARS**  
(in thousands of dollars)

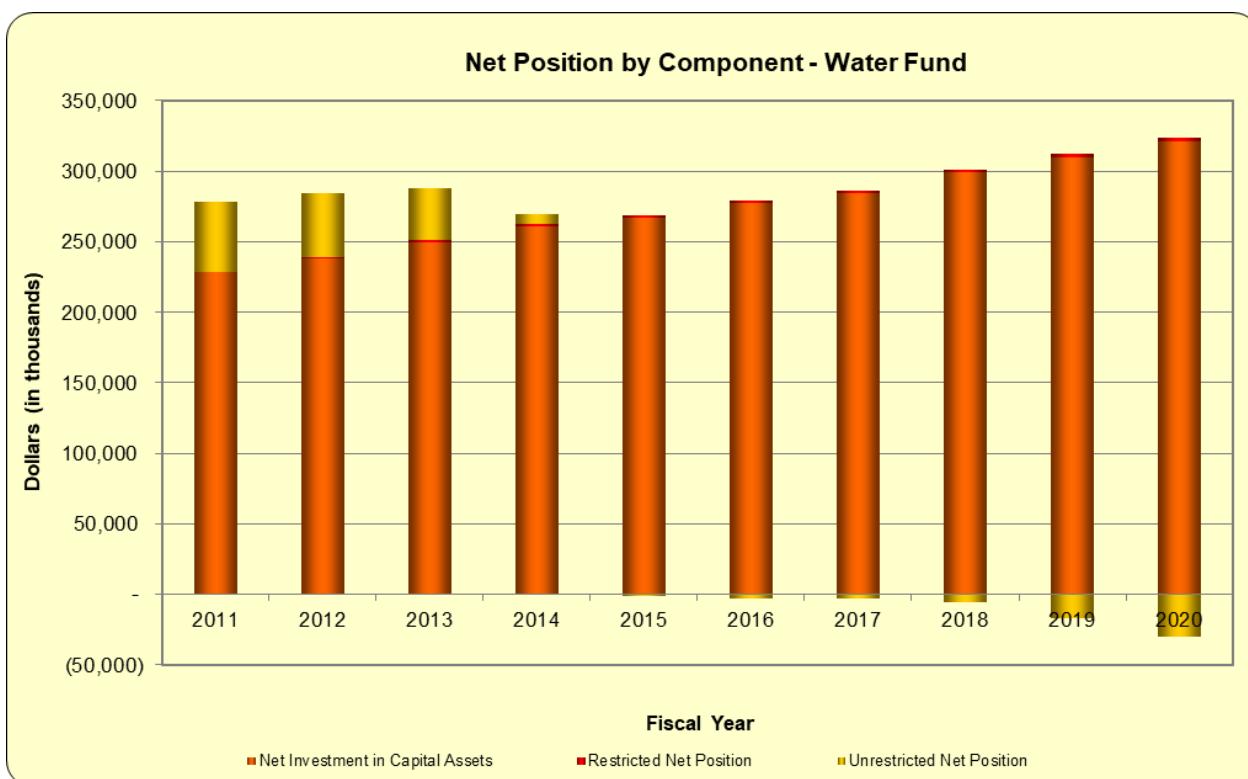
<u>Fiscal Year Ended</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position (deficit)</u>	<u>Total Net Position</u>
9/30/2011	228,196	736	49,342	278,274
9/30/2012	237,793	1,350	44,978	284,121
9/30/2013	249,256	1,656	36,814	287,726 <sup>(1)</sup>
9/30/2014	260,538	1,673	7,725	269,936
9/30/2015 <sup>(2)</sup>	267,041	1,697	(143)	268,595
9/30/2016	277,394	1,716	(3,080)	276,030
9/30/2017	284,413	1,700	(3,349)	282,764
9/30/2018	299,325	1,706	(5,871)	295,160
9/30/2019	309,416	3,277	(16,603)	296,090
9/30/2020	321,467	2,377	(30,103)	293,741

Notes: (1) Total Net Position amount includes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.

(2) Amounts adjusted due to implementation of GASB Statement No. 75.

Source: Department's annual reports

See accompanying independent auditors' report



**LONG BEACH WATER DEPARTMENT**  
**NET POSITION BY COMPONENT - SEWER FUND**  
**LAST TEN FISCAL YEARS**  
**(in thousands of dollars)**

<b>Fiscal Year Ended</b>	<b>Net Investment in Capital Assets</b>	<b>Restricted Net Position</b>	<b>Unrestricted Net Position</b>	<b>Total Net Position</b>
9/30/2011	47,378	-	9,097	56,475
9/30/2012	52,465	-	5,849	58,314
9/30/2013	52,151	-	7,412	59,563 <sup>(1)</sup>
9/30/2014	55,006	-	7,328	62,334
9/30/2015 <sup>(2)</sup>	53,604	-	4,195	57,799
9/30/2016	56,462	84	3,493	60,039
9/30/2017	58,927	302	4,360	63,589
9/30/2018	61,593	303	7,031	68,927
9/30/2019	67,357	294	6,508	74,159
9/30/2020	71,906	304	2,551	74,761

Notes: (1) Total Net Position amount includes adjustment reflecting the removal of deferred charges relating to the issuance of debt in compliance with GASB Statement No. 65.

(2) Amounts adjusted due to implementation of GASB Statement No. 75.

Source: Department's annual reports

*See accompanying independent auditors' report*



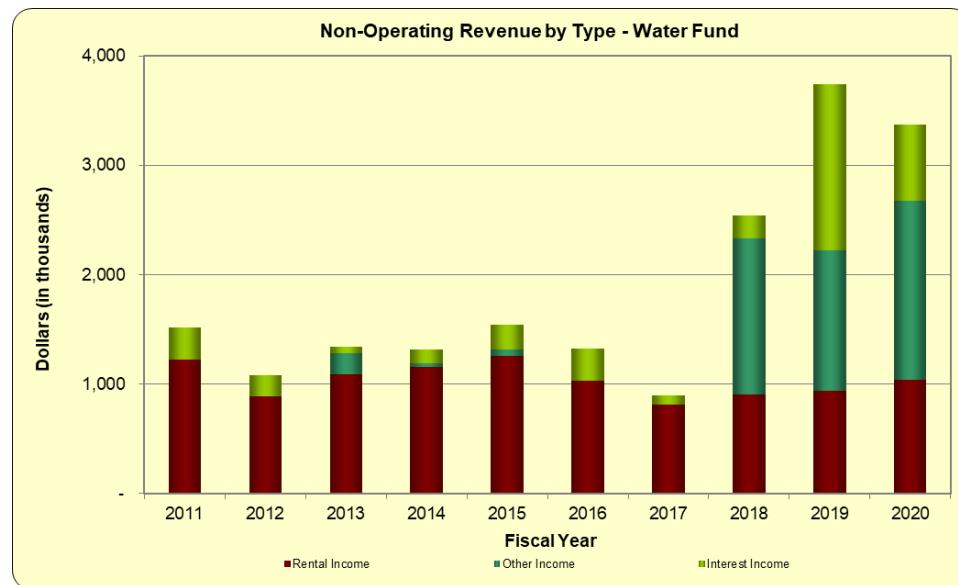
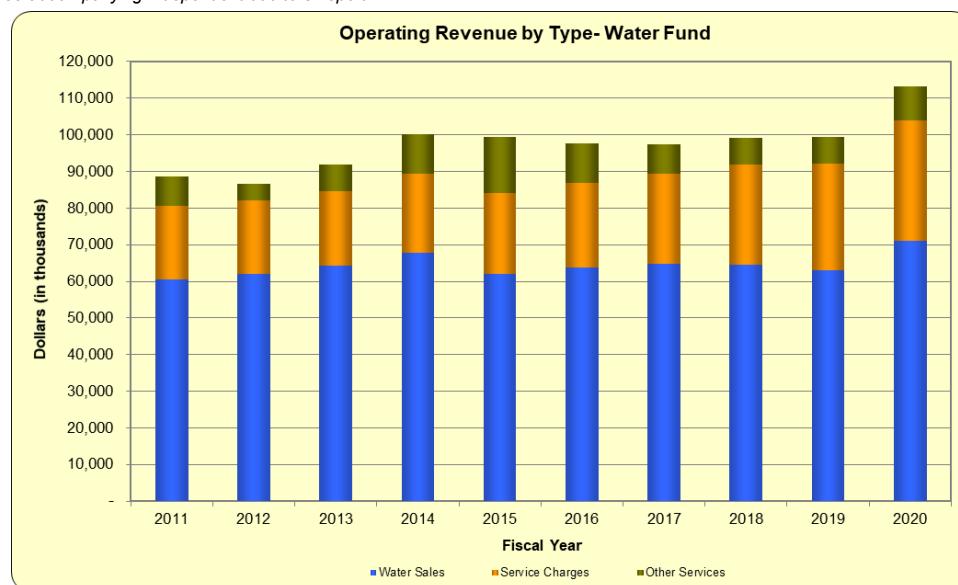
**LONG BEACH WATER DEPARTMENT**  
**WATER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	OPERATING				NON-OPERATING			Total Non-Operating Income
	Water Sales <sup>(1)</sup>	Service Charges	Other Services	Total Operating Revenue	Interest Income	Rental Income	Other Income	
9/30/2011	60,398	20,251	7,927	88,576	294	1,221	-	1,515
9/30/2012	61,884	20,223	4,408	86,515	193	885	-	1,078
9/30/2013	64,347	20,363	7,239	91,949	58	1,087	196	1,341
9/30/2014	67,818	21,548	10,821	100,187	120	1,158	36	1,314
9/30/2015	61,995	22,061	15,419	99,475	223	1,256	62	1,541
9/30/2016	63,658	23,121	10,871	97,650	299	1,027	-	1,326
9/30/2017	64,721	24,599	8,063	97,383	87	811	-	898
9/30/2018	64,490	27,325	7,358	99,173	210	905	1,429	2,544
9/30/2019	62,943	29,121	7,225	99,289	1,518	942	1,283	3,743
9/30/2020	71,141	32,807	9,143	113,091	697	1,043	1,636	3,376

Notes: (1) Water Sales is net of Provision for doubtful accounts expense.

Source: Department's annual reports

See accompanying independent auditors' report

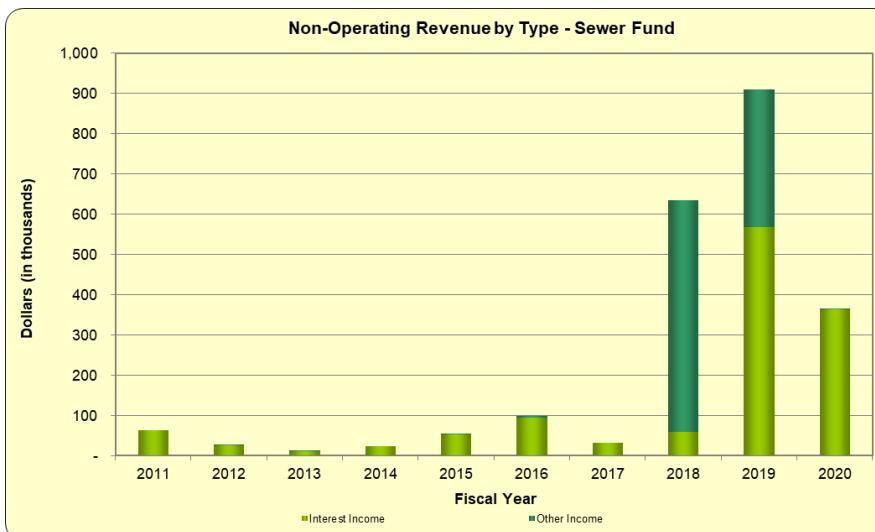
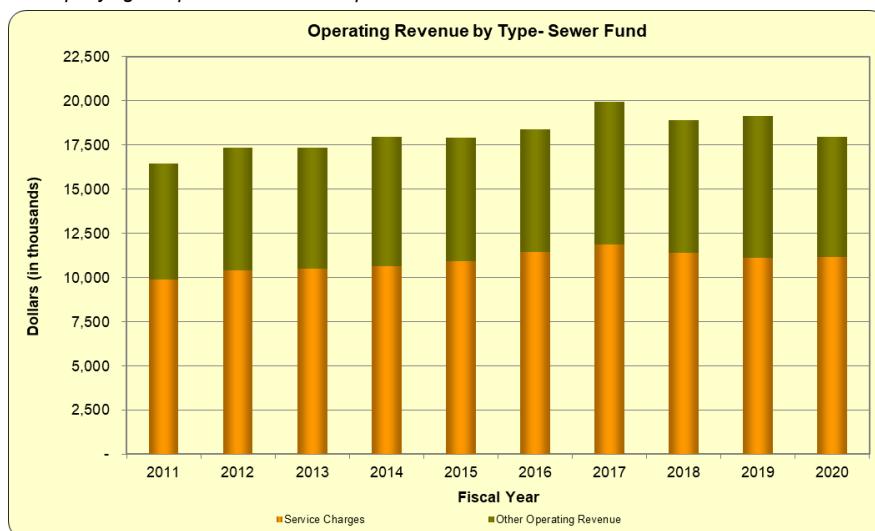


**LONG BEACH WATER DEPARTMENT**  
**SEWER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	OPERATING			NON-OPERATING			Total Non-Operating Income
	Service Charges	Other Operating Revenue	Total Operating Revenue	Interest Income	Other Income		
9/30/2011	9,880	6,568	16,448	63	-		63
9/30/2012	10,380	6,945	17,325	25	2		27
9/30/2013	10,477	6,834	17,311	11	2		13
9/30/2014	10,637	7,316	17,953	23	-		23
9/30/2015	10,916	6,987	17,903	52	2		54
9/30/2016	11,428	6,927	18,355	94	5		99
9/30/2017	11,870	8,079	19,949	32	-		32
9/30/2018	11,372	7,500	18,872	58	577		635
9/30/2019	11,082	8,048	19,130	568	341		909
9/30/2020	11,147	6,778	17,925	363	2		365

Source: Department's annual reports

See accompanying *independent auditors' report*

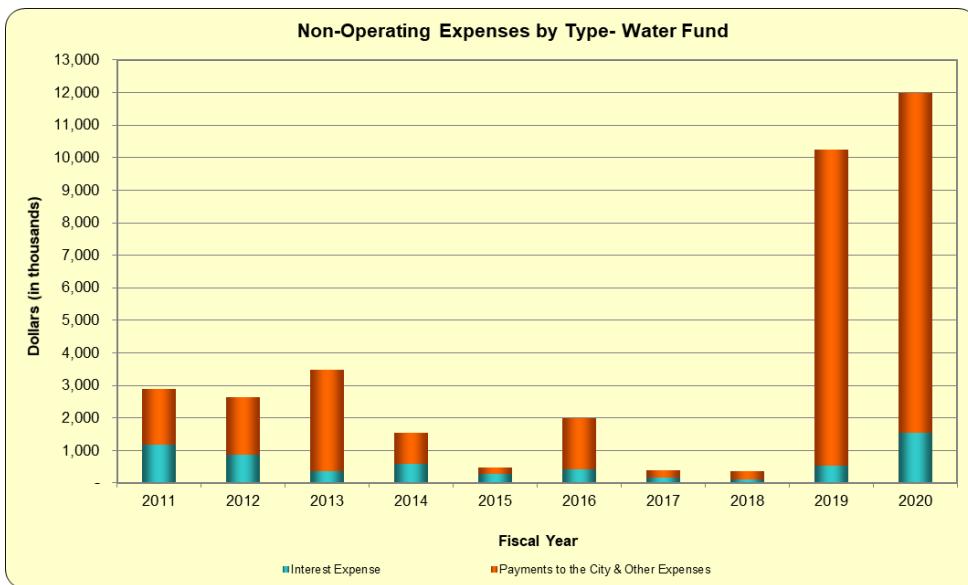
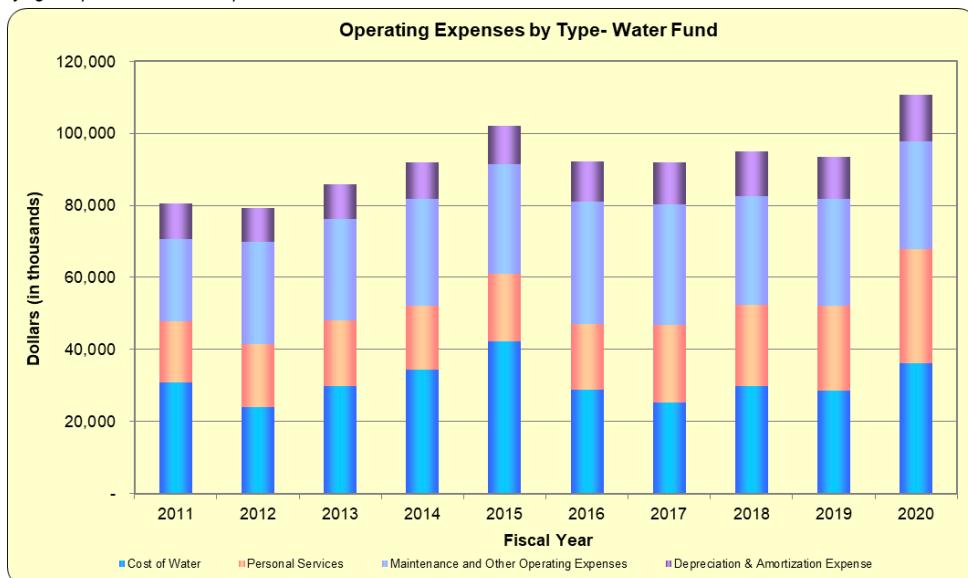


**LONG BEACH WATER DEPARTMENT**  
**WATER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	OPERATING					NON-OPERATING		
	Cost of Water	Personal Services	Maintenance and Other Operating Expenses	Depreciation & Amortization Expense	Total Operating Expenses	Interest Expense	Payments to the City & Other Expenses	Total Non-Operating Expenses
9/30/2011	30,825	17,095	22,644	9,839	80,403	1,167	1,722	2,889
9/30/2012	23,887	17,594	28,502	9,359	79,342	872	1,779	2,651
9/30/2013	29,753	18,309	28,155	9,566	85,783	363	3,130	3,493
9/30/2014	34,378	17,822	29,566	10,226	91,992	587	943	1,530
9/30/2015	42,178	18,923	30,294	10,739	102,134	292	198	490
9/30/2016	28,743	18,405	33,936	11,169	92,253	433	1,565	1,998
9/30/2017	25,374	21,389	33,436	11,694	91,893	161	227	388
9/30/2018	29,927	22,500	30,086	12,553	95,066	123	254	377
9/30/2019	28,659	23,532	29,569	11,720	93,480	527	9,722	10,249
9/30/2020	36,163	31,617	29,932	13,025	110,737	1,538	10,450	11,988

Source: Department's annual reports

See accompanying independent auditors' report

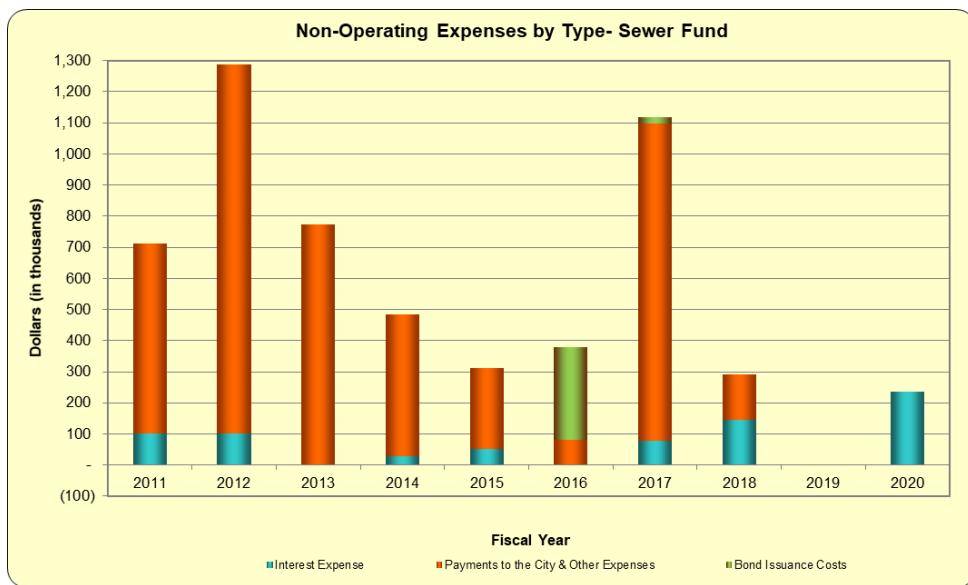
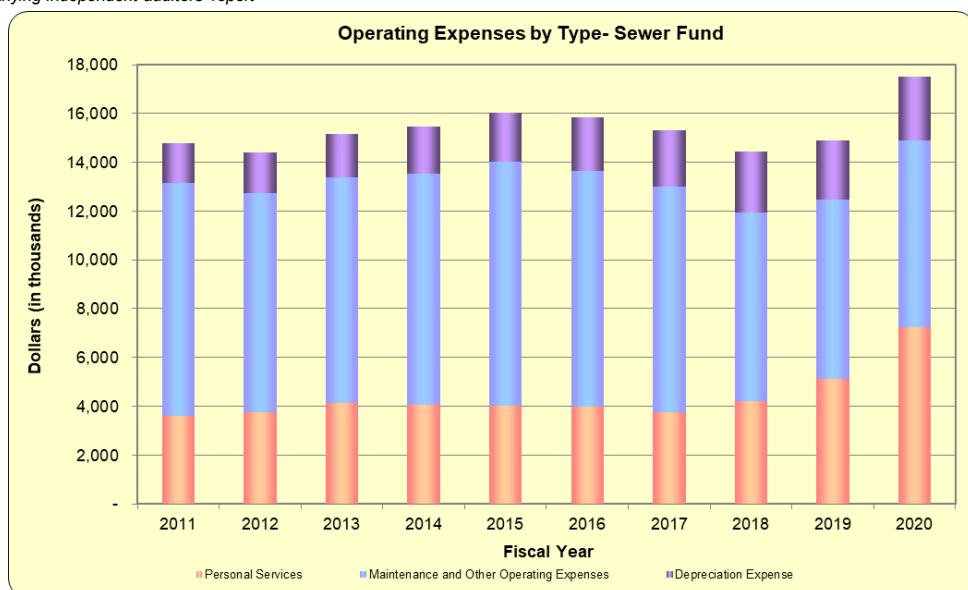


**LONG BEACH WATER DEPARTMENT**  
**SEWER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	OPERATING				NON-OPERATING				Total Non-Operating Expenses
	Personal Services	Maintenance and Other Operating Expenses	Depreciation Expense	Total Operating Expenses	Interest Expense	Payments to the City & Other Expenses	Bond Issuance Costs		
9/30/2011	3,607	9,528	1,660	14,795	102	611	-	713	
9/30/2012	3,748	8,988	1,675	14,411	101	1,186	-	1,287	
9/30/2013	4,122	9,246	1,797	15,165	2	772	-	774	
9/30/2014	4,043	9,475	1,961	15,479	27	458	-	485	
9/30/2015	4,021	9,993	2,010	16,024	51	260	-	311	
9/30/2016	3,968	9,680	2,187	15,835	-	81	298	379	
9/30/2017	3,764	9,225	2,323	15,312	77	1,021	21	1,119	
9/30/2018	4,206	7,732	2,490	14,428	146	144	-	290	
9/30/2019	5,106	7,372	2,425	14,903	-	-	-	-	
9/30/2020	7,240	7,639	2,611	17,490	236	-	-	236	

Source: Department's annual reports

See accompanying independent auditors' report



# **Revenue Capacity**

These schedules contain information to help the reader assess the Department's significant revenue sources.

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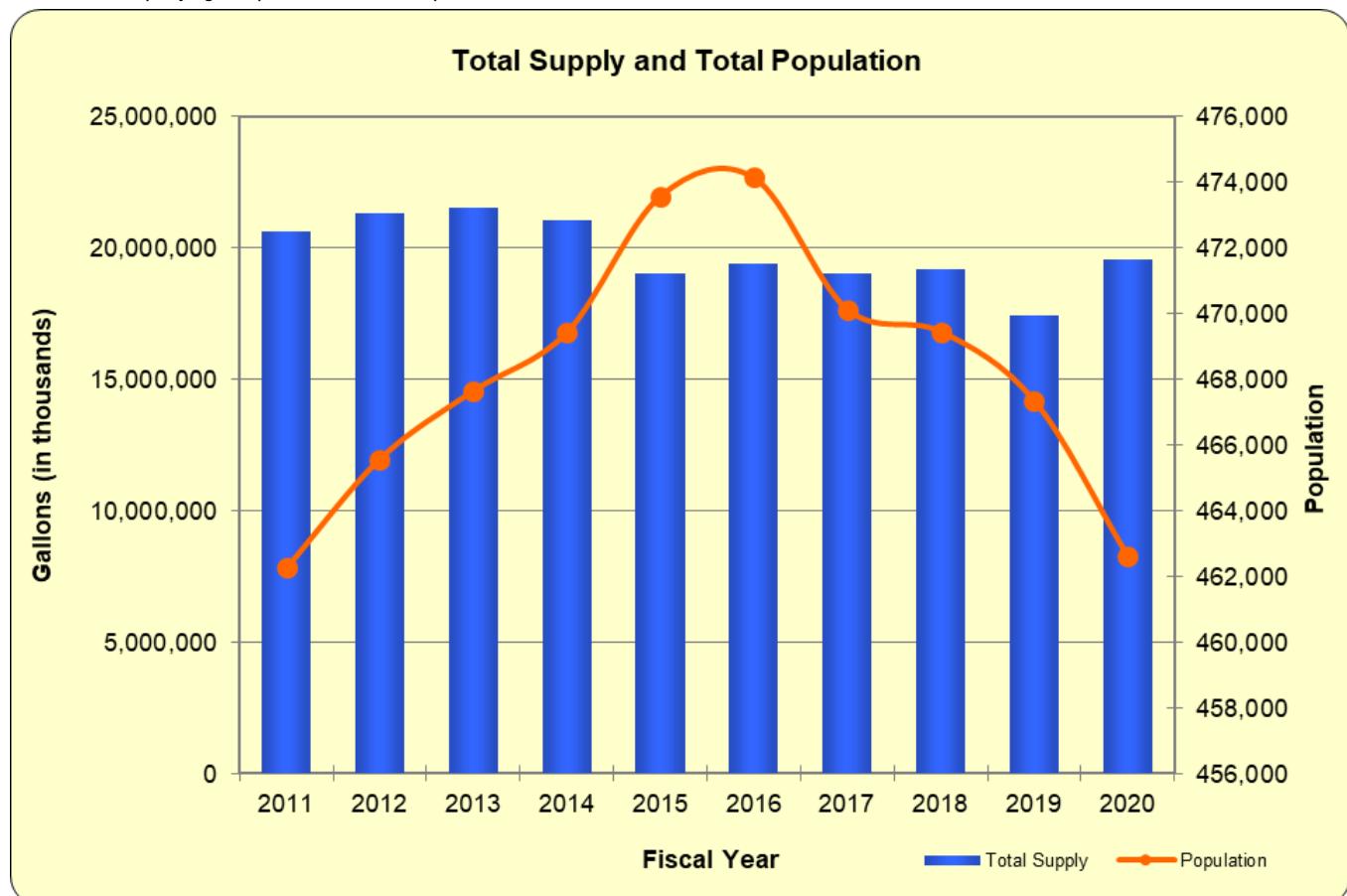
**LONG BEACH WATER DEPARTMENT**  
**SOURCE OF WATER (PUMPED, PURCHASED, AND RECLAIMED) AND CONSUMPTION - LAST TEN FISCAL YEARS**  
(in thousands of gallons, except population)

Fiscal Year Ended	SOURCE OF SUPPLY				CONSUMPTION			
	Potable Water		Reclaimed Water	Total Supply	Average Daily Demand Potable Water <sup>(1)</sup>	Peak Day Distribution	Average Daily Sales Per Capita	Population
	Pumped	Purchased						
9/30/2011	5,856,585	12,725,394	2,022,264	20,604,243	50,910	72,300	122	462,257
9/30/2012	10,772,406	8,302,455	2,255,671	21,330,532	52,260	74,700	126	465,576
9/30/2013	10,125,461	9,248,531	2,164,954	21,538,946	53,079	68,700	126	467,646
9/30/2014	9,131,485	9,990,526	1,897,724	21,019,735	52,389	72,000	123	469,428
9/30/2015	7,169,276	10,146,544	1,684,650	19,000,470	47,441	68,600	110	473,577
9/30/2016	10,455,223	6,487,074	2,470,635	19,412,932	46,417	63,300	112	474,140
9/30/2017	10,283,141	6,459,051	2,303,734	19,045,926	45,869	60,300	111	470,130
9/30/2018	9,479,592	7,901,528	1,790,910	19,172,030	47,620	64,200	112	469,450
9/30/2019	9,105,157	7,129,392	1,204,117	17,438,666	44,478	63,900	102	467,354
9/30/2020	7,424,678	10,339,252	1,805,475	19,569,405	48,668	58,900	116	462,628

Note: (1) Does not include reclaimed water which is used for irrigation only.

Source: Department's annual reports

See accompanying independent auditors' report



**LONG BEACH WATER DEPARTMENT**  
**WATER RATES: VOLUMETRIC RATE CHARGES**  
**LAST TEN FISCAL YEARS**

Effective Date	Potable Water <sup>(1)</sup>			Reclaimed Water		
	TIER I <sup>(2)</sup>	TIER II <sup>(3)</sup>	TIER III <sup>(4)</sup>	Peaking Rate Per Cubic Foot <sup>(5)</sup>	Non-Peaking Rate Per Cubic Foot <sup>(6)</sup>	Interruptible Rate Per Cubic Foot <sup>(7)</sup>
10/1/2011	2.196	2.439	3.659	1.708	1.220	1.220
10/1/2012	2.196	2.439	3.659	1.708	1.220	1.220
10/1/2013	2.283	2.537	3.806	1.776	1.269	1.269
10/1/2014	2.374	2.638	3.957	1.847	1.319	1.319
10/1/2015	2.470	2.744	4.116	1.921	1.372	1.372
10/1/2016	2.569	2.854	4.281	1.998	1.427	1.427
7/1/2017 <sup>(8)</sup>	1.921	3.678	5.366	1.859	1.578	1.578
10/1/2017	1.998	3.825	5.581	1.933	1.641	1.641
1/1/2018	1.914	3.664	5.347	1.852	1.572	1.572
10/1/2018	2.052	3.928	5.732	1.985	1.685	1.685
10/1/2019	2.298	4.399	6.420	2.223	1.887	1.887

Note: (1) Volumetric rate charges for Single family residence, not granted an exemption  
 (one billing unit equals 100 cubic feet).

(2) From 10/1/2007 to 10/1/2016, Tier I is billed for first five (5) billing units. Starting 7/1/2017, Tier I is billed for first six (6) billing units.

(3) All non-residential customers are charged at the Tier II rate. From 10/1/2007 to 10/1/2016, Tier II is billed for next ten (10) billing units.  
 Starting 7/1/2017, Tier I is billed for first seven (7) billing units.

(4) From 10/1/2007 to 10/1/2016, Tier III is billed for over fifteen (15) billing units. Starting 7/1/2017, Tier III is billed for over thirteen (13) billing units.

(5) Rate for total average daily demand occurring between the hours of 9:00pm and 6:00am.

(6) Rate for total average daily demand occurring at a continuous, constant level over a 24 hour period.

(7) Rate for reclaimed water service that can be suspended at anytime at the Board of Water Commissioner's discretion,  
 without liability and dependent upon the Department's reclaimed water system needs for such service.

(8) Restructured water rates effective July 1, 2017.

Source: Department's records

See accompanying independent auditors' report

**LONG BEACH WATER DEPARTMENT**  
**WATER RATES: DAILY SERVICE CHARGE BY SIZE**  
**LAST TEN FISCAL YEARS**

Effective Date	3/4"	1" <sup>(1)</sup>	1-1/2"	2"	3"	4"	6"	8"	10"	12"	16"
10/1/2011	0.418	0.630	1.175	1.742	3.608	5.708	10.519	16.511	27.041	33.048	54.696
10/1/2012	0.418	0.630	1.175	1.742	3.608	5.708	10.519	16.511	27.041	33.048	54.696
10/1/2013	0.435	0.655	1.222	1.812	3.752	5.936	10.940	17.171	28.123	34.370	56.884
10/1/2014	0.452	0.681	1.271	1.884	3.902	6.173	11.378	17.858	29.248	35.745	59.159
10/1/2015	0.470	0.708	1.322	1.959	4.058	6.420	11.833	18.572	30.418	37.175	59.159
10/1/2016	0.489	0.736	1.375	2.037	4.220	6.677	12.306	19.315	31.635	38.662	63.986
7/1/2017 <sup>(2)</sup>	0.550	0.815	1.478	2.273	4.790	8.102	18.039	37.251	55.800	70.374	103.497
10/1/2017	0.572	0.848	1.537	2.364	4.982	8.426	18.761	38.741	58.032	73.189	107.637
1/1/2018	0.548	0.812	1.472	2.265	4.773	8.072	17.973	37.114	55.595	70.115	103.116
10/1/2018	0.587	0.870	1.578	2.428	5.117	8.653	19.267	39.786	59.598	75.163	110.540
10/1/2019	0.657	0.974	1.767	2.719	5.731	9.691	21.579	44.560	66.750	84.183	123.805

Note: (1) Normal residential size.

(2) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 12

**LONG BEACH WATER DEPARTMENT**  
**WATER RATES: DAILY FIRELINE SERVICE CHARGE BY SIZE**  
**LAST TEN FISCAL YEARS**

<b>Effective Date</b>	<b>2"</b>	<b>3"</b>	<b>4"</b>	<b>6"</b>	<b>8"</b>	<b>10"</b>	<b>12"</b>	<b>16"</b>
10/1/2011	0.872	1.491	2.203	3.754	5.503	7.444	9.383	13.758
10/1/2012	0.872	1.491	2.203	3.754	5.503	7.444	9.383	13.758
10/1/2013	0.907	1.551	2.291	3.904	5.723	7.742	9.758	14.308
10/1/2014	0.943	1.613	2.383	4.060	5.952	8.052	10.148	14.880
10/1/2015	0.981	1.678	2.478	4.222	6.190	8.374	10.554	15.475
10/1/2016	1.020	1.745	2.577	4.391	6.438	8.709	10.976	16.094
7/1/2017 <sup>(1)</sup>	0.325	0.654	1.221	3.256	6.767	12.047	19.365	41.095
10/1/2017	0.338	0.680	1.270	3.386	7.038	12.529	20.140	42.739
1/1/2018	0.324	0.651	1.217	3.244	6.742	12.003	19.294	40.944
10/1/2018	0.347	0.698	1.305	3.478	7.227	12.867	20.683	43.892
10/1/2019	0.389	0.782	1.462	3.895	8.094	14.411	23.165	49.159

Note: (1) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 13

**LONG BEACH WATER DEPARTMENT**  
**TEN LARGEST POTABLE WATER USERS IN CITY OF LONG BEACH**  
**CURRENT YEAR AND NINE YEARS AGO**

<b>Fiscal Year 2020</b>					<b>Fiscal Year 2011</b>				
<b>Industry</b>	<b>Ranking</b>	<b>Sales in thousands</b>	<b>Acre Feet (AF)</b>	<b>AF Percent of Total</b>	<b>Industry</b>	<b>Ranking</b>	<b>Sales in thousands</b>	<b>Acre Feet (AF)</b>	<b>AF Percent of Total</b>
Government	1	\$ 5,653	2,834	5.20 %	Government	1	\$ 3,812	3,369	6.12 %
Education	2	1,324	543	1.00	Education	2	934	666	1.21
Utility	3	951	619	1.15	Utility	3	745	692	1.26
Education	4	657	427	0.68	Education	4	475	410	0.75
Utility	5	651	325	0.77	Utility	5	458	419	0.76
Healthcare	6	474	312	0.55	Utility	6	381	338	0.61
Healthcare	7	473	268	0.48	Healthcare	7	325	274	0.50
Utility	8	451	262	0.50	Government	8	321	243	0.44
Oil Production	9	264	226	0.31	Healthcare	9	274	247	0.45
Education	10	263	78	0.14	Cruise Line	10	267	245	0.45
Total Ten Largest Users		11,161	5,894	10.78	Total Ten Largest Users		7,992	6,903	12.54
Total All Other Users		89,633	48,621	89.22	Total All Other Users		70,187	48,128	87.46
Total City		\$ 100,794	54,515	100.00	Total City		\$ 78,179	55,031	100.00

Source: Department's utility billing records

See accompanying independent auditors' report

**LONG BEACH WATER DEPARTMENT**  
**TEN LARGEST RECLAIMED WATER USERS IN CITY OF LONG BEACH**  
**CURRENT YEAR AND NINE YEARS AGO**

Fiscal Year 2020				Fiscal Year 2011			
Industry	Ranking	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Acre Feet (AF)	AF Percent of Total
Water Resource Management	1	1,729	31.20 %	Water Resource Management	1	2,248	36.22 %
Golf Course	2	1,229	22.18	Golf Course	2	1,140	18.37
Oil Production	3	935	16.87	Oil Production	3	1,139	18.35
Government	4	887	16.01	Government	4	1,003	16.16
Education	5	188	3.39	Education	5	135	2.18
Education	6	121	2.18	Memorial Park	6	108	1.74
Memorial Park	7	95	1.71	Golf Course	7	80	1.29
Memorial Park	8	79	1.43	Memorial Park	8	77	1.24
Education	9	74	1.34	Education	9	68	1.10
Property Management	10	28	0.51	Education	10	54	0.87
Total Ten Largest Users		5,365	96.82	Total Ten Largest Users		6,052	97.52
Total All Other Users		176	3.18	Total All Other Users		154	2.48
Total City		<u>5,541</u>	<u>100.00</u>	Total City		<u>6,206</u>	<u>100.00</u>

Source: Department's records

*See accompanying independent auditors' report*

**LONG BEACH WATER DEPARTMENT**  
**SEWER RATES: VOLUMETRIC RATE CHARGES & CAPACITY CHARGES**  
**LAST TEN FISCAL YEARS**

Effective Date	Volumetric Rate Charges <sup>(1)</sup>	Capacity Charges <sup>(2)</sup>
10/1/2010	0.330	90.380
10/1/2011	0.347	91.370
10/1/2012	0.347	93.200
10/1/2013	0.347	93.390
10/1/2014	0.361	97.310
10/1/2015	0.375	99.520
10/1/2016	0.390	101.110
7/1/2017 <sup>(3)</sup>	0.390	101.110
10/1/2017	0.398	108.390
1/1/2018	0.357	108.390
10/1/2018	0.357	108.720
10/1/2019	0.357	109.050

Note: (1) Volumetric rate charges one (1) billing unit equals 100 cubic feet.

(2) A one-time capacity charge per equivalent fixture unit is applied to all new developments in the City.

(3) Restructured sewer rates effective July 1, 2017

Source: Department's records

*See accompanying independent auditors' report*

**LONG BEACH WATER DEPARTMENT**  
**SEWER RATES: DAILY SERVICE CHARGE BY SIZE**  
**LAST TEN FISCAL YEARS**

<b>Effective</b> <b>Date</b>	<b>3/4"(1)</b>	<b>1"</b>	<b>1-1/2"</b>	<b>2"</b>	<b>3"</b>	<b>4"</b>	<b>6"</b>	<b>8"</b>	<b>10"</b>	<b>12"</b>	<b>16"</b>
10/1/2010	0.238	0.377	0.687	0.990	2.061	3.265	6.014	9.448	15.456	18.893	30.916
10/1/2011	0.250	0.396	0.721	1.046	2.164	3.428	6.315	9.920	16.229	19.838	32.462
10/1/2012	0.250	0.396	0.721	1.046	2.164	3.428	6.315	9.920	16.229	19.838	32.462
10/1/2013	0.250	0.396	0.721	1.046	2.164	3.428	6.315	9.920	16.229	19.838	32.462
10/1/2014	0.260	0.412	0.750	1.088	2.251	3.565	6.568	10.317	16.878	20.632	33.760
10/1/2015	0.270	0.428	0.780	1.132	2.341	3.708	6.831	10.731	17.553	21.457	35.110
10/1/2016	0.281	0.445	0.811	1.177	2.435	3.856	7.104	11.159	18.255	22.315	36.514
7/1/2017 <sup>(2)</sup>	0.246	0.365	0.957	1.649	3.842	5.558	15.482	16.412	25.405	32.042	47.125
10/1/2017	0.251	0.372	0.976	1.682	3.919	5.669	15.792	16.740	25.913	32.683	48.068
1/1/2018	0.225	0.333	0.874	1.507	3.511	5.079	14.150	14.999	23.218	29.284	43.069
10/1/2018	0.225	0.333	0.874	1.507	3.511	5.079	14.150	14.999	23.218	29.284	43.069
10/1/2019	0.225	0.333	0.874	1.507	3.511	5.079	14.150	14.999	23.218	29.284	43.069

Note: (1) Normal residential size

(2) Restructured sewer rates effective July 1, 2017

Source: Department's records

See accompanying independent auditors' report

**LONG BEACH WATER DEPARTMENT**  
**TEN LARGEST SEWER USERS IN CITY OF LONG BEACH**  
**CURRENT YEAR AND NINE YEARS AGO**

<b>Industry</b>	<b>Fiscal Year 2020</b>				<b>Fiscal Year 2011</b>				
	<b>Ranking</b>	<b>Sales in thousands</b>	<b>Acre Feet (AF)</b>	<b>AF Percent of Total</b>	<b>Industry</b>	<b>Ranking</b>	<b>Sales in thousands</b>	<b>Acre Feet (AF)</b>	<b>AF Percent of Total</b>
Government	1	\$ 411	1,135	3.16 %	Government	1	\$ 321	1,385	3.41 %
Education	2	253	306	0.85	Education	2	165	377	0.93
Education	3	99	366	1.02	Education	3	79	400	0.99
Healthcare	4	77	263	0.73	Healthcare	4	52	270	0.66
Education	5	60	74	0.21	Government	5	46	191	0.47
Healthcare	6	35	124	0.35	Hotel	6	22	55	0.14
Hotel	7	29	43	0.12	Residential Community	7	21	98	0.24
Manufacturing	8	26	52	0.14	Residential Community	8	19	83	0.20
Manufacturing	9	24	114	0.32	Residential Community	9	16	74	0.18
Government	10	23	28	0.08	Manufacturing	10	15	95	0.23
Total Ten Largest Users		1,037	2,505	6.98	Total Ten Largest Users		756	3,028	7.46
Total All Other Users		15,634	33,383	93.02	Total All Other Users		14,898	37,576	92.54
Total City		\$ 16,671	35,888	100.00	Total City		\$ 15,654	40,604	100.00

Source: Department's utility billing records

See accompanying independent auditors' report

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## **Debt Capacity Information**

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

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**LONG BEACH WATER DEPARTMENT**  
**WATER FUND DEBT SERVICE COVERAGE - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	Total Operating Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Operating Income	Net Non-Operating Income/ (Expense) <sup>(3)</sup>	Amount Available for Debt Service	Principal	Interest	Total Debt Service <sup>(4)</sup>	Times Coverage
9/30/2011	88,576	70,564	18,012	(152)	17,860	-	861	861 <sup>(5)</sup>	20.74
9/30/2012	86,515	69,983	16,532	(331)	16,201	490	1,249	1,739	9.32
9/30/2013	91,949	76,217	15,732	(1,985)	13,747	2,110	1,485	3,595	3.82
9/30/2014	100,187	81,766	18,421	335	18,756	2,385	1,502	3,887	4.83
9/30/2015	99,475	91,395	8,080	1,541	9,621	2,510	1,390	3,900	2.47
9/30/2016	97,650	81,084	16,566	44	16,610	2,630	1,264	3,894	4.27
9/30/2017	97,383	80,199	17,184	764	17,948	2,730	1,165	3,895	4.61
9/30/2018	99,173	82,767	16,406	2,406	18,812	2,815	1,077	3,892	4.83
9/30/2019	99,289	81,760	17,529	(6,085)	11,444	2,930	965	3,895	2.94
9/30/2020	113,091	97,712	15,379	(7,056)	8,323	3,050	848	3,898	2.14

Bond Issues: Water Revenue Refunding Bonds - 1997 Series A, 2010 Series A, & 2012 Series A

Average Coverage, ten years	6.00
Rate Covenant (Series: 1997A, 2010A, & 2012A)	1.10

Notes: (1) Total Operating Revenue is net of Provision for doubtful accounts expense.

(2) Operating Expenses are exclusive of depreciation expense.

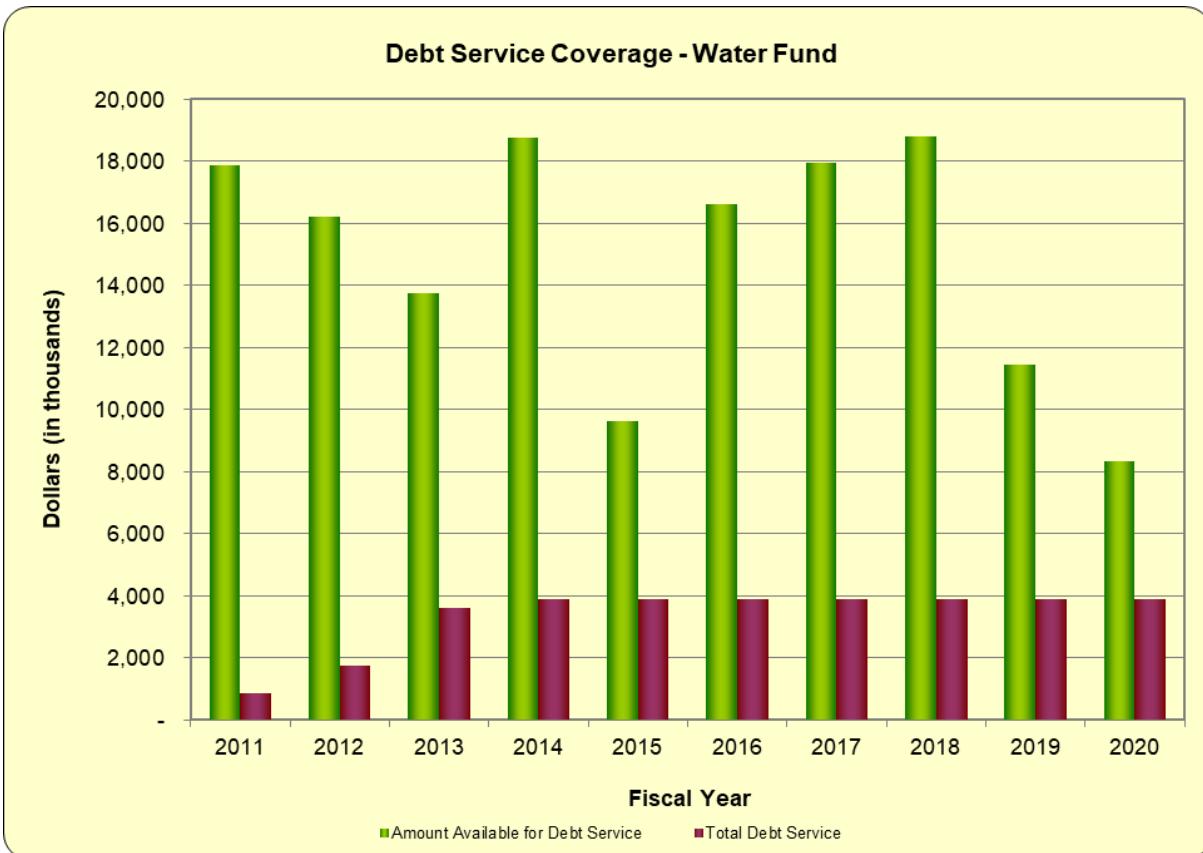
(3) Net Non-Operating Income (Expense) is exclusive of bond interest, amortization of bond issue costs, contributed capital and loss on disposition of property.

(4) Total Debt Service is the current year's scheduled principal interest payments on November 1st and May 1st.

(5) Debt Service for FY2010 includes interest only, reflecting the issuance of Water Revenue Refunding Bonds - Series 2010A to advance refund 82.4% of outstanding Series 1997A Water Revenue Refunding Bonds. The refunding reduced the Department's aggregate debt service payments by \$3.3 million, with the refunding structured to achieve such savings upfront over fiscal years 2011 and 2012.

Source: Department's annual reports

See accompanying independent auditors' report



**LONG BEACH WATER DEPARTMENT**  
**SEWER FUND DEBT SERVICE COVERAGE - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	Total Operating Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Operating Income	Net Non-Operating Income (Expense) <sup>(3)</sup>	Amount Available for Debt Service	Principal	Interest	Total Debt Service <sup>(4)</sup>	Times Coverage
9/30/2011	16,448	13,135	3,313	(538)	2,775	-	27	27	102.78
9/30/2012	17,325	12,736	4,589	(1,161)	3,428	-	57	57	60.14
9/30/2013	17,311	13,368	3,943	(761)	3,182	-	54	54	58.93
9/30/2014	17,953	13,518	4,435	(434)	4,001	-	76	76	52.64
9/30/2015	17,903	14,014	3,889	(208)	3,681	-	79	79	46.59
9/30/2016	18,355	13,648	4,707	13	4,720	-	125	125	37.76
9/30/2017	19,949	12,989	6,960	(969)	5,991	460	269	729	8.22
9/30/2018	18,872	11,984	6,888	635	7,523	330	395	725	10.38
9/30/2019	19,130	12,478	6,652	812	7,464	345	382	727	10.27
9/30/2020	17,925	14,879	3,046	356	3,402	360	368	728	4.67

Bond Issues: None

Average Coverage, ten years	39.24
Rate Covenant	1.25

Notes: (1) Total Operating Revenue is net of Provision for doubtful accounts expense.

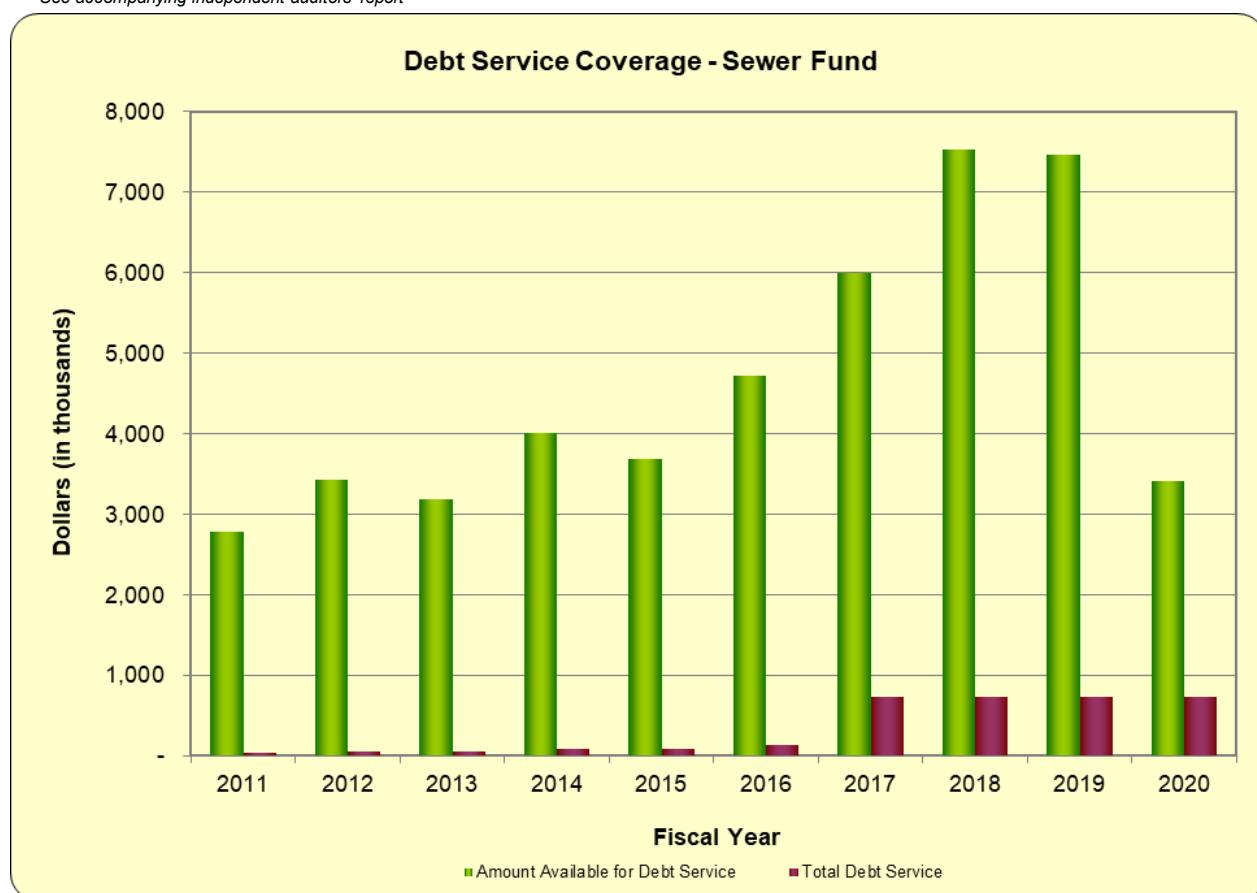
(2) Operating Expenses are exclusive of depreciation expense.

(3) Net Non-Operating Income (Expense) is exclusive of bond interest, amortization of bond issue costs, contributed capital and loss on disposition of property.

(4) Total Debt Service is the current year's scheduled principal interest payments on November 1st and May 1st.

Source: Department's annual reports

See accompanying independent auditors' report



**LONG BEACH WATER DEPARTMENT**  
**WATER FUND RATIOS OF OUTSTANDING DEBT BY TYPE - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	Revenue Refunding Bonds			Subordinate Water Revenue Commercial Paper Notes	Capital Lease	Discounts, premiums, & adjustments	Total	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
	Series 1997	Series 2010	Series 2012						
9/30/2011	5,175	22,740	-	11,000	-	309	39,224	0.29%	0.085
9/30/2012	5,175	22,250	9,850	-	-	1,584	38,859	0.28%	0.083
9/30/2013	3,545	22,125	9,495	-	-	3,498	38,663	0.26%	0.083
9/30/2014	1,825	21,995	8,960	-	-	3,107	35,887	0.23%	0.076
9/30/2015	-	21,860	8,410	-	-	2,703	32,973	0.20%	0.070
9/30/2016	-	19,795	7,845	-	-	2,303	29,943	0.18%	0.063
9/30/2017	-	17,645	7,265	-	-	1,914	26,824	0.15%	0.057
9/30/2018	-	15,435	6,660	-	-	1,537	23,632	0.13%	0.050
9/30/2019	-	13,135	6,030	-	26,326	1,190	46,681	0.25%	0.100
9/30/2020	-	10,740	5,375	-	24,860	873	41,848	0.21%	0.090

Notes: (1) See Exhibit 22-Demographic Statistics for Personal Income and Population Data.

Source: Department's annual reports

*See accompanying independent auditors' report*

**LONG BEACH WATER DEPARTMENT**  
**SEWER FUND RATIOS OF OUTSTANDING DEBT - LAST TEN FISCAL YEARS**  
(in thousands of dollars)

Fiscal Year Ended	Revenue Refunding Bonds Series 2016A	Sewer Revolving Line of Credit	Premium	Total	Percentage of Personal Income <sup>(1)</sup>	Per Capita <sup>(1)</sup>
9/30/2011	-	6,000	-	6,000	0.04%	0.013
9/30/2012	-	6,000	-	6,000	0.04%	0.013
9/30/2013	-	9,750	-	9,750	0.07%	0.021
9/30/2014	-	9,750	-	9,750	0.06%	0.021
9/30/2015	-	11,250	-	11,250	0.07%	0.024
9/30/2016	9,830	-	1,719	11,549	0.07%	0.024
9/30/2017	9,370	-	1,584	10,954	0.06%	0.023
9/30/2018	9,040	-	1,453	10,493	0.06%	0.022
9/30/2019	8,695	-	1,323	10,018	0.05%	0.021
9/30/2020	8,335	-	1,197	9,532	0.05%	0.021

Notes: (1) See Exhibit 22-Demographic Statistics for Personal Income and Population Data.

Source: Department's annual reports

*See accompanying independent auditors' report*

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# **Demographic and Economic Information**

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

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**LONG BEACH WATER DEPARTMENT**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Estimated Population <sup>(1) (4)</sup>	Personal Income (in millions) <sup>(2) (4)</sup>	Per Capita Personal Income <sup>(2) (4)</sup>	Unemployment Rate <sup>(3)</sup>
9/30/2011	462,257	13,486	29,173	13.4%
9/30/2012	465,576	14,058	30,196	12.2%
9/30/2013	467,646	14,757	31,556	10.3%
9/30/2014	469,428	15,525	33,072	8.6%
9/30/2015	473,577	16,242	34,296	6.8%
9/30/2016	474,140	16,939	35,725	5.7%
9/30/2017	470,130	17,490	37,203	5.3%
9/30/2018	469,450	18,209	38,789	4.7%
9/30/2019	467,354	18,892	40,423	4.7%
9/30/2020	462,628 <sup>(5)</sup>	19,467	42,079	15.9%

Source: (1) California Department of Finance Demographic Reports

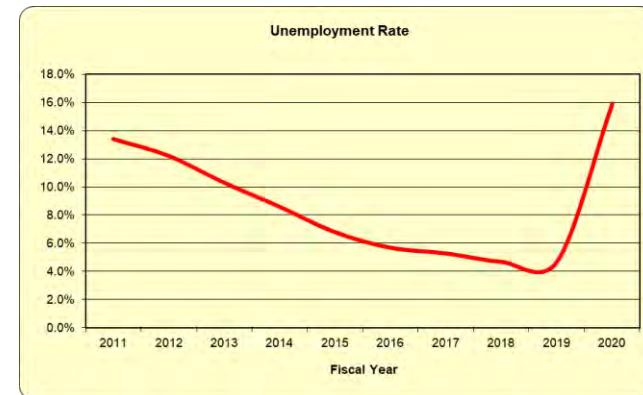
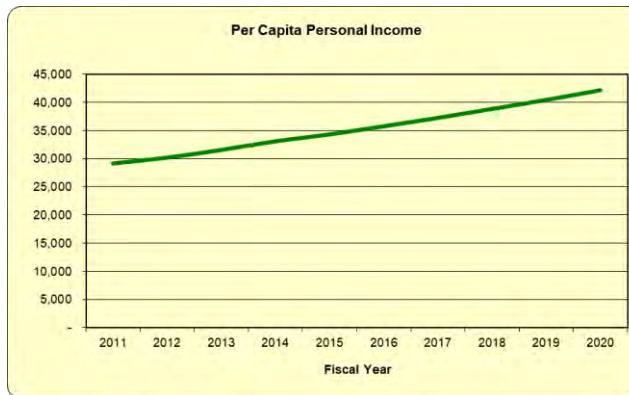
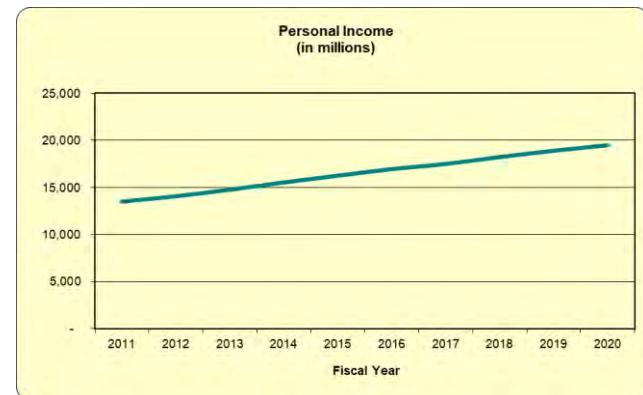
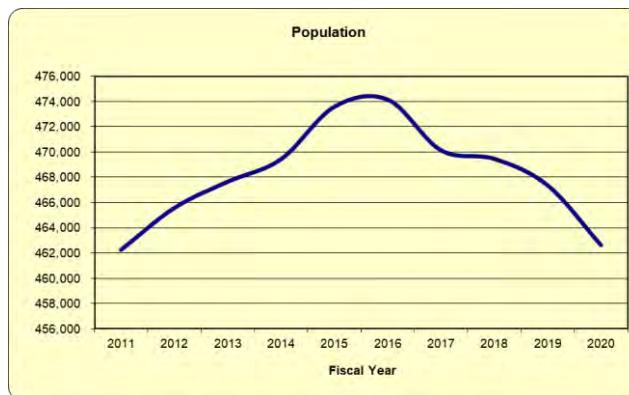
(2) U.S. Department of Commerce, Bureau of Economic Analysis: Personal Income and per capita personal income are based on percent change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistic Area). The BEA's Report does not have personal income available for 2015, so an average of the last five years was used.

(3) Average annual rate reported by California Employment Development Department (EDD) for Long Beach city.

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

(5) Data is estimated value from previous year.

*See accompanying independent auditors' report*



**LONG BEACH WATER DEPARTMENT**  
**MAJOR EMPLOYERS**  
**CURRENT YEAR AND NINE YEARS AGO**

<b>Employer</b>	<b>Fiscal Year 2020</b>			<b>Fiscal Year 2011</b>		
	<b>Ranking</b>	<b>Number of Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>	<b>Ranking</b>	<b>Number of Employees<sup>(1)</sup></b>	<b>Percentage of Total City Employment<sup>(2)</sup></b>
Long Beach Unified School District	<b>1</b>	12,625	5.23%	<b>1</b>	8,304	3.51%
City of Long Beach	<b>2</b>	5,476	2.27%	<b>3</b>	5,312	2.24%
Long Beach Memorial Medical Center	<b>3</b>	5,127	2.12%	<b>4</b>	5,805	2.45%
California State University Long Beach	<b>4</b>	3,272	1.36%	<b>5</b>	5,790	2.44%
Veteran Affairs Medical Center	<b>5</b>	3,100	1.28%	<b>6</b>	2,332	0.98%
Long Beach City College	<b>6</b>	2,719	1.13%	<b>7</b>	1,579	0.67%
The Boeing Company	<b>7</b>	1,844	0.76%	<b>2</b>	6,847	2.89%
California State Univ Long Beach Research Foundation	<b>8</b>	1,603	0.66%	<b>10</b>	1,020	0.43%
St. Mary Medical Center	<b>9</b>	1,558	0.65%	<b>8</b>	1,556	0.66%
Molina Healthcare Inc	<b>10</b>	1,227	0.51%			
United States Postal Service				<b>9</b>	1,257	0.53%

Sources: (1) Department of Financial Management Accounting and Business License

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

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

*See accompanying independent auditors' report*

**LONG BEACH WATER DEPARTMENT**  
**NUMBER OF EMPLOYEES BY FUND**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended</b>	<b>Water Fund</b>	<b>Sewer Fund</b>	<b>Total</b>
9/30/2011	174	43	217
9/30/2012	184	48	232
9/30/2013	179	47	226
9/30/2014	170	49	219
9/30/2015	172	47	219
9/30/2016	180	44	224
9/30/2017	183	47	230
9/30/2018	207	47	254
9/30/2019	214	56	270
9/30/2020	212	49	261

Sources: Department's Personnel records

*See accompanying independent auditors' report*

# **Operating Information**

These schedules contain information about operations and resources to help the reader understand how the Department's financial information relates to the services the Department provides and the activities it performs.

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## LONG BEACH WATER DEPARTMENT

## WATER DEMAND - LAST TEN FISCAL YEARS

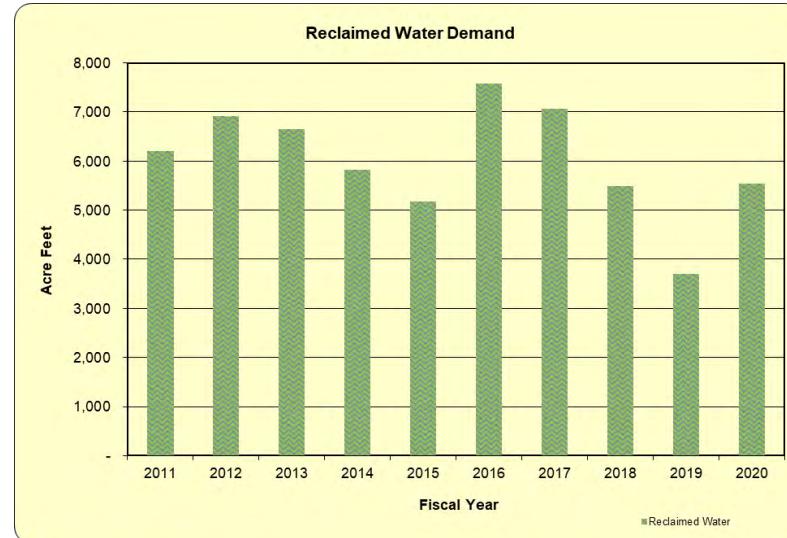
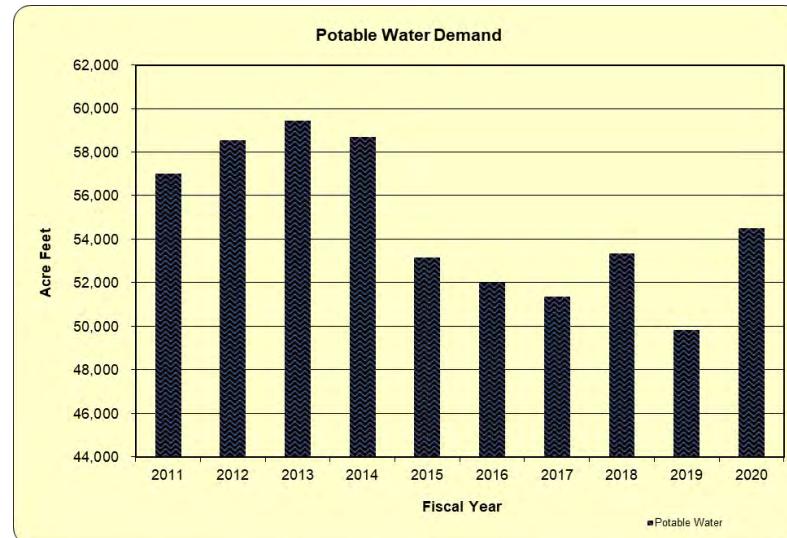
(in acre feet)

Fiscal Year Ended	Potable Water		Total Potable Demand	Reclaimed Water	Total Demand
	Pumped	Purchased			
9/30/2011	17,973	39,053	57,026	6,206	63,232
9/30/2012	33,059	25,479	58,538	6,922	65,460
9/30/2013	31,074	28,383	59,457	6,644	66,101
9/30/2014	28,024	30,660	58,683	5,824	64,507
9/30/2015	22,002	31,139	53,141	5,170	58,311
9/30/2016	32,086	19,908	51,994	7,582	59,576
9/30/2017	31,558	19,822	51,380	7,070	58,450
9/30/2018	29,092	24,249	53,341	5,496	58,837
9/30/2019	27,943	21,879	49,822	3,695	53,517
9/30/2020	22,785	31,730	54,515	5,541	60,056

Note: One acre foot equals 43,560 cubic feet or 325,851 gallons.

Source: Department's annual reports

See accompanying independent auditors' report



(Unaudited)

Exhibit 26

**LONG BEACH WATER DEPARTMENT**  
**METROPOLITAN WATER DISTRICT'S RATE CHANGES**  
**LAST TEN FISCAL YEARS**  
(in dollars per acre foot)

Effective Date	Non- Interruptible Treated Water	Percent Change	
		Non- Interruptible Treated Water	
1/1/2011	744		6.1
1/1/2012	794		6.7
1/1/2013	847		6.7
1/1/2014	890		5.1
1/1/2015	923		3.7
1/1/2016	942		2.1
1/1/2017	979		3.9
1/1/2018	1,015		3.7
1/1/2019	1,050		3.4
1/1/2020	1,078		2.7

Source: Metropolitan Water District of Southern California

*See accompanying independent auditors' report*

(Unaudited)

Exhibit 27

**LONG BEACH WATER DEPARTMENT**  
**WATER REPLENISHMENT DISTRICT ASSESSMENT (PUMP TAX)**  
**LAST TEN FISCAL YEARS**

Effective Date	Rate per Acre-Foot	Percent Change	
7/1/2011	244.00		19.0
7/1/2012	244.00		-
7/1/2013	268.00		9.8
7/1/2014	268.00		-
7/1/2015	283.00		5.6
7/1/2016	297.00		4.9
7/1/2017	318.00		7.1
7/1/2018	339.00		6.6
7/1/2019	365.00		7.7
7/1/2020	382.00		4.7

Source: Water Replenishment District of Southern California (WRD)

*See accompanying independent auditors' report*

**LONG BEACH WATER DEPARTMENT**  
**OPERATING AND CAPITAL ASSETS STATISTICS - WATER FUND**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended</b>	<b>Water System</b>				<b>Water Quality</b>		<b>Reclaimed System</b>
	<b>Number of Active Groundwater wells</b>	<b>Miles of water mains</b>	<b>Number of active water service</b>	<b>Number of fire hydrants</b>	<b>Number of water samples collected</b>	<b>Number of tests performed</b>	<b>Miles of Pipeline</b>
9/30/2011	31	911	89,851	6,603	15,814	71,472	33
9/30/2012	31	911	89,957	6,594	12,292	57,310	33
9/30/2013	31	912	89,996	6,589	14,388	60,819	34
9/30/2014	31	912	89,895	6,604	13,750	58,968	34
9/30/2015	31	912	89,897	6,631	13,050	57,070	34
9/30/2016	31	912	90,955	6,894	14,635	72,587	34
9/30/2017	31	912	89,147	6,910	15,370	79,442	34
9/30/2018	30	912	89,354	6,953	16,421	82,033	34
9/30/2019	27	916	89,805	7,036	16,316	75,459	34
9/30/2020	24	917	90,192	7,049	13,273	65,771	35

Source: Department's records

*See accompanying independent auditors' report*

(Unaudited)

Exhibit 29

**LONG BEACH WATER DEPARTMENT**  
**OPERATING AND CAPITAL ASSETS STATISTICS - SEWER FUND**  
**LAST TEN FISCAL YEARS**

<b>Fiscal Year Ended</b>	<b>Number of sewer pump stations</b>	<b>Miles of sewer pipelines</b>	<b>Number of sewer manholes</b>
9/30/2011	28	712	16,147
9/30/2012	28	712	16,148
9/30/2013	28	714	16,158
9/30/2014	28	714	16,170
9/30/2015	28	714	15,129
9/30/2016	28	714	15,127
9/30/2017	28	714	15,112
9/30/2018	28	714	15,122
9/30/2019	28	714	15,125
9/30/2020	28	715	15,126

Source: Department's records

*See accompanying independent auditors' report*

**LONG BEACH WATER DEPARTMENT**  
**INFRASTRUCTURE MAINTENANCE AND IMPROVEMENTS**  
**LAST TEN FISCAL YEARS**

Fiscal Year Ended	Cast Iron Water Mains Replaced (in feet)	Fire Hydrants Repaired	Water Meters Repaired	Sewer Mains & Laterals Repaired <sup>(1)</sup>	Sewer Mains Cleaned (in miles)	Sewer Manholes Chemically Treated
9/30/2011	21,294	223	5,428	259	470	5,000
9/30/2012	25,733	269	3,690	261	414	5,000
9/30/2013	24,595	266	3,348	241	535	5,000
9/30/2014	19,475	208	1,835	213	498	5,000
9/30/2015	16,366	544	760	224	492	5,000
9/30/2016	20,427	259	2,037	215	405	7,719
9/30/2017	20,360	156	2,939	169	446	7,734
9/30/2018	22,198	492	1,751	157	439	8,100
9/30/2019	9,216	161	1,409	164	477	8,100
9/30/2020	5,802	182	1,420	237	360	8,100

Note: (1) Repairs are tracked according to the number of jobs.

Source: Department's records

*See accompanying independent auditors' report*



# Long Beach Transit

## FY 2020 Comprehensive Annual Financial Report

A component unit of the City of Long Beach, CA  
for the years ending June 30, 2020 and 2019







# Long Beach Transit

## **FY 2020 Comprehensive Annual Financial Report**

A component unit of the City of Long Beach for the years ending June 30, 2020 and 2019. Long Beach, CA

Prepared by the Finance and Budget Department  
Rhea Morallos, Comptroller  
Lisa Patton, Executive Director/ VP



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**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019**

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# Introduction



Introduction



December 8, 2020

Dear Long Beach Transit Board of Directors:

On behalf of Long Beach Transit (LBT or Agency), I am pleased to submit for your information and consideration the Comprehensive Annual Financial Report (CAFR) of LBT for fiscal year July 1, 2019 to June 30, 2020.

The CAFR has become the standard format used in presenting the results of the financial operations for the fiscal year. LBT believes this report is presented in a manner designed to fairly disclose the financial position and results of Agency operations as measured by its financial activities. To the best of LBT's knowledge and belief, the disclosures are accurate in all material respects.

The accompanying basic financial statements, supplemental schedules and statistical information are the representations of the management, which bears the responsibility for its completeness and reliability based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. The Independent Auditors' Report, prepared by Windes, Inc., is included, along with other necessary disclosures, to enable the reader to gain maximum understanding of the Agency's financial activities.

The independent audit of the accompanying basic financial statements of LBT was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the accompanying basic financial statements, but also on the audited Agency's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in LBT's separately issued Single Audit Report.

The Governmental Accounting Standards Board (GASB) requires the Agency's management to provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Agency's MD&A can be found immediately following the report of the independent auditors.

## **Reporting Entity**

Long Beach Transit is a California nonprofit corporation, formed in 1963 to provide public transportation services to the City of Long Beach and its neighboring cities.

LBT is governed by a seven-member Board of Directors (Board) who are appointed by the Mayor of Long Beach and confirmed by the City Council. The Board provides broad policy and financial decisions, setting direction for management.

Additionally, two designees of the City Manager's Office serve as nonvoting City Representative members of the Board. The Board appoints a Chief Executive Officer (CEO) who is responsible for the performance of the organization and the day-to-day operation of the business of LBT. LBT's Executive Leadership Team is represented by the Deputy CEO and six Executive Directors/Vice Presidents heading Finance and Budget; Maintenance and Infrastructure; Information Technology; Organizational Development and Administration; Transit Service Delivery and Planning; and Customer Relations and Communications. LBT's organizational chart is shown later in this introductory section.

LBT's reporting entity includes only transit operations. There is no other organization within the City of Long Beach providing a similar scope of public transportation service.

In accordance with GASB, LBT is considered a component financial reporting unit of the City of Long Beach (City). As such, the Agency's financial statements are included in the City's comprehensive annual financial report as a discretely presented component unit. LBT has a separate legal status and has historically operated as an independently managed and operated nonprofit corporation, receiving no direct administrative or financial support from the City. Currently, there has been no expressed intent to alter the status of this financial reporting and administrative relationship.

## **Services**

LBT began operations in 1963 with fewer than 100 buses and carrying eight million boarding customers annually. LBT has grown to operate 250 buses, 10 paratransit vehicles, two catamarans and two boats that provide service to 23 million customer boardings annually across the City of Long Beach and 13 surrounding communities. LBT makes everyday life better through its dedication to connecting communities and moving people.

LBT is a full-service public transit agency, providing a wide range of transit services, including:

- Fixed-Route Bus Service
- Downtown Circulator (Passport Route)
- Demand-Responsive Paratransit Service (Dial-A-Lift)
- Water Taxi Service (AquaBus and AquaLink)
- Community Special Services

## **Fixed-Route Bus Service**

LBT provides fixed-route bus service to a 100-square-mile area, which includes the cities of Long Beach, Lakewood and Signal Hill; and portions of Artesia, Bellflower, Carson, Cerritos, Compton, Downey, Hawaiian Gardens, Los Alamitos, Norwalk, Paramount and Seal Beach. This service covers 36 routes.

Of the 36 fixed routes operated by LBT, 25 transfer through the First Street Transit Gallery. The First Street Transit Gallery, located in downtown Long Beach, is the focal point of the fixed-route system, as well as the Los Angeles County Metropolitan Transportation Authority (LA Metro) Metro A (Blue) Line service running between Long Beach and downtown Los Angeles. The First Street Transit Gallery provides special features such as exclusive bus lanes and traffic control equipment, enhanced bus stop amenities, customer transit shelters equipped with graphic displays, and digital monitors displaying real-time schedule information. This location is also a major transfer point for Torrance Transit, Los Angeles Department of Transportation (LADOT), Metro, and Flixbus.

All of LBT's fixed-route service fleet are low-floor and mobility-device accessible. These buses are maintained and dispatched from two facilities. Approximately half of the vehicles are stored at the central administrative, operating and maintenance facility located at 1963 E. Anaheim St. in Long Beach (LBT1). The remaining buses are assigned to a second operating and maintenance facility located at 6860 Cherry St. in North Long Beach (LBT2). Besides the buses, LBT owns a number of non-revenue vehicles used for supervisory and administrative functions and various maintenance vehicles for emergency road services and bus stop support.

LBT maintains transit shelters and benches, providing customer convenience and comfort. There are over 1,900 bus stops throughout the system and the Agency ensures the stops are well-maintained and meet cleanliness standards.

## **Downtown Circulator (Passport Route)**

The Passport is a downtown and waterfront service that is a vital mobility component to the City of Long Beach. The Passport connects many points of interest such as the Aquarium of the Pacific, the Pike, the Queen Mary, Pine Avenue, Shoreline Village, the Convention Center, the Long Beach Arena, and surrounding hotels, businesses and government hubs. It is a complimentary service that starts at 10th Street and Pine Avenue and links the restaurants, shops and businesses on Pacific Avenue and Long Beach Blvd. to the many points of interest in the downtown waterfront. Service operates daily from 5 a.m. to 1 a.m.

The service is provided by low-floor, zero-emission battery-electric buses. The Passport fleet is stored and maintained at the central administrative, operating and maintenance facility at LBT1.

## **Demand-Responsive Paratransit Service (Dial-A-Lift)**

LBT offers Dial-A-Lift demand response paratransit service for persons with disabilities. This curb-to-curb, shared-ride service operates on a call-in basis and is provided by a private contractor. All vehicles are owned by LBT, but stored, maintained and dispatched by the contractor. In fiscal year (FY) 2020, there were 29,414 boardings on Dial-A-Lift.

## **Water Taxi Service (AquaBus and AquaLink)**

Long Beach attractions like the Aquarium of the Pacific, Convention Center, and the Pike venue with restaurants, retail and theatres, continue to bring many visitors to the City's downtown waterfront. As a complement to the Passport route, LBT also operates water taxi service in Queensway Bay and along the Long Beach coastline.

There are two AquaBus water taxis that provide connections to the Queen Mary, Aquarium of the Pacific, and Shoreline Village. These vessels, which carry up to 38 customers each, tie directly with the downtown Passport route and parking facilities, allowing residents, visitors and tourists to see Long Beach's many attractions without using a car.

For customers wanting to travel farther down the coast, the AquaLink vessels provide service that operates between the Queen Mary, Aquarium of the Pacific and Alamitos Bay Landing. There are two AquaLink catamarans that provide seating for up to 75 passengers per vessel.

Both AquaBus and AquaLink services are provided by a private contractor. The vessels are owned by LBT, and stored and maintained at the contractor's docking facilities. This service runs daily during the summer months. In FY 2020, LBT began including weekend services during the remainder of the year. The annual boardings for FY 2020 were 67,780.

## **Community Special Services**

LBT provides express services to different locations and attractions throughout the year. During the summer, LBT operates the Museum Express bus service to major museums and cultural attractions in Los Angeles and Orange counties. Customers purchase tickets in advance to ride LBT's services to visit popular attractions during the months of July and August. The Museum Express offers residents who would not ordinarily use transit an opportunity to experience transit and is particularly beneficial to LBT's senior and transit-dependent customers who can rely on the service to access attractions they could not travel to on their own. LBT also provides transportation service to Dignity Health Sports Park for Los Angeles Galaxy home games through the Galaxy Express. Each year, LBT also supports the Grand Prix of Long Beach and other large-scale, special events by providing supplemental service where needed.

In 2019, LBT launched the UCLA/Westwood Commuter Express service. With six daily trips, customers can be picked up at two locations in Long Beach and transported to the UCLA/Westwood area, including the UCLA Medical Center. The popular service helps commuters avoid sitting in personal cars in traffic and serves students and employees alike.

## **Accomplishments and Major Initiatives**

### **Organizational Focus**

The performance of the Agency is the primary objective of the President and CEO, as he is responsible for the day-to-day operation of LBT. The five Strategic Priorities are the functional pillars of the organization and are used daily to plan, develop, monitor and measure the successful implementation of LBT's business.

LBT's Strategic Priorities are:

- Improve Safety and Service Quality
- Exercise Financial Accountability
- Foster Employee Engagement
- Enhance Customer Experience
- Promote Community and Industry Focus

Listed on the following pages are major successful accomplishments and major initiatives addressed during the fiscal year, beginning July 2019 through June 2020, organized by Strategic Priority.

### **Improve Safety and Service Quality**

#### **UCLA Westwood Commuter Express (May 2020)**

LBT launched a pilot commuter service between Long Beach and UCLA, called the UCLA Westwood Commuter Express in April 2019. In partnership with UCLA Transportation Services and the Westwood Business Improvement District, the 12-month pilot program was designed to transport UCLA faculty, staff, and students and individuals working in the Westwood Business Improvement District living in and around the greater Long Beach area. Included in this pilot was the benefit of providing customers a viable alternative to driving solo or in vanpools, as well as introducing LBT's services to a new audience. With the success of the pilot program, LBT's Board approved the service as permanent in May 2020.

#### **Battery-Electric Bus (BEB) Program (Ongoing)**

LBT has taken several major steps to become a sustainable transit agency by committing to converting the entire bus fleet to be 100% zero emissions by 2030. On November 7, 2019, LBT's Board of Directors authorized the President and CEO to exercise contract options for the purchase of 14 BEBs to add to its fleet. Following the authorization of the President and CEO, on June 25, 2020, LBT's Board of Directors adopted LBT's Zero-Emission Bus Rollout Plan and authorized the submission of the Plan to the California Air Resource Board. Currently LBT operates 10 BEBs. The 14 BEBs, which will be manufactured in Lancaster, California, are part of 89 buses that are eligible for replacement through 2021. LBT has also partnered with the University of Southern California (USC) METRANS Transportation Center in developing a strategic plan to achieve overall sustainability in its programs and operations over the next 8 years.

## **Exercise Financial Accountability**

### **Facilities Assessment (Nov. 2019)**

LBT engaged a consultant team to assist the Agency in conducting an assessment of existing infrastructure, operations and program needs. This resulted in the development of a Facility Master Plan that will formulate the foundation for the Agency's future over the next 20 years. The plan will allow the Agency to gauge its facility needs given growth of 5%, 10% and 20%.

### **Economic Impact Analysis (June 2020)**

The Office of Economic Research, Department of Economics, from California State University, Long Beach (CSULB), prepared an analysis of LBT's economic impact on Los Angeles and Orange counties, using FY 2018 operating and capital expenditures.

The Economic Impact Analysis reported the Agency's impact of jobs, income and economic value created in the regional economy and the State of California. In California, LBT produces \$225 in economic output for every \$100 spent, and supports 178 jobs for every 100 people employed. This valuable information reflects how LBT's operations impact its internal and external stakeholders.

## **Foster Employee Engagement**

### **Amendment to 401(a) Matching Contribution Plan (Sep. 2019)**

In order to stay competitive in a competitive job market, recruit and retain high-performing employees, LBT amended its 401(a) Matching Contribution Plan. Participation in the 401(a) Plan is limited to full-time regular staff employees hired on or after April 1, 2011. The Agency's contribution to the 401(a) Plan is as follows: (A) a matching contribution equal to the amount of the employee's salary deferrals to the 457(b) Plan, up to a maximum of 5% of the employee's base salary, and (B) a non-elective contribution equal to 5% of the employee's base salary regardless of whether the employee make any salary deferrals to the 457(b) Plan for the plan year.

### **Employee Training and Engagement (Ongoing)**

Under the CEO's direction, the Agency has placed an even greater emphasis on the training and engagement of its most valuable asset—its employees. Beyond annual and mandated trainings, some of the notable training opportunities included:

- Active Shooter Training
- Dale Carnegie Public Speaking Training
- De-Escalation Training for Operators
- Eno Transit Senior Executive and Transportation Mid-Manager Programs
- Leadership Long Beach
- Leadership/Management Training for Supervisors
- Online Training: Cybersecurity and Sexual Harassment

## **Enhance Customer Experience**

### **Digital Engagement Pilot Program (July 2019)**

LBT installed new digital signage at its LBT1 facility, near the corner of Cherry Avenue and Anaheim Street. This included a touch screen kiosk, which featured live bus tracking and enhanced customer communication. LBT piloted this technology to identify multiple ways to provide information to its customers. As part of the pilot program, customers were surveyed to gather their input and impressions of the upgraded technology.

### **Customer CARE Framework (Ongoing)**

The Customer ‘CARE’ Framework is a set of principles, standards and guidelines to ensure a consistent experience for LBT’s customers. This program instructs the Agency’s employees to be Compassionate, Accountable, Respectful and Empowered (CARE) when engaging with customers. The intent of this program is to train the Agency’s customer care representatives on the new processes and ultimately deliver this approach to all LBT employees.

## **Promote Community and Industry Focus**

### **Millikan High School Student TAP Card Pilot Program (Aug. 2019)**

LBT launched a pilot program with Millikan High School to improve student access to transit passes and increase student boardings. Millikan was chosen for the pilot program as it has the highest percentage of commuter students among Long Beach Unified School District (LBUSD) high schools. The program allows students to purchase and reload 30-day student passes on campus and offers students a \$10 discount over the typical student pass (\$30 versus \$40). During orientation week, LBT distributed 1,500 free TAP cards, representing about half of the total student enrollment at Millikan. As a result of this program, LBT has seen an increase in boardings and TAP card use at Millikan as a result of the pilot program. LBT intends to expand the pilot program to other LBUSD high schools.

### **Mobility and Sustainability Summit (Oct. 2019)**

LBT hosted its inaugural Mobility and Sustainability Summit featuring discussions about the future of sustainable transportation in the region. Panelists from CSULB; the Port of Long Beach (POLB); Long Beach Airport (LGB); LA Metro; as well as LBT, shared their respective agency’s efforts implementing sustainable solutions to local mobility challenges.

## **2019 Novel Coronavirus (COVID-19) Impact**

In March 2020, the City of Long Beach and Los Angeles County declared a health emergency due to spread of COVID-19. In line with the declared health emergency, LBUSD suspended classes for all K-12 students. This action followed the suspension of in-person classes by CSULB and Long Beach City College (LBCC).

LBT further instituted measures to minimize the spread of COVID-19 to employees, customers and the general public, such as modifying its transit service schedule in response to the health pandemic. Regular bus service was modified to run from 6 a.m. until 9 p.m. daily and water taxi services were suspended.

LBT released a multi-faceted campaign where customers were encouraged to socially distance by skipping a seat or skipping a row. LBT prioritized the safety of its customers and employees with the implementation of rear-door boarding to minimize public contact with LBT bus operators, installed chain barriers to separate operators from customers and discontinued enforcing fares on all fixed route services. LBT also enhanced its safety procedures, including increased scheduled cleanings for LBT buses and administrative offices, requiring all employees to wear face masks, and installing sanitization stations throughout the Agency.

Boardings significantly decreased as the City of Long Beach and the state of California enacted the Safer at Home protocols, limiting all public activities and halting the operations of non-essential businesses. These protocols also led to all local schools in the Long Beach area to suspend their face-to-face instruction, thus halting a majority of LBT's ridership.

COVID-19 continues to impact the Agency's ridership and revenue, as well as the way it operates its services, but LBT stands fast in its mission of connecting communities and moving people, making everyday life better.

## **Key Performance Indicator (KPI) Results**

One of the several methods used to monitor the Agency's performance is through Key Performance Indicators (KPIs) that track service quality, efficiency, and productivity. The KPIs support LBT's strategic priorities and each has a specific target set annually to measure progress. The KPIs also bring together cross-departmental analysts, known as Convergent Thinkers, to track, measure and analyze the Agency's performance. Convergent Thinkers are those who focus on a problem and combine information and knowledge to achieve a solution. Quarterly, these Convergent Thinkers communicate and present the performance results to evaluate trends and identify action plans for improvement. The following are examples of LBT's KPIs and selected results for FY 2020 can be found in Exhibit 10.

## Successes

### **Improving Mean Distance Between Failures**

Mean distance between failures (MDBF) is a transit industry standard that measures the mechanical reliability of the fleet. It measures the average bus miles between reportable mechanical failures, i.e. incidents preventing a revenue vehicle from completing its trip. The MDBF increased in FY 2020 from 4,071 to 4,577 miles, showing an increase in reliability of LBT's fleet. The MDBF in FY 2020 marks the highest MBDF in the last three fiscal years. LBT achieved this by completing at least 95% of all scheduled preventative maintenance routines on time.

### **Decreasing Preventable Accidents per 100k Platform Miles**

Preventable accidents per 100k platform miles measures the safety of LBT's bus operators as they serve the community. A preventable accident is one in which the bus operator failed to do everything they reasonably could have done to avoid a collision. Monthly Safety Blitzes were held between the staff and bus operators, which promoted employee engagement. As part of the blitz activities, staff quizzed the bus operators on safety procedures. The blitzes helped to decrease the number of preventable accidents per 100k platform miles from 1.26 to 1.08. This is LBT's lowest preventable accidents per 100k platform miles in the last three fiscal years.

### **Long Beach Transit's Economic Impact**

Economic impact is a new performance indicator for LBT. LBT's direct spending generates more spending indirectly, as vendors spend on their materials, services, and employee wages. Additionally, LBT's direct spending, and this indirect (vendor) spending, causes induced spending as employees spend their wages. Together direct, indirect, and induced spending produce a cumulative positive impact to the economy. Partnering with CSULB to calculate LBT's economic impact in both the City of Long Beach as well as the counties of Los Angeles and Orange, LBT is able to estimate the economic impact of the Agency's spending. In FY 2020, for every \$1.00 spent directly by LBT, \$2.23 was put into the counties' economy.

### **Customer Satisfaction**

LBT tracks the degree of customer satisfaction with the quality of services it provides. An independent research firm is engaged annually to randomly poll customers and non-customers to measure perceptions of LBT's service quality. Results in several categories are shown in Exhibit 11 for FY 2020 and prior years. Through continuous focus on the customer experience, the overall customer satisfaction for FY 2020 was 97%.



### Challenges

Due to the pandemic and the efforts of LBT to protect both its customers and employees, the final quarter of FY 2020 was deeply affected, causing a challenge to reach LBT's intended goals.

#### Increase in Unplanned Absences

An unplanned absence is when a bus operator is unexpectedly absent from work. Measuring and decreasing unplanned absences is important as excessive unplanned absences impact LBT's ability to provide customers consistent and reliable transit service. In FY 2020, unplanned absences increased from 12.6% to 14.3%. COVID-19 contributed to increased absences as some employees needed to take unplanned time off to care for themselves or for family members.

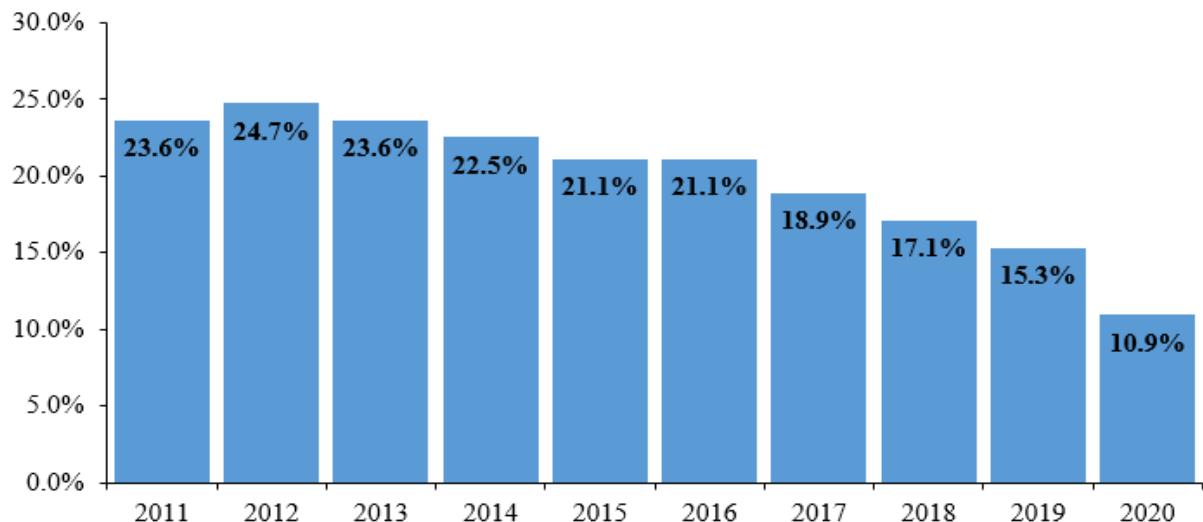
#### Declining Passengers per Revenue Hour

Route productivity is measured in “passengers per revenue (in-service) hour”, which represents the total passengers on a route divided by the in-service time. The data may be used to determine if the level of transit service on that route is reasonably well matched with the distribution of demand throughout the day. As with many other transit systems across the county, LBT's overall passengers per revenue hour declined during FY 2020, down from 32.0 to 29.4 passengers. The decrease can be mainly attributed to the COVID-19 pandemic.

## Declining Fare Recovery Ratio

Fare recovery ratio is the proportion of operating cost that is covered by fare revenue. It is calculated by dividing the total revenue obtained through passenger fares and special events by the total cost of operations. It is generally used by transit and regulatory agencies as a measure of system efficiency. Fare recovery ratio is affected by several elements, including boardings, fare levels, fare structure (discounts), service levels and operating costs. Any changes in these elements affect the fare recovery ratio. When boardings decline, there is less fare revenue, leading to the decline of the fare recovery ratio. As part of LBT's COVID-19 response initiative, LBT instituted a reduced service schedule and rear-door boarding requirements. LBT further prioritized the safety of its bus operators and customers by not enforcing fare collection, resulting in LBT's overall fare recovery ratio significantly declining from 15.3% to 10.9%.

**Fare Recovery Percentage**



## **Factors Affecting Financial Condition**

### **General Economic Conditions**

Along with much of the world, the U.S. is recovering from a pandemic-induced recession due to the impacts of COVID-19. As with the national economy, California has been deeply impacted by the pandemic and associated closures. The University of California, Los Angeles (UCLA) Anderson Forecast projects the California economy will largely track in alignment with the U.S. economy, but with higher unemployment than the nation. Leisure and hospitality will recover more slowly in California due to its dependence on domestic, as well as international tourism. California's unemployment is projected to be 5.8% at the end of calendar year 2022, which is still higher than the pre-pandemic 4% unemployment rate.

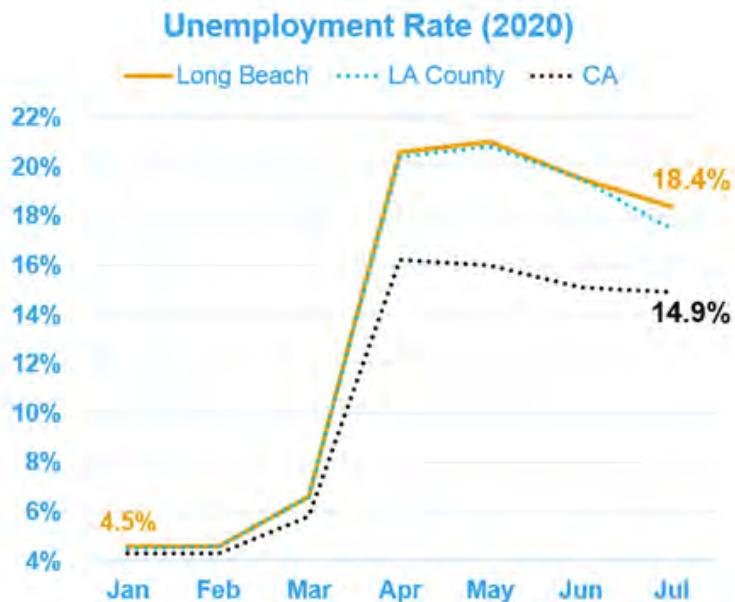
Unemployment in Los Angeles County is higher than that of the state, at over 17% as of July 2020. Sectors where employment remains below 90% of pre-pandemic levels in the County include accommodation and food services; arts, entertainment and recreation; retail trade; and other services which includes salons and personal care. Traveling to work is a common trip purpose for LBT's customers, so higher unemployment in the region negatively impacts the Agency's ridership.

Likewise, the local economy has been significantly impacted by pandemic-related closures, similar to the impacts seen across the state and nation. Long Beach had an unemployment rate of 18.4% as of July 2020, as seen in the graph on the next page. While ongoing conditions of the pandemic limit the Agency's ability to expand its workforce in the short term, local employment conditions may contribute to the Agency's capability to fill vacant positions in the future.

LBT receives subsidies from the County based on a formula allocation of sales tax revenues collected. Consumer spending in the County has fallen by 18.2% as of August 2020 compared to January 2020. While spending in some areas, like grocery shopping, has recovered or exceeded pre-pandemic levels, many sectors are still down by more than 40%. These sectors include restaurants and hotels; entertainment and recreation; and transportation and travel. If the County stays on track with the projected recovery levels in the state, it is estimated that spending will return to pre-pandemic levels in 2022 or thereafter. LBT's subsidies will therefore be impacted for years to come.

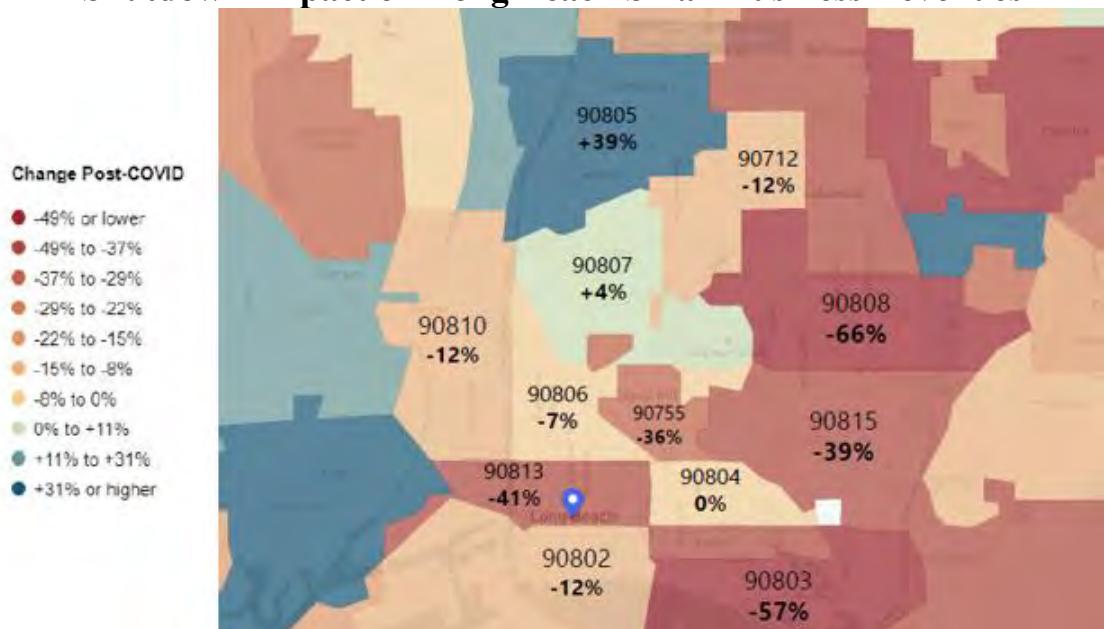
A large part of Long Beach's economy consists of small businesses and, due to the closures, the revenues of small businesses in Long Beach have declined dramatically. A majority of small businesses have seen significant revenue decreases, as indicated on the map on the next page, which highlight the changes in small business revenues by zip codes in Long Beach.

While the economy is showing signs of recovery, there are still several factors that will determine its momentum: the progression of the pandemic, when consumers and business are able and willing to return to old habits, and any further fiscal stimulus at the federal level, which are all unknown at this time.



Source: 2020 Long Beach Regional Economic Update

### Shutdown Impact on Long Beach Small Business Revenues



Source: 2020 Long Beach Regional Economic Update

## **Financial Policies**

It is LBT's policy to maintain the fiscal integrity of its operating and capital budgets. The Agency accomplishes this by ensuring a balanced budget, which is defined as having ongoing operating costs that do not exceed the amount of its incoming revenue. Daily operations are financed by fare revenue, annual sales tax subsidies received from state and county programs, and miscellaneous revenue such as income from advertising on agency revenue vehicles and investment income.

The amount of operating sales tax subsidies received each year is based on a regional formula comprised primarily of fare revenues and in-service miles. These subsidies are recorded in the year in which the grant is applicable and the related reimbursable expenditure is incurred.

LBT uses available grant funds to procure capital assets. Grants for the acquisition of capital assets are not formally recognized in the accounts until the grant becomes a valid receivable. It is LBT's policy to record capital grants as an addition to capital assets and net assets as the related expenditures are incurred.

LBT procures the majority of its capital assets through annual grants awarded through the Federal Transit Administration (FTA). The federal grants are allocated by region under Section 5307 of the Fixing America's Surface Transportation (FAST) Act of 2015. The six-year FAST Act was set to expire on September 30, 2020. The law was extended for one year through September 30, 2021. The one-year FAST extension will fund highways and transit programs at FY 2020 FAST Act levels. The Agency is eligible to receive Section 5307 funds based on a formula allocation. The Agency also competes for discretionary funds to support specific transit projects. As permitted by federal law, the Agency also uses these funds for preventative maintenance operating expenses.

## **Capital Planning Policy**

LBT's capital program is a long-term planning and budget process that identifies capital funding needs in order to maintain, improve and enhance LBT's fleet, equipment and infrastructure. The projects included in the capital program are those with initial project values exceeding \$5,000 and having an estimated useful life of at least one year. The capital program is developed as a three-year, forward looking capital plan that considers the Agency's Capital Strategic Focus including:

- Improving Customer Amenities
- Rehabilitating and Maintaining Assets
- Modifying and Expanding Facilities
- Replacing and Expanding Fleet
- Upgrading Technology

Projects included annually in the Agency's capital plan are reviewed and aligned with LBT's Strategic Focus. Funding is prioritized to ensure that critical (essential) projects are addressed to facilitate meeting operational service requirements; meeting legal or liability mandates; and, ensuring the well-being of LBT employees and customers such that projects mitigate hazards or threats to health and safety.

## **Transit Asset Management (TAM) and State of Good Repair Policy (SGR)**

In alignment with LBT's vision statement, "A leading provider of transportation options delivering innovative and high-performing services within a multi-modal network that transforms the social, environmental and economic well-being of the diverse communities we serve."

LBT is committed to keeping its assets in a state of good repair during their life-cycle, which allows LBT to fulfill its mission of: Dedicated to connecting communities and moving people...making everyday life better.

SGR is the condition in which a capital asset is able to operate at a full level of performance. This means the asset

- is able to perform its designed function;
- does not pose a known unacceptable safety risk;
- lifecycle investments have been met or recovered.

LBT will use its Enterprise Asset Management (EAM) system to manage its inventory of core assets, prioritize planned and unplanned maintenance and monitor asset performance. The results of regular asset condition assessments, the use and analysis of a decision support tool and the development of performance targets will allow LBT to track and measure the effectiveness of its maintenance program and planning.

## **Investment Policy**

LBT's investment policy provides general investment and money management guidelines, ensuring investment compliance with state and local laws. To ensure prudent money management, priority emphasis is placed in order of safety, liquidity and return on investment. Moreover, LBT's investment portfolio requires sufficient liquidity to enable it to meet daily operating obligations.

## **Procurement Policy**

LBT's procurement policy is established to ensure open, full and competitive participation for all vendors and suppliers. The Agency optimizes public funds by using its solicitation process through quality of services or low bids to meet its operational needs. LBT's staff has authority to procure and award goods and services up to \$100,000. Procurements exceeding that threshold must be authorized by LBT's Board of Directors.

## **Reserve Policy**

LBT maintains a three-month operating reserve, which equates to approximately 25% of the Agency's annual operating budget. The operating reserve allows the Agency to provide continuity of operations in the event of any significant challenges such as economic downturns, acts of God, or any other catastrophic event.

## **Long-Term Financial Planning**

LBT's long-term financial planning aligns the Agency's financial capacity with its objectives and ensures its ability to provide essential public transportation services. Long-term strategies have been developed to reduce costs, optimize efficiency and increase revenue in order to achieve long-term sustainability.

LBT's long-term financial planning combines financial forecasting with strategic decision making. Financial forecasts project revenues and expenditures over a five-year period, using assumptions about economic conditions and future spending, including such factors as:

- Operating revenue
- Wages and collective bargaining agreements
- Benefit liabilities accumulation
- Service modifications and changes
- Fuel types and price trends
- Vendor contracts
- Capital investment expenses
- Risk mitigation
- Economic growth rates, including sales tax and Consumer Price Index

The Agency's long-term operating and capital plan helps to engender a long-range perspective for decision makers. It is a vital tool used to prepare for the future, it stimulates long-term strategic thinking and it gives guidance on LBT's financial direction, which is particularly critical in addressing the financial impacts of COVID-19.

## **Risk Management Policy**

It is LBT's policy to be self-insured for each occurrence of workers' compensation and public liability and property damage (PL/PD) up to \$1.5 million and \$2 million, respectively. Claims in excess of \$1.5 million for workers' compensation and \$2 million for PL/PD are covered under policies in force with an insurance company. Risk retention levels for both workers' compensation and PL/PD did not change during FY 2020. However, due to a significant increase in expenses on existing PL/PD claims in FY2020, LBT's self-insured retention amount increased to \$3 million for PL/PD starting July 1, 2020.

It is LBT's policy to have an annual actuarial report, which computes losses and reserve levels. The Agency recognizes losses on an accrual basis. Cash and investments are maintained to fully fund the estimated liabilities. Additional information on LBT's risk management activity can be found on page 28 in note (6) of the notes to the accompanying basic financial statements.

## **Retirement Policy**

The Agency sponsors two single employer defined benefit pension plans, one for contract employees and the other for salaried employees hired before April 1, 2011. Each year, an independent actuary calculates the amount of annual contribution that LBT must make to the pension plans to ensure each plan will be able to fully meet its obligations to retired employees on a timely basis. It is LBT's financial policy to fully fund the actuarially determined annual contribution requirement to the pension plans. LBT contributes funding to each plan based on the actuary's calculation of future benefits.

In FY 2020, changes in the 401(a) Plan policy were ratified. The amendment mainly includes a matching employer contribution to the 401(a) Plan equal to an employee's salary deferrals to the Agency's Deferred Compensation Plan, up to a maximum of five percent of compensation, excluding overtime and bonuses, plus a non-elective contribution to the 401(a) Plan equal to five percent of compensation, excluding overtime and bonuses.

## **Recognition**

### **Achievement for Excellence in Financial Reporting**

For the 30th consecutive year, the Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for excellence in Financial Reporting to LBT for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2019. A Certificate of Achievement is valid for a period of one year only. In order to receive the award, a governmental unit must publish an easily readable and efficiently organized CAFR in compliance with the GFOA policies, procedures and program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

## **Acknowledgements**

LBT acknowledges the participation and professional contribution of the accountancy firm of Windes, Inc., in providing technical assistance. In addition, LBT recognizes the Finance and Budget department staff members who contribute their time and efforts to ensure the Agency has accurate and timely daily financials.

*Kenneth McDonald*

President and  
Chief Executive Officer

*LISA PATTON*

Executive Director/VP,  
Finance and Budget

*Rhea Morales*

Comptroller

*Jacy Bushman*

Manager, Government Relations,  
Capital Planning and Grant Programs

*Ashley Liang*

Treasurer

*Jennifer Saatyian*

Manager, Finance

*Terry Coon*

Manager, Accounting

*Samantha Ulenfeldt*

Budget Analyst

*Irma Pamplona*

Financial Analyst

*James Tai*

Administrative Assistant, Finance



Government Finance Officers Association

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

Presented to

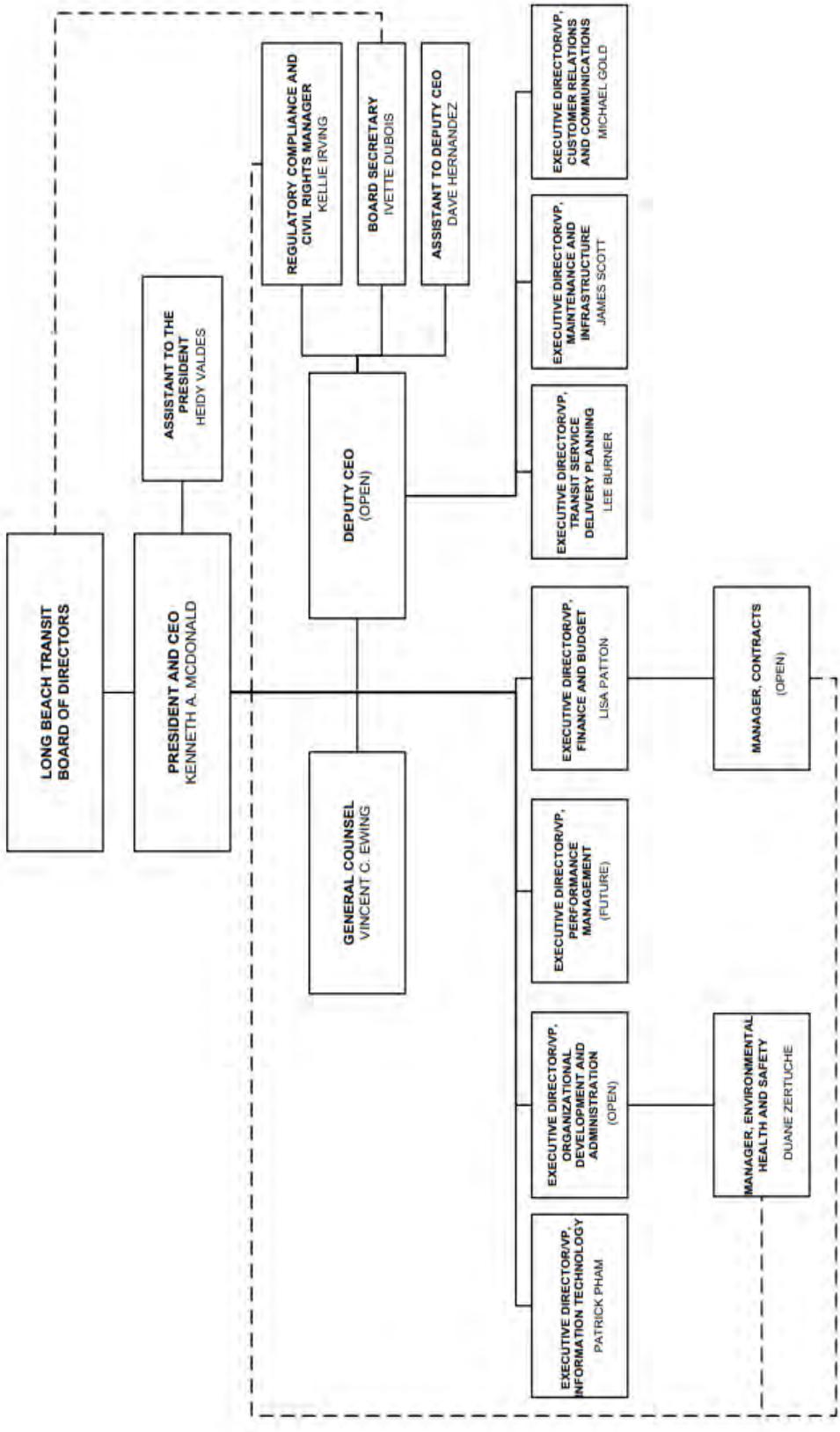
**Long Beach Transit  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



## Board of Directors

---

Colleen Bentley	Chair of the Board
Michael Clemson	Vice Chair
Adam Carrillo	Secretary/Treasurer
Sumire Gant	Director
Jeffrey Price	Director
David Sutton	Director
Open	Director
Lea Eriksen	City Representative - Non Voting, City of Long Beach
Open	City Representative - Non Voting, City of Long Beach

## Executive Leadership Team (ELT)

---

Kenneth A. McDonald	President and Chief Executive Officer
* Open	Deputy Chief Executive Officer
Lisa Patton	Executive Director/VP, Finance and Budget
Lee Burner	Executive Director/VP, Transit Service Delivery and Planning
James Scott	Executive Director/VP, Maintenance and Infrastructure
** Open	Executive Director/VP, Organizational Development and Administration
Patrick Pham	Executive Director/VP, Information Technology
Mike Gold	Executive Director/VP, Customer Relations and Communications

\* Debra A. Johnson held the position of Deputy Chief Executive Officer during FY 2020 and vacated the position on November 2, 2020.

\*\* LaVerne David held the position of Executive Director/VP, Organizational Development and Administration, formerly known as Executive Director/VP, Employee and Labor Relations during FY 2020 and vacated the position on June 19, 2020.

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# Financial

Financial





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
Long Beach Public Transportation Company

### Report on the Financial Statements

We have audited the accompanying financial statements of the Long Beach Public Transportation Company (Company), a component unit of the City of Long Beach, California, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 an opinion on these financial statements based on our audits. We conducted our audits 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 auditors consider 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 opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Long Beach Public Transportation Company as of June 30, 2020 and 2019, and the changes in its net position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 3 through 11 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.

### **Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements as a whole. The supplemental informational schedules summarizing the funding progress of the Company's defined benefit pension plan and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020 on our consideration of Long Beach Public Transportation Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Long Beach Public Transportation Company's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Windes, Inc." followed by a period.

Long Beach, California  
December 8, 2020



**MD&A**





## **Management's Discussion and Analysis**

As management of Long Beach Public Transportation Company (Long Beach Transit, LBT or the Agency), we offer readers of LBT's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal years ended June 2020, 2019 and 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-xxi of this report.

### **FINANCIAL HIGHLIGHTS**

- Passenger fares earned in FY 2020 were \$10.45 million, a decrease from \$14.17 million in FY 2019.
- Total fuel credits in FY 2020 were \$2.35 million, an increase from \$806 thousand in FY 2019.
- Subsidies for FY 2020 were \$82.03 million, an increase from \$76.15 million in FY 2019.
- Operating expenses in FY 2020 were \$115.87 million, an increase compared to \$110.50 million in FY 2019. Major increases were in wages, retirement benefits and health benefits. Adjustments to provision for claims in LBT's public liability and property damage insurance program also contributed to the increase.
- Fuel expenses in FY 2020 were \$4.10 million, a decrease from \$5.17 million in FY 2019, due to decreases in usage as well as in fuel prices.
- Capital acquisitions in FY 2020 were \$7.81 million, compared to \$4.46 million in FY 2019.
- Net position at the end of FY 2020 is \$67.01 million compared to \$77.13 million at the end of FY 2019. Total assets decreased by \$205 thousand while total liabilities increased by \$9.41 million.
- Total net pension liability increased to \$34.70 million in FY2020, compared to \$33.01 million in FY 2019. This increase of \$1.69 million consists of increases of \$110 thousand and \$1.58 million for the Salaried and Contract Plans, respectively.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to LBT's financial statements and notes to the financial statements.

The statement of net position presents information on all of LBT's assets, deferred outflow of resources, liabilities, and deferred inflow of resources with the difference reported as net position.

The statement of revenues, expenses, and changes in net position presents information showing how the Agency's net position changed for the two most recent fiscal years. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

## Management's Discussion and Analysis (continued)

The statement of cash flows presents information on the Agency's cash receipts, cash payments and net changes in cash (and cash equivalents) for the two most recent fiscal years. Generally accepted accounting principles for governmental units require that cash flows be classified into one of four categories:

- Cash flows from operating activities
- Cash flows from noncapital financing activities
- Cash flows from capital and related financing activities
- Cash flows from investing activities

The Agency's financial statements can be found on pages 12-16 of this report.

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 17-54 of this report.

## **FINANCIAL STATEMENT ANALYSIS**

Net position may serve as a useful indicator of the Agency's financial position over time. It is also notable to consider the factors that affect the increases and decreases in net position. In the case of LBT, the majority of the fluctuations are due to the timing of capital purchases.

The Agency's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$67.01 million at the close of FY 2020, a decrease from \$77.13 million at the close of FY 2019.

<b>Long Beach Transit's Condensed Summary of Net Position</b>			
	<b>Year Ended</b>		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Assets</b>			
Current assets	\$ 64,349,013	\$ 57,761,863	\$ 54,397,189
Other noncurrent assets	28,184,651	27,052,581	26,183,364
Capital assets, net	83,144,218	91,068,904	102,951,120
<b>Total assets</b>	<b>175,677,882</b>	<b>175,883,348</b>	<b>183,531,673</b>
Deferred outflows of resources	14,957,584	15,468,079	16,633,112
<b>Liabilities</b>			
Current liabilities	66,478,825	60,112,279	56,964,118
Noncurrent liabilities	57,150,511	54,110,928	54,356,235
<b>Total liabilities</b>	<b>123,629,336</b>	<b>114,223,207</b>	<b>111,320,353</b>
Deferred inflows of resources	-	-	-
<b>Net position</b>			
Net investment in capital assets	83,144,218	91,068,904	102,951,120
Restricted	526,717	87,193	87,193
Unrestricted	(16,664,805)	(14,027,877)	(14,193,881)
<b>Total net position</b>	<b>\$ 67,006,130</b>	<b>\$ 77,128,220</b>	<b>\$ 88,844,432</b>

## Management's Discussion and Analysis (continued)

**Assets.** Current assets increased to \$64.35 million in FY 2020 from \$57.76 million in FY 2019, an increase of \$6.59 million. This increase is largely due to the increase in cash and cash equivalents of \$3.32 million and accounts receivable of \$2.59 million. The increase in cash is due to an increase in deposits of funds received from FTA and STA in June 2020. Federal fuel credits of \$1.71 million make up the majority of the increase in accounts receivable. In FY 2019, current assets increased by \$3.36 million compared to FY 2018 mainly due to the collection of STA-SB1 funds of \$2.65 million.

Other noncurrent assets, which are Agency investments, increased to \$28.18 million in FY 2020 from \$27.05 million in FY 2019, which was an increase from \$26.18 million in FY 2018.

Net capital assets totaled \$83.14 million in FY 2020, compared to \$91.07 million in FY 2019, a decrease of \$7.93 million. This decrease is a result of ongoing depreciation offset by new capital acquisitions. Depreciation expenses for the year were \$15.74 million and capital acquisitions amounted to \$7.81 million. In FY 2019, net capital assets decreased by \$11.88 million compared to FY 2018. Depreciation expenses were \$16.34 million in FY 2019 and capital acquisitions amounted to \$4.46 million.

**Deferred Outflows of Resources.** Deferred outflows of resources decreased in FY 2020 to \$14.96 million from \$15.47 million in FY 2019, which was down from \$16.63 million in FY 2018. There were decreases of \$510 thousand and \$1.16 million in FY 2020 and FY 2019, respectively. Changes in deferred outflows are a result of the amortization of prior years' gains and losses in pension liability, as well as the value of the plan investments. More information on deferred outflows of resources can be found in note (1) and note (13) of the notes to the accompanying financial statements.

**Liabilities.** Total liabilities amounted to \$123.63 million in FY 2020 compared to \$114.22 million in FY 2019, an increase of \$9.41 million. The change was due in part to increases in current liabilities, including estimated liabilities on insurance claims (\$1.31 million) and subsidy deferral (\$4.46 million). The subsidy deferral represents Prop A and Measure M funding which are planned to be used in the next fiscal year.

The increase in noncurrent liabilities is mainly comprised of increases in net pension liabilities (\$1.69 million) and unearned revenue (\$1.08 million). Unearned revenue represents grants allocated for capital projects that have not yet been expended.

Total liabilities in FY 2019 increased by \$2.90 million compared to FY 2018 due to an increase in current liabilities largely in subsidy deferral and estimated liability for insurance claims.

**Net Position.** Total net position at the end of FY 2020 is \$67.01 million, a decrease from \$77.13 million for FY 2019. Net position is calculated as assets and deferred outflow of resources less liabilities and deferred inflow of resources. LBT's net position includes \$83.14 million invested in capital assets and \$16.66 million of unrestricted deficit. Unrestricted net position represents agency resources that have no restrictions in terms of their use. One reason for a net position shortfall is a significant noncurrent liability that is paid over time. In the case of LBT, this is the net pension liability that is funded over multiple years under the pension program. Recording the noncurrent net pension liability resulted in a deficit in the unrestricted portion of LBT's net position.

## Management's Discussion and Analysis (continued)

### Long Beach Transit's Condensed Summary of Revenues, Expenses, and Changes in Net Position

	Year-Ended		
	2020	2019	2018
<b>Operating revenues:</b>			
Passenger fares and special events	\$ 10,692,706	\$ 14,459,643	\$ 15,067,999
Advertising	978,484	1,069,805	801,753
Other revenue	<u>2,381,571</u>	<u>853,200</u>	<u>1,162,645</u>
Total operating revenues	<u>14,052,761</u>	<u>16,382,648</u>	<u>17,032,397</u>
<b>Nonoperating revenues:</b>			
Subsidies	82,029,003	76,153,983	70,611,297
Interest income	<u>1,848,019</u>	<u>1,789,816</u>	<u>383,488</u>
Total nonoperating revenues	<u>83,877,022</u>	<u>77,943,799</u>	<u>70,994,785</u>
Total revenues	<u>97,929,783</u>	<u>94,326,447</u>	<u>88,027,182</u>
<b>Operating expenses:</b>			
Transportation	54,678,389	47,848,764	45,458,610
Maintenance	24,288,404	23,854,682	22,186,665
Administration	21,160,394	22,456,997	20,855,088
Depreciation	<u>15,739,478</u>	<u>16,340,080</u>	<u>16,178,310</u>
Total operating expenses	<u>115,866,665</u>	<u>110,500,523</u>	<u>104,678,673</u>
<b>Change before capital grants</b>	<u>(17,936,882)</u>	<u>(16,174,076)</u>	<u>(16,651,491)</u>
<b>Capital grants</b>	<u>7,814,792</u>	<u>4,457,864</u>	<u>30,061,872</u>
<b>Change in net position</b>	<u>(10,122,090)</u>	<u>(11,716,212)</u>	<u>13,410,381</u>
<b>Total net position, July 1</b>	<u>77,128,220</u>	<u>88,844,432</u>	<u>75,434,051</u>
<b>Total net position, June 30</b>	<u>\$ 67,006,130</u>	<u>\$ 77,128,220</u>	<u>\$ 88,844,432</u>

**Operating revenues.** Overall total operating revenues decreased to \$14.05 million in FY 2020 compared to \$16.38 million in FY 2019, a 14.2% decrease. This was mainly due to the effects of the COVID-19 pandemic. Prior to the pandemic, the Agency's average weekly boardings were 326,651, translating to an increase of \$126 thousand in passenger fares compared to the same period in FY 2019. The increase was attributed to three pilot programs initiated in FY 2020 which are: Strong Beach Pass with Long Beach City College, Millikan High School's discounted 30-day student pass and the UCLA Commuter Express. Ridership drastically decreased as a result of closures in schools and businesses in the area, due to the pandemic. Bus capacity was decreased to adhere to social distancing guidelines and rear-door boarding on all buses was enforced for the safety of the bus operators and the customers. Moreover, enforcement of fare collection was suspended. As a result, overall passenger fares decreased by \$3.72 million, as compared to FY 2019.

In FY 2019, passenger fares decreased by 2.7% from FY 2018. Construction and closures of the Los Angeles County Metropolitan Transportation Authority (Metro) A (Blue) Line (January 2019 – October 2019) negatively affected passenger fares, as well as decreases in regional regular and local student monthly passes. Despite this, there were increases in other areas such as electronically stored value sales, as well as regular and reduced local monthly passes. The offsetting increases helped to stabilize the declining trend in passenger fares that had been seen in the past years.

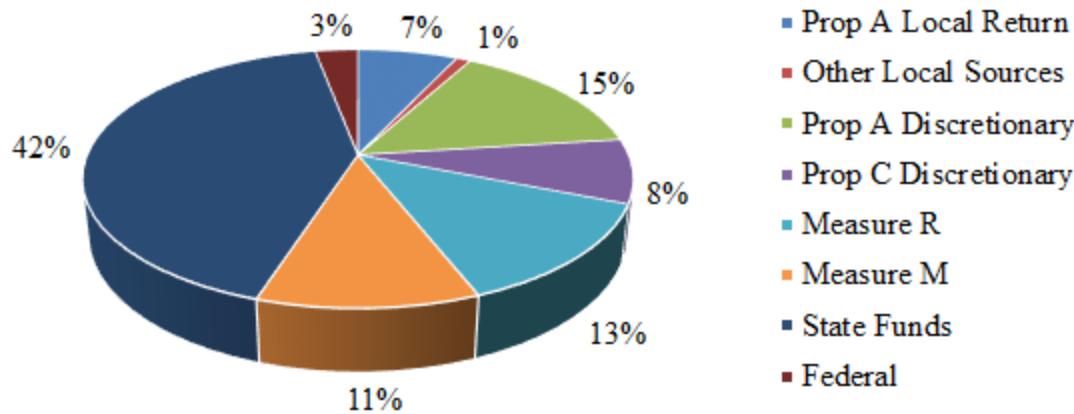
## Management's Discussion and Analysis (continued)

The pandemic also affected advertising revenue in FY 2020 which amounted to \$978 thousand, a decrease compared to \$1.07 million earned in FY 2019. LBT contracts out advertisement on its buses and earns a guaranteed minimum annual revenue. Any excess compared to the minimum annual guarantee (MAG) is collected at the end of each contract year. In fiscal years 2020, 2019 and 2018 LBT received \$375 thousand, \$400 thousand and \$158 thousand over the MAG, respectively.

Other revenues amounted to \$2.38 million in FY 2020, an increase from \$853 thousand in FY 2019, mainly due to fuel tax credits. In fiscal years 2020, 2019 and 2018, LBT received fuel tax credits totaling \$2.35 million, \$805 thousand and \$1.13 million respectively. A significant amount of the fuel credits were due to federal tax relief bills. The Further Consolidated Appropriations Act of 2020 extended the federal alternative fuel tax credits beyond December 31, 2017, from the Bipartisan Budget Act of 2018. This \$0.50 per gallon alternative fuel tax credit is retroactive for 2018 and 2019, while prospectively extending through the end of 2020.

**Nonoperating revenues.** Subsidies in FY 2020 totaled \$82.03 million, or 83.8% of total revenues. This represents an increase from \$76.15 million in FY 2019, a difference of \$5.88 million. Significant increases were in state funds which include TDA, STA and STA-SB1 funds. Other state funds increased as a result of recognizing additional funding from the Low Carbon Transit Operations Program (LCTOP). In FY 2019, the increase in subsidies was \$5.54 million, also largely due to increases in state funds including TDA, STA and STA-SB1 to offset losses in passenger revenues.

### 2020 Subsidies by Source



Interest revenue increased in FY 2020 to \$1.85 million compared to \$1.79 million in FY 2019, due to higher interest income from investments. In FY 2019, there was also an increase in interest income earnings, up from \$383 thousand in FY 2018.

**Total Revenues.** Overall in FY 2020, revenues totaled \$97.93 million, an increase from \$94.33 million in FY 2019. This is a result of the increase in nonoperating revenue discussed above. In FY 2019, there was also an increase in total revenue, from \$88.03 million in FY 2018.

## Management's Discussion and Analysis (continued)

**Operating expenses.** Operating expenses before depreciation increased in FY 2020 to \$100.13 million, from \$94.16 million in FY 2019, an increase of \$5.97 million. The increase is due to higher costs of labor and benefits, as well as increases in provisions for claims of public liability and property damage (PL/PD).

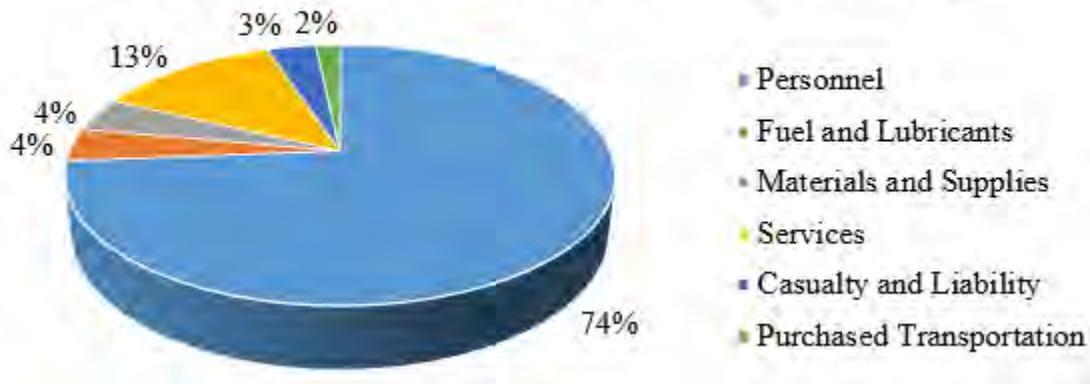
Total labor costs excluding benefits increased by 3.9%, to \$47.13 million in FY 2020 from \$45.36 million in FY 2019 due to wage increases. Major increases in other costs include the following:

- Health benefits increased by \$700 thousand due to higher premiums, which increased by 12%.
- Pension benefits increased by \$987 thousand due to the amortization of accumulated gains/losses of the plan from prior years.
- PL/PD expenses increased by \$1.99 million due to adjustments in provisions for prior year claims.

Due to the pandemic, LBT implemented a modified transit service schedule, reducing regular bus services and suspending water taxi services. This impacted fuel usage causing a decline of \$1.07 million in FY 2020 compared to FY 2019. Average fuel prices also went down in FY 2020 compared to FY 2019. The Agency has managed to control operating costs and did not lay-off any of its employees during this time.

In FY 2019 operating expenses before depreciation increased to \$94.16 million from \$88.50 million in FY 2018. This increase of \$5.66 million was due to higher labor costs, health benefits, workers compensation expenses and fleet parts.

### 2020 Operating Expenses (before depreciation)



**Capital Grants.** In FY 2020, capital acquisitions amounted to \$7.81 million, an increase from \$4.46 million in FY 2019. Depreciation expense totaled \$15.74 million in FY 2020, compared with \$16.34 million in FY 2019. Depreciation expense decreased by \$600 thousand, though it exceeded capital acquisitions by \$7.92 million.

## Management's Discussion and Analysis (continued)

### Long Beach Transit's Capital Assets (net of depreciation)

	Year-Ended		
	<b>2020</b>	<b>2019</b>	<b>2018</b>
Land	\$ 14,275,000	\$ 14,275,000	\$ 14,275,000
Buildings and improvements	7,166,706	9,068,482	10,614,378
Fleet	54,148,498	59,723,463	67,774,286
Communications systems	992	1,638	12,744
Fare collection system	629,852	743,000	680,364
Office, shop and garage equipment	1,802,847	2,511,698	3,203,440
Customer amenities	2,344,204	3,252,143	1,334,350
Construction in progress	2,776,119	1,493,480	5,056,558
Total capital assets, net of depreciation	\$ 83,144,218	\$ 91,068,904	\$ 102,951,120

**Capital Assets.** LBT's investment in capital assets as of June 30, 2020 amounted to \$83.14 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, fleet, communication and farebox systems, equipment, and customer amenities. All assets have been purchased with federal, state or local grants awarded to the Agency.

The total net decrease in the Agency's investment in capital assets in FY 2020 was 8.7%, from \$91.07 million in FY 2019. LBT had \$7.81 million in new capital acquisitions during FY 2020, an increase of \$3.36 million when compared to FY 2019. Major capital acquisitions in FY 2020 included mid-life rehabilitation for buses, information systems upgrades, fueling and charging station upgrades and facility improvements. In FY 2019, capital acquisitions amounted to \$4.46 million, the majority of which was in transit customer amenity improvements as well as upgrades to information systems technology.

As noted above, all assets were purchased with grants, the majority coming from federal funding. Total grant awards will vary each year as LBT is eligible for a formula percentage of Los Angeles County's federal funding, plus one-time grants available for specific projects, such as bus replacement. Grant requirements allow, on average, three years to expend these funds.

Significant capital asset acquisitions during FY 2020 included the following:

- Mid-life rehabilitation of buses, \$4.39 million
- Information systems and technology upgrades, \$1.27 million
- Routine replacement of engines, transmissions and bus components, \$588 thousand
- Facility improvements, \$510 thousand
- Fueling and charging equipment upgrades, \$472 thousand
- Service trucks and equipment, \$211 thousand
- Customer amenities upgrades, \$114 thousand

## **Management's Discussion and Analysis (continued)**

LBT's investment in capital assets as of June 30, 2019, amounted to \$91.07 million (net of accumulated depreciation). The Agency had \$4.46 million in new capital acquisitions during the year, a decrease of \$25.60 million, when compared to FY 2018.

Significant capital asset acquisitions during FY 2019 included the following:

- Customer amenities upgrades, \$1.13 million
- Information systems and software upgrades, \$1.00 million
- Facility improvements and equipment, \$820 thousand
- Routine replacement of engines, transmissions and bus components, \$651 thousand
- Security cameras, \$399 thousand
- Fare collection equipment, \$219 thousand

Additional information on LBT's capital assets can be found in note (8) in the notes to the Agency's financial statements on page 30 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S FINANCIAL PLAN**

The overall economy has been deeply impacted by the COVID-19 pandemic and the associated closures. These challenges affect not only LBT's ridership and passenger revenue, but also subsidies which are largely derived from sales taxes. LBT continues to be vigilant and prudent as the Agency moves into FY 2021 in the face of these uncertainties.

A history of strong financial planning and stewardship has allowed LBT to weather this pandemic without furloughs or layoffs. Federal assistance in the form of the Coronavirus Aid, Relief, and Economic Security (CARES) Act has also helped LBT to develop a balanced financial plan for FY 2021. However, the unknown timeline for recovery both from the pandemic and the economic downturn means that it is more vital than ever to look beyond one year in LBT's financial planning in order to make sustainable decisions.

In the midst of modified services and uncertainties around the pandemic, LBT remains focused on its mission: Dedicated to connecting communities and moving people...making everyday life better. Additionally, the Agency's strategic priorities serve as the guideposts for daily decision-making. These were at the forefront of financial planning for FY 2021.

The FY 2021 financial plan focuses on increasing safety and service quality and enhancing the customer experience, by continuing and expanding COVID-19 health and safety programs while also restoring services that had been reduced. Additionally, the FY 2021 plan expands the Transit Ambassador program which promotes safety and security on LBT's system as well as engagement with the community.

LBT is also planning for its current and future facility needs. In FY 2020, LBT conducted an assessment of existing infrastructure, operations, and program needs, resulting in the development of a Facility Master Plan. During the course of that assessment, the consultant conducted an initial search for properties that could fit LBT's needs and a suitable commercial office building was identified. On August 18, 2020, LBT acquired the building, located in the City of Long Beach, to be used as the Agency's corporate offices. The FY 2021 financial plan incorporates the expansion to this new facility as well as facility improvements identified in the Facility Master Plan.

## **Management's Discussion and Analysis (continued)**

LBT has ongoing labor agreements with Amalgamated Transit Union (ATU), Local 1277 and American Federation of State, County, and Municipal Employees (AFSCME) District Council 36. Both agreements are effective until June 30, 2021. The agreements provide the parties with specific procedures governing the duration and renewal of the agreements. LBT has no reason to expect any service disruption with regard to these agreements.

Despite challenges, LBT remains financially healthy. The Agency's FY 2021 budget is balanced with current revenues and use of reserves equal to current expenditures. Through improvements in efficiency, LBT has been able to increase wages while controlling cost increases. The operating financial plan approved in August 2020 for FY 2021 totals \$104.38 million.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of LBT's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director/VP of Finance and Budget, Long Beach Transit, 1963 E. Anaheim St., Long Beach, CA 90813.

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LONG BEACH  
TRANSIT

# Financial Statements



**Financial Statements**



**Statements of Net Position**  
**June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents (note 2)	\$ 53,214,214	\$ 49,898,830
Accounts receivable (note 4)	6,645,110	4,059,527
Materials and supplies inventory	2,524,437	2,226,666
Prepaid expenses	1,965,252	1,576,840
Total current assets	<u>64,349,013</u>	<u>57,761,863</u>
<b>Noncurrent Assets:</b>		
Investments (note 2)	28,184,651	27,052,581
Capital assets (note 8)		
Land	14,275,000	14,275,000
Construction-in-progress	2,776,119	1,493,480
Capital assets, net of accumulated depreciation:		
Buildings and improvements	7,166,706	9,068,482
Fleet	54,148,498	59,723,463
Communications systems	992	1,638
Fare collection system	629,852	743,000
Office, shop and garage equipment	1,802,847	2,511,698
Customer amenities	2,344,204	3,252,143
Total noncurrent assets	<u>111,328,869</u>	<u>118,121,485</u>
Total assets	<u>175,677,882</u>	<u>175,883,348</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Net difference of changes related to pension liability	<u>14,957,584</u>	<u>15,468,079</u>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 190,635,466</u></b>	<b><u>\$ 191,351,427</u></b>

The notes to the financial statements are an integral part of these statements.

**Statements of Net Position, Continued**  
**June 30, 2020 and 2019**

	2020	2019
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 2,759,016	\$ 2,590,694
Accrued payroll expenses	1,000,440	785,224
Compensated absences payable (note 11)	3,444,177	3,200,850
Sick leave benefits (note 11)	179,727	214,990
Subsidy deferral (note 9)	39,665,072	35,204,510
Estimated liability for insurance claims (note 6)	19,430,393	18,116,011
Total current liabilities	<u>66,478,825</u>	<u>60,112,279</u>
<b>Noncurrent Liabilities:</b>		
Unearned revenue (note 5)	17,930,345	16,849,059
Sick leave benefits (note 11)	4,519,745	4,248,319
Net pension liability (note 13)	<u>34,700,421</u>	<u>33,013,550</u>
Total noncurrent liabilities	<u>57,150,511</u>	<u>54,110,928</u>
Total liabilities	<u>123,629,336</u>	<u>114,223,207</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>		
Net investment in capital assets	83,144,218	91,068,904
Restricted for:		
Restricted for capital procurement	526,717	87,193
Unrestricted	<u>(16,664,805)</u>	<u>(14,027,877)</u>
Total net position	<u>67,006,130</u>	<u>77,128,220</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 190,635,466</u>	<u>\$ 191,351,427</u>

The notes to the financial statements are an integral part of these statements.

Long Beach Transit

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**Statements of Revenues, Expenses and Changes in Net Position**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Operating revenues:		
Passenger fares	\$ 10,452,194	\$ 14,167,351
Special events	240,512	292,292
Advertising	978,484	1,069,805
Other revenue	2,381,571	853,200
Total operating revenues	<u>14,052,761</u>	<u>16,382,648</u>
Operating expenses:		
Transportation	54,678,389	47,848,764
Maintenance	24,288,404	23,854,682
Administration	21,160,394	22,456,997
Depreciation (note 8)	15,739,478	16,340,080
Total operating expenses	<u>115,866,665</u>	<u>110,500,523</u>
Operating loss	<u>(101,813,904)</u>	<u>(94,117,875)</u>
Nonoperating revenues:		
Subsidies (note 3)	82,029,003	76,153,983
Interest income	1,848,019	1,789,816
Total nonoperating revenues	<u>83,877,022</u>	<u>77,943,799</u>
Change in net position before capital grants	(17,936,882)	(16,174,076)
Capital grants	<u>7,814,792</u>	<u>4,457,864</u>
Change in net position	(10,122,090)	(11,716,212)
Total net position, July 1	<u>77,128,220</u>	<u>88,844,432</u>
Total net position, June 30	<u>\$ 67,006,130</u>	<u>\$ 77,128,220</u>

The notes to the financial statements are an integral part of these statements.

**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities:		
Cash received from customers	\$ 12,804,043	\$ 16,364,428
Cash paid to employees for services	(47,130,013)	(45,363,032)
Cash paid to other suppliers of goods or services	<u>(49,245,617)</u>	<u>(48,665,112)</u>
Net cash used in operating activities	<u>(83,571,587)</u>	<u>(77,663,716)</u>
Cash flows provided by noncapital financing activities:		
Operating subsidies received	<u>84,742,600</u>	<u>84,605,492</u>
Cash flows from capital and related financing activities:		
Proceeds from sale of capital assets	22,413	121,090
Purchase of capital assets	(7,814,792)	(7,097,883)
Capital grant contributions received	<u>9,107,165</u>	<u>7,401,084</u>
Net cash provided by capital and related financing activities	<u>1,314,786</u>	<u>424,291</u>
Cash flows provided by investing activities:		
Proceeds from sales and maturities of investments	37,526,098	10,576,286
Purchase of investments	(37,526,921)	(10,354,475)
Realized and unrealized gains	(1,131,248)	(1,091,028)
Interest received on cash and investments	<u>1,961,656</u>	<u>1,622,603</u>
Net cash provided by investing activities	<u>829,585</u>	<u>753,386</u>
Net change in cash and cash equivalents	<u>3,315,384</u>	<u>8,119,453</u>
Cash and cash equivalents, July 1	<u>49,898,830</u>	<u>41,779,377</u>
Cash and cash equivalents, June 30 (note 2)	<u><u>\$ 53,214,214</u></u>	<u><u>\$ 49,898,830</u></u>

The notes to the financial statements are an integral part of these statements.

**Statements of Cash Flows, Continued**  
**Years Ended June 30, 2020 and 2019**

Reconciliation of Operating Loss to Net Cash Used in Operating Activities	<u>2020</u>	<u>2019</u>
Operating loss	\$ (101,813,904)	\$ (94,117,875)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation expense	15,739,478	16,340,080
(Increase)/decrease in accounts receivable from operations	(1,191,754)	(124,985)
(Increase)/decrease in materials and supplies inventory	(297,769)	(770,027)
(Increase)/decrease in prepaid expenses	(388,412)	(765,562)
(Increase)/decrease in deferred outflows of resources	510,495	1,165,033
Increase/(decrease) in accounts payable	174,319	516,993
Increase/(decrease) in accrued payroll expenses, compensated absences payable, and sick leave benefits	694,707	397,238
Increase/(decrease) in net pension liability	1,686,872	(1,331,036)
Increase/(decrease) in estimated liability for insurance claims	<u>1,314,381</u>	<u>1,026,425</u>
Total adjustments	<u>18,242,317</u>	<u>16,454,159</u>
Net cash used in operating activities	<u><u>\$ (83,571,587)</u></u>	<u><u>\$ (77,663,716)</u></u>

Noncash investing, and capital financing activities:

During the years ended June 30, 2020 and 2019, the Agency had noncash capital asset additions of \$199,147 and \$388,573 respectively, which were included in accounts payable in the statements of net position.

The notes to the financial statements are an integral part of these statements.

## Notes to Financial Statements

### June 30, 2020 and 2019

#### **(1) Summary of Significant Accounting Policies**

##### Reporting Entity

Long Beach Public Transportation Company (Long Beach Transit or the Agency) is a California nonprofit corporation organized to provide public transportation services in Long Beach, California. The Agency is governed by a seven-member Board of Directors appointed to serve four-year terms by the Mayor, with the approval of the Long Beach City Council. In turn, the Board Members appoint a Chief Executive Officer who is responsible for overseeing the Agency's daily operations. The Agency is responsible for the preparation of its own annual financial plan.

In accordance with U.S. generally accepted accounting principles (GAAP), the Agency is considered a component financial reporting unit of the City of Long Beach (City), California. As such, the Agency's financial statements are included in the City's comprehensive annual financial report as a discretely presented component unit. LBT has a separate legal status and has historically operated as an independently managed and operated nonprofit corporation, receiving no direct administrative or financial support from the City. For the present, there has been no expressed intent to alter the status of this financial reporting and administrative relationship.

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

The accompanying financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources and Deferred Inflows of Resources, when applicable.

**Deferred Outflows of Resources** – represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

**Deferred Inflows of Resources** – represent inflows of resources (accumulation of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

The Agency distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Agency's principal ongoing operations. The principal operating revenues of the Agency include passenger fares charged for transportation service to the community and advertising fees. Operating expenses include the cost of transportation services, maintenance of capital assets and facilities, administrative expenses and depreciation on capital assets. All other revenues and expenses are reported as nonoperating revenues and expenses.

## Notes to Financial Statements (continued)

### Use of Estimates and Assumptions

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets, deferred outflows, liabilities, and deferred inflows, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements. Principal areas requiring the use of estimates include determination of useful lives of capital assets, liability for insurance claims, accrued sick leave, and defined benefit plan assumptions.

### Material and Supplies Inventory

Inventory is valued at cost on a first-in, first-out basis as applied on a moving-average-cost method, or market, whichever is lower.

### Capital Assets

Capital assets, which include property, plant and equipment, are defined by the Agency as assets with an initial individual cost of more than \$5,000 and having an estimated useful life of more than one year. Capital assets are valued at historical cost. Depreciation is provided using the straight-line method, with no allowance for salvage values. Donated capital assets are reported at acquisition value at the date of donation. The Agency did not receive any donated capital assets during FY20.

Estimated useful lives of the Agency's capital assets are as follows:

Buildings and improvements	5-25 years
Buses and vessels	12 years
Fareboxes	10 years
Smaller buses	7 years
Furniture, equipment and customer amenities	5 years
Service trucks	4 years
Information systems equipment	3 years
Bus components	3 years
Service autos and vans	3 years

### Net Position

The Agency's net position is classified under three categories - net investment in capital assets, restricted and unrestricted.

**Net investment in capital assets:** This category in the net position represents capital assets, net of accumulated depreciation and outstanding principle balances of debt attributable to the acquisition, construction or improvement of those assets. As of June 30, 2020, LBT did not have any outstanding debt related to its capital assets.

**Restricted:** Net position is reported as restricted when its use is subject to externally imposed stipulations by grantors, laws or regulations of governments that can be fulfilled by actions of the Agency pursuant to those stipulations.

**Unrestricted:** Net position classified as unrestricted are those that are not subject to externally imposed stipulations. Unrestricted net positions may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

## Notes to Financial Statements (continued)

### Financial Plan

The Agency adopts an annual financial plan for management information purposes only. Accordingly, financial statements presenting comparison of budgeted and actual results are not included.

### Government Grants

Grants, with the exception of Proposition A's local share (noted below) for operating assistance, for the acquisition of equipment or other capital outlay are not formally recognized in the accounts until the grant becomes a valid receivable as a result of the Agency complying with appropriate grant requirements.

Operating assistance grants are included in nonoperating revenues in the year in which a related reimbursable expenditure is incurred or in subsidy deferred for use in the subsequent fiscal year.

The Agency's policy is to report revenues from capital grants separately after nonoperating revenues as the related expenditures are incurred. Assets acquired with capital grant funds are included in capital assets. Capital monies received prior to an expenditure being incurred are recorded as unearned revenue.

The City allocates a portion of its Proposition A local share funding to the Agency in accordance with an agreement among the Agency, the City and Metro (see notes 3 and 4). The Agency records such Proposition A funds received from the City as subsidy deferred until used for operating assistance and/or capital expenditures. Those Proposition A funds used for operating assistance are included in nonoperating subsidy revenue and those funds used for capital expenditures are included in capital assets.

### Statements of Cash Flows

For purposes of the statements of cash flows, the Agency considers all of its cash deposits and investments with an original maturity of three months or less to be cash and cash equivalents. Monies invested with the State Treasurer's Local Agency Investment Fund (LAIF) may have maturities longer than 90 days; however, LAIF functions as a demand deposit account. Therefore, the Agency considers such investments to be cash equivalents.

### Future Pronouncements

In June 2017, GASB issued Statement No. 87 Leases. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Management is currently in the process of determining the impact of this statement on the financial statements.

### Subsequent Events

Management has evaluated the impact of any subsequent events through December 8, 2020, the date on which the accompanying financial statements were available to be issued for the year ended June 30, 2020.

## Notes to Financial Statements (continued)

### (2) Cash and Investments

Cash, cash equivalents and investments consist of the following as of June 30:

	2020	2019
Cash on hand	\$ 15,417	\$ 90,920
Deposits with financial institutions	6,139,496	1,276,237
Outstanding checks	(1,086,656)	(1,870,529)
Cash equivalent	<u>48,145,957</u>	<u>50,402,202</u>
 Total cash and cash equivalents	 <u>53,214,214</u>	 <u>49,898,830</u>
 Investments	 <u>28,184,651</u>	 <u>27,052,581</u>
 Total cash, cash equivalents and investments	 <u>\$ 81,398,865</u>	 <u>\$ 76,951,411</u>

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

The table below identifies the investment types that are authorized for LBT by the Agency's investment policy. The table also identifies certain provisions of the Agency's investment policy that address interest rate risk, credit risk and concentration of credit risk. During 2020 and 2019, the Agency elected to have its investments with LAIF and a similarly structured investment vehicle managed by an independent manager.

	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Percentage In One Issuer
Local Agency Investment Fund (LAIF)	N/A	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	10%	10%
Money Market Mutual Funds	N/A	None	None
Bankers Acceptance	180 days	40%	10%
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Mutual Funds	N/A	15%	10%
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Obligations	5 years	None	None
Medium-Term Notes	5 years	30%	None
Mortgage Pass-Through Securities	5 years	20%	None
Local Agency Bonds	5 years	10%	None

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

Information about the sensitivity of fair values of the Agency's investments to market interest rate fluctuations is provided by the following table that shows the maturity date of each investment at June 30, 2020 and 2019, respectively.

**Notes to Financial Statements (continued)**

Type	2020	Weighted Average Maturity (Yrs)
<b><u>Cash Equivalents</u></b>		
Local Agency Investment Fund (LAIF)	\$ 47,842,419	0.52
Fidelity Municipal Money Market	303,538	N/A
<b>Total Cash Equivalents</b>	<b><u>\$ 48,145,957</u></b>	
<b><u>Corporate Bonds</u></b>		
Apple Inc 2.400% Due 05/03/2023	\$ 739,949	2.8
Caterpillar Finl Svcs 3.350% Due 12/07/2020	708,806	0.4
Home Depot Inc 3.750% Due 02/15/2024	773,801	3.6
Intel Corp 2.700% Due 12/15/2022	741,510	2.5
Intercontinental Exchange 4.000% Due 10/15/2023	774,087	3.3
Microsoft Corp. 2.875% Due 02/06/2024	754,061	3.6
Nike Inc 2.250% Due 05/01/2023	736,645	2.8
Prudential Financial Inc 4.500% Due 11/16/2021	737,555	1.4
Shell International Finance 1.750% due 03/12/2021	710,178	1.2
Texas Instrument Inc 2.750% Due 03/12/2021	710,528	1.7
United Health Group 2.735% Due 08/15/2024	747,572	4.1
Corporate Bonds Total	<u>\$ 8,134,692</u>	
<b><u>Government Bonds</u></b>		
Fannie Mae 2.000% Due 10/05/2022	\$ 1,557,465	2.3
Federal Farm 0.230% Due 06/09/2022	999,210	1.9
Farm Credit Syst 3.050% Due 11/15/2021	1,558,635	1.4
FHL Banks 2.750% Due 12/13/2024	2,204,219	4.5
US Treasury 2.875% Due 10/31/2020	2,017,780	0.3
US Treasury 1.625% Due 11/30/2020	2,011,720	0.4
US Treasury Nt 1.750% Due 12/31/2020	2,015,460	0.5
US Treasury 1.125% Due 08/31/2021	2,021,880	1.2
United States Treas Nts Note 2.125% Due 12/31/2021	2,058,200	1.5
United States Treas Nts Note 1.500% Due 01/31/2022	2,041,640	1.6
United States Treas Nts 2.000% Due 10/31/2022	1,563,750	2.3
Government Bonds Total	<u>\$ 20,049,959</u>	
<b>Total Investment Value</b>	<b><u>\$ 28,184,651</u></b>	

As of June 30, 2020 and 2019, there were \$104,940 and \$119,984, respectively, of accrued bond interest which are included in accounts receivable.

**Notes to Financial Statements (continued)**

Type	2019	Weighted Average Maturity (Yrs)
<b><u>Cash Equivalents</u></b>		
Local Agency Investment Fund (LAIF)	\$ 50,032,885	0.53
Fidelity Municipal Money Market	369,317	N/A
<b>Total Cash Equivalents</b>	<b><u>\$ 50,402,202</u></b>	
<b><u>Corporate Bonds</u></b>		
Amgen Inc 3.875% Due 11/15/2021	\$ 722,400	2.4
Blackrock Inc 5.000% Due 12/10/2019	708,365	0.5
Genzyme Corp 5.000% Due 06/15/2020	717,962	1.0
Toyota Motor Credit Corp 3.3% Due 01/12/2022	719,761	2.5
Prudential Financial Inc 4.500% Due 11/16/2021	735,938	2.4
Texas Instrument Inc 2.750% Due 03/12/2021	707,812	1.7
Apple Inc 1.900% Due 02/07/2020	698,523	0.6
Nike Inc 2.250% Due 05/01/2023	703,752	3.8
John Deere Cap Corp 1.950% Due 06/22/2020	698,201	1.0
Caterpillar Finl Svcs 3.350% Due 12/07/2020	710,745	1.4
Toronto-Dominion Bank 2.125% Due 07/02/2019	700,000	-
Corporate Bonds Total	<u>\$ 7,823,459</u>	
<b><u>Government Bonds</u></b>		
Federal Hm Ln Bk 1.250% Due 05/25/2021	\$ 1,997,240	1.9
Federal Farm Cr Bks 1.470% Due 02/17/2021	1,491,360	1.6
Federal Farm Cr Bks Bond 1.560% Due 07/26/2021	1,492,155	2.1
Federal Farm Cr Bks 2.000% Due 02/16/2022	1,200,012	2.6
Federal Farm Cr Bks 3.050% Due 11/15/2021	1,543,155	2.4
Fannie Mae 2.000% Due 10/05/2022	1,510,500	3.3
US Treasury Nts Note 1.500% Due 01/31/2022	1,988,760	2.6
US Treasury Note 1.750% Due 09/30/2019	1,997,900	0.3
US Treasury Note 1.375% Due 02/15/2020	1,991,400	0.6
US Treasury Note 1.750% Due 12/31/2020	1,997,340	1.5
US Treasury Note Bond 2.125% Due 12/31/2021	2,019,300	2.5
Government Bonds Total	<u>\$ 19,229,122</u>	
<b>Total Investment Value</b>	<b><u>\$ 27,052,581</u></b>	

## Notes to Financial Statements (continued)

### 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. LAIF does not have a rating provided by a nationally recognized statistical rating organization. Ratings on the investments, excluding LAIF and money market accounts, are as follows at June 30, 2020.

Investment Type	Rating
<b><u>Corporate Bonds</u></b>	
Apple Inc 2.400% Due 05/03/2023	AA+
Caterpillar Finl Svcs 3.350% Due 12/07/2020	A
Home Depot Inc 3.750% Due 02/15/2024	A
Intel Corp 2.700% Due 12/15/2022	A+
Intercontinental Exchange 4.000% Due 10/15/2023	A
Microsoft Corp. 2.875% Due 02/06/2024	AAA
Nike Inc 2.250% Due 05/01/2023	AA-
Prudential Financial Inc 4.500% Due 11/16/2021	A
Shell International Finance 1.750% due 03/12/2021	AA-
Texas Instrument Inc 2.750% Due 03/12/2021	A+
United Health Group 2.735% Due 08/15/2024	A+
<b><u>Investment Type</u></b>	
<b><u>Rating</u></b>	
<b><u>Government Bonds</u></b>	
Fannie Mae 2.000% Due 10/05/2022	AA+
Federal Farm 0.230% Due 06/09/2022	AA+
Farm Credit Syst 3.050% Due 11/15/2021	AA+
FHL Banks 2.750% Due 12/13/2024	AA+
US Treasury 2.875% Due 10/31/2020	AA+
US Treasury 1.625% Due 11/30/2020	AA+
US Treasury Nt 1.750% Due 12/31/2020	AA+
US Treasury 1.125% Due 08/31/2021	AA+
United States Treas Nts Note 2.125% Due 12/31/2021	AA+
United States Treas Nts Note 1.500% Due 01/31/2022	AA+
United States Treas Nts 2.000% Due 10/31/2022	AA+

## Notes to Financial Statements (continued)

### Concentration of Credit Risk

The investment policy of the Agency contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. No investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) represent 5% or more of total Agency investments including cash equivalents.

### Custodial Credit Risk

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

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

### Fair Value

The Agency follows the provisions of GASB No. 72 for fair value measurements of financial assets and financial liabilities and for fair value measurements that are recognized or disclosed at fair value in the financial statements on a recurring basis. GASB No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets that the Agency has the ability to access at the measurement date
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs are unobservable inputs for the asset

None of LBT's investments are valued using level 1 and level 3 inputs.

## Notes to Financial Statements (continued)

The Agency has the following recurring fair value measurements as of June 30, 2020 and 2019:

- Money Market - valued at amortized costs which approximates fair value due to its short-term nature of maturity.
- Corporate Bonds - valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.
- U.S. Treasury Securities/Government Bonds - valued using a market-based model which considers yield, price of comparable securities, coupon rate, maturity, credit quality and dealer-provided prices.
- LAIF - valued at amortized costs basis based on the Agency's pro-rata share of the entire State of California's LAIF portfolio.

The following table sets forth by level, within the fair value hierarchy, the Agency's investments at fair value measurements:

### **Fair Value Measurements at June 30, 2020**

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Money Market	\$ 303,538			\$ 303,538
Corporate Bonds	8,134,692			8,134,692
Government Bonds	20,049,959			20,049,959
State of California Local Agency Investment Fund	47,842,419			47,842,419
Total assets at fair value	<u>None</u>	<u>\$ 76,330,608</u>	<u>None</u>	<u>\$ 76,330,608</u>

### **Fair Value Measurements at June 30, 2019**

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Money Market	\$ 369,317			\$ 369,317
Corporate Bonds	7,823,459			7,823,459
Government Bonds	19,229,122			19,229,122
State of California Local Agency Investment Fund	50,032,885			50,032,885
Total assets at fair value	<u>None</u>	<u>\$ 77,454,783</u>	<u>None</u>	<u>\$ 77,454,783</u>

## Notes to Financial Statements (continued)

### (3) Operating Subsidies

Subsidies from the following sources were earned during the years ended June 30:

	<b>2020</b>	<b>2019</b>
TDA, STA, STA-SB1 and LCTOP, State of California	\$ 33,950,870	\$ 29,795,924
Proposition A, County of Los Angeles	12,598,998	10,944,646
Proposition C, County of Los Angeles	6,165,277	5,949,360
Proposition A Allocation, City of Long Beach	6,008,758	6,170,100
Measure R	10,411,483	9,520,502
Measure M	9,332,798	9,612,018
Preventive Maintenance, Federal	2,757,676	3,158,764
Other local sources	803,143	1,002,669
 Total	 \$ 82,029,003	 \$ 76,153,983

The State of California's Transportation Development Act (TDA) of 1971 designated a portion of county sales tax receipts to finance transit operations and development. This financing is made available to eligible transit operators within the County through allocations from the Local Transportation Fund of Los Angeles County and administered by Metro. State Transit Assistance Funds (STA) are generated from state fuel taxes and are disbursed to transit agencies based on a formula allocation by Metro.

In April 2017, Governor Jerry Brown signed Senate Bill 1 (SB 1), the Road Repair and Accountability Act of 2017, into law. A part of this program augments the base of the STA program with a portion of the new sales tax on diesel fuel.

Los Angeles County Low Carbon Transit Operations Program (LCTOP) is one of several programs that are part of the Transit Affordable Housing and Sustainable Communities Program established by the California Legislature in 2014 in Senate Bill 862, which draws funds from the GGRF (Greenhouse Gas Reduction Fund). The LCTOP is designed to provide operating and capital assistance for transit agencies to reduce greenhouse gas emissions and improve mobility, with serving disadvantaged communities being a priority.

Los Angeles County voters approved Proposition A in November 1980 and Proposition C in November 1990. These voter-approved sales tax initiatives each provide a half-cent sales tax within the county to be used for mass transit and transportation purposes. A substantial portion of these funds are distributed to the various county transit operators by Metro on both a formula and discretionary basis.

Additionally, each city in the county receives a formula allocation of certain Proposition A revenues. The City of Long Beach in turn allocates a portion of its Proposition A local share funding to the Agency in accordance with an agreement between the Agency and the City. The portion of the local Proposition A funds used for operating assistance was \$6,008,758 in FY20.

Measure R, approved by county voters in November 2008, provides a half-cent sales tax for transportation improvements. In November 2016, county voters approved Measure M which provides an additional half-cent sales tax for transportation and the indefinite extension of Measure R originally set to expire in 2039 for expansion or introduction of fixed-route bus service in congested corridors.

## Notes to Financial Statements (continued)

In accordance with the FTA regulations, the Agency is allowed to use a portion of federal grant monies for operating preventative maintenance expenditures. These funds are shown as subsidy revenue in the Agency's financial statements. The FTA funds 100% of the costs and FTA local match requirement is met by utilizing Transportation Development Credits.

Other local monies are reimbursement for service hours supplied to eight surrounding cities. In 2017, LBT was awarded funds from the Metro ExpressLanes Net Toll Revenue Reinvestment Grant to operate the Los Angeles Galaxy Shuttle Bus Service.

### **(4) Accounts Receivable**

Accounts receivable were comprised of the following at June 30:

	<b>2020</b>	<b>2019</b>
Subsidies	\$ 155,125	\$ 137,100
Insurance reimbursements	357,219	414,184
Interest	288,906	402,543
Trade receivables	2,076,046	815,284
Proposition A funds due from City	1,341,743	1,638,598
Capital grants receivable	375,339	651,818
STA	1,241,951	-
STA-SB1	808,781	-
 Total	 \$ 6,645,110	 \$ 4,059,527

Accounts are written off when determined to be uncollectible. In the opinion of management, all significant accounts receivable at June 30, 2020 and 2019 are fully collectible.

### **(5) Unearned Revenue**

At June 30, 2020 and 2019, the balances of unearned revenue are as follows:

	<b>2020</b>	<b>2019</b>
Capital grant funds	\$ 17,798,153	\$ 16,195,954
Other	132,192	653,105
Total unearned revenue	<u>\$ 17,930,345</u>	<u>\$ 16,849,059</u>

Capital grants receivable are grant funds earned and shown as capital contributions through purchase or construction of qualifying capital assets, but not yet received. Capital grant funds included in unearned revenue are funds the Agency has received in advance for capital asset acquisition or construction but which have not been expended at the date of the statements of net position.

Other unearned revenue includes proceeds from the sale of assets originally purchased with capital grant contributions, which will be used for future asset acquisitions and escheat checks.

## Notes to Financial Statements (continued)

### **(6) Estimated Liability for Insurance Claims**

Under its insurance programs, the Agency retains the risk for each occurrence of workers' compensation claimed up to \$1.5 million. Workers' compensation maximum limit of indemnity per occurrence is statutory and employer's liability is \$2.0 million per aggregate. Individual claim settlements for workers' compensation did not exceed insurance coverage limits in FY 2020 and 2019.

Under its insurance programs, the Agency retains the risk for each occurrence of public liability and property damage (PL/PD) claimed up to \$2 million. In FY 2020, one individual claim settlement for PL/PD damage did exceed insurance coverage limits in FY 2020 but none in 2019. In July 1, 2020, the self-insured retention amount increased from \$2 million to \$3 million for each occurrence of PL/PD claimed.

The level of risk retention is dictated by the insurance market and the rates available to the Agency. The Agency weighs the increased premium costs against the risk level attempting to minimize overall program expenses.

The Agency's policy is to estimate and recognize losses on the accrual basis based on the report of the Agency's independent claims manager or an actuarial report and to maintain designated cash and investments to fund the estimated liabilities. Liabilities may also be accrued if it is reasonable to suspect claims may arise from an incident that has occurred, but has yet to be reported to the independent claims manager.

The changes in estimated liabilities for reported claims are as follows:

	Public Liability and Property Damage	Workers' Compensation	Total
Estimated liabilities at June 30, 2018	\$ 7,341,821	\$ 9,747,766	\$ 17,089,587
Reserves:			
New claims	461,928	1,252,164	1,714,092
Adjustments to existing claims	214,664	4,301,630	4,516,294
Payouts	(853,927)	(4,350,035)	(5,203,962)
Estimated liabilities at June 30, 2019	7,164,486	10,951,525	18,116,011
Reserves:			
New claims	344,046	1,317,579	1,661,625
Adjustments to existing claims	2,226,898	4,480,968	6,707,866
Payouts	(2,999,294)	(4,055,815)	(7,055,109)
Estimated liabilities at June 30, 2020	\$ 6,736,136	\$ 12,694,257	\$ 19,430,393

## Notes to Financial Statements (continued)

### **(7) Deferred Compensation**

The Agency offers its employees a deferred compensation plan (the Plan) created in accordance with Internal Revenue Code Section 457. The Plan is administered by an independent contractor. The Plan is available to all Agency employees and permits them to defer a portion of their salary until future years. Plan assets consist of mutual funds and are purchased based on elections made by the Agency's employees. The deferred compensation is not available to employees or beneficiaries until termination, retirement, death or unforeseeable emergency.

Existing assets in the Plan are maintained in a qualified custodial account. The Custodian holds the Plan's assets for the exclusive benefit of participants and beneficiaries. The Plan's assets are not the legal property of the Agency and are not subject to the claims of the Agency's general creditors nor can they be used by the Agency for any purpose other than the payment of benefits to employees participating in the Plan or their designated beneficiaries. Therefore, deferred compensation funds are not shown on the Agency's Statements of Net Position.

**Notes to Financial Statements (continued)**

**(8) Capital Assets**

Capital asset activity for the years ended June 30, 2020 and 2019 was as follows:

	<b>Balance at June 30, 2019</b>	<b>Adjustments/ Transfers</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2020</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 14,275,000	\$ -	\$ -	\$ -	\$ 14,275,000
Construction in progress	1,493,480	(1,088,068)	2,370,707	-	2,776,119
Total capital assets not being depreciated	15,768,480	(1,088,068)	2,370,707	-	17,051,119
<b>Capital assets being depreciated:</b>					
Buildings and improvements	54,073,883	158,103	38,041	-	54,270,027
Fleet	166,766,571	158,086	4,880,570	(3,552,047)	168,253,180
Communications systems	7,462,121	-	-	-	7,462,121
Fare collection system	9,254,720	3,466	56,584	-	9,314,770
Office, shop and garage equipment	28,172,937	768,413	355,008	(659,319)	28,637,039
Customer amenities	18,829,077	-	113,882	(1,510,903)	17,432,056
Total capital assets being depreciated	284,559,309	1,088,068	5,444,085	(5,722,269)	285,369,193
<b>Less accumulated depreciation:</b>					
Buildings and improvements	(45,005,401)	-	(2,097,920)	-	(47,103,321)
Fleet	(107,043,108)	-	(10,613,621)	3,552,047	(114,104,682)
Communications systems	(7,460,483)	-	(646)	-	(7,461,129)
Fare collection system	(8,511,720)	-	(173,198)	-	(8,684,918)
Office, shop and garage equipment	(25,661,239)	-	(1,832,272)	659,319	(26,834,192)
Customer amenities	(15,576,934)	-	(1,021,821)	1,510,903	(15,087,852)
Total accumulated depreciation	(209,258,885)	-	(15,739,478)	5,722,269	(219,276,094)
<b>Total capital assets being depreciated, net</b>	<b>75,300,424</b>	<b>1,088,068</b>	<b>(10,295,393)</b>	<b>-</b>	<b>66,093,099</b>
<b>Total capital assets, net</b>	<b>\$ 91,068,904</b>	<b>\$ -</b>	<b>\$ (7,924,686)</b>	<b>\$ -</b>	<b>\$ 83,144,218</b>

**Notes to Financial Statements (continued)**

	<b>Balance at June 30, 2018</b>	<b>Adjustments/ Transfers</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance at June 30, 2019</b>
<b>Capital assets not being depreciated:</b>					
Land	\$ 14,275,000	\$ -	\$ -	\$ -	\$ 14,275,000
Construction in progress	5,056,558	(4,780,665)	1,217,587	-	1,493,480
Total capital assets not being depreciated	19,331,558	(4,780,665)	1,217,587	-	15,768,480
<b>Capital assets being depreciated:</b>					
Buildings and improvements	53,508,635	65,687	523,658	(24,097)	54,073,883
Fleet	172,208,889	2,186,969	1,134,730	(8,764,017)	166,766,571
Communications systems	7,462,121	-	-	-	7,462,121
Fare collection system	9,035,606	165,331	53,783	-	9,254,720
Office, shop and garage equipment	26,986,816	242,344	990,517	(46,740)	28,172,937
Customer amenities	16,309,699	2,120,334	537,589	(138,545)	18,829,077
Total capital assets being depreciated	285,511,766	4,780,665	3,240,277	(8,973,399)	284,559,309
<b>Less accumulated depreciation:</b>					
Buildings and improvements	(42,894,257)	-	(2,135,241)	24,097	(45,005,401)
Fleet	(104,434,603)	-	(11,372,522)	8,764,017	(107,043,108)
Communications systems	(7,449,377)	-	(11,106)	-	(7,460,483)
Fare collection system	(8,355,242)	-	(156,478)	-	(8,511,720)
Office, shop and garage equipment	(23,783,376)	-	(1,924,603)	46,740	(25,661,239)
Customer amenities	(14,975,349)	-	(740,130)	138,545	(15,576,934)
Total accumulated depreciation	(201,892,204)	-	(16,340,080)	8,973,399	(209,258,885)
<b>Total capital assets being depreciated, net</b>	<b>83,619,562</b>	<b>4,780,665</b>	<b>(13,099,803)</b>	<b>-</b>	<b>75,300,424</b>
<b>Total capital assets, net</b>	<b>\$ 102,951,120</b>	<b>\$ -</b>	<b>\$ (11,882,216)</b>	<b>\$ -</b>	<b>\$ 91,068,904</b>

## Notes to Financial Statements (continued)

### **(9) Subsidy Deferral**

The amount of subsidies received each year is based upon estimated funding marks prepared by Metro. These estimates are used for budget preparation, with final marks received after final budgets are approved. Subsidies received in excess of expenditures are carried over for use in the next year. As of June 30, 2020 and 2019, the Agency had remaining Prop A subsidy funding of \$30,771,984 and \$27,747,510, respectively, to be utilized in future fiscal years.

As of June 30, 2020, the Agency maintained STA funds of \$1,085,407 and STA-SB1 funds of \$1,564,571, which were the same amounts as of June 30, 2019. The Agency had Measure M funds of \$6,243,110 and \$4,807,022 as of June 30, 2020 and 2019 respectively. These funds are to be used to fund operations in future fiscal years.

### **(10) Commitments and Contingencies**

#### Legal

The Agency is subject to claims and lawsuits arising in the normal course of business. Such claims are routinely evaluated by the Agency's legal counsel. Management may make provisions for probable losses if deemed appropriate on advice of legal counsel. To the extent provisions for damages are considered necessary, appropriate amounts are reflected in the Agency's financial statements. It is the opinion of management, based on consultation with legal counsel, that the estimated liability for unreserved claims and suits will not have a material impact on the Agency's financial statements.

#### Purchase Contracts

The Agency had the following significant purchase commitments outstanding at June 30, 2020. These purchase orders are for future goods and services the Agency is committed to by contract but has yet to receive. The balances listed include some contingency balances; therefore, actual costs may be lower than shown.

<u>Vendor</u>	<u>Project</u>	<u>Amount</u>	<u>Expected Completion</u>
Michelin North America, Inc.	Tire Lease	\$ 210,805	August 2020
Clean Energy	Backup Generator	\$ 939,951	October 2020
CDW-G LLC	Microsoft Software License	\$ 305,422	October 2020
Sardo Bus & Coach	Bus Detailing	\$ 583,779	December 2020
Transit Information Products	Transit Guide Printing	\$ 200,000	February 2021
City of Long Beach Police	Police Services	\$ 949,512	May 2021
Carl Warren & Co.	Liability and Subrogation Third Party	\$ 483,447	May 2021
Complete Coach Works	Compressed Natural Gas Vehicles Midlife Rehab	\$ 6,946,349	June 2021
Spectrum Charter	Internet Service	\$ 209,880	December 2022
Communication			
Clean Energy	CNG Station Maintenance	\$ 2,391,040	October 2023
City of Long Beach	Permit to Use Transmitter Facility and Microwave Maintenance	\$ 166,298	September 2024

## **Notes to Financial Statements (continued)**

### Lease Obligations

In FY 2017 and prior, bus tire leases were included in the capital assets and depreciated over a 12-month period as allowed by the FTA. Beginning FY 2018, the Agency recorded bus tire leases as an operating expense. Under the terms of the lease, the vendor supplies the tires and invoices to the Agency based on monthly mileage. There are no minimum guarantee payments required in the contracts. Total lease costs were \$590,290 and \$684,149 for the years ended June 30, 2020 and 2019, respectively.

### Business Risks Associated with the Impacts of COVID-19

The Agency's operations is affected by the recent and ongoing outbreak of COVID-19, which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, possible effects may include, but are not limited to, disruption of the Agency's transportation services, which could have an impact on the Agency's net position and operating results. There is significant uncertainty as to the severity and longevity of the outbreak and management is in the process of evaluating the impact on the Agency and its financial statements.

## Notes to Financial Statements (continued)

### **(11) Employee Benefits**

#### Vacation Compensation

Employees accrue vacation by reason of tenure at annual rates ranging from 12 to 30 days per year. Salaried employees may accumulate and carryover no more than the number of vacation days earned in the previous year. Contract employees are paid their earned vacation in full each year. On June 30, 2020 and 2019, accrued unpaid vacation for all Agency employees amounted to \$3,444,177 and \$3,200,850 respectively.

				Due Within
<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/20</u>	<u>One Year</u>
\$ 3,200,850	\$ 3,444,177	\$(3,200,850)	\$ 3,444,177	\$ 3,444,177
<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/19</u>	<u>Due Within</u>
\$ 3,250,399	\$ 3,200,850	\$(3,250,399)	\$ 3,200,850	\$ 3,200,850

Once a year, the Agency allows employees to sell back a portion of their earned vacation in lieu of taking the time off. The Agency has agreed to buy back vacation time in excess of 10 days earned during the calendar year. Vacation days carried over from the previous year are not eligible for this program. The Agency paid \$227,511 and \$215,933 under this program during 2020 and 2019, respectively.

#### Sick Leave Benefit

Full-time Agency employees are entitled to receive up to 96 hours of sick leave per year. Unused sick leave may be accumulated and converted to a cash account only upon retirement from the Agency as termination payments. Employees leaving the Agency for any reason besides retirement, are not eligible to convert their unused sick leave to a cash account.

Upon retirement, the retiree is no longer eligible to participate in any Agency sponsored health plans and all health care related liabilities are the responsibility of the retiree. However, a retiree that incurs qualifying health related expenditures may seek reimbursement from the Agency from their converted cash account. Once the cash value of the converted cash account is exhausted, the retiree is no longer eligible for any reimbursements.

There were 125 retirees with unused sick leave converted cash accounts at the end of both June 30, 2020 and 2019. The cash value equivalent of the remaining unused sick leave for the current retirees totaled \$1,449,446 and \$1,327,067 respectively. Total reimbursements paid by the Agency during the fiscal years ended June 30, 2020 and 2019, were \$243,979 and \$317,180, respectively.

The Agency has established a liability related to unused sick leave for both current and future payments. The estimated liability at June 30, 2020 and 2019, was \$4,699,472 and \$4,463,309, respectively.

				Due Within
<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/20</u>	<u>One Year</u>
\$ 4,463,309	\$ 480,142	\$(243,979)	\$ 4,699,472	\$ 179,727
<u>Balance 6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/19</u>	<u>Due Within</u>
\$ 4,121,600	\$ 658,889	\$(317,180)	\$ 4,463,309	\$ 214,990

## Notes to Financial Statements (continued)

### **(12) Labor Agreements**

#### Union Labor Agreements

The Labor Agreement between LBT and the Amalgamated Transit Union (ATU), Local 1277 (the Agreement), is effective from July 1, 2017 through June 30, 2021. The Agreement provides the parties with specific procedures governing the duration and renewal of the Agreement to maintain safe and efficient operation of the transit system. LBT has no reason to expect any service disruption with regard to the Agreement.

The Labor Agreement between LBT and the American Federation of State, County and Municipal Employees (AFSCME), District Council 36 (the Agreement), is effective from July 1, 2017, through June 30, 2021. The Agreement provides the parties with specific procedures governing the duration and renewal of the Agreement to maintain safe and efficient operation of the transit system. LBT has no reason to expect any service disruption with regard to the Agreement.

### **(13) Pension Benefits**

#### Plan Descriptions

The Agency sponsors two single employer defined benefit pension plans: one for contract employees, the Long Beach Public Transportation Company Retirement Plan – Contract Employees (Contract Plan), and one for staff employees, the Long Beach Public Transportation Company Retirement Plan – Salaried Employees (Salaried Plan) for employees hired before April 1, 2011. For staff employees hired on or after April 1, 2011, LBT adopted a new 401(a) qualified retirement plan for employer matching contributions.

The Agency's payroll for employees covered by each pension plan for the years ended June 30, 2020 and 2019 was \$31,946,238 and \$30,624,368 for the Contract Plan, respectively, and \$4,589,323 and \$4,782,843 for the Salaried Plan, respectively. Total Agency payroll for 2020 and 2019 was \$46,876,197 and \$45,326,095, respectively.

The Contract and the Salaried Plans are contributory single employer defined benefit pension plans sponsored by the Agency. Full-time employees in a job classification covered by an ATU collective bargaining agreement between the Agency and the Union participate in the Contract Plan as of their date of employment. All full-time employees not covered by an ATU collective bargaining agreement and hired before April 1, 2011 participate in the Salaried Plan as of their date of employment. For employees not covered by an ATU collective bargaining agreement and hired on or after April 1, 2011, LBT adopted a new 401(a) qualified retirement plan for employer matching contributions. Contract employees hired on or after April 1, 2011 are not eligible to participate in the 401(a) qualified retirement plan, but are eligible to continue to participate in the Contract Plan. Participants in the Contract Plan, and Salaried Plan employees hired before April 1, 2011 are eligible for annual benefit payments at the normal retirement age of 64 and completion of 10 years of credited service and become 100% vested after five credit years of service. Employees covered under the Salaried Plan can retire prior to 64 with a normal retirement benefit if the combination of the employee's age and service equals 80 or more.

## Notes to Financial Statements (continued)

### Pension Plan Benefits

Benefit payments for the Salaried Plan are determined as 1.70% of adjusted final monthly earnings multiplied by years of credited service (maximum credit of 40 years). Adjusted final monthly earnings are the employee's highest average monthly wage of 36 consecutive months of earnings during the last 10 calendar years of employment, prior to normal retirement date, which provide the highest value.

Benefit payments for the Contract Plan are determined as the sum of the following:

1. 1.23% of the first \$500 of adjusted monthly earnings multiplied by the years of credited service (maximum credit of 40 years).
2. 1.70% of adjusted final monthly earnings greater than \$500 multiplied by the years of credited service (maximum credit of 40 years).

Contract employees who are at least 54 years of age with ten years of service or more, will have their pension benefits calculated as the sum of items 1 and 2 above, increased by 15%.

Adjusted final monthly earnings under the Contract Plan are the employee's highest average monthly wage for 60 consecutive months of earnings during the last 10 calendar years of employment, prior to normal retirement date, which provide the highest value.

Retirees for both Plans, if married, are eligible to receive a joint annuity with a reduced annuity to the surviving spouse or domestic partner, and if unmarried, a straight-life annuity. These benefits are actuarially equivalent at the normal retirement date. Plan members are entitled, upon leaving service, to a vested termination of employment benefit if they have completed five years of credited service on their termination date. The vested termination of employment benefit is equal to the normal retirement benefit earned to the termination date.

### Death and Disability Benefits

In the event a Plan member dies after reaching retirement age, while still actively employed, a retirement benefit will be paid to the spouse in the amount of 50% of the amount the Plan member would have received under the joint and 50% survivor spouse annuity, assuming retirement occurred the day immediately prior to death.

If a Salaried Plan participant becomes occupationally disabled, he or she is entitled to a monthly benefit equal to 1.7% of the participant's average monthly final earnings for each year of service earned. The minimum monthly disability benefit is 17% of the participant's average earnings, regardless of the length of service or vesting status.

If a Contract Plan participant is totally and permanently disabled with 10 or more years of credited service, the participant is entitled to receive the full normal retirement benefit earned to the date of disability, without actuarial reduction, commencing six months after the date of disablement. A reduced occupational disability benefit is available for the Plan members unable to perform their usual work duties who leave service after 10 or more years of credited service.

## Notes to Financial Statements (continued)

### Termination

The Plans may be amended, altered, or modified, or successor plans may be adopted at any time with the consent of the employer and its Board of Directors or its successor in interest. In the event of termination, the net assets will be allocated based on the order of priority prescribed in the Plans.

### Funding Policy and Annual Pension Contributions

The Agency is required to contribute to the Plans at an actuarially determined rate. Salaried Plan members are required to contribute 5% of their annual salaries toward the Plan. Contract Plan members contribute a percentage of their annual salary toward the Plan as decided by the Board of Arbitration on June 15, 2012 whereas the Agency pays the first 10% of the amount the actuary states, Contract employees pay the next 5% and the Agency and the employees equally split any funding amounts over 15%. The contribution rates for 2020 were 21.87% and 22.60% for the Contract and Salaried Plans, respectively. For 2020, the Agency's annual contributions were \$4,357,936 and \$1,596,044 for the Contract and Salaried Plans, respectively. For 2019, the Agency's annual contributions were \$4,488,508 and \$3,111,520 for the Contract and Salaried Plans, respectively.

### Net Pension Liability – Salaried Plan

The Salaried Plan's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.00% compounded annually
Salary Increases	3.00% per year
Mortality	IRS 2007 Current Liability Combined Table
Employee Contribution	
Interest Credit	5.00% compounded annually
Lump Sums	4.50% interest; IRS applicable mortality
Administrative Expenses	\$197,584
Termination Before Retirement:	

Age	Turnover Rate
20	7.94%
25	7.20%
30	7.22%
35	6.28%
40	5.15%
45	3.98%
50	2.56%
55	0.94%

## Notes to Financial Statements (continued)

Retirement: For participants who are eligible for 70/80 Retirement, the following rates apply:

Age	Retirement Rate
50-53	5%
54-55	10%
56-57	20%
58-59	40%
60+	100%

All other active participants, inactive vested participants, and future inactive vested participants are assumed to retire at age 64 after completion of 10 years of service.

Marital Status: 80% of non-retired participants are married. Female spouse is assumed to be three years younger than the male spouse.

Form of Payment: 80% of active participants are assumed to elect the lump-sum option. The remaining 20% of active participants are assumed to elect a single-life annuity. Vested terminated participants are assumed to elect a single-life annuity.

Unknown Data: Participants with unreported data, such as missing birthdates, are assumed to have the same characteristics as similar participants.

The long-term expected rate of return on pension plan investments has been based upon the assumption that future real returns will approximate the long-term rates of return projected for each asset class in the Investment Policy Statement. The relative benchmarks for the investment options are monitored on an ongoing basis by the Pension Committee. The Committee has discretion to take corrective action by replacing a manager. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
US Large Agency Stocks	30%	7.0%
US Small Agency Stocks	5	7.0
Real Estate Securities	6	7.0
International Equity	20	7.7
Multi-strategy	5	6.0
Fixed Income	33	3.1
Cash Equivalent	1	2.9

## Notes to Financial Statements (continued)

*Discount Rate.* The discount rate used to measure the total pension liability was 6 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

<b>Salaried Plan</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at 6/30/2019	\$ 33,336,432	\$ 30,938,951	\$ 2,397,481
Changes for the year:			
Service cost	753,733	-	753,733
Interest	1,779,258	-	1,779,258
Expected investment income	-	1,868,608	(1,868,608)
Difference between expected and actual experience	(624,271)	(1,783,984)	1,159,713
Contributions - employer	-	1,596,044	(1,596,044)
Contributions - employee	-	319,542	(319,542)
Benefit payments, including refunds	(1,302,936)	(1,302,936)	-
Administrative expense	-	(197,584)	197,584
Net changes	605,784	499,690	106,094
Balances at 6/30/2020	\$ 33,942,216	\$ 31,438,641	\$ 2,503,575

<b>Salaried Plan</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at 6/30/2018	\$ 31,215,626	\$ 27,866,540	\$ 3,349,086
Changes for the year:			
Service Cost	800,422	-	800,422
Interest	1,673,123	-	1,673,123
Expected investment income	-	1,739,831	(1,739,831)
Difference between expected and actual experience	598,675	(962,148)	1,560,823
Contributions - employer	-	3,111,520	(3,111,520)
Contributions - employee	-	322,305	(322,305)
Benefit payments, including refunds	(951,414)	(951,414)	-
Administrative expense	-	(187,683)	187,683
Net Changes	2,120,806	3,072,411	(951,605)
Balances at 6/30/2019	\$ 33,336,432	\$ 30,938,951	\$ 2,397,481

## Notes to Financial Statements (continued)

### Net Pension Liability – Contract Plan

The Contract Plan's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

*Actuarial Assumptions.* The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment Rate of Return	6.50% compounded annually
Salary Increases	3.00% per year
Mortality	IRS 2007 Current Liability Combined Table
Employee Contribution	
Interest Credit	5.00% compounded annually
Lump Sums	4.50% interest; IRS applicable mortality
Administrative Expenses	\$364,995
Termination Before Retirement:	

Age	Turnover Rate
20	7.94%
25	7.20%
30	7.22%
35	6.28%
40	5.15%
45	3.98%
50	2.56%
55	0.94%

Retirement:

All active participants, inactive vested participants and future inactive vested participants are assumed to retire at age 64 after completion of 10 years of service.

Marital Status:

80% of non-retired participants are married. Female spouse is assumed to be three years younger than the male spouse.

Form of Payment:

80% of active participants hired prior to July 1, 2012 are assumed to elect the lump-sum option. The remaining 20% of active participants hired prior to July 1, 2012, all actives hired on or after July 1, 2012, and all Vested Terminated participants are assumed to elect the single-life annuity.

Unknown Data:

Participants with unreported data, such as missing birthdates, are assumed to have the same characteristics as similar participants.

## Notes to Financial Statements (continued)

The long-term expected rate of return on pension plan investments has been based upon the assumption that future real returns will approximate the long-term rates of return projected for each asset class in the Investment Policy Statement. The relative benchmarks for the investment options are monitored on an ongoing basis by the Pension Committee. The Committee has discretion to take corrective action by replacing a manager. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Strategic Allocation	Long-Term Expected Real Rate of Return
US Large Agency Stocks	20%	6.9%
US Small Agency Stocks	5	6.9
Real Estate Securities	6	6.9
International Equity	23	7.3
Multi-strategy	15	6.9
Fixed Income	30	5.5
Cash Equivalent	1	2.9

*Discount Rate.* The discount rate used to measure the total pension liability was 6.5 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Contract Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2019	\$ 91,295,118	\$ 60,679,049	\$ 30,616,069
Changes for the year:			
Service cost	3,749,883	-	3,749,883
Interest	5,661,960	-	5,661,960
Expected investment income	-	4,036,600	(4,036,600)
Difference between expected and actual experience	(820,357)	(3,829,250)	3,008,893
Contributions - employer	-	4,357,936	(4,357,936)
Contributions - employee	-	2,810,418	(2,810,418)
Benefit payments, including refunds	(3,912,892)	(3,912,892)	-
Administrative expense	-	(364,995)	364,995
Net changes	4,678,594	3,097,817	1,580,777
Balances at 6/30/2020	\$ 95,973,712	\$ 63,776,866	\$ 32,196,846

**Notes to Financial Statements (continued)**

<b>Contract Plan</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at 6/30/2018	\$ 87,017,395	\$ 56,021,895	\$ 30,995,500
Changes for the year			
Service cost	3,862,139	-	3,862,139
Interest	5,458,336	-	5,458,336
Expected investment income	-	3,735,506	(3,735,506)
Difference between expected and actual experience	(1,182,989)	(2,019,511)	836,522
Contributions - employer	-	4,488,508	(4,488,508)
Contributions - employee	-	2,677,045	(2,677,045)
Benefit payments, including refunds	(3,859,763)	(3,859,763)	-
Administrative expense	-	(364,631)	364,631
Net changes	4,277,723	4,657,154	(379,431)
Balances at 6/30/2019	\$ 91,295,118	\$ 60,679,049	\$ 30,616,069

Net Pension Liability - Combined Plans

<b>Combined Plans</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at 6/30/2019	\$ 124,631,550	\$ 91,618,000	\$ 33,013,550
Changes for the year:			
Service cost	4,503,616	-	4,503,616
Interest	7,441,218	-	7,441,218
Expected investment income	-	5,905,208	(5,905,208)
Difference between expected and actual experience	(1,444,628)	(5,613,234)	4,168,606
Contributions - employer	-	5,953,980	(5,953,980)
Contributions - employee	-	3,129,960	(3,129,960)
Benefit payments, including refunds	(5,215,828)	(5,215,828)	-
Administrative expense	-	(562,579)	562,579
Net changes	5,284,378	3,597,507	1,686,871
Balances at 6/30/2020	\$ 129,915,928	\$ 95,215,507	\$ 34,700,421

**Notes to Financial Statements (continued)**

<b>Combined Plans</b>	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balances at 6/30/2018	\$ 118,233,021	\$ 83,888,435	\$ 34,344,586
Changes for the year			
Service cost	4,662,561	-	4,662,561
Interest	7,131,459	-	7,131,459
Expected investment income	-	5,475,337	(5,475,337)
Difference between expected and actual experience	(584,314)	(2,981,659)	2,397,345
Contributions - employer	-	7,600,028	(7,600,028)
Contributions - employee	-	2,999,350	(2,999,350)
Benefit payments, including refunds	(4,811,177)	(4,811,177)	-
Administrative expense	-	(552,314)	552,314
Net changes	6,398,529	7,729,565	(1,331,036)
Balances at 6/30/2019	\$ 124,631,550	\$ 91,618,000	\$ 33,013,550

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Contract Plan as of June 30, 2020, calculated using the discount rate of 6.5%, as well as what the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (5.5%) or one-percentage point higher (7.5%) than the current rate. The Salaried Plan's net pension liability is calculated using a discount rate that is one-percentage point lower (5.0%) or one-percentage point higher (7.0%) than the current rate of 6.0%.

	<b>Contract Plan</b>
1% Decrease or 5.5%	\$ 41,341,052
6.5 % Current Discount Rate	\$ 32,196,846
1% Increase or 7.5%	\$ 20,004,876
	<b>Salaried Plan</b>
1% Decrease or 5.0%	\$ 4,758,610
6.0% Current Discount Rate	\$ 2,503,575
1% Increase or 7.0%	\$ 518,698

## Notes to Financial Statements (continued)

### Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2020, the Salaried Plan recognized pension expense of \$2,293,631. At June 30, 2020, the Salaried Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Salaried Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 259,233	
Changes of assumptions	398,882	
Net difference between projected and actual earning on plan investments	2,523,644	
<b>Total</b>	<b>\$ 3,181,759</b>	<b>None</b>

For the year ended June 30, 2019, the Salaried Plan recognized pension expense of \$1,936,467. At June 30, 2019, the Salaried Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Salaried Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,317,723	
Changes of assumptions	1,003,248	
Net difference between projected and actual earning on plan investments	1,356,965	
<b>Total</b>	<b>\$ 3,677,936</b>	<b>None</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Salaried Plan – Year Ended June 30</b>	<b>Amount to Be Recognized</b>
2021	\$ (1,318,701)
2022	\$ (499,232)
2023	\$ (489,414)
2024	\$ (517,616)
2025	\$ (356,796)
Thereafter	\$ --

## Notes to Financial Statements (continued)

For the year ended June 30, 2020, the Contract Plan recognized pension expense of \$5,943,761. At June 30, 2020, the Contract Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Contract Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,577,574	
Changes of assumptions	4,098,364	
Net difference between projected and actual earning on plan investments	6,099,887	
<b>Total</b>	<b>\$ 11,775,825</b>	<b>None</b>

For the year ended June 30, 2019, the Contract Plan recognized pension expense of \$5,401,784. At June 30, 2019, the Contract Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Contract Plan</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 2,883,338	
Changes of assumptions	4,889,158	
Net difference between projected and actual earning on plan investments	4,017,647	
<b>Total</b>	<b>\$ 11,790,143</b>	<b>None</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Contract Plan – Year Ended June 30</b>	<b>Amount to Be Recognized</b>
2021	\$ (2,998,070)
2022	\$ (2,213,743)
2023	\$ (2,457,196)
2024	\$ (2,364,578)
2025	\$ (1,641,713)
Thereafter	\$ (100,525)

## Notes to Financial Statements (continued)

For the year ended June 30, 2020, both plans recognized pension expense of \$8,237,392. At June 30, 2020, both plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Combined Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,836,807	
Changes of assumptions	4,497,246	
Net difference between projected and actual earning on plan investments	8,623,531	
<b>Total</b>	<b>\$ 14,957,584</b>	<b>None</b>

For the year ended June 30, 2019, both plans recognized pension expense of \$7,338,251. At June 30, 2019, both plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Combined Plans</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 4,201,061	
Changes of assumptions	5,892,406	
Net difference between projected and actual earning on plan investments	5,374,612	
<b>Total</b>	<b>\$ 15,468,079</b>	<b>None</b>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Combined Plans – Year Ended June 30</b>	<b>Amount to Be Recognized</b>
2021	\$ (4,316,771)
2022	\$ (2,712,975)
2023	\$ (2,946,610)
2024	\$ (2,882,194)
2025	\$ (1,998,509)
Thereafter	\$ (100,525)

Financial statements for the Contract and Salaried Plans are available under separate covers. Copies of the financial statements can be obtained by writing to Long Beach Transit, Attn: Executive Director/VP, Finance and Budget, 1963 E. Anaheim St., Long Beach, CA 90813.

### Defined Contribution Plan 401(a)

Participation in the 401(a) Plan is limited to full-time regular staff employees hired on or after April 1, 2011. The Agency's contribution to the 401(a) Plan is as follows: (A) a matching contribution equal to the amount of the employee's salary deferrals to the 457(b) Plan, up to a maximum of 5% of the employee's base salary, and (B) a non-elective contribution equal to 5% of the employee's base salary regardless of whether the employee makes any salary deferrals to the 457(b) Plan for the plan year.

## Notes to Financial Statements (continued)

### **(14) Subsequent Events**

On August 18, 2020, LBT closed escrow on the acquisition of a commercial office building located in the City of Long Beach to be used as the Agency's corporate office. The property was purchased from the Port of Long Beach with a purchase price of \$21 million. The Agency executed a promissory note with the Port of Long Beach to finance \$10.5 million, with an annual interest rate of five percent over 10 years.

As part of the purchase of the building noted above, the Agency was assigned to an existing ground lease with the City of Long Beach and the Long Beach Airport. The ground lease is set to expire on June 30, 2069, and calls for monthly payments in the amount of \$22,949. Effective July 1, 2022, and every five years thereafter, the monthly payment amount will be adjusted by the Consumer Price Index of the preceding five-year period. The maximum increase in any given year will be eight percent.

The Board of Directors also approved a contract with Newmark Knight Frank for Property Management services in relation to the newly purchased office building at a total cost not to exceed \$772,725 for three years.

The financial statements as of and for the year ended June 30, 2020 have not been impacted by the subsequent transactions as stated above.

## Required Supplementary Information

The following are Schedules of Changes in Net Pension Liability and Schedules of Contributions for the years ending June 30, 2013 through 2020 for the two Company-sponsored defined benefit pension plans: Long Beach Public Transportation Company Retirement Plan – Salaried Employees (Salaried Plan) and Long Beach Public Transportation Company Retirement Plan – Contract Employees (Contract Plan).

### LONG BEACH TRANSIT RETIREMENT PLAN - SALARIED EMPLOYEES

#### Schedule of Changes in Net Pension Liability

##### and Related Ratios

	2020	2019	2018	2017	2016	2015	2014	2013
	For the Years Ended							
Total pension liability	\$ 753,733	\$ 800,422	\$ 831,665	\$ 858,666	\$ 769,704	\$ 845,302	\$ 773,964	\$ 641,489
Service cost	1,779,258	1,673,123	1,589,310	1,626,217	1,724,678	1,704,802	1,809,528	1,355,511
Interest								
Difference between expected and actual experience	(624,271)	598,675	770,200	80,484	427,104	(582,806)	667,873	1,089,429
Changes of assumptions								
Benefit payments	(1,302,936)	(951,414)	(1,503,429)	(3,003,925)	2,816,346			3,694,438
Net change	605,784	2,120,806	1,687,746	(438,558)	(1,332,112)	(1,818,412)	(2,342,868)	(702,018)
Beginning total pension liability	33,336,432	31,215,626	29,527,880	29,966,438	25,560,718	25,411,832	24,503,335	18,424,486
Ending total pension liability	<u>\$ 33,942,216</u>	<u>\$ 33,336,432</u>	<u>\$ 31,215,626</u>	<u>\$ 29,527,880</u>	<u>\$ 29,966,438</u>	<u>\$ 25,560,718</u>	<u>\$ 25,411,832</u>	<u>\$ 24,503,335</u>
Plan fiduciary net position								
Employer contributions	\$ 1,596,044	\$ 3,111,520	\$ 2,602,155	\$ 2,790,134	\$ 4,270,185	\$ 4,758,243	\$ 2,847,508	\$ 2,244,185
Employee contributions	319,542	322,305	320,450	340,086	365,367	402,617	436,748	449,958
Net transfer to/from Contract Plan								
Investment income (loss)	84,624	777,683	1,376,782	2,277,537	(194,989)	(11,557)	1,750,047	960,977
Pension benefits	(1,302,936)	(951,414)	(1,503,429)	(3,003,925)	(1,332,112)	(1,818,412)	(2,342,868)	(702,018)
Administrative expenses	(197,584)	(187,683)	(199,961)	(203,559)	(167,603)	(167,173)	(142,202)	(117,013)
Net change	499,690	3,072,411	2,633,660	2,455,314	2,958,349	3,164,006	2,791,119	2,836,089
Beginning plan fiduciary net position	<u>\$ 30,938,951</u>	<u>\$ 27,866,540</u>	<u>\$ 25,232,880</u>	<u>\$ 22,777,566</u>	<u>\$ 19,819,217</u>	<u>\$ 16,655,211</u>	<u>\$ 13,864,092</u>	<u>\$ 11,028,003</u>
Ending plan fiduciary net position	<u>\$ 31,438,641</u>	<u>\$ 30,938,951</u>	<u>\$ 27,866,540</u>	<u>\$ 25,232,880</u>	<u>\$ 22,777,566</u>	<u>\$ 19,819,217</u>	<u>\$ 16,655,211</u>	<u>\$ 13,864,092</u>
Company's net pension liability	<u>\$ 2,503,575</u>	<u>\$ 2,397,481</u>	<u>\$ 3,349,086</u>	<u>\$ 4,295,000</u>	<u>\$ 7,188,872</u>	<u>\$ 5,741,501</u>	<u>\$ 8,756,621</u>	<u>\$ 10,639,243</u>
Plan fiduciary net position as a % of total pension liability	92.62%	92.81%	89.27%	85.45%	76.01%	77.54%	65.54%	56.58%
Covered payroll	\$ 4,589,323	\$ 4,783,000	\$ 4,859,000	\$ 5,187,000	\$ 6,023,000	\$ 6,381,000	\$ 6,925,000	\$ 7,801,000
Company's net pension liability as a % of covered payroll	54.55%	50.11%	68.92%	82.80%	119.36%	89.98%	126.45%	136.38%

Note: The information presented above is not available for years prior to the year ended June 30, 2013. Additional years' information will be displayed as it becomes available.

## Required Supplementary Information (continued)

**LONG BEACH TRANSIT**  
**RETIREMENT PLAN - CONTRACT EMPLOYEES**

**Schedule of Changes in Net Pension Liability  
 and Related Ratios  
 For the Years Ended**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Total pension liability	\$ 3,749,883	\$ 3,862,139	\$ 3,750,722	\$ 3,352,311	\$ 2,713,135	\$ 2,893,596	\$ 2,285,562	\$ 1,972,068
Service cost	5,661,960	5,458,336	5,173,663	4,970,642	4,575,251	4,462,912	4,418,719	3,621,647
Interest								
Difference between expected and actual experience	(820,357)	(1,182,989)	1,915,331	849,980	3,062,106	(1,252,537)	877,921	(652,845)
Changes of assumptions			3,651,179	3,194,510				6,749,225
Benefit payments	(3,912,892)	(3,859,763)	(5,626,291)	(4,615,902)	(3,182,794)	(4,881,029)	(4,326,353)	(2,447,910)
Net change	4,678,594	4,277,723	8,864,604	7,751,541	7,167,698	1,222,942	3,255,849	9,242,185
Beginning total pension liability	91,295,118	87,017,395	78,152,791	70,401,250	63,233,552	62,010,610	58,754,761	49,512,576
Ending total pension liability	<u>\$ 95,973,712</u>	<u>\$ 91,295,118</u>	<u>\$ 87,017,395</u>	<u>\$ 78,152,791</u>	<u>\$ 70,401,250</u>	<u>\$ 63,233,552</u>	<u>\$ 62,010,610</u>	<u>\$ 58,754,761</u>
Plan fiduciary net position								
Employer contributions	\$ 4,357,936	\$ 4,488,508	\$ 4,054,711	\$ 3,877,435	\$ 3,439,288	\$ 3,067,778	\$ 3,326,307	\$ 2,572,888
Employee contributions	2,810,418	2,677,045	2,461,892	2,141,425	1,754,192	1,643,452	1,437,006	1,142,100
Net transfer to/from Contract Plan			(37,663)	(255,041)	(17,501)	(288)	(241,886)	-
Investment income (loss)	207,350	1,715,995	2,807,077	4,919,899	(407,799)	(569)	5,113,555	3,324,692
Pension benefits	(3,912,892)	(3,859,763)	(5,626,291)	(4,615,902)	(3,182,794)	(4,881,029)	(4,326,353)	(2,447,910)
Administrative expenses	(364,995)	(364,631)	(380,134)	(376,137)	(325,026)	(349,496)	(323,518)	(291,858)
Net change	3,097,817	4,657,154	3,279,592	5,691,679	1,260,360	(520,152)	4,985,111	4,299,912
Beginning plan fiduciary net position	60,679,049	56,021,895	52,742,303	47,050,624	45,790,264	46,310,416	41,325,305	37,025,393
Ending plan fiduciary net position	<u>\$ 63,776,866</u>	<u>\$ 60,679,049</u>	<u>\$ 56,021,895</u>	<u>\$ 52,742,303</u>	<u>\$ 47,050,624</u>	<u>\$ 45,790,264</u>	<u>\$ 46,310,416</u>	<u>\$ 41,325,305</u>
Company's net pension liability	<u>\$ 32,196,846</u>	<u>\$ 30,616,069</u>	<u>\$ 30,995,500</u>	<u>\$ 25,410,488</u>	<u>\$ 23,350,626</u>	<u>\$ 17,443,288</u>	<u>\$ 15,700,194</u>	<u>\$ 17,429,456</u>
Plan fiduciary net position as a % of total pension liability	66.45%	66.46%	64.38%	67.49%	66.83%	72.41%	74.68%	70.34%
Covered payroll	\$ 31,946,238	\$ 30,624,000	\$ 31,094,000	\$ 30,448,000	\$ 29,787,000	\$ 25,321,000	\$ 27,266,000	\$ 24,693,000
Company's net pension liability as a % of covered payroll	100.78%	99.97%	99.68%	83.46%	78.39%	68.89%	57.58%	70.58%

Note: The information presented above is not available for years prior to the year ended June 30, 2013. Additional years' information will be displayed as it becomes available.

### Required Supplementary Information (continued)

The following table summarizes contributions required (based on the actuarial valuations) and contributions made for the eight years ended for Salaried Employees (Salaried Plan):

	Schedule of Contributions Salaried Plan 2013 - 2020							
	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,915,586	\$ 1,933,825	\$ 1,922,605	\$ 2,030,220	\$ 2,000,708	\$ 2,605,222	\$ 2,484,256	\$ 1,886,343
Employer contributions	1,596,044	3,111,520	2,602,155	2,790,134	4,270,185	4,758,243	2,847,508	2,244,185
Employee contributions	319,542	322,305	320,450	340,086	365,367	402,617	436,748	449,958
Total contributions	<u>1,915,586</u>	<u>3,433,825</u>	<u>2,922,605</u>	<u>3,130,220</u>	<u>4,635,552</u>	<u>5,160,860</u>	<u>3,284,256</u>	<u>2,694,143</u>
Contribution deficiency (excess)	\$ 4,589,323	\$ (1,500,000)	\$ (1,000,000)	\$ (1,100,000)	\$ (2,634,844)	\$ (2,555,638)	\$ (800,000)	\$ (807,800)
Covered payroll		\$ 4,783,000	\$ 4,859,000	\$ 5,187,000	\$ 6,023,000	\$ 6,381,000	\$ 6,925,000	\$ 7,801,000
Contributions as a percentage of covered - employee payroll	41.74%	71.79%	60.15%	60.35%	76.96%	80.88%	47.43%	34.54%

Note: The information presented above is not available for years prior to the year ended June 30, 2013. Additional years' information will be displayed as it becomes available.

## Required Supplementary Information (continued)

### Notes to Schedule:

#### Valuation date:

Actuarially determined contributions rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen Initial Liability
Amortization method	10 years, closed period
Remaining amortization period	7 years
Asset valuation method	Market value
Salary increases	3.0% per annum
Investment rate of return	6% compounded annually
Administrative expenses	\$197,584
Employee contribution interest credit	5.00% per year

Age	Turnover Rate
20	7.94%
25	7.72
30	7.22
35	6.28
40	5.15
45	3.98
50	2.56
55	0.94

#### Termination before retirement

## Required Supplementary Information (continued)

Retirement age

For participants who are eligible for 70/80 retirement the following rates apply:

Age	Retirement Rate
50-53	5.00%
54-55	10
56-57	20
58-59	40
60+	100

All other active participants, inactive vested participants, and future inactive vested participants are assumed to retire at age 64 after completion of 10 years of service.

Marital Status

80% of non-retired participants are married. Female spouse is assumed to be three years younger than the male spouse.

Form of payment

80% of active participants are assumed to elect the lump-sum option. The remaining 20% of active participants and vested terminated participants are assumed to elect the single life annuity.

Unknown data

Participants with unreported data, such as missing birthdates, are assumed to have the same characteristics as similar participants. If not specified, participants are assumed to be male.

Lump Sums  
Mortality

Interest: 4.50%; IRS Applicable Mortality  
IRS 2007 Current Liability Combined Table

## Required Supplementary Information (continued)

The following table summarizes contributions required (based on the actuarial valuations) and contributions made for the eight years ended for Contract Employees (Contract Plan):

**Schedule of Contributions  
Contract Plan  
2013 - 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Actuarially determined contribution	\$ 7,168,354	\$ 7,165,553	\$ 6,516,603	\$ 6,018,860	\$ 5,193,480	\$ 4,711,230	\$ 4,763,313	\$ 3,714,988
Employer contributions	4,357,936	4,488,508	4,054,711	3,877,435	3,439,288	3,067,778	3,326,307	2,572,888
Employee contributions	2,810,418	2,677,045	2,461,892	2,141,425	1,754,192	1,643,452	1,437,006	1,142,100
Total contributions	<u>\$ 7,168,354</u>	<u>\$ 7,165,553</u>	<u>\$ 6,516,603</u>	<u>\$ 6,018,860</u>	<u>\$ 5,193,480</u>	<u>\$ 4,711,230</u>	<u>\$ 4,763,313</u>	<u>\$ 3,714,988</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 31,946,238	\$ 30,624,000	\$ 31,094,000	\$ 30,448,000	\$ 29,787,000	\$ 25,321,000	\$ 27,266,000	\$ 24,693,000
Contributions as a percentage of covered employee payroll	22.44%	23.40%	20.96%	19.77%	17.44%	18.61%	17.47%	15.04%

Note: The information presented above is not available for years prior to the year ended June 30, 2013. Additional years' information will be displayed as it becomes available.

## Required Supplementary Information (continued)

Notes to schedule:

Valuation date:

Actuarially determined contributions rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen Initial Liability
Amortization method	30 years, closed period
Remaining amortization period	18 years
Asset valuation method	Market value
Salary increases	3.0% per annum
Investment rate of return	6.5% compounded annually
Administrative expenses	\$364,995
Employee contribution interest credit	5.00% per year
Termination before retirement	

Age	Turnover Rate
20	7.94%
25	7.72
30	7.22
35	6.28
40	5.15
45	3.98
50	2.56
55	0.94

Retirement age

Marital Status

Form of payment

Unknown data

Lump Sums  
Mortality

All active, inactive vested, and future inactive vested participants are assumed to retire at age 64 after completion of 10 years of service. 80% of non-retired participants are married. Female spouse is assumed to be three years younger than the male spouse. 80% of active participants hired prior to July 1, 2012 are assumed to elect the lump-sum option. The remaining 20% of active participants hired prior to July 1, 2012, all actives hired on or after July 1, 2012, and vested terminated participants are assumed to elect the single life annuity.

Participants with unreported data, such as missing birthdates, are assumed to have the same characteristics as similar participants. If not specified, participants are assumed to be male.

Interest: 4.50%; IRS Applicable Mortality  
IRS 2007 Current Liability Combined Table

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# Statistics

Statistics





## STATISTICAL SECTION

This part of Long Beach Public Transportation Company's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Agency's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to assess how the Agency's financial performance and well-being have changed over time.</i>	56
Revenue Capacity <i>These schedules contain information on the Agency's revenue sources and their fluctuations over time.</i>	59
Demographic and Economic Information <i>These schedules offer demographic and economic indicators regarding the environment within which the Agency's financial activities take place.</i>	61
Operating Information <i>These schedules contain information about services the Agency provides and the activities it performs.</i>	63
Pension Information <i>The Agency's Pension Plans' financial statements are issued under separate cover. The schedules contained in this section include general financial and actuarial information providing data concerning the Plans' funding status and general activity.</i>	72
Grant Information <i>The Agency's grant programs are issued under separate cover in the Single Audit. The schedules contained in this section provide a summary of capital grant activity for Federal, State and Local sources.</i>	74

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

**Financial Trends**  
**Net Position by Component**  
**2011 - 2020**

**Exhibit 1**

	Invested in Capital Assets	(1) Restricted	Unrestricted	Total
2011	83,828,062	21,356	3,583,423	87,432,841
2012	79,281,750	13,558	3,591,221	82,886,529
2013	98,327,695	30,174	3,574,605	101,932,474
2014	84,858,221	156,350	(21,833,158)	63,181,413
2015	91,276,393	144,080	(17,551,860)	73,868,613
2016	83,154,750	52,306	(13,189,109)	70,017,947
2017	89,067,558	73,776	(13,707,283)	75,434,051
2018	102,951,120	87,193	(14,193,881)	88,844,432
2019	91,068,904	87,193	(14,027,877)	77,128,220
2020	83,144,218	526,717	(16,664,805)	67,006,130

(1) Fluctuations in balances reflect the Agency's procurement of capital assets in each year. Significant changes occur in years which included the receipt of new buses and pension liability adjustments.

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**Financial Trends**  
**Operating Expenses By Type**  
**2011 – 2020**

**Exhibit 2**

	Personnel					Casualty &	Purchased	
	Wages &	Fuel &	Supplies &	Services	Liability	Transportation	Depreciation	Total
	Benefits	Lubricants	Materials					
2011	52,462,571	6,754,776	2,858,490	6,644,394	3,693,995	1,026,413	17,588,757	91,029,396
2012	51,744,582	7,816,511	3,104,125	7,132,271	2,274,190	1,204,522	19,311,548	92,587,749
2013	54,820,343	7,290,527	2,654,286	7,692,693	2,532,732	1,464,569	20,249,160	96,704,310
2014	56,985,858	6,770,574	2,619,659	7,917,623	3,953,610	1,645,713	20,605,041	100,498,078
2015	57,228,802	5,487,215	2,414,826	8,483,128	3,606,383	1,642,825	18,343,403	97,206,582
2016	57,929,446	4,133,479	2,480,321	8,599,766	1,700,504	1,530,061	18,355,286	94,728,863
2017	64,426,881	4,035,132	2,501,985	9,111,699	2,171,419	1,334,269	17,554,892	101,136,277
2018	65,960,366	4,748,476	3,389,418	10,342,384	2,600,478	1,459,241	16,178,310	104,678,673
2019	70,161,457	5,166,101	4,087,981	11,565,340	1,432,513	1,747,051	16,340,080	110,500,523
2020	73,865,703	4,099,536	4,189,586	12,847,179	3,419,739	1,705,444	15,739,478	115,866,665

**Financial Trends**  
**Changes in Net Position**

**Exhibit 3**

	<b>2011 – 2020</b>									
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Expenses</b>										
Transportation	\$ 35,413,269	\$ 35,139,334	\$ 37,554,281	\$ 38,869,648	\$ 39,488,966	\$ 40,639,813	\$ 44,148,976	\$ 45,458,610	\$ 47,848,764	\$ 54,678,389
Maintenance	21,292,632	21,834,078	22,042,606	21,878,415	20,479,627	19,355,457	20,379,891	22,186,665	23,854,682	24,288,404
Risk Management	6,791,630	7,175,642	6,222,310	7,900,442	8,795,766	5,891,767	7,638,605	9,124,849	8,856,141	5,605,293
Marketing & Customer Service	1,665,938	1,761,195	1,827,629	1,917,253	1,948,218	1,950,613	2,119,166	1,849,042	2,339,313	2,393,953
General	8,277,170	7,365,952	8,808,324	9,327,279	8,150,602	8,535,927	9,294,747	9,881,197	11,261,543	13,161,148
Administration	17,588,757	19,311,548	20,249,160	20,605,041	18,343,403	18,355,286	17,554,892	16,178,310	16,340,080	15,739,478
<b>Total Expenses</b>	<b>\$ 91,029,396</b>	<b>\$ 92,587,749</b>	<b>\$ 96,704,310</b>	<b>\$ 100,498,078</b>	<b>\$ 97,206,582</b>	<b>\$ 94,728,863</b>	<b>\$ 101,136,277</b>	<b>\$ 104,678,673</b>	<b>\$ 110,500,523</b>	<b>\$ 115,866,665</b>
<b>Revenues</b>										
Passenger Fares	\$ 17,308,290	\$ 18,085,942	\$ 18,024,416	\$ 17,966,020	\$ 17,516,839	\$ 16,945,561	\$ 15,630,301	\$ 14,562,861	\$ 14,167,351	\$ 10,452,194
Special Events	41,935	21,386	43,693	25,496	18,754	63,143	54,598	505,138	292,292	240,512
Advertising	558,490	688,089	542,382	630,413	603,029	743,132	618,750	801,753	1,069,805	978,484
<b>Subtotal Operating</b>	<b>\$ 17,908,715</b>	<b>18,795,417</b>	<b>18,610,491</b>	<b>18,621,929</b>	<b>18,138,622</b>	<b>17,751,836</b>	<b>16,303,649</b>	<b>15,869,752</b>	<b>15,529,448</b>	<b>11,671,190</b>
Subsidies	55,012,754	54,112,325	57,671,790	61,008,975	64,700,470	61,703,522	65,351,654	70,611,297	76,153,983	82,029,003
Interest & Other	519,170	368,458	172,869	262,133	293,115	1,189,184	1,429,378	1,546,133	2,643,016	4,229,590
<b>Subtotal Nonoperating</b>	<b>55,531,924</b>	<b>54,480,783</b>	<b>57,844,659</b>	<b>61,271,108</b>	<b>64,993,585</b>	<b>62,892,706</b>	<b>66,781,032</b>	<b>72,157,430</b>	<b>78,796,999</b>	<b>86,258,593</b>
<b>Total Revenues</b>	<b>\$ 73,440,639</b>	<b>\$ 73,276,200</b>	<b>\$ 76,455,150</b>	<b>\$ 79,893,037</b>	<b>\$ 83,132,207</b>	<b>\$ 80,644,542</b>	<b>\$ 83,084,681</b>	<b>\$ 88,027,182</b>	<b>\$ 94,326,447</b>	<b>\$ 97,929,783</b>
Net Expense	\$ (17,588,757)	\$ (19,311,549)	\$ (20,249,160)	\$ (20,605,041)	\$ (14,074,375)	\$ (14,084,321)	\$ (18,051,596)	\$ (16,651,491)	\$ (16,174,076)	\$ (17,936,882)
Capital Grants	17,130,510	14,765,236	39,295,105	7,135,567	24,761,575	10,233,655	23,467,700	30,061,872	4,457,864	7,814,792
<b>Change in Net Position</b>	<b>\$ (458,247)</b>	<b>\$ (4,546,313)</b>	<b>\$ 19,045,945</b>	<b>\$ (13,469,474)</b>	<b>\$ 10,687,200</b>	<b>\$ (3,850,666)</b>	<b>\$ 5,416,104</b>	<b>\$ 13,410,381</b>	<b>\$ (11,716,212)</b>	<b>\$ (10,122,090)</b>

**Exhibit 4**

**Financial Trends**

**Capital Expenditures By Type**

**2011 - 2020**

Fiscal Year	Facilities	Fleet	Customer Amenities	AVL, Farebox & Radio Equipment	Furniture & IT Equipment	Shop & Garage Equipment	Total
2011	1,206,706	6,764,468	7,256,720	518,104	1,134,931	249,581	17,130,510
2012	4,325,055	6,651,509	859,424	395,016	2,320,594	213,638	14,765,236
2013	3,499,678	33,192,608	246,410	173,465	1,900,072	282,872	39,295,105
2014	1,179,707	4,291,904	432,180	93,033	1,090,098	48,645	7,135,567
2015	790,850	21,682,852	1,121,151	154,802	964,131	47,789	24,761,575
2016	428,727	6,722,168	961,882	177,299	1,739,603	203,976	10,233,655
2017	1,562,076	10,528,848	1,039,431	146,183	1,406,411	34,751	14,717,700
2018	283,004	26,615,064	1,401,501	680,162	982,787	99,354	30,061,872
2019	803,460	1,345,520	537,589	57,250	1,467,834	246,211	4,457,864
2020	938,428	5,299,359	118,921	67,675	1,216,180	174,229	7,814,792

**Revenue Capacity  
Operating Subsidy Sources  
2011 - 2020**

**Exhibit 5**

	Prop A Funds City of Long Beach	Prop A Discretionary Funds L.A. County	Prop C Measure M & R Funds L.A. County	State Assistance	Federal Preventive Maintenance Program	Other Sources	Total
2011	5,375,238	13,460,669	12,371,325	17,480,351	6,067,800	257,371	55,012,754
2012	5,891,768	8,822,958	13,546,398	20,170,522	5,325,134	355,545	54,112,325
2013	5,044,272	10,873,265	11,934,386	22,547,344	6,339,255	933,268	57,671,790
2014	4,850,603	12,508,593	13,598,965	24,909,438	3,412,984	1,728,392	61,008,975
2015	5,190,603	12,767,792	14,269,674	24,826,792	5,929,059	1,716,550	64,700,470
2016	5,190,603	12,680,667	11,628,614	24,914,119	5,325,398	1,964,121	61,703,522
2017	5,572,292	14,174,567	15,572,050	24,402,408	4,327,990	1,302,347	65,351,654
2018	5,924,407	12,648,905	19,954,759	23,689,180	7,846,063	547,983	70,611,297
2019	6,170,100	10,944,646	25,081,880	29,795,924	3,158,764	1,002,669	76,153,983
2020	6,008,758	12,598,998	25,909,558	33,950,870	2,757,676	803,143	82,029,003

**Revenue Capacity  
Fare Recovery Percentage  
2011 - 2020**

**Exhibit 6**

<u>Year</u>				<u>Percentage</u>
2011	.....	.....	.....	23.6
2012	.....	.....	.....	24.7
2013	.....	.....	.....	23.6
2014	.....	.....	.....	22.5
2015	.....	.....	.....	21.1
2016	.....	.....	.....	21.1
2017	.....	.....	.....	18.9
2018	.....	.....	.....	17.1
2019	.....	.....	.....	15.3
2020	.....	.....	.....	10.9

Note: Prior years' information in the above table has been modified to conform with the current year's presentation. Fare recovery percentage represents passenger fares and special event revenue divided by operating expenses before depreciation.

**Revenue Capacity  
Fare History  
2011 - 2020**

**Exhibit 7**

Fixed Route Service:

Cash Fares:

Regular	\$	1.25
Student		1.25
Senior & Disabled		0.60
Local transfer		-
Interagency transfer		0.50

Day Pass:

Regular	\$	4.00
Discounted		2.50

5 - Day Pass:

Regular	\$	18.00
Discounted		9.00

Monthly Pass:

UCLA Commuter Express*	\$	120.00
Regular		65.00
Student		40.00
Senior & Disabled		24.00

Dial-A-Lift Service:

Cash Fare	\$	2.00
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Water Taxi:

Cash Fares:

AquaBus	\$	1.00
AquaLink		5.00

\* UCLA Commuter Express pilot started in FY2019. Service became permanent in FY2020.

**Demographic and Economic Information**  
**City of Long Beach**  
**Demographic Statistics**  
**2011 - 2020**

**Exhibit 8**

<b>Fiscal Year Ended June 30</b>	<b>Estimated Population (A)</b>	<b>Personal Income (in millions) (B&amp;E)</b>	<b>Per Capita Personal Income (B&amp;E)</b>	<b>Public School Enrollment (C)</b>	<b>Unemployment Rate (D)</b>
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	480,173	17,864	37,203	76,428	5.3
2018	478,561	16,210	34,370	74,681	5.1
2019	475,984	16,556	34,933	73,221	4.6
2020	472,802	16,762	35,305	72,002	19.6

Sources:

- (A) California Department of Finance.
- (B) Bureau of Economic Analysis. Personal income and per capita personal income are based on percent change of per capita personal income for Los Angeles-Long Beach-Santa Ana, CA (Metropolitan Statistical Area). BEA's report does not have personal income and per capita personal income available since 2018, so an average of the last five years was used.
- (C) California Department of Education Educational Demographic Unit. Annual school census from Long Beach Unified School District for preschool, grades kindergarten through 12.
- (D) Average annual rate reported by Bureau of Labor Statistics.
- (E) Restated prior years due to the data's annual revision.

**Demographic and Economic Information**  
**City of Long Beach**  
**Principal Employers**

**Most Recent Year Available and Nine Years Prior**

**Exhibit 9**

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

Source: (1) Department of Financial Management Accounting and Business License via City of Long Beach  
(2) State of California Employment Development Department Labor Market Info for 2010 and 2019 via City of Long Beach.

**Operating Information**  
**Key Performance Indicators**

**Exhibit 10**

**2011 – 2020**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>Fixed Route</u></b>										
Operating Cost Per Vehicle Service Hour	\$ 106.77	\$ 105.61	\$ 110.11	\$ 115.04	\$ 115.40	\$ 112.67	\$ 114.57	\$ 120.98	\$ 127.44	\$ 153.72
Operating Cost Per Passenger	\$ 2.54	\$ 2.50	\$ 2.56	\$ 2.69	\$ 2.85	\$ 2.94	\$ 3.22	\$ 3.65	\$ 3.98	\$ 5.23
Roadcalls	1,325	1,819	1,778	2,243	2,163	1,912	1,897	2,367	2,021	1,552
Miles Between Roadcalls	5,807	4,219	4,438	3,413	3,572	4,040	4,222	3,409	4,071	4,577
Total Accidents	851	865	881	1,026	912	999	938	871	784	589
Preventable Accidents	90	89	120	101	126	103	99	94	101	73
Preventable Accidents Per 100,000 Miles	1.17	1.16	1.52	1.36	2.07	1.34	1.29	1.22	1.26	1.08
Passengers per Vehicle Service Hour	45	48	43	42	40	37	35	33	32	29
On-Time Performance <sup>1</sup>	99.8%	99.9%	99.9%	77.4%	78.5%	85.2%	86.7%	85.7%	84.7%	84.6%
Number of Vehicles	265	260	262	248	249	249	249	249	249	249
Number of Employees	708	725	728	729	723	728	727	746	745	743
<b><u>Special Services</u></b>										
Dial-A-Lift Cost Per Passenger	\$ 19.71	\$ 19.64	\$ 20.42	\$ 20.60	\$ 19.36	\$ 18.34	\$ 18.90	\$ 20.19	\$ 27.12	\$ 35.77
Dial-A-Lift Passengers Per Service Hour	5.0	5.1	4.8	5.1	5.7	4.8	2.1	1.8	1.6	1.6
Number of Dial-A-Lift Vehicles	15	15	13	13	15	12	10	10	10	10
Water Taxi Cost Per Passenger <sup>2</sup>	\$ 11.94	\$ 13.73	\$ 9.23	\$ 12.69	\$ 11.27	\$ 10.94	\$ 9.03	\$ 9.32	\$ 10.17	\$ 11.48
Water Taxi Passengers Per Vehicle Service Hour	14.09	13.81	13.94	16.32	16.11	19.02	18.99	19.15	19.49	19.01
Number of Water Taxi Vessels	3	4	4	4	4	4	4	4	4	4

<sup>1</sup> Scheduled times are compared with actual departure times using TransitMaster Automated Vehicle Location (AVL) system data. Starting in 2014, no event exceptions are used.

<sup>2</sup> Costs only include fixed route water taxi services.

**Operating Information**  
**Customer Satisfaction Trends**  
**2011 - 2020**

**Exhibit 11**

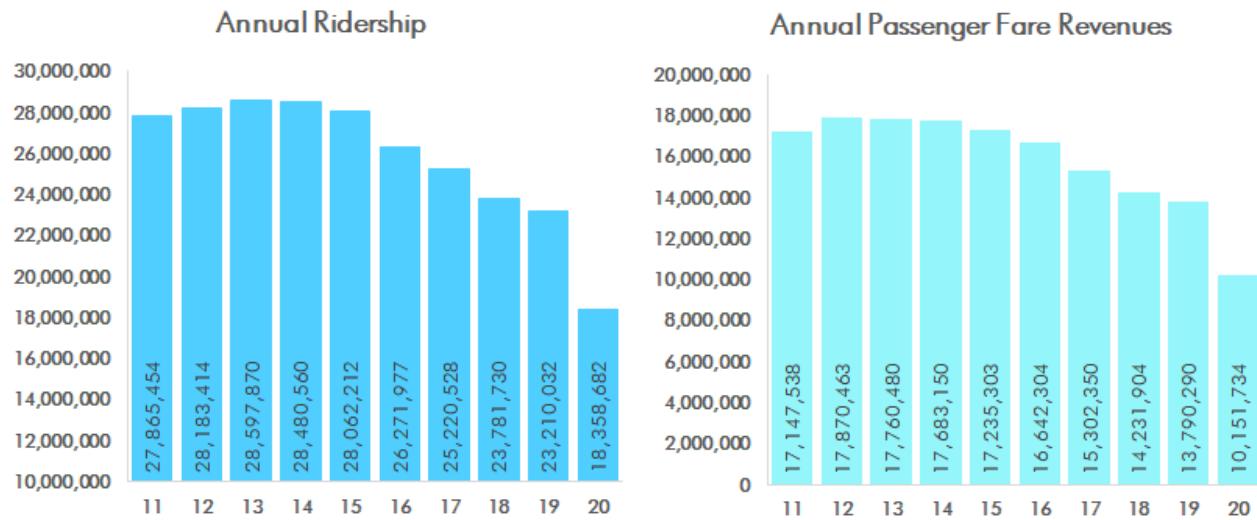
Service Element	% of Customers Rating Favorably									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
LBT Overall	97	97	97	97	90	96	93	98	98	97
LBT Compared to Others	89	93	95	91	**	**	**	**	**	**
Operator Appearance	99	99	99	98	92	98	98	99	98	94
Fares	73	87	91	92	90	94	93	90	95	88
Operator Courtesy	90	92	94	91	91	95	95	99	96	93
Operator Safety	97	98	99	92	90	98	97	99	99	95
On Board Safety	95	96	97	95	86	90	**	**	**	**
Route Convenience	95	96	98	95	90	95	94	94	96	91
Information Available	90	95	95	92	86	92	91	89	90	87
Telephone Information	90	91	89	86	83	91	88	93	91	82
Bus Stop Safety	90	92	95	92	84	78	**	**	**	**
Bus Stop Convenience	96	96	97	97	89	95	94	95	94	88
Schedule Reliability	78	85	89	84	83	89	88	93	90	83
Bus Cleanliness	93	94	95	95	85	88	91	90	91	88
Bus Stop Cleanliness	86	91	91	92	87	86	88	88	82	81

Source: Annual community survey.

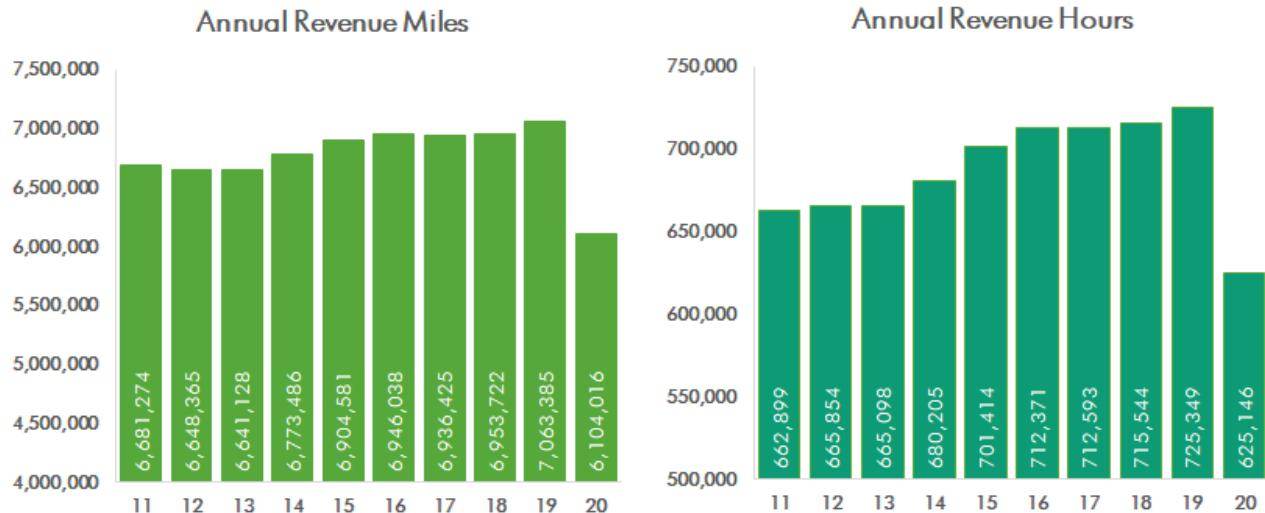
\*\* Not surveyed

**Operating Information  
Fixed Route Statistics  
2011 - 2020**

**Exhibit 12**



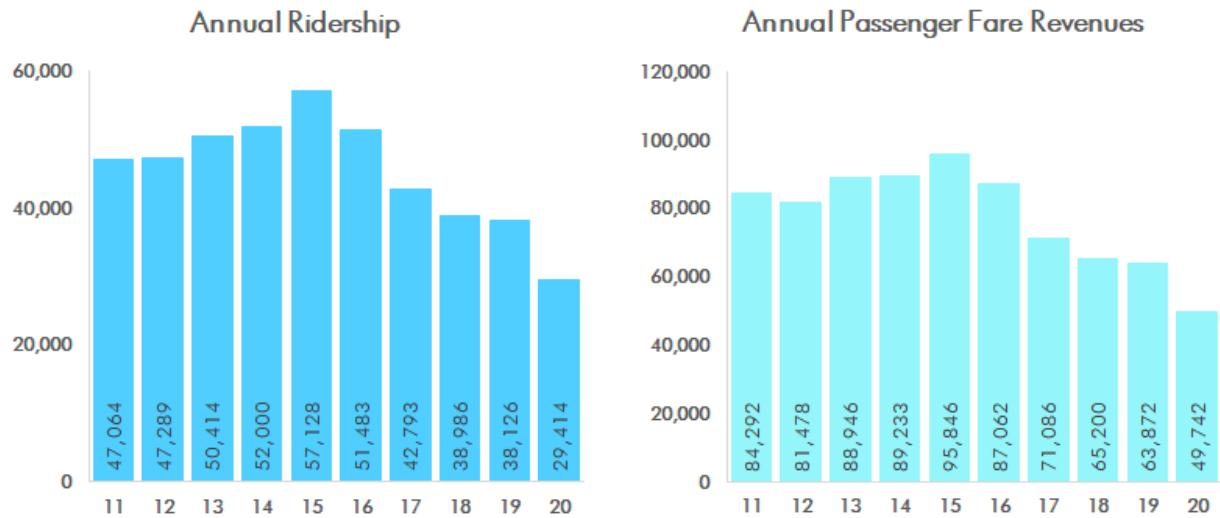
LBT had a loss of ridership from FY 2019 to FY 2020, with 23.2 million boardings on LBT buses in FY 2019 falling to 18.4 million boardings on LBT buses in FY 2020. The 18.4 million boardings represented a 20.9% decrease from the previous year. This ridership decline is largely due to the COVID-19 pandemic, as month over month ridership had been stable or increasing prior to the pandemic.



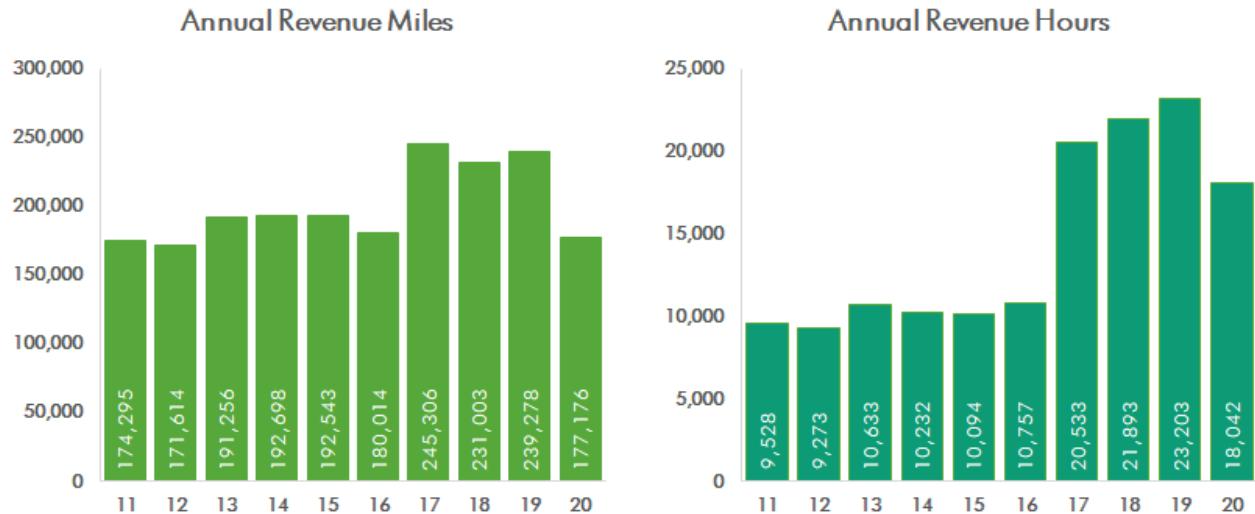
Source: Long Beach Transit's Annual National Transit Database Report

**Operating Information**  
**Dial-A-Lift Statistics**  
**2011 - 2020**

**Exhibit 13**



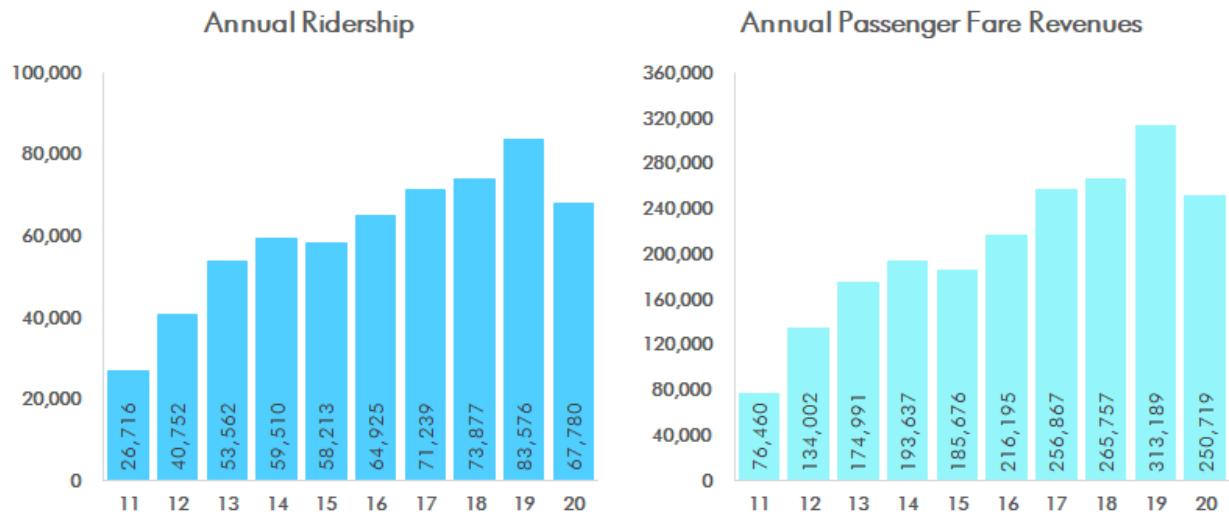
Dial-A-Lift had a 22.9% decrease in ridership in FY 2020. The ridership decrease is attributed in large part to the COVID-19 pandemic which significantly reduced demand for Dial-A-Lift service. The Dial-A-Lift service is supplied by a private contractor who provides Dial-A-Lift vehicle trips.



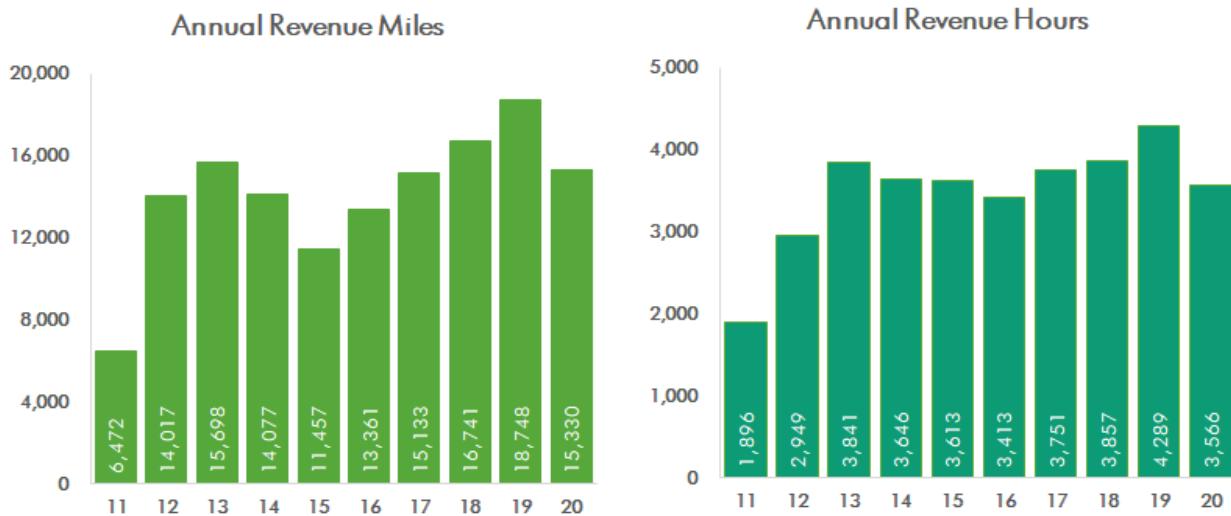
Source: Long Beach Transit's Annual National Transit Database Report

**Operating Information  
Water Taxi Statistics  
2011 - 2020**

**Exhibit 14**



Water Taxi ridership decreased 18.9% and revenues decreased 19.9% in FY 2020. These decreases are due to the fact that all water taxi service was suspended indefinitely as of March 22, 2020 due to the COVID-19 pandemic. Ridership had been increasing month over month in FY 2020 compared to FY 2019 prior to the pandemic.



Source: State Controller's Report

**Operating Information**  
**Schedule of Insurance in Force**  
**June 30, 2020**

**Exhibit 15**

<b>Program</b>	<b>Expiration Term</b>	<b>Agency</b>	<b>Amount/Limit</b>
<b><u>LIABILITY</u></b>			
A. Public Entity Liability			
07/1/21	1 yr	Princeton Excess & Surplus Lines Insurance Co.	\$5,000,000 Excess of \$3,000,000 SIR
B. UST Insurance - Storage Tank Liability			
04/1/21	1 yr	Illinois Union Insurance Co.	\$2,000,000 - each incident \$3,000,000 - aggregate \$3,000,000 - aggregate legal defense \$6,000,000 Total Policy Aggregate/ All Incidents Deductible \$50,000
C. Excess Liability			
07/01/21	1 yr	Allied World National Assurance Co.	\$5,000,000 - Excess of \$3,000,000 SIR
<b><u>COMMERCIAL PROPERTY</u></b>			
04/1/21	1 yr	Travelers Property Casualty Co.	\$22,845,000 - Buildings \$41,459,000 - Business Personal Property (includes \$20,000,000 Buses in yard) \$471,000 - Extra Expense \$5,000,000 - Earthquake Sprinkler Leakage \$2,500 - Deductible per occurrence \$50,000 - Deductible per Earthquake Sprinkler Leakage \$50,000 - Deductible for Buses \$5,000 - Deductible Personal Property in Transit
<b><u>WORKERS' COMPENSATION</u></b>			
07/1/21	1 yr	Safety National Casualty Corp.	SIR: \$1,500,000 WC limit each accident: Statutory Employer's Liability per occurrence: \$2,000,000

**CRIME POLICY**

11/1/20	1 yr	Hartford Fire Insurance Co.	\$1,000,000 - Employee Theft \$20,000 deductible (Employee Theft) \$1,000,000 - Computer and Funds \$1,000,000 - Inside the Premises (Money, Securities and Other Property) \$50,000 - Money Orders & Counterfeit Currency \$5,000 - Deductible for all other claims
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**FELONIOUS ASSAULT POLICY**

07/1/23	3 yr	Federal Insurance Co.	\$100,000 – Life insurance policy covering death as a result of an assault on the job, Article 31, LBT/ATU 1277 CBA
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**FIDUCIARY LIABILITY**

11/1/20	1 yr	Federal Insurance Co.	\$ 3,000,000 - Each Loss \$ 3,000,000 - Each Policy Period \$ 10,000 - Deductible
---------	------	-----------------------	---

**CYBER LIABILITY**

07/01/21	1 yr	ACE American Insurance Co.	\$5,000,000 - Maximum Single Limit of Insurance \$5,000,000 - Maximum Policy Aggregate \$25,000 - Retention - Each Claim
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**ENVIRONMENTAL LEGAL LIABILITY**

06/21/22	1 yr	Aspen Specialty Insurance Co.	\$5,000,000 - Pollution Incident Limit \$5,000,000 - Aggregate Limit of Liability \$25,000 - Per Incident Deductible
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Source: Long Beach Transit's Risk Management Department

**Exhibit 16**

**Operating Information**  
**Fixed-Route Bus Service**  
**Summary of Service Frequency and Hours of Operation (Regular Service)**

Route	FREQUENCY OF SERVICE			DAILY HOURS OF OPERATION					
	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday
1	30 min	40 min	40 min	30/60 min	60 min	60 min	438A - 1100P	619A - 847P	619A - 847P
20	15/20 min	20 min	20 min	20/30/60 min	15/30 min	20/30/60 min	440A - 115X	455A - 117X	455A - 117X
40	10 min	15 min	15 min	10/30 min	15/30 min	15/30 min	430A - 125X	507A - 121X	507A - 124X
40	12/15 min	20/30 min	20 min	15/20/30 min	20/30 min	20/30 min	430A - 1210X	505A - 1211X	505A - 1211X
50	12 min	20/30 min	20 min	20/30/60 min	20/30 min	40 min	450A - 120X	505A - 116X	509A - 117X
60	30 min	40 min	40 min	30/45 min	40 min	40 min	455A - 825P	508A - 855P	508A - 855P
70	50 min	--	--	--	--	--	--	--	--
80	10/15 min	20 min	20/30 min	--	--	--	615A - 643P	--	--
90	Varies	--	--	15/20/30 min	20/30 min	20/30 min	400A - 115X	505A - 112X	455A - 115X
96 ZAP <sup>P</sup>	15/20 min	20/40 min	20/40 min	30 min	30 min	20/40 min	632A-857A, 231P-428P	--	--
101/103	30 min	60 min	60 min	30/50 min	--	20/40 min	458A - 1045P	550A - 805P	550A - 805P
102/104	20 min	30 min	30 min	30/60 min	30/60 min	30/60 min	454A - 857P	648A - 725P	650A - 725P
110	20 min	30 min	30 min	20/30 min	25/30 min	25/30 min	435A - 120X	505A - 101X	505A - 1259X
121	45 min	60 min	60 min	60 min	60 min	60 min	425A - 109X	444A - 108X	502A - 108X
131	25 min	40 min	40 min	25/30/60 min	40/60 min	40/60 min	451 - 1015P	530A - 927P	530A - 927P
151	10/15 min	15/30 min	15/30 min	20/30/60 min	15/30/60 min	15/30/60 min	428A - 1252X	445A - 1254X	445A - 1254X
170	12/15 min	45 min	45 min	30 min	45 min	45 min	419A - 1256X	503A - 1257X	503A - 1255X
171/175	30 min	--	--	--	--	--	425A - 1103P	701A - 1103P	658A - 1010P
176	45 min	60 min	60 min	45 - 60 min	60 min	60 min	650A - 709P	--	--
181	45 min	60 min	60 min	45 min	60 min	60 min	540A - 948P	504A - 855P	504A - 855P
182	10/15 min	20 min	20 min	20/30/60 min	20/30/60 min	20/30/60 min	555A - 855P	535A - 823P	535A - 823P
190	30/60 min	--	--	--	--	--	355A - 155X	505A - 121X	505A - 121X
510	Passport	15 min	15 min	15/30 min	15/30 min	15/30 min	515A-645A, 420P-620P	--	--
	Passport	12 min	12 min				457A - 1254X	458A - 1256X	458A - 1256X

Source: Long Beach Transit's Service Planning Department

## Exhibit 16 (continued)

**Operating Information**  
**Fixed-Route Bus Service**  
**Summary of Service Frequency and Hours of Operation (COVID-19 Reduced Service)**

Route	FREQUENCY OF SERVICE						DAILY HOURS OF OPERATION		
	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday
	Peak/Base (5am - 6pm)			Weekday	Saturday	Sunday	Weekday	Saturday	Sunday
1	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min
20	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min
40	10/30 min	10/30 min	10/30 min	10/30 min	10/30 min	10/30 min	10/30 min	10/30 min	10/30 min
50	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min
60	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min
60	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min
70	--	--	--	--	--	--	--	--	--
80	--	--	--	--	--	--	--	--	--
90	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min
96 ZAP <sup>P</sup>	--	--	--	--	--	--	--	--	--
101/103	20/40 min	20/40 min	20/40 min	20/40 min	20/40 min	20/40 min	20/40 min	20/40 min	20/40 min
104	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min
110	30 min	30 min	30 min	30 min	30 min	30 min	30 min	30 min	30 min
121	30 min	30 min	30 min	30 min	30 min	30 min	30 min	30 min	30 min
131	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min
151	40 min	40 min	40 min	40 min	40 min	40 min	40 min	40 min	40 min
170	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min	15/30 min
171	45 min	45 min	45 min	45 min	45 min	45 min	45 min	45 min	45 min
176	--	--	--	--	--	--	--	--	--
181	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min
182	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min	60 min
190	10/20/30 min	10/20/30 min	10/20/30 min	10/20/30 min	10/20/30 min	10/20/30 min	10/20/30 min	10/20/30 min	10/20/30 min
510	1 A.M. and 1 P.M. Trip	--	--	--	--	--	--	--	--
<b>Passport</b>	Passport	Passport	Passport	Passport	Passport	Passport	Passport	Passport	Passport

Source: Long Beach Transit's Service Planning Department

**Pension Information**  
**Employer and Employee Pension Contributions**  
**2011 – 2020**

**Exhibit 17**

Fiscal Year Ended June 30	Employer Contribution*	Employee Contribution	Covered Payroll **	Contribution as a Percentage of Payroll
<b>Contract Plan</b>				
2011	\$ 3,791,200	\$ -	23,062,414	16.44
2012	2,099,802	1,141,708	23,947,941	13.54
2013	2,473,826	1,142,100	24,693,232	14.64
2014	3,326,307	1,437,006	27,266,377	17.47
2015	3,067,778	1,643,452	25,321,405	18.61
2016	3,439,288	1,754,192	29,787,114	17.44
2017	3,877,435	2,141,425	30,447,872	19.77
2018	4,054,711	2,461,892	31,093,861	20.96
2019	4,488,508	2,677,045	30,624,368	23.40
2020	4,357,936	2,810,418	31,946,238	22.44
<b>Salaried Plan</b>				
2011	\$ 2,041,762	\$ -	7,121,812	28.67
2012	1,244,244	387,987	7,602,881	21.47
2013	2,244,185	449,958	7,800,712	34.54
2014	2,847,508	436,748	6,924,729	47.43
2015	4,758,243	402,617	6,380,468	80.89
2016	4,270,185	365,367	6,023,124	76.96
2017	2,790,134	340,086	5,186,888	60.35
2018	2,602,155	320,450	4,858,664	60.15
2019	3,111,520	322,305	4,782,843	71.79
2020	1,596,044	319,542	4,589,323	41.74

\* Total contribution amounts reflect year-end accruals which are adjusted for actual pay in the following fiscal year.

\*\* Covered Payroll prior to 2018 have been restated in accordance with GASB.

Source: Contract and Salaried pension plan financial statements for the year ended June 30, 2020.

These financial statements are prepared under separate cover and contain additional trend information.

## Exhibit 18

**Pension Information**  
**Pension Revenues by Source and Expenses by Type**  
**2011 – 2020**

Fiscal Year Ended June 30	Revenues by Source				Expenses by Type			
	Employer and Employee Contributions	Benefit transfer	Investment Return	Total	Administrative Expenses	Benefit Payments	Benefit transfer	Total
	<u>Contract</u>				<u>Salaried</u>			
<u>Plan</u>								
2011	\$ 3,791,200	\$ -	\$ 6,604,495	\$ 10,395,695	\$ 227,962	\$ 1,852,836	\$ 168,731	\$ 2,249,529
2012	3,241,510	-	682,971	3,924,481	255,280	2,610,617	25,643	2,891,540
2013	3,714,988	-	3,324,692	7,039,680	291,858	2,447,910	-	2,739,768
2014	4,763,313	-	5,113,555	9,876,868	323,518	4,326,353	241,886	4,891,757
2015	4,711,230	-	(569)	4,710,661	349,496	4,881,029	288	5,230,813
2016	5,193,480	-	(407,799)	4,785,681	325,026	3,182,794	17,501	3,525,321
2017	6,018,860	-	4,919,899	10,938,759	376,137	4,615,902	255,041	5,247,080
2018	6,516,603	-	2,807,077	9,323,680	380,134	5,626,291	37,663	6,044,088
2019	7,165,553	-	1,715,995	8,881,548	364,631	3,559,763	-	4,224,394
2020	7,168,354	-	207,350	7,375,704	364,995	3,912,892	-	4,277,887
<u>Contract</u>								
<u>Plan</u>								
2011	\$ 2,041,762	\$ 168,731	\$ 2,235,151	\$ 4,445,644	\$ 118,827	\$ 2,255,212	\$ -	\$ 2,374,039
2012	1,632,231	25,643	(238,790)	1,419,084	118,457	2,294,168	-	2,412,625
2013	2,694,143	-	960,977	3,655,120	117,013	702,018	-	819,031
2014	3,284,256	241,886	1,750,047	5,276,189	142,002	234,268	-	376,270
2015	5,160,860	288	(11,557)	5,149,591	167,173	1,818,412	-	1,985,585
2016	4,632,552	17,501	(194,989)	4,455,064	167,603	1,332,112	-	1,499,715
2017	3,130,220	255,041	2,277,537	5,662,798	203,559	3,003,925	-	3,207,484
2018	2,922,605	37,663	1,376,782	4,337,050	199,961	1,503,429	-	1,703,390
2019	3,433,825	-	777,683	4,211,508	187,683	951,414	-	1,139,997
2020	1,915,586	-	84,624	2,000,210	197,584	1,302,936	-	1,500,520

Source: Contract and Salaried pension plan financial statements for the year ended June 30, 2020.

These financial statements are prepared under separate cover and contain additional trend information.

## Exhibit 19

**Grant Information**  
**Capital Grant History**  
**Federal Grants 2011 - 2020**

FTA Grants	Authorized Amount	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CA-90-Y391	13,354,477	\$ 95,849	\$ 60,034	\$ 2,527,386							
CA-90-Y440	6,358,401	35,420	11,972								
CA-90-Y502	14,756,941	8,688	132,711	26,545							
CA-90-Y652	13,051,167	654,528	398,367	8,331,767	\$ 428,257	\$ 175,263	\$ 41,956				
CA-95-X040	447,000	57,282									
CA-03-0714	970,874										
CA-04-0061	1,915,492										
CA-90-Y731	14,960,635	4,965,764	234,409	3,761,979	71,168	5,361					
CA-03-0759	485,888										
CA-90-X007	16,497,214	8,840,940	693,688								
CA-04-0065	2,604,050	1,998,932	(173,860)	778,978							
CA-04-0134	1,783,466	222,952	351,368	1,096,541	71,421	41,184					
CA-90-Y798	13,994,380	3,046,150	6,541,814	646,277	312,347	829,421	11,026	\$ 2,344			
CA-90-Y880	15,774,862	746,816	7,199,267	2,525,909	86,464	40,244	33,223	\$ 1,935,227	\$ 21,716	\$ 37,584	
CA-04-0184	2,863,280	899,012	702,223	387,690	330,469	5,296	70,224				6,425
CA-04-0199	950,000										
CA-38-0004	6,700,000	637,161	193,185	88,283	237,053	4,213,586	1,677,736				
CA-90-Y957	16,248,527	1,048,270	2,605,970	5,748,917	46,226	112,598	6,552,428				
CA-90-Z053	17,391,081		773,241	3,102,621	6,504,828	44,927	455,784				
CA-90-Z120	20,701,104	49,875	10,518,828	1,438,564	1,254,135	1,812,501	868,012				
CA-58-0015	2,000,000		2,000,000								
CA-90-Z232	14,113,447				1,622,069	5,264,836	4,829,286				
CA-2016-049	20,731,551				1,314,496	9,911,532	498,404				
CA-2017-050	17,837,931					2,069,639	3,258,119				
CA-37-X100	437,730					426,335	11,395				
CA-2018-127	1,172,867						17,326				
CA-2019-088	17,095,459										
CA-2020-053	13,037,621										
<b>TOTAL</b>	<b>\$ 19,999,485</b>	<b>\$ 9,896,331</b>	<b>\$ 27,706,394</b>	<b>\$ 7,419,063</b>	<b>\$ 22,926,811</b>	<b>\$ 9,947,262</b>	<b>\$ 12,310,369</b>	<b>\$ 29,670,468</b>	<b>\$ 5,268,610</b>	<b>\$ 4,942,900</b>	
											<b>1,925,532</b>

**Grant Information**  
**Capital Grant History**  
**State Grants 2011 - 2020**

**Exhibit 20**

State Grants	Authorized Amount	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
CA-90-Y226	\$ 2,739,574										
CA-95-X040	\$ 203,182										
STA 01	\$ 990,696										
STA 02	\$ 1,341,400										
STA 03	\$ 838,329										
STA 07	\$ 910,000										
STA 08	\$ 3,528,162	\$ 40,077	\$ 10,681	\$ 19,986							
STA 11	\$ 580,795			\$ 331,826	\$ 248,972						
1B PTMISEA	\$ 22,935,490			\$ 5,851,780	\$ 20,924	\$ 1,990,351	\$ 309,770	\$ 1,780,966	\$ 1,883,455	\$ 508,411	\$ 93,396
1B SEC	\$ 3,952,019			252,533	197,999	374,050	274,793	644,369	84,411	22,254	401,085
LCTOP	\$ 512,596										
<b>TOTAL</b>	<b>\$ 140,973</b>	<b>\$ 1,126,922</b>	<b>\$ 6,401,591</b>	<b>\$ 643,946</b>	<b>\$ 2,265,144</b>	<b>\$ 954,139</b>	<b>\$ 1,865,377</b>	<b>\$ 1,905,709</b>	<b>\$ 1,196,557</b>	<b>\$ 520,562</b>	

## Grant Information

### Capital Grant History

#### Local Grants 2011 - 2020

### Exhibit 21

Local Grants	Authorized Amount	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Prop C Security FY 03	\$ 349,154										
Prop C Security FY 04	\$ 923,452										
Prop C – CA-90-Y271	2,375,547										
Prop C-CA-90-Y391	2,934,372	\$ 21,172	\$ 13,250	\$ 8,134	\$ 2,935						
Prop C-CA-90-Y440	1,329,020										
Prop C Sec-CA-90-440	138,600	721	207,383	33,179	6,698						
Prop C FY 08	1,661,127	433,695									
Prop C-CA-90-Y502	3,512,702	20,417									
Prop C-CA-90-Y652	2,030,062	163,641	1,037,686	\$ 107,052	\$ 43,821	\$ 9,366					
Prop C Sec-CA-90-Y652	428,774	(13)									
Prop C FY 09	47,128	519,828	736,865	17,792	2,837						
Prop C-CA-90-Y731	3,604,442	1,239,842	58,875								
Prop C FY 10	110,000	49,175									
Prop C FY 11	3,808,593	155,049	908,816	1,257,541	702,307	341,032	\$ 339,043	\$ 105,434	\$ 229,189	\$ 11,757	\$ 173
Prop C-CA-90-798	3,003,969	762,626	1,635,402	161,627	78,086	107,922	2,693	586			
Prop C-CA-04-065	576,983	499,766	(43,498)	120,715	140,809	17,855	10,297				
Prop C-CA-04-134	312,540	55,704	87,876	225,800	125,882	109,267					
Prop C-CA-04-184	86,720	224,801		987,020	928,199	324,026	303,876	104,107			
Prop C FY 12	2,818,242			27,419	328,881	1,747,453	551,216	357,117			
Prop C FY 13	3,242,074			219,786	82,791	35,027	85,464	443,083			
Prop C-CA-38-0004	876,429			881	701	265	841	177			
Prop C-CA-90-Y957	2,864			61,119	499,668	429,482	708,945	624,427			
Prop C FY 14	2,518,706			927	1,325						
Prop C-CA-90-Y880	2,252				658,270	1,117,119	990,459	185,851			
Prop C FY 15	4,033,963				3,305	5,799	706	71,351			
Prop C-CA-90-Z053	89,216				890,691	150,106	86,122	2,098			
Prop C-CA-90-Z120	1,465,833					92,683	610,084	121,131			
Prop C FY 16	4,172,213						36,827	46,848			
Prop C-CA-90-Z232	90,824							5,203			
Prop C-CA-2016-049	700,368							608,052			
Prop C-CA-37-X100	109,433							106,583			
Prop C FY 17	4,401,948							14,715			
Prop C FY 18	4,492,599							551,683			
Prop C FY 19	4,587,785							427,283			
Prop C FY 20	4,754,414							112,288			
<b>TOTAL</b>	<b>\$ 3,929,757</b>	<b>\$ 3,260,888</b>	<b>\$ 5,440,639</b>	<b>\$ 2,451,592</b>	<b>\$ 4,775,206</b>	<b>\$ 3,089,012</b>	<b>\$ 3,460,901</b>	<b>\$ 2,776,973</b>	<b>\$ 1,248,410</b>	<b>\$ 4,664,483</b>	

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