

May 3, 2022

C-7

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Annual Comprehensive Financial Report (ACFR) and Separately Issued Financial Statements for the Fiscal Year Ended September 30, 2021. (Citywide)

DISCUSSION

Annual Comprehensive Financial Report

The Annual Comprehensive Financial Report (ACFR), prepared by the Financial Management Department, contains audited financial information on all City of Long Beach (City) funds for the fiscal year ended September 30, 2021 (FY 21) in accordance with generally accepted accounting principles. In accordance with Section 302(e) of the City Charter, the ACFR is submitted annually to the City Council. It is important to note that the ACFR 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 cash flow and budgetary information. The audit was conducted by KPMG, LLP, a certified public accounting firm, under contract with the City Auditor.

The ACFR 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 ACFR, was \$5.8 billion as of September 30, 2021. Of this amount, \$272 million was recorded in governmental activities and \$5.5 billion was recorded in enterprise funds such as the Harbor Fund, Water Utility Fund, and Tidelands Operating Fund. Total net position increased by \$431.9 million from FY 20.

Separately Issued Financial Reports and Statements

In addition to the ACFR, 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 ACFR for Long Beach Transit, a discretely presented component unit of the City.

Finally, because of the professionalism and dedication of the Financial Management, Harbor, and Water Departments, as well as finance professionals throughout the City, the ACFR 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 20 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 Erin Weesner-McKinley and Revenue Management Officer Geraldine Alejo on April 11, 2022.

TIMING CONSIDERATIONS

City Council action on this item 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,



KEVIN RIPER

DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



THOMAS B. MODICA
CITY MANAGER

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

City of Long Beach California



Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2021



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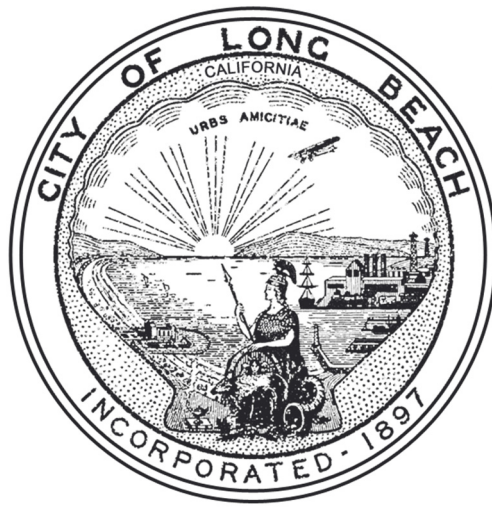


Annual Comprehensive Financial Report

City of Long Beach, California

For the Fiscal Year Ended
September 30, 2021

Prepared by the Department of
Financial Management
Kevin Ripper, Director



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City of Long Beach, California
Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2021

Prepared by the Department of Financial Management

Kevin Riper
Director of Financial Management

Ruby Carrillo-Quincey
City Controller

Stefannie Kodrat
Assistant City Controller

Francine Wiegelman
Assistant City Controller

Claudia Buenrostro
Accounting Management Officer

Glenda Pakingan
Accounting Operations Officer

Sarah Castillo-Wright
Grants Accounting Officer

Angie Tran
Senior Accountant

Michael Carrigg
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Senior Accountant

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Senior Accountant

Kim-Hang Nguyen
Accountant

Shelby Miller
Accountant

Mai-Ly Nguyen
Accountant

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Phuong Pham
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Alex Powers
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Jennifer Mota
Accounting Technician

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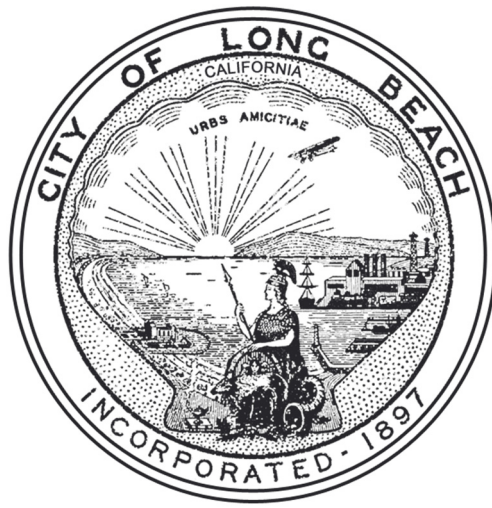
Tiffany Pierce
Administrative Analyst

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Administrative Analyst

Cassandra Tan
Assistant City Treasurer

Cover Photography by Liezl Estipona

Insert Photography by Liezl Estipona



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City of Long Beach
Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2021

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INTRODUCTORY SECTION

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March 29, 2022

Honorable Mayor and City Council
City of Long Beach

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of the City of Long Beach (City) for the fiscal year ended September 30, 2021. 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 ACFR 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 its blended component units, are included within the ACFR. Blended component units are, though 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 receipt and 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 will be available on the Financial Management Department's webpage when completed.

Budgetary Controls

In accordance with the City Charter, the City Manager must submit the Proposed Budget to the Mayor no later than 90 days prior to the beginning of the fiscal year, or July 3. Then the Mayor must transmit



the Proposed Budget to the City Council no later than 60 days prior to the beginning of the fiscal year, or August 2. The City Council must adopt a budget no later than 15 days prior to the end of the current fiscal year, or September 15, at which time the Mayor will have an additional five (5) days to review the Adopted Budget. The Mayor may concur or exercise a line-item veto of any expenditure. The City Council has until the end of the fiscal year to concur with the Mayor's changes or override any veto. 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.

The City uses encumbrance accounting to ensure effective budgetary control and accountability. Unencumbered appropriations lapse at the end of the fiscal year, and encumbrances outstanding at the time are reported as restricted, committed or assigned fund balances for subsequent year expenditures.

About the City and its Government

Long Beach is a charter city, incorporated in 1897, in Southern California within the County of Los Angeles. Having an estimated 467,000 residents, it is the seventh most populous city in the state. The City has a Mayor, elected at-large, and a nine-member council, elected by district, all serving four-year terms. The City Auditor, Prosecutor and Attorney are elected at-large and serve four-year terms, as well. The City Council appoints the City Clerk and the City Manager. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, with the exception of the elective offices, City Clerk, and the three semi-autonomous commission-led departments. The City has a diverse economic base including international trade, oil, aerospace, aviation, healthcare, education, and tourism.

Many award-winning facilities and services are available to Long Beach residents and visitors. These include public safety, parks, recreation, libraries, health and human services, public works, water, sewer and gas utilities, oil and gas production, a world class port, and a nationally recognized airport.

In 2021, the Long Beach Police Department continued to partner with the community to build positive relationships and prevent crime in the community. This resulted in an award for excellence and innovation in overdose prevention mapping, 63 commendations from residents and visitors about exemplary service and a \$4.3 million Homeland Security Award for critical training and equipment. The Long Beach Fire Department continued to serve the City by responding to 79,000 calls during 2021 and sending experienced firefighters to help quell 13 wildfires plaguing the state of California. The City's fleet has been recognized as a Top 20 Fleet in Government Fleet Magazine competition for the sixth consecutive year and ranked ninth best Green Fleet in the country by the National Association of Fleet Administrators. The Water Department remains the lowest cost provider among the seven largest cities in California, and Long Beach Airport continues to be ranked in the Top 10 Best Small Airports by *USA Today*.

Long Beach is making continuous improvement in livability throughout the community with its award-winning inclusion, increased resources for streets and infrastructure, awards for technology, and more. Long Beach has been named one of the best cities in the nation for inclusion of the LGBTQ community in municipal law and policy, earning a perfect score from the Human Rights Campaign Foundation's Municipal Equity Index and dedicating a Pride Lifeguard Tower which both protects those visiting the City's beaches and demonstrates the City's commitment to serving all the diverse



members of the community. The City's Racial Equity and Reconciliation Initiative has 21 distinct strategies and 107 action plans – many already complete or under way -- to address anti-Black racism, advance racial equity, and create a vision for Long Beach's future where race does not determine social and economic outcomes.

Long Beach remains one of the most bike friendly cities in the nation, adding 3.5 miles of new bikeways during 2021, of which 2.75 miles are classified as "all ages." That arrangement separates street and bike lanes with physical barriers, increasing safety and comfort for both riders and motorists. For the eleventh consecutive year, Long Beach was recognized as a Top 10 Digital City and was awarded the highest honor in this ranking as the Top Digital City in the country by the Center for Digital Government for 2021. The City was also named a Digital Inclusion Trailblazer by the National Digital Inclusion Alliance for its work towards inclusive digital access throughout the City.

The City remains committed to providing support services and a healthy environment for Long Beach residents. 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 and Human Services, Police, Fire) provide outreach services to address the causes affecting persons experiencing homelessness and the impact on the community.

The City swept over 128,000 miles of street surfaces, filled over 25,000 potholes, and collected 385,000 tons of trash which was processed by the City's waste-to-energy plant, helping to generate clean power and preventing over 7,700 tons of recyclable materials from being disposed in landfills. The Police Department's Homeless Outreach and Mental Evaluation (HOME) Detail made over 8,200 contacts offering services to persons experiencing homelessness, resulting in temporary housing for 200 and permanent housing for 60 individuals. The City facilitated 7,952 visits from people experiencing homelessness to the Multi-Service Center and provided showers, hygiene services and linkages to comprehensive services and housing. The City also received 582 new Housing Authority vouchers for people experiencing homelessness or at-risk of homelessness. The City piloted an employment program to provide job readiness skills and employment opportunities for 40 people at-risk of or currently experiencing homelessness. The City's Clean Team conducted 1,000 homeless encampment clean-ups throughout the City, and 765 tons of illegally dumped items were collected from City and private properties and alleyways. During the California Coastal Cleanup Day, 560 volunteers picked up and properly disposed of 180,000 pounds of trash improving the beauty and environmental health of Long Beach's coastal areas.

The Port of Long Beach continues to be a world class green port, protecting the environment while helping Long Beach to grow and prosper. The Port has one of the highest credit ratings for any U.S. 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. The City began to see a return of the television and film industry in 2021. Long Beach has been selected for the filming of many television shows like "NCIS:LA" and "Battlebots" as well as feature films such as "Chip n' Dale Rescue Rangers," "Purple Hearts," and "Me Time." In 2021, 350 film permits were issued, bringing 604 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, and equally important to the safety of residents and visitors, were the 13.7 lane-miles of residential streets and 2.1 lane-miles of alleys rehabilitated and the 1.45 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 pollution generated by vessels stopping in Long Beach. In its efforts to reduce carbon emissions, the City participated in a pilot program to test ten hybrid police Interceptor vehicles. Through Long Beach Transit, the City continues to maintain and improve a reliable, low-polluting public transportation system, improving the mobility and livability of Long Beach's diverse communities. As buses and City vehicles are replaced, they are converted to compressed natural gas and electric power. Transitioning to renewable energy sources will allow these services to continue, but with a lower cost to the environment. Improvement and cleaning of bus stops, updating crosswalks and coordinating the timing of traffic signals have provided a safer and more secure environment for bus riders, pedestrians, and motorists.

The City continues to use innovation to maintain and improve services. The 2021 budget included innovative changes throughout the City's organization. Some of these improvements included: outreach focused on meeting the specialized needs of persons experiencing homelessness, including creating a Homeless Court and Safe Parking program; surveying 600 miles of natural gas pipelines for leaks; adaptation of the new Billie Jean King Main Library to remote services; and achieving a 60% increase in adoptions since 2018 at Long Beach Animal Care Services. The Long Beach Airport held the Festival of Flight event and worked to continue the planned Terminal Improvements, allowing both residents and visitors to feel safe and comfortable during their aviation journey to Long Beach, including maintaining the first PPE (Personal Protective Equipment) vending machine in the City and providing a COVID-19 testing site for travelers.

The City continues to leverage improvements in technology to deliver service to residents and visitors. City staff have become expert users, adapting 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 online.

The 2021 year included many improvements to the services and facilities available in Long Beach. The City has approved nineteen residential and mixed-use projects, ten affordable housing projects and adopted a citywide Enhanced Density Bonus Ordinance which offers incentives for the development of mixed-income, multifamily housing citywide. The City continues to search for ways to improve affordable housing with \$3.6 million Community Development Block Grant funding and \$4.5 million in support of the Long Beach CARES Emergency Rental Assistance programs. Houghton Park held a Youth Festival with 200 youth and family members attending, and the Parks, Recreation and Marine Department will continue to provide over 47,000 healthy meals to children through the Summer Youth Program. Outreach and education events from all departments will continue to bring quality-of-life improvements to Long Beach residents.

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 has become one of its most important challenges and the City has been a state and national leader in



addressing the pandemic and minimizing the impact on the city, its residents, and its businesses. On March 11, 2020, the World Health Organization declared a global pandemic due to the outbreak of the coronavirus respiratory disease (COVID-19). Since that time, the City has been a leader in many necessary actions including issuing health orders to restrict social gatherings, requiring face coverings when in a business or within six feet of another person, and holding some of the largest COVID-19 vaccination and testing events throughout various City locations. Despite the financial impacts, there were deferrals of business taxes and fees for those businesses impacted by the pandemic, deferrals of lease payments to the City by impacted tenants, as well as grants and other actions (often supported by federal financial assistance) to assist businesses and residents. A moratorium on evictions was enacted to provide relief to residential tenants facing hardships, temporary relief from parking penalties, and financing options for business and residents having difficulty paying these costs.

Additionally, City employees whose positions enabled them to work remotely were encouraged to telecommute to support social distancing efforts and the City improved its technology and equipment to better support telecommuting. The City continued to maintain most services throughout the pandemic while reducing or eliminating affected services as needed to comply with health orders. During 2021, measures were taken to carefully reopen Long Beach City Hall to better serve the needs of the public. While some services remain limited or by appointment only, others have moved to a walk-in basis, allowing easier access to the public while protecting both staff and visitors.

Long Beach will continue to meet the challenge of the pandemic and is continuously searching for new opportunities to reduce the economic hardship endured by its residents and economic partners. Through the Long Beach Recovery Act (LBRA), the City has programmed \$252.0 million of federal, state, and City funding for this purpose. LBRA programs fall under three categories. The Economic Recovery programs focus on residents and businesses most impacted by the pandemic and provide funding to promote an effective and inclusive economic recovery that strengthens revenue generation and leverages consumer spending to stimulate lasting economic growth. The Healthy and Safe Community programs address the underlying social determinants of health and prioritize basic needs and the mental and physical health of residents most adversely impacted by the pandemic. The Securing our City's Future category funds the restoration of City services by eliminating employee furloughs, helping the City's financial position by replacing lost revenues due to the pandemic, and developing financial and service strategies to address projected future budget shortfalls. LBRA programs will continue to evolve and grow as additional funding sources and recovery needs are identified.

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 ACFR requires much effort and time, above that of normal daily job duties. The continued dedication of all staff involved in the development of this ACFR is most appreciated.

For the fourteenth 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. To be awarded a Certificate of Achievement, a government must publish an easy to read and efficiently organized ACFR. This report must satisfy both Generally Accepted Accounting Principles

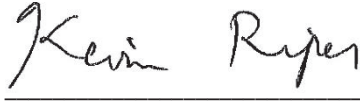


(GAAP) and applicable legal requirements. We believe that our current Annual Comprehensive Financial Report will meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Respectfully submitted,



Thomas B. Modica
City Manager



Kevin Riper
Director of Financial Management



Directory of City Officials
As of September 30, 2021

Dr. Robert Garcia
Mayor

Rex Richardson
Vice Mayor
9th District

Mary Zendejas
Councilmember
1st District

Suzie Price
Councilmember
3rd District

Stacy Mungo
Councilmember
5th District

Roberto Uranga
Councilmember
7th District

Cindy Allen
Councilmember
2nd District

Daryl Supernaw
Councilmember
4th District

Suely Saro
Councilmember
6th District

Al Austin
Councilmember
8th District

Elected Department Heads

City Attorney
City Auditor
City Prosecutor

Charles Parkin
Laura L. Doud
Douglas P. Haubert

Appointed by Council or Commission

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

Monique De La Garza
Christina P. Winting
Mario Cordero
Christopher J. Garner

City Manager
Thomas Modica

Assistant City Manager
Linda F. Tatum

Deputy City Manager
Kevin J. Jackson

Director of Financial Management
Director of Health and Human Services
Director of Development Services
Director of Economic Development
Director of the Long Beach Airport
Director of Human Resources
Director of Library Services
Director of Energy Resources
Director of Parks, Recreation, and Marine
Director of Public Works
Director of Technology and Innovation
Director of Disaster Preparedness and Emergency
Fire Chief
Chief of Police

Kevin Riper
Kelly Colopy
Oscar Orci
John Keisler
Cynthia Guidry
Joseph Ambrosini
Glenda Williams
Robert Dowell
Brent Dennis
Eric Lopez
Lea Eriksen
Reginald Harrison
Xavier Espino
Robert Luna



Council District 1
Mary Zendajas



Council District 2
Cindy Allen



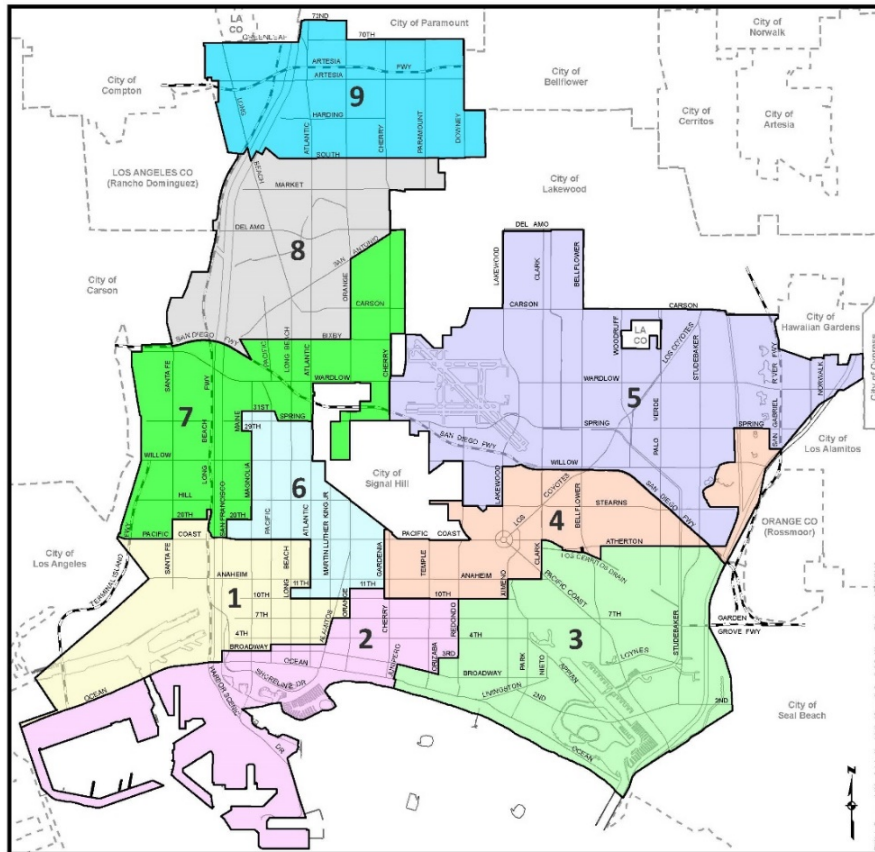
Mayor
Robert Garcia



Council District 3
Suzie Price



Council District 4
Daryl Supernaw



Council District 5
Stacy Mungo



Council District 6
Suely Saro



Council District 7
Roberto Uranga



Council District 8
Al Austin

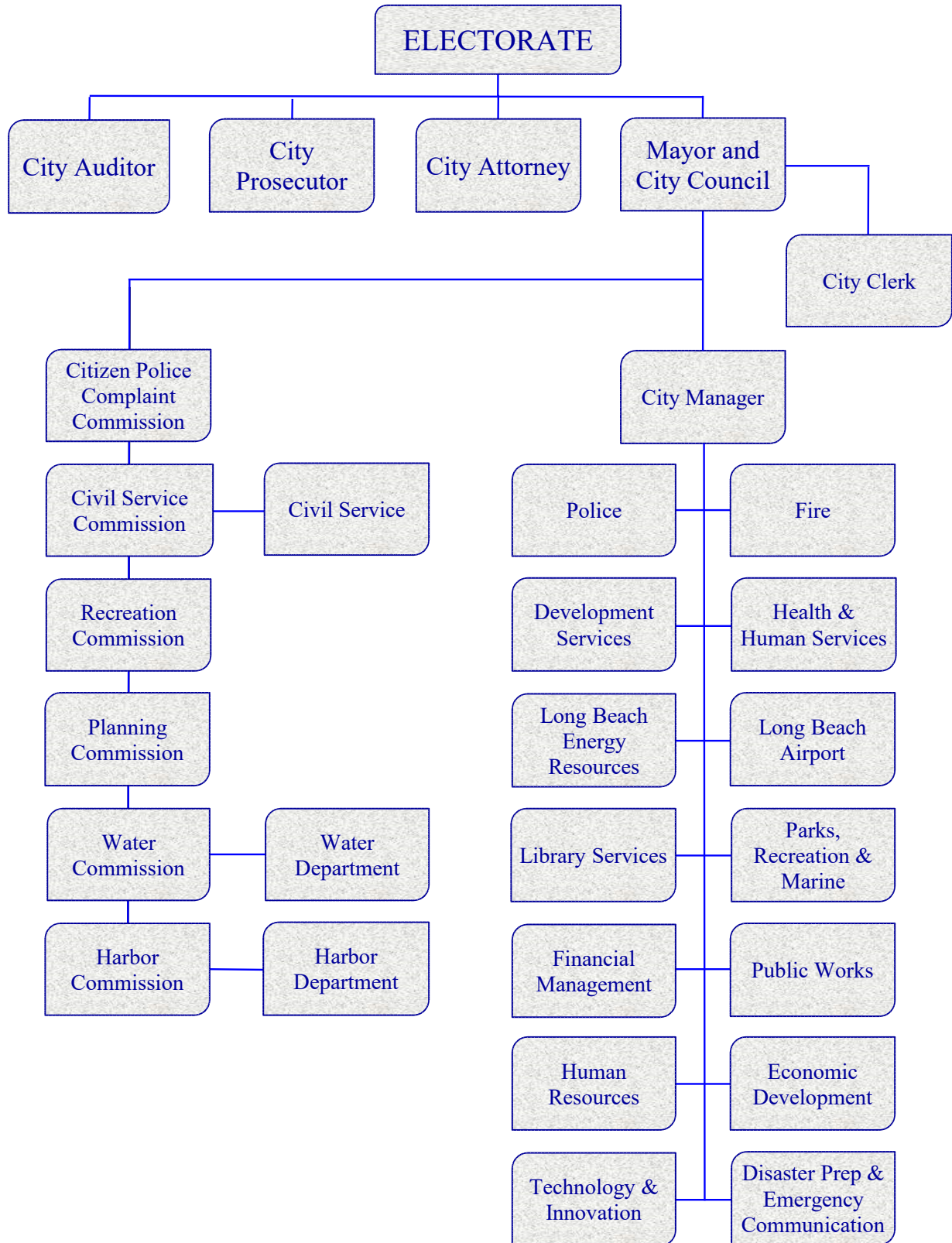


Council District 9
Vice Mayor
Rex Richardson

ORGANIZATIONAL CHART

CITY OF LONG BEACH, CALIFORNIA

As of September 30, 2021





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Long Beach
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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, 2021, 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 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, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general 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's basic financial statements. The accompanying supplementary information identified in the table of contents as the introductory section, additional financial information section, other supplementary information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

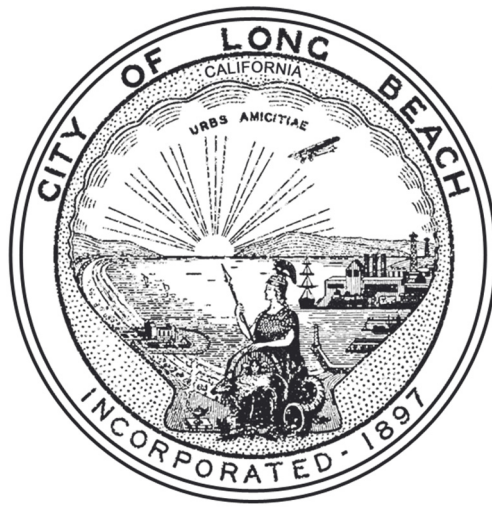
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

KPMG LLP

Los Angeles, California
March 29, 2022



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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, 2021

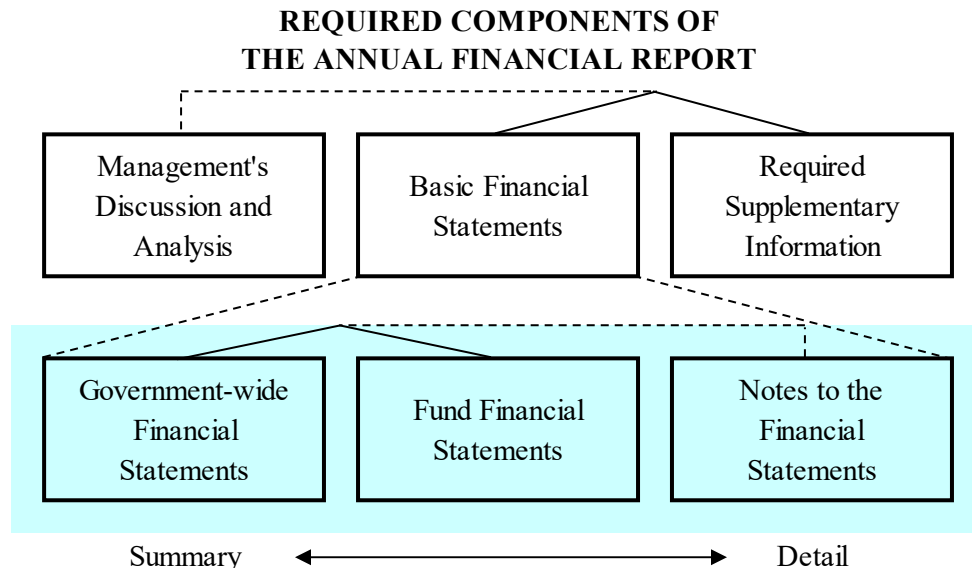
As the management team for the City of Long Beach (the City), we present to the readers of the City's basic financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider this information 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 \$5.8 billion. Of this amount, \$5.2 billion represents net investment in capital assets, and \$802.4 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 \$168.5 million.
- At the close of the fiscal year, the City's governmental funds reported combined fund balances of \$490.9 million, an increase of \$83.6 million or 20.5 percent, from the prior fiscal year end. Of these balances, \$4.5 million are nonspendable, \$222.8 million are restricted, \$78.0 million are committed, \$202.1 million are assigned, and a deficit \$16.5 million is unassigned.
- The fund balance of the General Fund was \$172.7 million. This represents an increase of \$36.8 million or 27.0 percent from the prior fiscal year. Of this balance, \$2.1 million is nonspendable, \$2.8 million is restricted, \$76.5 million is committed, \$107.7 million is assigned, and a deficit \$16.5 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, 2021

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 long-term view of the City's activities as a whole and 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 fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

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 and human services, 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 Department).

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Long Beach Transit Company (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 Governmental Accounting Standards Board (GASB). Like states and other 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, 2021

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, General Capital Projects Fund, and Housing Assistance Special Revenue 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 statement 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 position 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.

Required 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 on 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, 2021

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

Government-Wide Financial Analysis - Analysis of Net Position

As noted earlier, *net position* may serve over time as a useful indicator of a government's financial position. As of September 30, 2021, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$5.8 billion, an increase of \$431.9 million.

Net investment in capital assets accounted for \$5.2 billion, or 89.1 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 \$39.5 million, or 0.8 percent, from the prior fiscal year. The increase of \$20.1 million in governmental activities is mostly attributable to payment of related debt. The \$19.4 million increase in business-type activities is also mostly due to payment of related debt.

Restricted net position amounted to \$802.4 million, representing 13.8 percent of total net position. This component of net position represents resources that are subject to external restrictions imposed by creditors and grantors, laws and regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining deficit balance of \$168.5 million is the net of the \$655.9 million governmental activities deficit unrestricted net position (mostly related to pension liabilities) and the \$487.4 million business-type activities unrestricted net position balance.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

Net Position
September 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and Other Assets	\$1,175,621	\$1,172,847	\$ 2,423,230	\$ 2,546,851	\$ 3,598,851	\$ 3,719,698
Capital Assets	1,051,221	1,050,381	6,492,058	6,298,649	7,543,279	7,349,030
Total Assets	2,226,842	2,223,228	8,915,288	8,845,500	11,142,130	11,068,728
Deferred Outflows of Resources	99,311	81,213	55,762	49,180	155,073	130,393
Total Assets and Deferred Outflows of Resources	2,326,153	2,304,441	8,971,050	8,894,680	11,297,203	11,199,121
Liabilities:						
Current Liabilities	287,315	294,201	468,415	779,224	755,730	1,073,425
Noncurrent Liabilities, Net	1,249,474	1,801,685	2,376,008	2,143,488	3,625,482	3,945,173
Total Liabilities	1,536,789	2,095,886	2,844,423	2,922,712	4,381,212	5,018,598
Deferred Inflows of Resources	517,378	167,468	585,498	631,880	1,102,876	799,348
Total Liabilities and Deferred Inflows of Resources	2,054,167	2,263,354	3,429,921	3,554,592	5,484,088	5,817,946
Net Position:						
Net Investment in Capital Assets	452,155	432,090	4,727,066	4,707,630	5,179,221	5,139,720
Restricted	475,699	442,908	326,665	312,076	802,364	754,984
Unrestricted	(655,868)	(833,911)	487,398	320,382	(168,470)	(513,529)
Total Net Position	\$ 271,986	\$ 41,087	\$ 5,541,129	\$ 5,340,088	\$ 5,813,115	\$ 5,381,175

Key Changes in the Statement of Net Position:

The City's current and other assets decreased \$120.8 million when compared to the prior fiscal year. Governmental activities increased \$2.8 million, primarily due to increased cash received from property tax, sales tax, and federal grant revenues. Business-type activities decreased \$123.6 million mostly due to a decrease in fair value of the commodity swap for natural gas.

Citywide, capital assets increased \$194.2 million or 2.6 percent. Governmental activities had a slight increase of \$0.8 million and is mostly attributable to the purchase of vehicles. Business-type activities increased \$193.4 million, or 3.1 percent. The change in business-type activities resulted from completion of the Long Beach Container Terminal at Middle Harbor, taxiway improvements at the Airport, and completion of the second phase of construction and repair of the Naples seawalls.

Deferred outflows of resources increased \$24.7 million. Governmental activities deferred outflows increased \$18.1 million and business-type activities increased \$6.6 million. The increase is mostly attributable to an increase in the CalPERS pension contributions made after the measurement date, as the City selected to make the annual prepayment of the CalPERS unfunded liability.

Current liabilities decreased \$317.7 million, or 29.6 percent. Governmental activities decreased \$6.9 million, or 2.3 percent, and business-type activities decreased \$310.8 million or 39.9 percent. The decrease in governmental activities resulted from decreased accounts payable and liabilities related to accrued employee benefits at fiscal year-end, offset by an increase in the receipt of grant funds received in advance of program expenses. The decrease in business-type activity is due to the Harbor fund reporting the 2018A and 2020C Notes as short-term in the prior year due to the refunded dates being in fiscal year 2021.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

Overall, noncurrent liabilities decreased \$319.7 million or 8.1 percent City-wide. Governmental activities decreased \$552.2 million, or 30.6 percent primarily due to a decrease in the net pension liability as a result of a significant increase in investment returns in the CalPERS pension plans. Business-type activities increased \$232.5 million or 10.8 percent. The increase is mostly due to the Harbor Fund borrowing funds through the Transportation Infrastructure Finance and Innovation Act (TIFIA).

In total, deferred inflows of resources increased \$303.5 million or 38.0 percent. The change is due to an increase in Governmental activities of \$349.9 million mostly due to the difference between actual and expected investment returns by CalPERS for the City's pension plans, offset by a decrease of \$46.4 million in business-type activities resulting from a decrease in the fair value of the gas commodity swap.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

Analysis of Changes in Net Position

The following table presents condensed information from the statement of activities for the fiscal years 2021 and 2020. 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, 2021 and 2020						
(In Thousands)						
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for Services	\$ 150,848	\$ 157,229	\$ 1,031,852	\$ 917,276	\$ 1,182,700	\$ 1,074,505
Operating Grants and Contributions	352,336	200,489	160	3,394	352,496	203,883
Capital Grants and Contributions	76,033	65,232	40,099	80,020	116,132	145,252
General Revenues:						
Taxes:						
Property	225,820	220,665	-	-	225,820	220,665
Sales	150,887	129,095	-	-	150,887	129,095
Utility Users	38,546	33,767	-	-	38,546	33,767
Other	40,098	39,449	-	-	40,098	39,449
Franchise Taxes	23,734	16,481	-	-	23,734	16,481
Unrestricted Investment Earnings	3,496	11,426	1,469	34,336	4,965	45,762
Total Revenues	1,061,798	873,833	1,073,580	1,035,026	2,135,378	1,908,859
Expenses:						
Legislative and Legal	13,058	13,155	-	-	13,058	13,155
General Government	36,564	40,408	-	-	36,564	40,408
Public Safety	311,933	389,489	-	-	311,933	389,489
Public Health	60,016	71,880	-	-	60,016	71,880
Community and Cultural	217,381	190,370	-	-	217,381	190,370
Public Works	163,203	136,067	-	-	163,203	136,067
Oil Operations	3,679	1,775	-	-	3,679	1,775
Interest on Long-Term Debt	19,781	19,055	-	-	19,781	19,055
Loss on Sale of Capital Assets	-	2	-	-	-	2
Gas Utility	-	-	83,900	94,835	83,900	94,835
Water Utility	-	-	93,075	111,219	93,075	111,219
Tidelands Operating	-	-	110,419	143,249	110,419	143,249
Harbor	-	-	336,106	327,081	336,106	327,081
Non-major Enterprise Funds	-	-	254,323	232,428	254,323	232,428
Total Expenses	825,615	862,201	877,823	908,812	1,703,438	1,771,013
Increase (Decrease) in Net Position before Transfers	236,183	11,632	195,757	126,214	431,940	137,846
Capital Assets Transfers	-	(37)	-	37	-	-
Transfers	(5,284)	26,881	5,284	(26,881)	-	-
Total Change in Net Position	230,899	38,476	201,041	99,370	431,940	137,846
Net Position, Beginning of Year	41,087	2,611	5,340,088	5,240,718	5,381,175	5,243,329
Net Position, End of Year	\$ 271,986	\$ 41,087	\$ 5,541,129	\$ 5,340,088	\$ 5,813,115	\$ 5,381,175

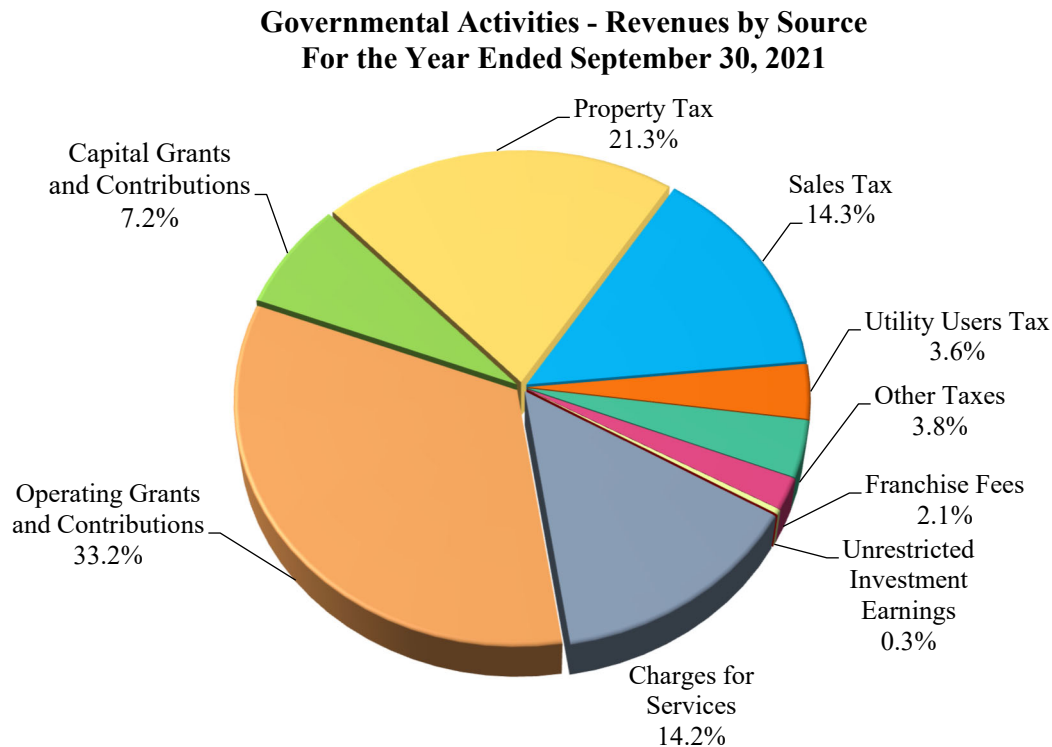
City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

Governmental activities

Governmental activities net position increased \$230.9 million when compared to the fiscal year 2020 financial report.

Total revenues for governmental activities (excluding transfers) increased \$187.9 million, or 21.5 percent, with the majority of the increase reported in operating and capital grants that include funding allocated through the American Rescue Plan Act (ARPA) and reimbursements from the Federal Emergency Management Agency (FEMA). Contributing to the change was also an increase in general revenues including sales and property taxes. Total governmental program expenses decreased \$36.6 million, or 4.2 percent. These changes are further discussed in the paragraphs that follow.

The following chart illustrates governmental activities revenues by source.



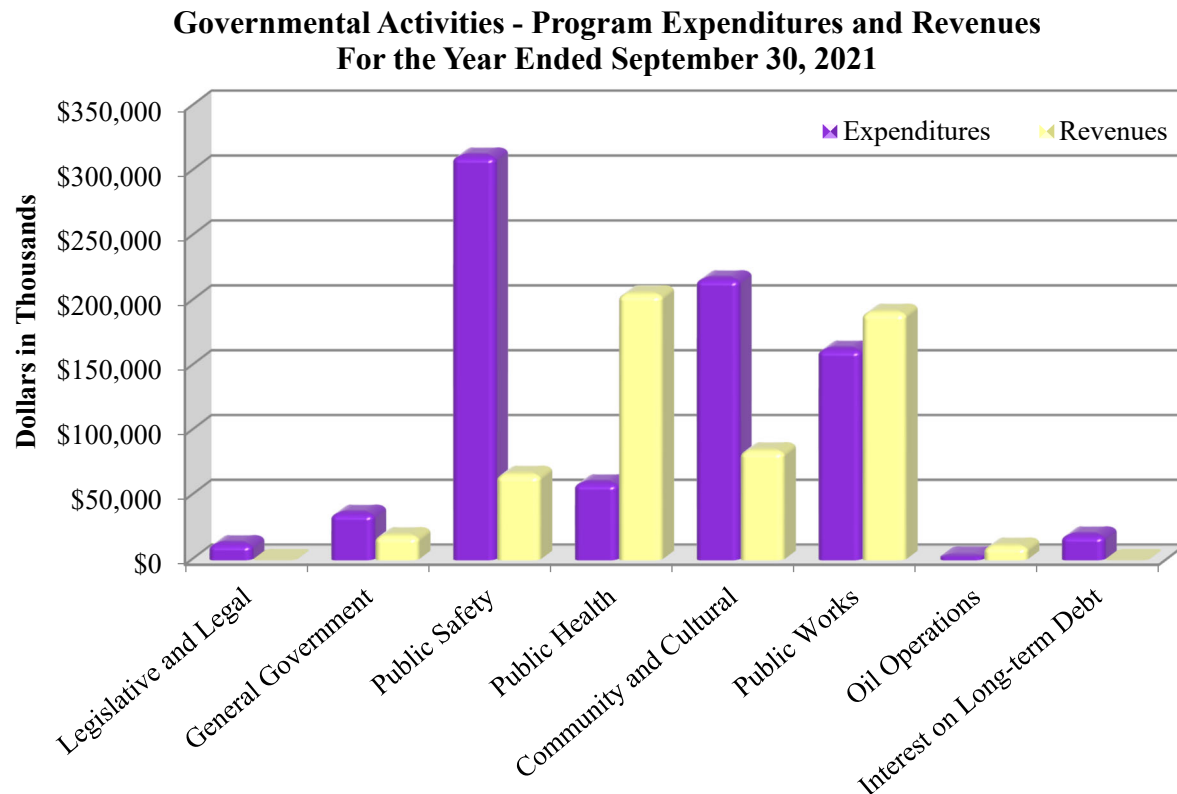
- The three largest revenue sources for governmental activities were operating grants and contributions, property taxes, and sales tax. Excluding transfers, these sources accounted for 68.8 percent of revenues. Together, these primary sources of governmental revenues increased \$178.8 million, or 32.5 percent, from the previous year. Operating grants and contributions increased \$151.8 million primarily due to the federal ARPA allocation, FEMA federal awards and state grants. Property tax revenues increased \$5.2 million due to the City's share of property tax revenues from the former Redevelopment Agency (RDA) project areas and higher assessed valuations as a result of an active housing market and new development projects. Sales tax increased \$21.8 million due to significant increase of sales and use tax collected during the year across several categories including Autos & Transportation and Food and Drugs, which accounts for higher cannabis sales.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

Governmental activities expenses, excluding transfers, decreased \$36.6 million or 4.2 percent. The most significant changes were as follows:

- Public safety expenses reported the largest decrease of \$77.6 million, or 19.9 percent. The change is primarily due to lower personnel expenses as a result of higher investment returns of the CalPERS pension plans, which resulted in a significant decrease in the City's net pension liability.
- Public works expenses increased \$27.1 million, or 19.9 percent. The change is attributable to increased street repairs and maintenance, landscape improvements, and other infrastructure projects.
- An increase of \$27.0 million, or 14.2 percent, in expenses was also noted in Community and Cultural mostly due to increased grant funding for the emergency rental assistance and Section 8 Housing Choice Voucher programs.

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

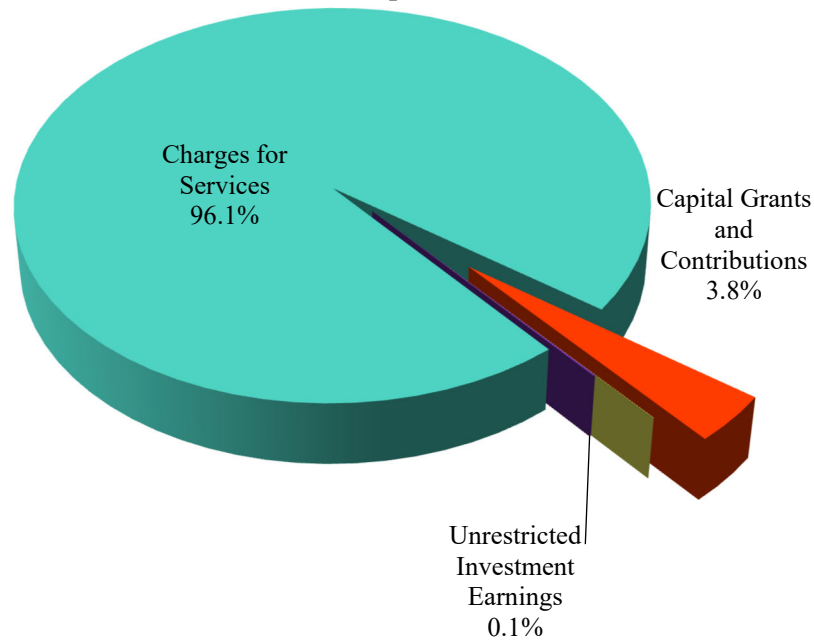


City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

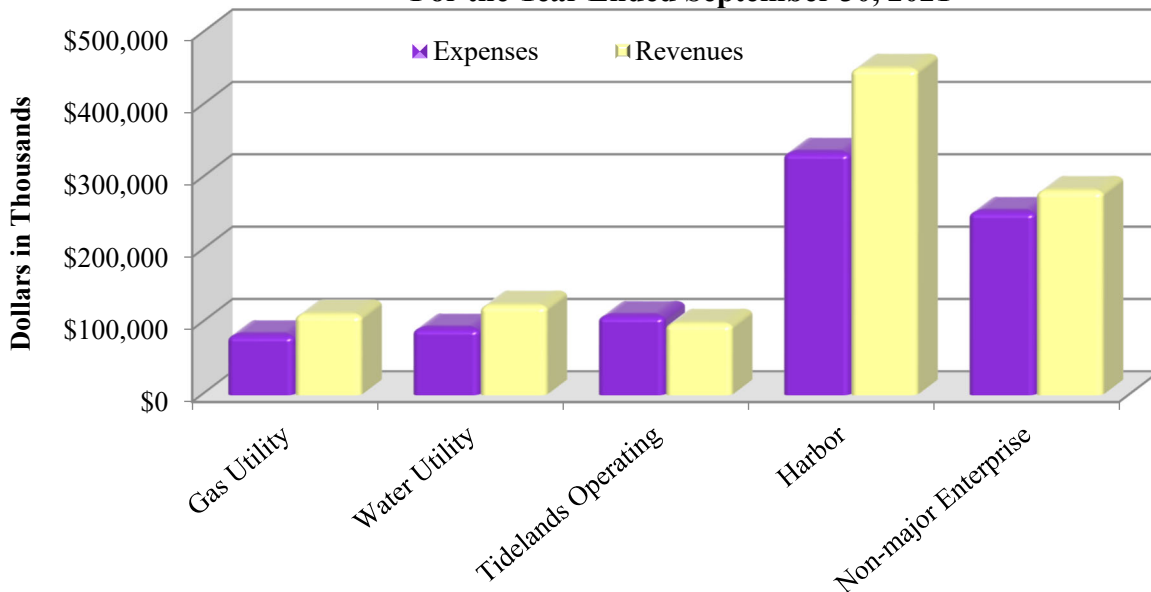
Business-type activities

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, 2021



Business-type Activities - Program Expenditures and Revenues
For the Year Ended September 30, 2021



City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

Business-type activities increased net position by \$201.0 million or 3.8 percent. Key elements in the current year's change in net position for various funds include:

- Gas Utility net position at fiscal year-end was deficit \$9.5 million, a \$15.3 million increase from the prior fiscal year. The increase was due to higher transmission and commodity revenues as a result of continued strong demand due to cooler weather, and lower personnel expenses as a result of higher investment returns of the CalPERS pension plans that led to a decrease in the net pension liability.
- Water Utility net position at fiscal year-end was \$348.1 million, a \$54.4 million increase from the prior fiscal year. The Water Utility realized higher charges for service revenues than in the prior year and lower personnel expenses as a result of higher investment returns of the CalPERS pension plans that led to a decrease in the net pension liability. The City also reported a transfer out of \$30.8 million from the General Fund to the Water Utility Fund as a result of a court ruling against the City on litigation related to Measure M (see *Note 25 – Subsequent Events* for further details).
- Tidelands Operating Fund net position increased \$18.0 million, totaling \$292.1 million at fiscal year-end. Convention Center revenues were higher due to its use in providing emergency shelter for migrant children. Also reported were lower personnel expenses as a result of higher investment returns of the CalPERS pension plans that led to a decrease in the net pension liability. Tidelands transfers in from Tidelands Oil and Harbor amounted to \$35.2 million. Of this amount Harbor transferred \$21.7 million, consistent with City Charter mandated revenue sharing; and Tidelands Oil transferred \$13.5 million to fund tidelands operations and capital improvements.
- Harbor's net position increased \$95.9 million, totaling \$4.5 billion at fiscal year-end. The increase primarily resulted from operating income of \$127.1 million along with the receipt of \$11.8 million in capital grants. Operating income increased \$36.0 million from prior fiscal year was primarily due to a surge in imported containerized cargo during the year. Containerized cargo volume alone was 24% higher than prior fiscal year. In addition, rental property revenue was increased \$8.2 million from the prior fiscal year mostly due to an increase in leased land for container storage.
- Overall, total net position for non-major business-type activities increased \$17.4 million, to \$480.4 million at fiscal year-end. Significant changes in the non-major funds included increased net position in the Tidelands Oil Revenue fund of \$7.1 million due to increased oil production revenues as a result of the oil price averaging \$59 per barrel during fiscal year 2021, and the Towing Fund reported a deficit net position of \$2.4 million due to decreased revenue as a result of a citywide moratorium on non-essential tows and a COVID-19 related storage fee waiver program.

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, 2021, the City's governmental funds reported combined fund balances of \$490.9 million, an increase of \$83.6 million from the prior year. Further information can be found in *Note 16 – Governmental Fund Balances and Fund Deficits*.

Governmental fund assets increased \$133.4 million, or 14.7 percent, from the prior fiscal year. Pooled and non-pooled Cash and Investments increased \$92.7 million and Receivables, including Noncurrent

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For the Fiscal Year Ended September 30, 2021

Receivables, increased \$38.9 million. The increases were mostly due to increased federal and state grant revenues as a result of the pandemic, including ARPA and FEMA reimbursements.

Governmental fund liabilities increased \$43.2 million, or 24.5 percent. Due to Other Funds increased \$33.7 million mostly due to the General Fund owing the Water Utility Fund \$30.8 million at fiscal year-end as a result of a court order ruling against the City on the Measure M litigation. The City set aside funds of \$9.0 million for the payment and has started analyzing options to fund the remaining amount. Unearned revenues increased \$19.8 million due to advance grant funding to be used in the subsequent fiscal period, which was offset by a decrease of \$11.4 million in accounts payable and liabilities related to accrued employee wages and benefits at fiscal year-end.

Of the \$490.9 million total fund balances, \$222.8 million or 45.4 percent have some form of external limitation on their use. Significant restrictions of fund balance at the close of the fiscal year include:

Restricted for Debt Service

Amounts restricted for debt service totaled \$32.8 million. This amount is restricted for payment of former Redevelopment Agency and City related debt.

Restricted for Public Safety

Amounts restricted for public safety totaled \$7.4 million. Restrictions include:

- Asset seizure funds from federal and state court forfeitures are restricted to support the Police Department. These funds amounted to \$2.8 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, 2021, Prop H funds for police and fire amounted to \$176 thousand.
- Impact fees restricted for public safety amounted to \$4.4 million.

Restricted for Public Health

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

Restricted for Community and Cultural

Amounts restricted for community and cultural activities totaled \$97.7 million. Restrictions include the following:

- Fund balance restricted within the Housing Development fund for the provision of low-and-moderate-income housing amounted to \$25.9 million. Of this, \$3.8 million offsets advances to other funds.
- Fund balance restricted within the Housing Assistance fund for programs to assist very low-income families, the elderly, and the disabled amounted to \$23.3 million.
- Former Redevelopment Agency capital projects fund balance restricted for the purposes of winding down the activities of the Agency amounted to \$9.0 million.
- The Belmont Shore Parking Meter fund has restricted \$97 thousand as the first pledge of revenue for special assessment debt that benefited the Belmont Shore area.
- Grant funding in the amount of \$5.9 million is restricted in the General Grants fund.
- Fund balance restricted within the Community Development Grant fund amounted to \$11.5 million.
- Fund balance restricted within the Other Special Revenue fund for economic development totaled \$10.7 million at the close of the fiscal year.
- Development Impact Fees restricted for parks development amounted to \$6.3 million.

Restricted for Public Works

As of September 30, 2021, fund balance restricted for public works amounted to \$71.8 million. The most significant restrictions include:

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- \$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.
- \$21.1 million pursuant to the provisions of Proposition C. Proposition C also benefits public transit but has a wider range of uses including congestion management programs, bikeways and bike lanes, street improvement supporting public transit, and pavement management projects.
- \$2.9 million pursuant to Air Quality Management District AB2766 requirements. AB2766 funding is used to assist the City in meeting federal and state Clean Air Act requirements.
- \$2.9 million pursuant to Measure M. Measure M is a one-half cent sales tax approved by Los Angeles County voters and is restricted for transportation purposes.
- \$1.8 million is restricted for Measure R, a separate 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.
- \$14.0 million is restricted related to State gas tax funding. Gas tax funding is restricted to constructing and maintenance of streets and sidewalks.

The General Capital Projects Fund reported a year-end fund balance of \$158.1 million, which represented an increase of \$28.7 million in fund balance. The change in fund balance was primarily due to higher grant revenues and sales tax allocations through Prop A and Prop C funding that is used for transportation related programs and projects.

The Housing Assistance Special Revenue Fund reported a year-end fund balance of \$23.3 million, which represented an increase of \$7.0 million in fund balance. The change in fund balance was primarily attributable to higher grant reimbursement revenues for the Section 8 Housing Choice Voucher 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, 2021 and 2020
(In Thousands)

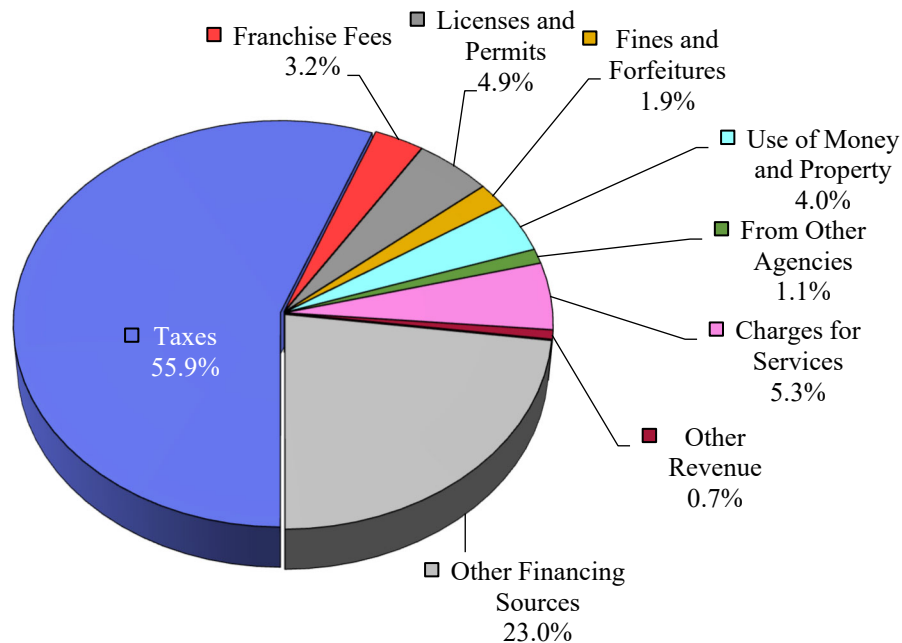
<i>Revenues and Other Financing Sources</i>	<i>Fiscal Year 2021</i>	<i>Percent of Total</i>	<i>Fiscal Year 2020</i>	<i>Percent of Total</i>
Taxes	\$ 417,758	55.9%	\$ 371,350	61.7%
Franchise Fees	23,734	3.2%	16,481	2.7%
Licenses and Permits	36,550	4.9%	35,615	5.9%
Fines and Forfeitures	14,395	1.9%	16,354	2.7%
Use of Money and Property	30,001	4.0%	32,175	5.3%
From Other Agencies	8,482	1.1%	4,564	0.8%
Charges for Services	39,646	5.3%	42,094	7.0%
Other Revenue	5,391	0.7%	3,100	0.5%
Other Financing Sources	171,382	23.0%	79,701	13.3%
	<u>\$ 747,339</u>	<u>100%</u>	<u>\$ 601,434</u>	<u>100%</u>

General Fund revenues and other financing sources increased \$145.9 million, or 24.3 percent, from the prior fiscal year. Significant year-over-year changes include:

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For the Fiscal Year Ended September 30, 2021

- Taxes increased \$46.4 million, or 12.5 percent primarily reflecting a significant increase from the prior year in property taxes of \$18.7 million due to higher revenues in the City's share of property tax revenues from the former Redevelopment Agency (RDA) project areas, and higher assessed valuations as a result of an active housing market and new development projects. Increases in sales taxes of \$10.5 million and Measure A sales taxes of \$11.3 million were across several sales tax categories including Autos & Transportation and Food and Drugs, which accounts for higher cannabis sales.
- Revenues derived from other financing sources increased \$91.7 million, or 115.0 percent from the prior year. The increase is due to the transfer out of General Grants to the General Fund in the amount of \$71.8 million as a result of the City's approach to use ARPA funding. The City followed the ARPA regulations that allow use of funding to provide and maintain current government services, including public safety services, up to the amount of the City's calculated revenue loss due to the pandemic.

**General Fund Revenues and Other Financing Sources
For the Year Ended September 30, 2021**



General Fund Expenditures

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

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Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

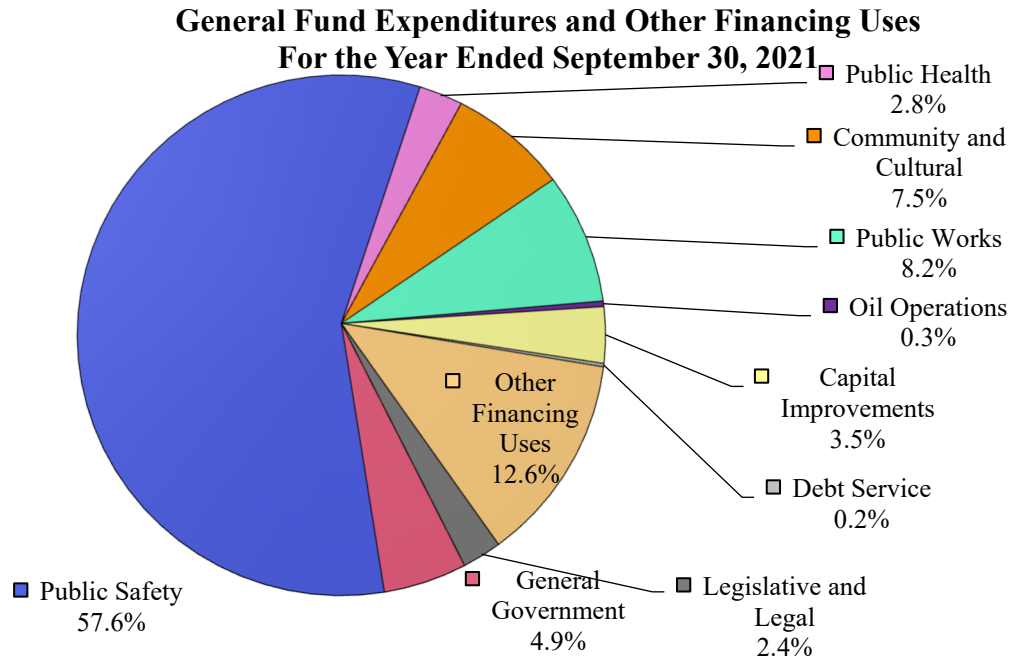
General Fund Expenditures and Other Financing Uses
September 30, 2021 and 2020
(In Thousands)

<i>Expenditures and Other Financing Uses</i>	<i>Fiscal Year 2021</i>	<i>Percent of Total</i>	<i>Fiscal Year 2020</i>	<i>Percent of Total</i>
Legislative and Legal	\$ 16,537	2.4%	\$ 13,108	2.1%
General Government	34,860	4.9%	27,363	4.6%
Public Safety	408,803	57.6%	353,513	59.7%
Public Health	19,885	2.8%	9,612	1.6%
Community and Cultural	53,645	7.5%	45,052	7.6%
Public Works	58,535	8.2%	47,891	8.1%
Oil Operations	2,446	0.3%	2,572	0.4%
Capital Improvements	24,765	3.5%	347	0.1%
Debt Service	1,487	0.2%	487	0.1%
Other Financing Uses	89,625	12.6%	92,065	15.6%
	<u>\$ 710,588</u>	<u>100%</u>	<u>\$ 592,010</u>	<u>100%</u>

Expenditures, including other financing uses, increased \$118.6 million, or 20.0 percent, from fiscal year 2020. Significant changes include:

- An increase in public safety of \$55.3 million, or 15.6 percent. The majority of the increase was due to increased pension expenses that resulted from the City's prepayment to CalPERS in July 2021 of the unfunded accrued liability. The City did not prepay CalPERS in July 2020.
- Capital improvements reported an increase of \$24.4 million due to the land and property purchase for Homeless Services Housing.
- An increase in Public Works for the same reason cited for Public Safety above, and for operating costs related to the street light maintenance program and increased permit inspection costs.
- An increase in Public Health of \$10.3 million due to increased expenses for homeless services and efforts for activities related to the COVID-19 response.

City of Long Beach
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Proprietary Funds Financial Analysis

Enterprise Funds: The combined net position of enterprise funds totaled \$5.5 billion at the close of the fiscal year. Total unrestricted net position amounted to \$516.2 million before the allocation of internal service fund activities. The total growth in net position was \$200.9 million before the internal service fund activities allocation to enterprise funds. Other factors affecting the finances of these funds are addressed in the discussion of the City's business-type activities.

The Water Utility Fund reported net position of \$348.1 million, an increase of \$54.4 million mostly because of the Measure M litigation, which resulted in reporting a receivable due from the General Fund of \$30.8 million. Tidelands Operating reported net position of \$292.1 million, an increase of \$18.0 million from the prior year. Most of the increase was due to the higher Convention Center revenues due to the use of the Convention Center to provide emergency shelter for migrant children. Also reported were lower personnel expenses as a result of higher investment returns of the CalPERS pension plans that led to a decrease in the net pension liability. The Harbor reported net position of \$4.5 billion, an increase of \$95.9 million from the prior year, primarily due to operating income of \$127.1 million along with the receipt of \$11.8 million in capital grants. The Gas Utility reported a deficit net position of \$9.5 million consisting of a net pension liability of \$15.5 million and compensated absences of \$6.6 million. Other Proprietary funds reported net position of \$480.4 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, 2021, internal service funds reported a net position of \$49.1 million, an increase of \$109.8 million. This is attributable to the reclassification of compensated absences from the Employee Benefit Fund to government-wide activities. There were also deficit net positions reported in the Workers' Compensation Insurance Fund and General Liability Insurance Fund, which reported deficit balances of \$101.1 million and \$49.7 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 portions of related liabilities associated with these funds are not fully funded. City management believes that, over

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

the long-term, current and future billing rates are sufficient to remediate eventually 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 \$56.8 million, \$23.5 million, and \$81.3 million, respectively.

Fiduciary Funds

The City maintains fiduciary funds for the assets of private purpose trust and custodial funds including the Miller Library Fund, the Mayor's Fund for the Homeless Fund, 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.

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 2021 final budget for estimated revenues and expenditure appropriations reflected a net increase to budgeted fund balance of \$67.6 million. The change between original and final budgeted amounts was \$209.2 million and consisted of additional appropriation for expenditures and other financing uses of \$194.4 million and a decrease in revenue and other financing sources of \$14.8 million. The changes to revenue forecasts were mostly due to transfers in from other funds to provide additional funding for the purchase of the Project Homekey site.

Significant changes in the appropriations budget include:

- An increase of \$59.0 million to fund Long Beach Recovery Act programs focused on public health and economic recovery for residents and businesses in the community, which was made possible due to the use of federal ARPA funds paying for police costs that would normally be funded by the General Fund.
- Economic Development appropriations were increased by \$24.4 million for purchase of land for Fire Station 9, and the purchase of land and property for the Project Homekey site.
- A \$9.8 million increase in Public Health to fund costs not supported by other grants or funding sources to relieve COVID-19 impacts to the community.
- A \$6.0 million increase in Citywide Activities to place Measure M revenue in escrow in accordance with a Stay Order Agreement on Water Utility and Sewer transfers.
- Increased appropriations in the amount of \$5.2 million to transfer funds to the Special Advertising and Promotions Fund to replace lost revenues due to the pandemic.
- A \$4.5 million increase in Public Works related to 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 \$238.9 million. This consists of favorable variances in both revenues and other financing sources of \$190.3 million and expenditures and other financing uses of \$48.5 million.

The General Fund revenues and other financing sources positive budget to actual variance of \$190.3 million is mostly due to transfers in from the General Grants fund as a result of the federal ARPA award funding police costs normally budgeted and paid by the General Fund. Other notable positive variances

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

between the final budget and actual results include \$10.5 million in property tax revenues, \$19.0 million in sales tax revenues and, \$31.2 million in charges for services.

General Fund expenditures and other financing uses reflect a positive budget to actual variance of \$48.5 million primarily due to lower operational costs than anticipated in Public Works, Public Health and Financial Management.

Capital Assets and Debt Administration

Capital Assets: As of September 30, 2021, the City's capital assets held by governmental and business-type activities amounted to \$7.5 billion (net of accumulated depreciation). There was an overall increase of \$194.2 million, or 2.6 percent, in the City's capital assets over the prior fiscal year.

Capital Assets, Net of Depreciation
September 30, 2021 and 2020
(In Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 225,112	\$ 222,835	\$ 1,376,585	\$ 1,314,278	\$ 1,601,697	\$ 1,537,113
Rights-of-way	81,340	81,340	203,304	203,304	284,644	284,644
Water Rights	-	-	40	40	40	40
Historic Collections	-	-	3,442	-	3,442	-
Construction in Progress	62,905	61,221	602,338	2,097,145	665,243	2,158,366
Buildings	433,171	430,296	2,007,211	1,732,169	2,440,382	2,162,465
Improvements Other than Buildings	66,600	61,311	331,238	330,791	397,838	392,102
Infrastructure	64,796	71,133	1,859,235	503,997	1,924,031	575,130
Machinery and Equipment	40,165	43,234	30,539	37,081	70,704	80,315
Vehicles and Aircrafts	58,581	58,685	72,583	74,978	131,164	133,663
Software and Patents	18,551	20,326	5,543	4,866	24,094	25,192
Total Net Capital Assets	\$1,051,221	\$ 1,050,381	\$ 6,492,058	\$ 6,298,649	\$ 7,543,279	\$ 7,349,030

Governmental activities' net capital assets increased very slightly (\$840 thousand), or 0.1 percent. Significant activities during the year include the following:

- Land increased by \$2.3 million and Buildings increased by \$2.9 million, due to a land purchase for Fire Station 9 and a land and property purchase for the Project Homekey site.
- Improvements other than Buildings increased by \$5.3 million for the Public Safety Parking Structure.
- Infrastructure decreased by \$6.3 million and Machinery and Equipment decreased by \$3.1 million from the depreciation of those assets.

Business-type activities' net capital assets increased \$193.4 million, or 3.1 percent, over the prior fiscal year. Significant capital asset activities during the year include:

- Harbor capital assets increased by \$166.9 million. The increase was due mostly to completion of the Long Beach Container Terminal at Middle Harbor and land purchases.
- Other Enterprise Funds capital asset increases resulted from taxiway improvements at the Airport, completion of the second phase of construction and repair of the Naples seawalls, and continued investment in the replacement of the gas distribution system.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

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, 2021, 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 \$289.8 million to the new Civic Center complex.

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

- Moody's Investors Service: Aa2, Stable Outlook
- S&P Global Ratings: AA, Stable Outlook
- Fitch Ratings: 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, 2021 and 2020
(In Thousands)

	<i>Governmental Activities</i>		<i>Business-type Activities</i>		<i>Totals</i>	
	2021	2020	2021	2020	2021	2020
Notes Payable	\$ 7,569	\$ 7,905	\$ 545,309	\$ 477,884	\$ 552,878	\$ 485,789
Bonds Payable	258,203	291,570	1,600,382	1,670,260	1,858,585	1,961,830
Capital Leases	38,943	44,676	32,943	37,747	71,886	82,423
Other Obligations	313,765	319,864	-	-	313,765	319,864
Total Outstanding	\$ 618,480	\$ 664,015	\$ 2,178,634	\$ 2,185,891	\$ 2,797,114	\$ 2,849,906

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

Governmental Activities

- Bonds payable decreased by \$33.4 million as a result of annual principal payments and premium amortization. During the year, the City also refunded two RDA tax allocation bond issues. For capital leases, the City is reporting a decrease of \$5.7 million primarily due to principal payments offset by new leases for purchase of technology equipment. The Other Obligations of \$313.8 million is mostly attributable to City Hall and Civic Center complex.

Business-Type Activities

- Bonds payable reported a decrease of \$69.9 million mostly due to the payoff of various bond issues by the Harbor Department and principal payments made by other enterprise funds. Notes payable increased by \$67.4 million mostly due to the Harbor Department making draws on a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan in the total amount of \$495.0 million. The funds were used to finance and refinance 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.

City of Long Beach
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended September 30, 2021

Additional information on the City's long-term obligations can be found in Notes 8 through 11 to the basic financial statements.

Economic Outlook

In March 2021, President Biden signed into law the American Rescue Plan Act of 2021. Through the legislation, the City of Long Beach received an ARPA allocation of \$135.8 million for various purposes including responding to the COVID-19 emergency, addressing its public health and economic effects, and providing government services affected by a loss in revenue due to the pandemic. The receipt of these federal funds has allowed the City to begin its recovery from the pandemic.

At the end of fiscal year 2021, the General Fund's Operating Reserve stood at \$16.0 million, or 2.7 percent of normal operating expenditures, which is within the policy required range of 2 to 7 percent. The General Fund's Emergency Reserve, at \$48.4 million, is 8.1 percent of normal operating expenditures and is below the target level of 10 percent but above the minimum of 8 percent. The General Fund unassigned balance is a deficit \$16.5 million as a result of the transfer out to the Water Utility Fund related to the Measure M litigation.

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

Requests for Information

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

BASIC FINANCIAL STATEMENTS

City of Long Beach
Statement of Net Position
September 30, 2021
(In Thousands)

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Long Beach Public Transportation Company
ASSETS				
Current Assets:				
Pooled Cash and Cash Equivalents	\$ 107,847	\$ 234,104	\$ 341,951	\$ -
Non-Pooled Cash and Cash Equivalents	24,510	35,544	60,054	52,615
Pooled Investments	203,964	442,744	646,708	-
Interest Receivable	168	125	293	-
Property Tax Receivable, Net	107,886	-	107,886	-
Accounts and Loans Receivables, Net	25,660	120,805	146,465	8,110
Due from Other Governments	142,559	29,414	171,973	-
Internal Balances	10,093	(10,093)	-	-
Inventory	3,221	11,183	14,404	2,717
Other Assets and Deposits	13,087	38,669	51,756	1,149
Land Held for Resale	5,874	-	5,874	-
Total Current Assets:	<u>644,869</u>	<u>902,495</u>	<u>1,547,364</u>	<u>64,591</u>
Noncurrent Restricted Assets:				
Non-Pooled Investments	-	52,813	52,813	22,890
Total Noncurrent Restricted Assets:	<u>-</u>	<u>52,813</u>	<u>52,813</u>	<u>22,890</u>
Other Noncurrent Assets:				
Pooled Investments	303,385	658,557	961,942	-
Other Noncurrent Receivables	220,992	-	220,992	-
Prepaid Gas - Long-term	-	310,780	310,780	-
Fair Value - Commodity Swap	-	443,833	443,833	-
Land and Other Capital Assets not being Depreciated	369,357	2,185,709	2,555,066	16,186
Capital Assets, net of Accumulated Depreciation	681,864	4,306,349	4,988,213	80,171
Other Assets	6,375	54,752	61,127	-
Total Other Noncurrent Assets:	<u>1,581,973</u>	<u>7,959,980</u>	<u>9,541,953</u>	<u>96,357</u>
Total Assets	<u>2,226,842</u>	<u>8,915,288</u>	<u>11,142,130</u>	<u>183,838</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources	<u>99,311</u>	<u>55,762</u>	<u>155,073</u>	<u>7,326</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	58,576	233,802	292,378	4,195
Accrued Wages and Benefits Payable	20,575	5,986	26,561	4,426
Accrued Interest Payable	2,728	29,979	32,707	-
Due to Other Governments	258	-	258	-
Unearned Revenue, Credits, and Other Payables	72,983	49,436	122,419	42,180
Employee Benefits and Accrued Long-Term Obligations	92,973	17,709	110,682	19,884
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	39,222	131,503	170,725	1,124
Total Current Liabilities	<u>287,315</u>	<u>468,415</u>	<u>755,730</u>	<u>71,809</u>
Noncurrent Liabilities:				
Fair Value - Interest Rate Swap	-	10,079	10,079	-
Other Payables	-	9,575	9,575	8,471
Employee Benefits and Accrued Long-Term Obligations	287,790	149,164	436,954	4,720
Bonds, Loans, Capital Leases, and Other Long-Term Obligations	579,258	2,052,956	2,632,214	3,628
Total OPEB Liability	6,730	2,055	8,785	-
Net Pension Liability	375,696	152,179	527,875	13,866
Total Noncurrent Liabilities:	<u>1,249,474</u>	<u>2,376,008</u>	<u>3,625,482</u>	<u>30,685</u>
Total Liabilities	<u>1,536,789</u>	<u>2,844,423</u>	<u>4,381,212</u>	<u>102,494</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	<u>517,378</u>	<u>585,498</u>	<u>1,102,876</u>	<u>15,419</u>
Total Liabilities and Deferred Inflows of Resources	<u>2,054,167</u>	<u>3,429,921</u>	<u>5,484,088</u>	<u>117,913</u>
NET POSITION				
Net Investment in Capital Assets	452,155	4,727,066	5,179,221	91,604
Restricted for:				
Debt Service	27,790	25,464	53,254	-
Capital Projects	91,264	79,444	170,708	304
Public Safety	7,424	-	7,424	-
Public Health	13,049	-	13,049	-
Community and Cultural	317,561	-	317,561	-
Healthcare Insurance	18,611	-	18,611	-
Tidelands	-	20,970	20,970	-
Airport	-	9,636	9,636	-
Subsidence	-	191,151	191,151	-
Unrestricted	(655,868)	487,398	(168,470)	(18,657)
Total Net Position	<u>\$ 271,986</u>	<u>\$ 5,541,129</u>	<u>\$ 5,813,115</u>	<u>\$ 73,251</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, 2021
(In Thousands)

		Program Revenues		
		Charges for	Operating	Capital
	Expenses	Services	Grants and	Grants and
			Contributions	Contributions
<u>FUNCTIONS/PROGRAMS</u>				
GOVERNMENTAL ACTIVITIES:				
Legislative and Legal	\$ 13,058	\$ 18	\$ -	\$ -
General Government	36,564	15,729	3,505	-
Public Safety	311,933	49,116	17,494	-
Public Health	60,016	7,471	198,277	-
Community and Cultural	217,381	34,452	50,281	18
Public Works	163,203	32,872	82,779	76,015
Oil Operations	3,679	11,190	-	-
Interest on Long-Term Debt	19,781	-	-	-
Total Governmental Activities	<u>825,615</u>	<u>150,848</u>	<u>352,336</u>	<u>76,033</u>
BUSINESS-TYPE ACTIVITIES				
Gas Utility	83,900	112,277	-	-
Water Utility	93,075	122,089	-	2,665
Tidelands Operating	110,419	99,458	69	134
Harbor	336,106	440,340	-	11,769
Non-major Enterprise Funds	254,323	257,688	91	25,531
Total Business-Type Activities	<u>877,823</u>	<u>1,031,852</u>	<u>160</u>	<u>40,099</u>
Total Primary Government	<u>\$ 1,703,438</u>	<u>\$ 1,182,700</u>	<u>\$ 352,496</u>	<u>\$ 116,132</u>
COMPONENT UNIT				
Long Beach Public Transportation Company	<u>\$ 110,756</u>	<u>\$ 1,988</u>	<u>\$ 91,987</u>	<u>\$ 22,739</u>

Taxes:

Property

Sales

Utility Users

Other

Franchise Taxes

Unrestricted Investment Earnings

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position, Beginning of Year

Net Position, End of Year

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	Long Beach Public Transpor- tation Company
\$ (13,040)	\$ -	\$ (13,040)	\$ -
(17,330)	-	(17,330)	-
(245,323)	-	(245,323)	-
145,732	-	145,732	-
(132,630)	-	(132,630)	-
28,463	-	28,463	-
7,511	-	7,511	-
(19,781)	-	(19,781)	-
(246,398)	-	(246,398)	-
-	28,377	28,377	-
-	31,679	31,679	-
-	(10,758)	(10,758)	-
-	116,003	116,003	-
-	28,987	28,987	-
-	194,288	194,288	-
(246,398)	194,288	(52,110)	-
-	-	-	5,958
225,820	-	225,820	-
150,887	-	150,887	-
38,546	-	38,546	-
40,098	-	40,098	-
23,734	-	23,734	-
3,496	1,469	4,965	287
(5,284)	5,284	-	-
477,297	6,753	484,050	287
230,899	201,041	431,940	6,245
41,087	5,340,088	5,381,175	67,006
\$ 271,986	\$ 5,541,129	\$ 5,813,115	\$ 73,251

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

City of Long Beach
Governmental Funds
Balance Sheet
September 30, 2021
(In Thousands)

	General	General Capital Projects	Housing Assistance Special Revenue	Other Governmental Funds	Total September 30, 2021
ASSETS					
Pooled Cash and Cash Equivalents	\$ 172,337	\$ 170,437	\$ 25,083	\$ 100,540	\$ 468,397
Non-Pooled Cash and Cash Equivalents	1,373	-	2,183	19,376	22,932
Receivables:					
Property Taxes	113,077	-	-	-	113,077
Accounts Receivable	29,093	309	200	4,291	33,893
Due from Other Governments	40,851	16,733	-	84,945	142,529
Due from Other Funds	29,972	24	2,273	5,748	38,017
Allowance for Receivables	(8,890)	(63)	(167)	(5,812)	(14,932)
Inventory	-	102	-	-	102
Other Assets	2,127	1,489	-	106	3,722
Advances to Other Funds	-	-	-	3,809	3,809
Land Held for Resale	-	-	-	5,874	5,874
Other Noncurrent Receivables	-	-	-	220,992	220,992
Total Assets	\$ 379,940	\$ 189,031	\$ 29,572	\$ 439,869	\$ 1,038,412
LIABILITIES					
Liabilities:					
Accounts Payable	\$ 15,564	\$ 16,569	\$ 2,848	\$ 7,454	\$ 42,435
Accrued Wages and Benefits Payable	11,677	230	109	1,521	13,537
Due to Other Governments	251	-	7	-	258
Due to Other Funds	57,293	259	123	23,824	81,499
Unearned Revenues	6,138	12,810	1,612	46,970	67,530
Deposits and Collections Held in Trust	3,819	1,103	1,537	2,044	8,503
Advances from Other Funds	114	-	-	5,409	5,523
Total Liabilities	94,856	30,971	6,236	87,222	219,285
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources	112,403	-	-	215,784	328,187
FUND BALANCES					
Nonspendable	2,127	1,489	-	927	4,543
Restricted	2,836	62,462	23,336	134,149	222,783
Committed	76,543	-	-	1,414	77,957
Assigned	107,658	94,109	-	373	202,140
Unassigned	(16,483)	-	-	-	(16,483)
Total Fund Balances	172,681	158,060	23,336	136,863	490,940
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 379,940	\$ 189,031	\$ 29,572	\$ 439,869	\$ 1,038,412

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

City of Long Beach
Reconciliation of the Governmental Funds Balance Sheet to
Governmental Activities in the Statement of Net Position
September 30, 2021
(In Thousands)

Total governmental fund balances	\$ 490,940
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, consisting of \$327,078 of non-depreciable assets and \$247,806 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.	574,884
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Deferred outflows of resources related to postemployment and economic losses from refinancing of debt are not included in the governmental funds.	89,960
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Deferred inflows of resources related to postemployment and economic gains from refinancing of debt are not included in the governmental funds.	(157,925)
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Governmental long-term liabilities, excluding those liabilities in the internal service funds, are not due and payable in the current period and, therefore, are not reported in the funds. Liability amounts have been reduced by interest receivables for federal subsidy on Build America and Recovery Zone Economic Development Bonds.	(803,808)
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Internal service funds are used by management to charge the cost of operations and financing related to the Civic Center complex; operations, maintenance, financing, timely replacement of information technology assets and vehicles; and to account for the City's risk management, self-insurance, and employee benefits' programs to individual user funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 0 10px;">77,935</div>
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Net position of governmental activities	<div style="border-top: 1px solid black; border-bottom: 3px double black; display: inline-block; padding: 0 10px;">\$ 271,986</div>
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The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	General	General Capital Projects	Housing Assistance Special Revenue	Other Governmental Funds	Total September 30, 2021
Revenues:					
Taxes:					
Property	\$ 200,359	\$ -	\$ -	\$ 25,784	\$ 226,143
Sales	148,449	-	-	2,438	150,887
Utility Users	38,546	-	-	-	38,546
Other Taxes	30,404	-	-	9,694	40,098
Franchise Fees	23,734	-	-	-	23,734
Licenses and Permits	36,550	-	-	10,460	47,010
Fines and Forfeitures	14,395	-	-	-	14,395
Use of Money and Property	30,001	389	139	3,317	33,846
From Other Agencies	8,482	76,106	113,266	230,603	428,457
Charges for Services	39,646	-	-	2,030	41,676
Other	5,391	580	308	5,165	11,444
Total Revenues	<u>575,957</u>	<u>77,075</u>	<u>113,713</u>	<u>289,491</u>	<u>1,056,236</u>
Expenditures:					
Current:					
Legislative and Legal	16,537	-	-	-	16,537
General Government	34,860	-	22	6,951	41,833
Public Safety	408,803	-	-	14,966	423,769
Public Health	19,885	-	-	74,866	94,751
Community and Cultural	53,645	-	108,934	60,199	222,778
Public Works	58,535	8,569	-	11	67,115
Oil Operations	2,446	-	-	-	2,446
Total Current Expenditures	<u>594,711</u>	<u>8,569</u>	<u>108,956</u>	<u>156,993</u>	<u>869,229</u>
Capital Improvements	<u>24,765</u>	<u>76,203</u>	<u>-</u>	<u>1,744</u>	<u>102,712</u>
Debt Service:					
Principal	1,436	-	-	20,723	22,159
Interest	42	-	-	11,928	11,970
Debt Administration Fees	9	-	-	17	26
Total Expenditures	<u>620,963</u>	<u>84,772</u>	<u>108,956</u>	<u>191,405</u>	<u>1,006,096</u>
Excess of Revenues over (under) Expenditures	<u>(45,006)</u>	<u>(7,697)</u>	<u>4,757</u>	<u>98,086</u>	<u>50,140</u>
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Asset	713	-	-	826	1,539
Debt Issuance	-	-	-	19,765	19,765
Premium on Debt Issuance	-	-	-	4,170	4,170
Payment to Refunded Bond Escrow Agent	-	-	-	(26,300)	(26,300)
Cost of Issuance	-	-	-	(410)	(410)
Transfers In	170,669	37,465	2,273	18,079	228,486
Transfers Out	(89,625)	(1,109)	-	(103,037)	(193,771)
Total Other Financing Sources (Uses)	<u>81,757</u>	<u>36,356</u>	<u>2,273</u>	<u>(86,907)</u>	<u>33,479</u>
Net Change in Fund Balances	<u>36,751</u>	<u>28,659</u>	<u>7,030</u>	<u>11,179</u>	<u>83,619</u>
Fund Balances - October 1	<u>135,930</u>	<u>129,401</u>	<u>16,306</u>	<u>125,684</u>	<u>407,321</u>
Fund Balances - September 30	<u>\$ 172,681</u>	<u>\$ 158,060</u>	<u>\$ 23,336</u>	<u>\$ 136,863</u>	<u>\$ 490,940</u>

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

City of Long Beach
Reconciliation of Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended September 30, 2021
(In Thousands)

Excess of expenditures and other uses over revenue and other sources - total governmental funds	\$	83,619
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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 (\$33,713) is less than depreciation (\$22,487) in the current period.		11,226
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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.		(4,416)
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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.		(949)
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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.		46,915
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Pension income reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as revenues in governmental funds.		165,980
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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.		25,853
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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.		(51,779)
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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.		(45,550)
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Change in net position of governmental activities	\$	<u>230,899</u>
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The notes to the basic financial statements are an integral part of this statement.

City of Long Beach
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Budgeted Amounts		Actual on Budgetary Basis ¹	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 189,843	\$ 189,843	\$ 200,359	\$ 10,516
Sales Taxes	129,427	129,427	148,449	19,022
Utility Users Taxes	34,905	34,905	38,546	3,641
Other Taxes	32,491	32,491	30,404	(2,087)
Franchise Fees	27,079	27,079	23,734	(3,345)
Licenses and Permits	30,738	31,788	36,550	4,762
Fines and Forfeitures	19,379	19,379	14,395	(4,984)
Use of Money and Property	29,487	31,228	30,001	(1,227)
From Other Agencies	6,479	6,580	8,482	1,902
Charges for Services	45,804	8,402	39,646	31,244
Other	3,968	1,163	5,391	4,228
Proceeds from Sale of Capital Asset	-	-	713	713
Transfers In	22,213	44,719	170,669	125,950
Total Revenues	571,813	557,004	747,339	190,335
Expenditures:				
Current:				
Legislative and Legal				
Mayor and City Council	6,626	7,793	6,915	878
City Attorney	3,744	3,604	4,328	(724)
City Clerk	6,190	6,340	5,294	1,046
General Government				
City Auditor	3,024	3,024	3,374	(350)
City Manager	6,700	10,209	10,057	152
Civil Service	3,302	3,223	3,615	(392)
Financial Management	8,955	61,832	16,473	45,359
Planning and Building	843	1,867	2,122	(255)
Public Safety				
Police	247,762	252,373	260,373	(8,000)
Fire	107,913	113,655	123,380	(9,725)
Disaster Preparedness	12,596	12,706	14,342	(1,636)
City Prosecutor	6,712	7,128	7,169	(41)
Planning and Building - Code Enforcement	3,824	3,371	4,397	(1,026)
Public Health	10,279	39,423	20,584	18,839
Community and Cultural				
Community Development	1,497	7,275	679	6,596
Library	19,619	20,608	20,690	(82)
Parks and Recreation	30,773	34,103	32,407	1,696
Public Works	45,999	93,049	58,669	34,380
Oil Operations	3,302	3,302	2,446	856
Debt Service	512	512	1,487	(975)
Capital Outlay	169	24,539	24,765	(226)
Transfers Out	36,976	51,788	89,625	(37,837)
Total Expenditures	567,317	761,724	713,191	48,533
Net Change in Budgetary Fund Balance:	\$ 4,496	\$ (204,720)	\$ 34,148	\$ 238,868
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 34,148	
Add: Encumbrances			2,603	
Change in Fund Balance - September 30, GAAP Basis			36,751	
Fund Balance, October 1, GAAP Basis			135,930	
Fund Balance, September 30, GAAP Basis			\$ 172,681	

¹ Incorporates adjustments due to prepayment of the CalPERS unfunded liability. See page 161 for details.

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, 2021
(In Thousands)

	<u>Budgeted Amounts</u>		<u>Actual on</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u>	<u>with Final</u>
			<u>Basis</u>	<u>Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Use of Money and Property	\$ 92	\$ 92	\$ 139	\$ 47
From Other Agencies	91,946	110,078	113,266	3,188
Other	177	177	308	131
Transfers In	-	-	2,273	2,273
Total Revenues	<u>92,215</u>	<u>110,347</u>	<u>115,986</u>	<u>5,639</u>
Expenditures:				
General Government				
Financial Management	175	175	22	153
Community and Cultural				
Development Services	<u>93,730</u>	<u>111,718</u>	<u>108,938</u>	<u>2,780</u>
Total Expenditures	<u>93,905</u>	<u>111,893</u>	<u>108,960</u>	<u>2,933</u>
Net Change in Budgetary Fund Balance	<u>\$ (1,690)</u>	<u>\$ (1,546)</u>	<u>\$ 7,026</u>	<u>\$ 8,572</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 7,026</u>
Add: Encumbrances	<u>4</u>
Change in Fund Balance - September 30, GAAP Basis	<u>7,030</u>
Fund Balance, October 1, GAAP Basis	<u>16,306</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 23,336</u></u>

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, 2021
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>
ASSETS			
Current Assets:			
Pooled Cash and Cash Equivalents	\$ 58,150	\$ 27,643	\$ 140,988
Non-Pooled Cash and Cash Equivalents	89	510	27,962
Receivables:			
Interest Receivable	15	10	61
Accounts Receivable	14,662	10,925	13,642
Notes and Loans Receivable	-	-	-
Due from Other Governments	-	475	268
Due from Other Funds	-	30,846	21,733
Allowance for Receivables	(3,023)	(1,071)	(1,904)
Deposits	-	-	-
Inventory	3,679	6,557	-
Prepaid Gas - Current	23,689	-	-
Other Assets - Current	104	5,050	-
Total Current Asset	<u>97,365</u>	<u>80,945</u>	<u>202,750</u>
Noncurrent Assets:			
Restricted Noncurrent Assets:			
Non-Pooled Investments	27,085	2,395	15,884
Noncurrent Receivables:			
Advances to Other Funds	-	-	-
Fair Value - Commodity Swap	443,833	-	-
Capital Assets:			
Land and Other Capital Assets not being Depreciated	13,401	71,269	68,752
Capital Assets, Net of Accumulated Depreciation	163,919	288,936	276,768
Prepaid Gas - Long Term	310,780	-	-
Other Assets - Long-Term	-	-	-
Total Noncurrent Assets	<u>959,018</u>	<u>362,600</u>	<u>361,404</u>
Total Assets	<u>1,056,383</u>	<u>443,545</u>	<u>564,154</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources	<u>13,874</u>	<u>5,423</u>	<u>12,330</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
\$ 741,086	\$ 367,538	\$ 1,335,405	\$ 146,799
1	6,982	35,544	1,578
7	32	125	-
61,857	32,000	133,086	1,532
-	-	-	-
24,975	3,696	29,414	30
444	2,825	55,848	27,333
(2,171)	(4,112)	(12,281)	(24)
-	-	-	9,365
762	185	11,183	3,119
-	-	23,689	-
9,816	10	14,980	-
836,777	409,156	1,626,993	189,732
-	7,449	52,813	-
1,210	114	1,324	5,687
-	-	443,833	-
1,953,119	79,168	2,185,709	42,279
3,244,455	332,271	4,306,349	434,058
-	-	310,780	-
54,752	-	54,752	6,375
5,253,536	419,002	7,355,560	488,399
6,090,313	828,158	8,982,553	678,131
15,990	8,145	55,762	9,351
			(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, 2021
(In Thousands)

(Continued)

	Business-type Activities - Enterprise Funds		
	Gas Utility	Water Utility	Tidelands Operating
LIABILITIES			
Current Liabilities Payable from Current Assets:			
Accounts Payable	6,447	15,686	4,375
Accrued Wages	645	816	886
Accrued Interest Payable	9,954	247	3,604
Due to Other Funds	1,341	1,535	1,629
Unearned Revenues	1,407	180	2,143
Collections Held in Trust	-	88	215
Customers Deposits	2,680	20	763
Advances from Developers	-	1,597	-
Accrued Self-Insurance Claims - Current	-	-	-
Environmental Remediation - Current	-	-	-
Due to State of California	-	-	-
Compensated Absences and Accrued Employee Benefits	2,003	2,294	2,761
Obligations Under Capital Leases - Current	1,158	1,640	41
Bonds Payable Due Within One Year	16,040	3,300	13,165
Other Long-Term Obligations - Current	-	-	29
Total Current Liabilities	41,675	27,403	29,611
Noncurrent Liabilities:			
Advances from Other Funds	-	-	1,210
Unearned Revenues	-	-	4,526
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	10,079	-	-
Compensated Absences and Accrued Employee Benefits	4,607	4,712	6,614
Obligations Under Capital Leases	10,333	19,586	185
Other Long-Term Obligations	-	-	280
Bonds Payable	540,121	10,239	195,088
Total OPEB Liability	272	282	392
Net Pension Liability	15,457	20,005	22,141
Total Noncurrent Liabilities	580,869	55,824	230,436
Total Liabilities	622,544	83,227	260,047
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	457,223	17,604	24,311
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	162,671	326,635	156,322
Restricted for:			
Debt Service	-	1,441	5,927
Capital Projects	13,249	-	389
Insurance	-	-	-
Tidelands	-	-	20,970
Airport	-	-	-
Subsidence	-	-	-
Unrestricted	(185,430)	20,061	108,518
Total Net Position (Deficit)	\$ (9,510)	\$ 348,137	\$ 292,126
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
180,916	26,378	233,802	16,141
2,257	1,382	5,986	7,038
13,908	2,266	29,979	773
25,970	2,703	33,178	6,521
18,472	5,875	28,077	-
3,393	763	4,459	4,097
-	835	4,298	-
-	11,005	12,602	-
450	-	450	31,605
-	-	-	175
-	5,825	5,825	-
6,207	3,994	17,259	6,795
-	-	2,839	9,130
35,530	3,700	71,735	1,612
51,075	-	51,104	5,189
<u>338,178</u>	<u>64,726</u>	<u>501,593</u>	<u>89,076</u>
4,087	-	5,297	-
-	5,049	9,575	-
-	-	-	144,780
-	110,300	110,300	-
2,600	-	2,600	-
-	-	1,000	-
-	-	-	725
-	-	10,079	-
12,238	7,093	35,264	7,855
-	-	30,104	29,813
493,925	-	494,205	284,576
682,062	101,137	1,528,647	16,340
675	434	2,055	472
60,174	34,402	152,179	33,434
<u>1,255,761</u>	<u>258,415</u>	<u>2,381,305</u>	<u>517,995</u>
<u>1,593,939</u>	<u>323,141</u>	<u>2,882,898</u>	<u>607,071</u>
<u>53,642</u>	<u>32,718</u>	<u>585,498</u>	<u>31,266</u>
3,768,983	312,455	4,727,066	130,634
13,717	4,379	25,464	-
37,743	28,063	79,444	1,395
-	-	-	18,611
-	-	20,970	-
-	9,636	9,636	-
-	191,151	191,151	-
638,279	(65,240)	516,188	(101,495)
<u>\$ 4,458,722</u>	<u>\$ 480,444</u>	<u>5,569,919</u>	<u>\$ 49,145</u>
		(28,790)	
		<u>\$ 5,541,129</u>	

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

City of Long Beach
Proprietary Funds
Statement of Revenues, Expenses, and Changes in Fund Net Position (Deficit)
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>
Operating Revenues:			
Licenses and Permits	\$ -	\$ -	\$ 470
Fines and Forfeitures	-	-	311
Fees, Concessions, and Rentals	-	-	39,563
From Other Agencies	-	-	-
Charges for Services	108,871	117,593	46,383
Other	3,059	1,375	4,273
Total Operating Revenues	<u>111,930</u>	<u>118,968</u>	<u>91,000</u>
Operating Expenses:			
Personnel Services	\$ 12,924	\$ 15,555	\$ 23,261
Purchases of Gas and Water	14,693	27,672	-
Maintenance and Other Operations	18,726	33,499	54,491
Rental Expense	-	-	-
Insurance Premiums	-	-	-
Self-Insured Losses	-	-	-
Compensated Absences	-	-	-
Employee Benefits	-	-	-
Payments to Other Entities	-	-	-
Depreciation	7,724	13,428	21,846
Total Operating Expenses	<u>54,067</u>	<u>90,154</u>	<u>99,598</u>
Operating Income (Loss)	<u>57,863</u>	<u>28,814</u>	<u>(8,598)</u>
Non-Operating Income (Expenses):			
Interest Income	1,276	101	84
Interest Expense	(28,689)	(1,394)	(8,589)
Gain (Loss) on Disposition of Capital Assets	(472)	(325)	17
Oil Field Abandonment	-	-	-
Operating Grants	-	-	69
Other Income	347	3,121	8,457
Other Expense	(729)	(789)	(3,151)
Total Non-Operating Income (Expenses)	<u>(28,267)</u>	<u>714</u>	<u>(3,113)</u>
Income (Loss) Before Contributions and Transfers	29,596	29,528	(11,711)
Capital Grants and Contributions	-	2,665	134
Transfers:			
Transfers In	980	30,832	35,228
Transfers Out	(15,323)	(8,628)	(5,700)
Change in Net Position	15,253	54,397	17,951
Net Position (Deficit) - October 1, as adjusted	(24,763)	293,740	274,175
Net Position (Deficit) - September 30	<u>\$ (9,510)</u>	<u>\$ 348,137</u>	<u>\$ 292,126</u>
Change in Net Position of Business - Enterprise Funds			

Adjustment to Reflect the Consolidation of Internal Service Fund Activities Related to Enterprise Funds
Change in Net Position of Business-type Activities

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

Business-Type Activities - Enterprise Funds			Governmental Activities
Harbor	Other Proprietary Funds	Total Proprietary Funds	Internal Service Funds
\$ -	\$ 18,406	\$ 18,876	\$ -
-	15	326	-
-	123,536	163,099	-
-	2,335	2,335	-
431,373	109,558	813,778	480,246
3,271	692	12,670	5,787
<u>434,644</u>	<u>254,542</u>	<u>1,011,084</u>	<u>486,033</u>
\$ 37,258	\$ 36,685	\$ 125,683	35,075
-	-	42,365	-
59,145	113,706	279,567	67,818
-	184	184	-
-	-	-	10,508
-	-	-	12,567
-	-	-	60,982
-	-	-	266,180
38,320	69,919	108,239	-
172,827	18,782	234,607	30,289
<u>307,550</u>	<u>239,276</u>	<u>790,645</u>	<u>483,419</u>
<u>127,094</u>	<u>15,266</u>	<u>220,439</u>	<u>2,614</u>
-	8	1,469	1
(27,068)	(7,021)	(72,761)	(9,897)
-	1	(779)	899
-	(7,700)	(7,700)	-
-	91	160	984
5,696	3,146	20,767	1,609
-	(1,416)	(6,085)	(1,613)
<u>(21,372)</u>	<u>(12,891)</u>	<u>(64,929)</u>	<u>(8,017)</u>
105,722	2,375	155,510	(5,403)
11,769	25,531	40,099	-
134	5,992	73,166	13,195
<u>(21,733)</u>	<u>(16,498)</u>	<u>(67,882)</u>	<u>(53,194)</u>
95,892	17,400	200,893	(45,402)
4,362,830	463,044	5,369,026	94,547
<u>\$ 4,458,722</u>	<u>\$ 480,444</u>	<u>5,569,919</u>	<u>\$ 49,145</u>
		200,893	
		<u>148</u>	
		<u>\$ 201,041</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, 2021
(In Thousands)

	<u>Business-Type Activities - Enterprise Funds</u>		
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	<u>Gas Utility</u>	<u>Water Utility</u>	<u>Tidelands Operating</u>
Cash Flows from Operating Activities:			
Receipts from Customers	\$ 108,660	\$ 118,419	\$ 82,790
Receipts from Oil Companies	-	-	-
Receipts from Other Entities	-	-	5,052
Receipts from Other Funds	-	-	-
Payments for Employee Salaries	(19,144)	(22,871)	(33,610)
Payments for Goods and Services	(7,619)	(59,575)	(59,134)
Payments for Compensated Absences	-	-	-
Payments for Employee Benefits	-	-	-
Payments for Liability Claims	-	-	-
Payments to Other Funds	-	-	-
Payments to Other Entities	-	(1,948)	(5,564)
Other Income	347	375	13,149
Other Expense	(729)	(792)	(3,153)
Net Cash Provided by (Used for) Operating Activities	81,515	33,608	(470)
Cash Flows from Non-Capital Financing Activities:			
Other Income	-	1,036	-
Operating Grants Received from Other Governments	-	-	71
Operating Subsidies Paid to Other Funds	-	-	-
Payments of Principal on Bonds Payable	(13,990)	-	-
Payments of Interest	(28,690)	-	-
Transfers In	980	1,710	35,228
Transfers Out	(15,323)	(8,628)	(5,700)
Net Cash Provided by (Used for) Non-Capital Financing Activities	(57,023)	(5,882)	29,599
Cash Flows from Capital and Related Financing Activities:			
Receipt of Capital Grants	-	-	134
Proceeds from the Sale of Capital Assets	-	238	17
Proceeds from Issuance of Long-Term Obligations	-	-	-
Receipts of Contributed Capital	-	4,082	-
Receipts from Passenger Facility Charges	-	-	-
Receipt of Federal Subsidy	-	-	-
Payments for Capital Acquisitions	(12,570)	(17,828)	(10,738)
Payments of Principal on Bonds Payable	-	(3,170)	(12,871)
Payments of Principal on Other Long-Term Obligations	(1,735)	(3,634)	(66)
Payments of Interest	(285)	(1,530)	(8,921)
Net Cash Used for Capital and Related Financing Activities	(14,590)	(21,842)	(32,445)
Cash Flows from Investing Activities:			
Proceeds from the Sale of Investments	-	-	1,499
Payments for Purchase of Investments	(1,586)	-	-
Receipt from Joint Venture	-	-	-
Payments of Interest	-	-	(301)
Receipts of Interest	1,282	553	-
Net Cash Provided by Investing Activities	(304)	553	1,198
Net Increase (Decrease) in Cash and Cash Equivalents	9,598	6,437	(2,118)
Cash and Cash Equivalents - October 1	48,641	21,716	171,068
Cash and Cash Equivalents - September 30	\$ 58,239	\$ 28,153	\$ 168,950

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
\$ 457,190	\$ 158,056	\$ 925,115	\$ 5,092
-	91,717	91,717	-
-	16,647	21,699	(8,274)
-	760	760	508,513
(53,006)	(51,175)	(179,806)	(47,812)
(125,119)	(117,867)	(369,314)	(64,919)
-	-	-	(59,972)
-	-	-	(290,448)
-	-	-	(26,726)
-	(1,141)	(1,141)	-
-	(75,136)	(82,648)	-
-	1,452	15,323	1,443
(1,209)	(1,416)	(7,299)	(1,613)
277,856	21,897	414,406	15,284
-	-	1,036	166
-	91	162	984
-	(29)	(29)	-
-	-	(13,990)	-
-	-	(28,690)	-
-	5,992	43,910	(53,194)
(19,797)	(16,498)	(65,946)	13,195
(19,797)	(10,444)	(63,547)	(38,849)
33,046	-	33,180	-
-	1	256	954
545,000	-	545,000	-
-	22,062	26,144	-
-	3,469	3,469	-
-	1,156	1,156	-
(203,230)	(48,544)	(292,910)	(24,375)
(24,470)	(3,532)	(44,043)	(8,307)
(472,050)	-	(477,485)	(11,132)
(46,727)	(6,364)	(63,827)	(8,505)
(168,431)	(31,752)	(269,060)	(51,365)
-	1,238	2,737	-
-	-	(1,586)	-
3,000	-	3,000	-
-	(221)	(522)	(2,006)
4,866	-	6,701	-
7,866	1,017	10,330	(2,006)
97,494	(19,282)	92,129	(76,936)
643,593	393,802	1,278,820	225,313
\$ 741,087	\$ 374,520	\$ 1,370,949	\$ 148,377

(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</u>			
<u>INCOME (LOSS) TO NET CASH PROVIDED BY</u>			
<u>(USED FOR) OPERATING ACTIVITIES</u>			
	Gas	Water	Tidelands
	Utility	Utility	Operating
Operating Income (Loss)	\$ 57,863	\$ 28,814	\$ (8,598)
Adjustments to Reconcile Operating Income (Loss)			
to Net Cash Provided by (Used for)			
Operating Activities:			
Depreciation and Amortization Expense	7,724	13,428	21,846
Other Income	-	375	8,457
Other Expense	(382)	(792)	(3,153)
(Increase) Decrease in Accounts Receivable, Net	(1,118)	(1,447)	(8,103)
(Increase) Decrease in Amounts Due from Other Governments	-	-	(991)
(Increase) Decrease in Amounts Due from Other Funds	304	896	9,483
(Increase) Decrease in Inventory	(659)	(45)	-
(Increase) Decrease in Other Assets	23,396	-	-
Increase in Other Non-Operating Assets	-	(2,498)	-
Increase (Decrease) in Accounts Payable	2,959	1,729	(4,694)
Increase (Decrease) in Accrued Wages Payable	(6,220)	(7,251)	(10,349)
Increase (Decrease) in Amounts Due to Other Funds	(1,735)	460	(4,574)
Increase in Accrued Claims Payable	-	-	-
Increase in Unearned Revenues	(450)	82	54
Increase (Decrease) in Collections Held in Trust	(167)	(143)	152
Total Adjustments	23,652	4,794	8,128
Net Cash Provided by (Used for) Operating Activities	\$ 81,515	\$ 33,608	\$ (470)
<u>NON-CASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES:</u>			
Amortization of Bond Premium (Discount), Net	\$ 23,501	\$ -	\$ 481
Accrued Capital Assets	-	-	-
Accrued Oilfield Abandonment Costs	-	-	-
Amortization of Deferred Outflows on Debt Refunding	-	-	(441)
Amortization of Deferred Inflows on Debt Refunding	-	-	-
Accrued Transfers to Other Fund	-	-	-
Accrued Transfers from Other Fund	-	(30,832)	-
Borrowing under Capital Lease or Other Long-term Debt	-	-	-
Discontinued Capital Projects	-	-	-

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

Business-Type Activities - Enterprise Funds			Governmental Activities
Harbor	Other Proprietary Funds	Total Proprietary Funds	Internal Service Funds
\$ 127,094	\$ 15,266	\$ 220,439	\$ 2,614
172,827	18,782	234,607	30,289
(1,209)	1,564	9,187	1,443
-	(1,416)	(5,743)	(1,613)
9,655	(8,263)	(9,276)	3,805
-	12,097	11,106	-
-	387	11,070	6,376
-	-	(704)	(259)
(20,492)	6	2,910	29,369
-	-	(2,498)	-
(10,362)	2,773	(7,595)	(13,827)
(1,101)	(14,491)	(39,412)	(22,625)
(694)	(2,423)	(8,966)	(17,245)
(4,800)	-	(4,800)	(3,651)
6,938	(1,094)	5,530	-
-	(1,291)	(1,449)	608
150,762	6,631	193,967	12,670
\$ 277,856	\$ 21,897	\$ 414,406	\$ 15,284

\$ 15,014	\$ -	\$ 38,996	\$ -
135,773	-	135,773	-
-	7,700	7,700	-
-	-	(441)	-
1,254	-	1,254	-
21,732	-	21,732	-
-	-	(30,832)	-
-	-	-	99,287
839	-	839	-

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, 2021
(In Thousands)

	Private Purpose Trust Funds	Custodial Funds
ASSETS:		
Pooled Cash and Cash Equivalents	\$ 618	\$ 13,159
Non-Pooled Investments	-	1,095
Non-Pooled Cash and Cash Equivalents	-	8,719
Property Taxes Receivable	-	147
Interest Receivable	-	30
Accounts Receivable	-	1,058
Prepaid Expense	-	8
Land	-	11,000
Total Assets	<u>618</u>	<u>35,216</u>
LIABILITIES:		
Accounts Payable	-	308
Total Liabilities	<u>-</u>	<u>308</u>
NET POSITION:		
Restricted for:		
Miller Library Trust	613	-
Mayor's Fund for the Homeless	5	-
Oil Rights	-	1,819
Special Assesment Districts	-	10,950
Intermodal Container Transfer Facility	-	6,500
Los Cerritos Wetlands Authority	-	11,268
Other Custodial Funds	-	4,371
Total Restricted Net Position	<u>\$ 618</u>	<u>\$ 34,908</u>

City of Long Beach
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Private Purpose Trust Funds	Custodial Funds
ADDITIONS:		
Contributions	\$ -	\$ 4,730
Taxes	-	10,609
Grants	-	356
Use of Money and Property	-	234
Miscellaneous Revenue	-	52
Total Additions	<u>-</u>	<u>15,981</u>
DEDUCTIONS:		
Administrative Expense	37	13
Payments to Bond Holders	-	11,344
Payments to Others	-	5,376
Total Deductions	<u>37</u>	<u>16,733</u>
Change in Net Position	(37)	(752)
Net Position, October 1	<u>655</u>	<u>35,660</u>
Net Position, September 30	<u>\$ 618</u>	<u>\$ 34,908</u>

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, 2021

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 Mayor, City Auditor, City Attorney, and City Prosecutor are all elected Citywide. 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, 2021

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 Business-type	Internal Service Funds Enterprise Funds Governmental Funds
Long Beach Capital Improvement Company	Business-type	Enterprise Funds
Finance Authority of Long Beach	Governmental and Business-type	Internal Service Funds Enterprise Funds Governmental Funds

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021

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 Special Revenue 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, 2021

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 by the Energy Resources Department. 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 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, general liability, 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 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 income through conservative investment activities. The Pool is used as a demand deposit account by the various funds.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021

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, 2021

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

Historically, benefits for City employees have been paid and compensated leave balances at year-end have been reported in the in the City's Employee Benefits Internal Service Fund (EBF). Effective October 1, 2020, the City changed its accounting policy to report the compensated leave balances of the City employees in the government-wide financial statements for reporting consistency of governmental funds long-term employee benefits.

The adjustment to the beginning EBF net position amount is summarized below (in thousands):

October 1, 2020, as previously reported	\$ (42,659)
Adjustment due to change of accounting principle	<u>155,200</u>
October 1, 2020, as adjusted	<u><u>\$ 112,541</u></u>

For the fiscal year ended September 30, 2021, 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 employee benefits and OPEB liability of \$6.3 million associated with governmental funds will be reported within the government-wide financial statements. 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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

As of September 30, 2021, the City has recorded compensated absence and OPEB liabilities in the following categories and funds (in thousands):

<i>Recorded In</i>	<i>Reported in Fund Financial Statements as</i>			
	<i>Compensated Absences</i>		<i>Total OPEB</i>	<i>Total</i>
	<i>Vacation</i>	<i>Sick</i>	<i>Liability</i>	
<i>IS Funds</i>	\$ 6,088	\$ 8,562	\$ 472	\$ 15,122
<i>Enterprise Funds</i>	15,287	37,236	2,055	54,578
<i>Total</i>	<u>\$ 21,375</u>	<u>\$ 45,798</u>	<u>\$ 2,527</u>	<u>\$ 69,700</u>

<i>Recorded In</i>	<i>Reported In Government-wide Financial Statements as</i>			
	<i>Employee Benefits</i>		<i>Total OPEB</i>	<i>Total</i>
	<i>Vacation</i>	<i>Sick</i>	<i>Liability</i>	
<i>Governmental Activities</i>	\$ 50,666	\$ 121,930	\$ 6,730	\$ 179,326
<i>Business-Type Activities</i>	15,287	37,236	2,055	54,578
<i>Total</i>	<u>\$ 65,953</u>	<u>\$ 159,166</u>	<u>\$ 8,785</u>	<u>\$ 233,904</u>

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, 2021, the restricted net position balances were \$475.7 million and \$326.7 million for governmental activities and business type activities, respectively.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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

<i>Classification</i>	<i>Definition</i>	<i>Examples</i>
Nonspendable	Amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.	1. Inventories, prepaid items, long-term receivables, and permanent principal of endowment funds.
Restricted	Fund balance should be reported as restricted when constraints placed on the use of resources are either (a) Externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or (b) Imposed by law through constitutional provisions or enabling legislation.	1. Restricted by state statute; 2. Unspent bond proceeds; 3. Grants earned but not spent; 4. Debt covenants; 5. Taxes dedicated to a specific purpose; 6. Revenues restricted by enabling legislation.
Unrestricted	Committed	Used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.
	Assigned	Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.
	Unassigned	Unassigned fund balance is the residual classification for the General Fund. This is fund balance that has not been reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other governmental funds would report deficit fund balances as unassigned.

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

Consistent with the City's adopted Fund Balance Policy, assignments may be designated for a purpose by the City Council or, if delegated, the Council's designee who, for the purpose of this disclosure, is the City Manager. It is a policy goal of the City Council to maintain an overall unrestricted fund balance of no less than two months or 16.7 percent of General Fund ongoing operating expenditures, including transfers. 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 adjustments as authorized for voter-approved debt.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Secured property taxes are levied during September of every year and become a lien on real property on January 1 of the calendar year for which taxes are levied. These tax payments can be made in two equal installments: the first is due November 1st and the second is due February 1st. The City recognizes property tax receivable when levied and defers the portion that is neither intended nor available to finance current year expenditures.

Budgetary Principles

The City Council adopted the fiscal year 2021 budget prior to October 1, 2020 for all funds except for fiduciary funds. The City Council may amend the budget by motion during the fiscal year. The City Manager may transfer appropriations within the departments or within a given fund, provided that the total appropriations at the fund level and at the department level do not change. Transfers of appropriation between funds or departments require City Council approval. Unencumbered appropriations lapse at the end of the fiscal year.

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

Subsidence

In accordance with State legislation, the City established a Reserve for Subsidence Contingencies to indemnify the City, State, and contractors for claims or costs arising from subsidence alleged to result from oil operations. As of September 30, 2021, the reserve balance within the Subsidence Fund is \$191.2 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, 2021, the remaining loan balance was \$614 thousand.

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, 2021:

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods after December 31, 2020. Application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2021.

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*. The requirements in paragraph 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15,

City of Long Beach
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For the Fiscal Year Ended September 30, 2021

2021. Early application of this Statement did not have a material impact to the City's financial statements for the fiscal year ended September 30, 2021.

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objectives of this Statement is to address references in authoritative literature to the term comprehensive annual financial report. The Statement is effective for reporting periods after December 15, 2021. The City elected to early implement this Statement for the fiscal year ended September 30, 2021.

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 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.

Reclassifications

Certain accounts presented in the fiscal year 2021 financial statements have been reclassified to be consistent with the current year's presentation. Such reclassifications have no effect on the net change in financial position and net position as previously reported.

Estimates

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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

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

	Total Governmental Funds (Page 28)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 25)
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 468,397	\$ -	\$ 146,799	\$ (507,349)	\$ 107,847
Non-Pooled Cash and Cash Equivalents	22,932	-	1,578	-	24,510
Pooled Investments	-	-	-	203,964	203,964
Interest Receivable	-	168	-	-	168
Property Taxes Receivable, Net	113,077	-	-	(5,191)	107,886
Accounts Receivable	33,893	-	1,532	(35,425)	-
Due from Other Governments	142,529	-	30	-	142,559
Due from Other Funds	38,017	-	27,333	(65,350)	-
Allowance for Receivables	(14,932)	-	(24)	14,956	-
Accounts and Loans Receivables, Net	-	-	-	25,660	25,660
Internal Balances	-	-	-	10,093	10,093
Deposits	-	-	9,365	(9,365)	-
Inventory	102	-	3,119	-	3,221
Other Assets	3,722	-	-	9,365	13,087
Advances to Other Funds	3,809	-	5,687	(9,496)	-
Land Held for Resale	5,874	-	-	-	5,874
Other Noncurrent Assets:					
Noncurrent Pooled Investments	-	-	-	303,385	303,385
Other Noncurrent Receivables	220,992	-	-	-	220,992
Capital Assets:					
Nondepreciable	-	327,078	42,279	-	369,357
Depreciable, Net	-	247,806	434,058	-	681,864
Other Noncurrent Assets	-	-	6,375	-	6,375
Total Assets	1,038,412	575,052	678,131	(64,753)	2,226,842
Deferred Outflows of Resources	-	-	9,351	89,960	99,311
Total Assets and Deferred Outflows of Resources	\$ 1,038,412	\$ 575,052	\$ 687,482	\$ 25,207	\$ 2,326,153

(continued)

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

	Total Governmental Funds (Page 28)	Long-term Assets and Liabilities	Internal Service Funds	Eliminations and Conversions	Total Statement of Net Position (Page 25)
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 42,435	\$ -	\$ 16,141	\$ -	\$ 58,576
Accrued Wages and Benefits Payable	13,537	-	7,038	-	20,575
Accrued Interest Payable	-	1,955	773	-	2,728
Due to Other Governments	258	-	-	-	258
Due to Other Funds	81,499	-	6,521	(88,020)	-
Unearned Revenue	67,530	(7,147)	-	12,600	72,983
Deposits and Collections Held in Trust	8,503	-	4,097	(12,600)	-
Advances from Other Funds	5,523	-	-	(5,523)	-
Long-term Liabilities Due Within One Year:					
Bonds Payable	-	21,703	1,612	(23,315)	-
Notes Payable	-	1,588	-	(1,588)	-
Capital Leases Payable	-	-	9,130	(9,130)	-
Other Long-term Obligation	-	-	5,189	(5,189)	-
Environmental Remediation	-	3,376	175	(3,551)	-
Accrued Self Insurance Claims Payable	-	-	31,605	(31,605)	-
Employee Benefits Payable	-	51,022	-	(51,022)	-
Employee Benefits and Accrued LT Obligations	-	-	6,795	86,178	92,973
Total LT Debt and Other LT Obligations	-	-	-	39,222	39,222
Long-term Liabilities Due Beyond One Year:					
Bonds Payable	-	218,460	16,340	(234,800)	-
Notes Payable	-	7,069	-	(7,069)	-
Capital Leases Payable	-	-	29,813	(29,813)	-
Other Long-term Obligation	-	23,000	284,576	(307,576)	-
Police and Fire Annuities Payable	-	4,436	-	(4,436)	-
Estimated Oil Field Abandonment Costs Payable	-	23,070	-	(23,070)	-
Environmental Remediation	-	-	725	(725)	-
Accrued Self Insurance Claims Payable	-	-	144,780	(144,780)	-
Employee Benefits Payable	-	106,924	7,855	(114,779)	-
Total OPEB Liability	-	6,258	472	-	6,730
Net Pension Liability	-	342,262	33,434	-	375,696
Employee Benefits and Accrued LT Obligations	-	-	-	287,790	287,790
Total LT Debt and Other LT Obligations	-	-	-	579,258	579,258
Total Liabilities	219,285	803,976	607,071	(93,543)	1,536,789
Deferred Inflows of Resources	328,187	-	31,266	157,925	517,378
Fund Balance / Net Position					
Total Fund Balance / Net Position	490,940	(228,924)	49,145	(39,175)	271,986
Total Liabilities, Deferred Inflows and Fund Balance / Net Position	\$ 1,038,412	\$ 575,052	\$ 687,482	\$ 25,207	\$ 2,326,153

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Amounts reported for governmental activities in the statement of activities are different from those reported for governmental funds in the statement of revenues, expenditures and changes in fund balances. The following table provides a reconciliation of those differences (in thousands):

	Total Governmental Funds (Page 30)	Debt and Capital Related Transactions	Internal Service Funds	Reclass and Adjust- ments	Statement of Activities (Pages 26 - 27)
Revenues:					
Taxes	\$ 455,674	\$ -	\$ -	\$ (323)	\$ 455,351
Franchise Fees	23,734	-	-	-	23,734
Licenses and Permits	47,010	-	-	(47,010)	-
Fines and Forfeitures	14,395	-	-	(14,395)	-
Use of Money and Property /					
Unrestricted Investment Earnings	33,846	-	1	(30,351)	3,496
From Other Agencies	428,457	-	-	(428,457)	-
Charges for Services	41,676	-	-	(41,676)	-
Other	11,444	-	-	(11,444)	-
Program Revenue:					
Charges for Services	-	-	5,787	145,061	150,848
Operating Grants and Contributions	-	-	-	352,336	352,336
Capital Grants and Contributions	-	-	-	76,033	76,033
Other Financing Sources :					
Proceeds from Sale of Capital Asset	1,539	(1,539)	-	-	-
Debt Issuance	19,765	(19,765)	-	-	-
Premium on Debt Issuance	4,170	(4,170)	-	-	-
Transfers, Net	34,715	-	(39,999)	-	(5,284)
Total Revenues	1,116,425	(25,474)	(34,211)	(226)	1,056,514
Expenditures / Expenses:					
Current:					
Legislative and Legal	16,537	(3,569)	90	-	13,058
General Government	41,833	(6,292)	1,023	-	36,564
Public Safety	423,769	(112,358)	522	-	311,933
Public Health	94,751	(35,484)	749	-	60,016
Community and Cultural	222,778	(5,943)	(182)	728	217,381
Public Works	67,115	96,851	(763)	-	163,203
Oil Operations	2,446	1,233	-	-	3,679
Capital Improvements	102,712	(102,712)	-	-	-
Debt Service:					
Principal	22,159	(22,159)	-	-	-
Interest on Long-Term Debt	11,970	(2,086)	9,897	-	19,781
Debt Administration Fees	26	(26)	-	-	-
Issuance Costs	410	-	-	(410)	-
Other Financing (Uses):					
Pymt Refunded Bond Escrow Agent	26,300	-	-	(26,300)	-
Total Expenditures / Expenses	1,032,806	(192,545)	11,336	(25,982)	825,615
 Net Change in Fund Balances	 \$ 83,619	 \$ 167,071	 \$ (45,547)	 \$ 25,756	 \$ 230,899

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
For the Fiscal Year Ended September 30, 2021

NOTE 4 – CASH AND INVESTMENTS

Cash and investments as of September 30, 2021 are classified in the accompanying financial statements as follows (in thousands):

Cash and Investments

Pooled cash and investments	\$ 1,964,378
Non-pooled cash and investments	<u>122,681</u>
Total cash and investments	<u><u>\$ 2,087,059</u></u>

Cash and investments as of September 30, 2021 consist of the following:

Cash and deposits	\$ 206,578
Investments	<u>1,880,481</u>
Total cash and investments	<u><u>\$ 2,087,059</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, 2021 is as follows (in thousands):

	<i>Governmental Activities</i>	<i>Business-type Activities</i>	<i>Fiduciary Funds</i>	<i>Total</i>
Pooled Cash and Cash Equivalents	\$ 107,847	\$ 234,104	\$ 13,777	\$ 355,728
Non-Pooled Cash and Cash Equivalents	24,510	35,544	8,719	68,773
Pooled Investments	203,964	442,744	-	646,708
Non-Pooled Investments	-	-	1,095	1,095
Noncurrent Pooled Investments	303,385	658,557	-	961,942
Restricted Assets:				
Non-Pooled Investments	<u>-</u>	<u>52,813</u>	<u>-</u>	<u>52,813</u>
Total Cash and Investments	<u><u>\$ 639,706</u></u>	<u><u>\$ 1,423,762</u></u>	<u><u>\$ 23,591</u></u>	<u><u>\$ 2,087,059</u></u>

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements and authorized by the City Council.

Investments with Fair Values Highly Sensitive to Interest Rate Risk

The City had no investments that were highly sensitive to market interest rate changes as of September 30, 2021. 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
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

<i>Authorized Investment Type</i>	<i>Maximum Maturity</i>	<i>Maximum Percentage of Portfolio</i>	<i>Maximum Investment in One Issuer</i>
Bonds Issued by the City	5 years *	30%	None
U.S. Treasury Notes, Bonds, or Bills	5 years *	None	None
Registered State Warrants, Treasury Notes, or Bonds of the state of California	5 years *	30%	None
Local Agency Bonds	5 years *	30%	None
Federal Agency Securities	5 years *	None	None
Bankers' Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	5%
Negotiable Certificates of Deposit	5 years *	30%	10%
Time Certificates of Deposit	5 years *	100%	10%
Repurchase Agreements	90 days	100%	None
Reverse Repurchase Agreements	92 days	20%	None
Securities Lending Program	92 days	20%	None
Medium-Term Notes	5 years *	30%	5%
Money Market Mutual Funds	N/A	20%	20%
Local Agency Investment Fund (LAIF) (per account)	N/A	None	\$75 million
Asset-Backed Securities	5 years	20%	None
Mortgage-Backed Securities	5 years	20%	None
Supranational Bonds	5 years	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.

At September 30, 2021, the weighted average maturity in years for the City's pooled investments was 1.44 years. The following schedule indicates the interest rate risk of the City's investments as of September 30, 2021 (in thousands):

<i>Investment Type</i>	<i>Fair Value</i>	<i>Weighted Average Maturity (in years)</i>
Pooled Cash and Investments		
Money market mutual funds	\$ 6,437	-
U.S. Treasury notes	1,234,191	1.70
Federal agency securities	276,744	2.15
Corporate notes	21,316	4.22
Local Agency Investment Fund (LAIF)	221,623	0.88
Subtotal Pooled Cash and Investments	1,760,311	
Cash and deposits	204,067	N/A
Total Pooled Cash and Investments	<u>\$ 1,964,378</u>	
Non-Pooled Cash And Investments		
Money market mutual funds	\$ 67,557	-
U.S. Treasury notes	25,528	0.78
Guaranteed Investment Contracts (GIC)	27,085	16.14
Subtotal Non-Pooled Cash And Investments	120,170	
Cash and deposits	2,511	N/A
Total Non-Pooled Cash And Investments	<u>\$ 122,681</u>	

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021 for each investment type (in thousands):

<i>Rating as of Year End</i>								
<i>Investment Type</i>	<i>Minimum Legal Rating</i>	<i>Total</i>	<i>A-</i>	<i>A+</i>	<i>AA</i>	<i>AA+</i>	<i>AAA</i>	<i>Unrated</i>
Pooled cash and investments								
Money market mutual funds	N/A	\$ 6,437	\$ -	\$ -	\$ -	\$ 6,437	\$ -	\$ -
U.S. Treasury notes	N/A	1,234,191	-	-	-	-	1,234,191	-
Federal agency securities	N/A	276,744	-	-	-	276,744	-	-
Corporate notes	N/A	21,316	7,138	5,992	1,190	3,156	3,840	-
Local Agency Investment Fund (LAIF)	N/A	221,623	-	-	-	-	-	221,623
Total pooled investments		<u>\$ 1,760,311</u>	<u>\$ 7,138</u>	<u>\$ 5,992</u>	<u>\$ 1,190</u>	<u>\$ 286,337</u>	<u>\$ 1,238,031</u>	<u>\$ 221,623</u>
Non-pooled cash and investments								
Money market mutual funds	N/A	\$ 67,557	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 67,557
U.S. Treasury notes	N/A	25,528	-	-	-	-	25,528	-
Guaranteed Investment Contracts (GIC)	N/A	27,085	-	-	-	-	-	27,085
Total non-pooled investments		<u>\$ 120,170</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,528</u>	<u>\$ 94,642</u>

Concentration of Credit Risk

The investment policy of the City contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer that represent five percent or more of the Pool are as follows (in thousands):

<i>Issuer</i>	<i>Investment Type</i>	<i>Reported Amount</i>
Federal National Mortgage Association	Federal Agency Securities	\$ 127,444
Federal Home Loan Bank	Federal Agency Securities	91,210

Custodial Credit Risk

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021, the City reported deposits of \$223.2 million, collateralized in compliance with California Government Code, \$16.6 million for checks outstanding.

Fair Value Hierarchy

The City has the following recurring fair value measurements as of September 30, 2021:

- U.S. Treasury Notes totaling \$1,259.7 million, Federal Agency Securities totaling \$276.7 million, and Corporate Notes totaling \$21.3 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 the City's custodian bank.
- Local Agency Investment Funds (LAIF) totaling \$221.6 million is measured at fair value, however, the investment is not subject to the fair value hierarchy.
- Money Market Funds and Guaranteed Investment Contracts totaling \$74.0 million and \$27.1 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, 2021 (in thousands):

<i>Investments at Fair Value Level</i>	<i>Total</i>	<i>Fair Value Measurement</i>		
		<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
Debt Securities				
U.S. Treasury notes	\$ 1,259,719	\$ -	\$ 1,259,719	\$ -
Federal agency securities	276,744	-	276,744	-
Corporate Notes	21,316	-	21,316	-
Total investments at fair value	1,557,779	\$ -	\$ 1,557,779	\$ -
<i>Other Investments at Fair Value</i>				
Local Agency Investment Fund (LAIF)	221,623			
<i>Other Investments at Cost or Contract Value</i>				
Money market mutual funds	73,994			
Guaranteed investment contracts	27,085			
Total investments	\$ 1,880,481			

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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.

Receivables at September 30, 2021 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 ¹	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	113,077	-	-	-	-	113,077
Accounts	29,093	309	200	4,291	1,532	35,425
Due from Other Governments	40,851	16,733	-	84,945	30	142,559
Other Noncurrent Receivables	-	-	-	220,992	-	220,992
Total Receivables	183,021	17,042	200	310,228	1,562	512,053
Less: Allowance for Receivables	(8,890)	(63)	(167)	(5,812)	(24)	(14,956)
Net Receivables	<u>\$ 174,131</u>	<u>\$ 16,979</u>	<u>\$ 33</u>	<u>\$ 304,416</u>	<u>\$ 1,538</u>	<u>\$ 497,097</u>

¹ 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	\$ 15	\$ 10	\$ 61	\$ 7	\$ 32	\$ 125
Accounts	14,662	10,925	13,642	61,857	32,000	133,086
Notes and Loans Receivable	-	-	-	-	-	-
Due from Other Governments	-	475	268	24,975	3,696	29,414
Total Receivables	14,677	11,410	13,971	86,839	35,728	162,625
Less: Allowance for Receivables	(3,023)	(1,071)	(1,904)	(2,171)	(4,112)	(12,281)
Net Receivables	<u>\$ 11,654</u>	<u>\$ 10,339</u>	<u>\$ 12,067</u>	<u>\$ 84,668</u>	<u>\$ 31,616</u>	<u>\$ 150,344</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of September 30, 2021 is as follows (in thousands):

	<i>Receivable - Due To:</i>				
	<i>General</i>	<i>General Capital Projects</i>	<i>Housing Assistance Special</i>	<i>Nonmajor Governmental Funds</i>	<i>Water Utility</i>
<i>Payable - Due From:</i>					
General	\$ -	\$ 24	\$ 2,273	\$ 5,342	\$ 30,832
General Capital Projects	-	-	-	-	-
Nonmajor Governmental	21,591	-	-	62	14
Gas Utility	655	-	-	-	-
Water Utility	656	-	-	-	-
Tidelands Operating	653	-	-	-	-
Harbor	243	-	-	344	-
Nonmajor Proprietary	1,174	-	-	-	-
Internal Service	5,000	-	-	-	-
Total Due To	<u>\$ 29,972</u>	<u>\$ 24</u>	<u>\$ 2,273</u>	<u>\$ 5,748</u>	<u>\$ 30,846</u>

	<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>
<i>Payable - Due From:</i>					
General	\$ -	\$ -	\$ 2,823	\$ 15,999	\$ 57,293
General Capital Projects	-	-	-	259	259
Housing Assistance Special Revenue	-	-	-	123	123
Nonmajor Governmental	-	444	-	1,713	23,824
Gas Utility	-	-	-	686	1,341
Water Utility	-	-	-	879	1,535
Tidelands Operating	-	-	-	976	1,629
Harbor	21,733	-	2	3,648	25,970
Nonmajor Proprietary	-	-	-	1,529	2,703
Internal Service	-	-	-	1,521	6,521
Total Due To	<u>\$ 21,733</u>	<u>\$ 444</u>	<u>\$ 2,825</u>	<u>\$ 27,333</u>	<u>\$ 121,198</u>

	<i>Receivable - Advances To:</i>				
	<i>Nonmajor Governmental Funds</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Internal Service</i>	<i>Total Advances From</i>
<i>Payable - Advances From:</i>					
General	\$ -	\$ -	114	\$ -	\$ 114
Nonmajor Governmental	3,809	-	-	1,600	5,409
Tidelands Operating	-	1,210	-	-	1,210
Harbor	-	-	-	4,087	4,087
Total Advances To	<u>\$ 3,809</u>	<u>\$ 1,210</u>	<u>\$ 114</u>	<u>\$ 5,687</u>	<u>\$ 10,820</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Due to / Due from Other Funds

The General Fund has provided \$21.6 million to various grant funds to cover operating expenses prior to receipt of reimbursements.

The General Fund owes the Water Utility Fund \$30.8 million as a result of a court ruling against the City on the Measure M litigation.

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 2021 operating revenues is \$21.7 million and will be paid in fiscal year 2022.

The General Fund recorded a total due to Internal Service Funds of \$16.0 million. Of this amount, \$13.0 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.

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, 2021 is \$614 thousand, of which \$114 thousand is long-term and \$500 thousand is current.

In fiscal year 2001, the Housing Development 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, 2021.

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, 2021 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, 2021 is \$5.0 million, of which \$4.1 million is long-term and \$1.0 million is current.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Interfund Transfers

The City regularly executes transfers from one fund to another, such as for the reimbursement of services. At September 30, 2021, interfund transfers are as follows (in thousands):

	<i>Transfers In:</i>										<i>Total Transfers Out</i>
	<i>General</i>	<i>General Capital Projects</i>	<i>Housing Assistance Special Revenue</i>	<i>Nonmajor Governmental Funds</i>	<i>Gas Utility</i>	<i>Water Utility</i>	<i>Tidelands Operating</i>	<i>Harbor</i>	<i>Nonmajor Proprietary Funds</i>	<i>Internal Service Funds</i>	
Transfers Out:											
General	\$ -	\$ 34,122	\$ 2,273	14,088	\$ 980	\$ 30,832	\$ -	\$ -	\$ 292	\$ 7,038	\$ 89,625
General Capital Projects	866	-	-	243	-	-	-	-	-	-	1,109
Nonmajor Governmental	94,031	1,479	-	3,748	-	-	-	134	-	3,645	103,037
Gas Utility	13,520	1,195	-	-	-	-	-	-	-	608	15,323
Water Utility	8,628	-	-	-	-	-	-	-	-	-	8,628
Tidelands Operating	-	-	-	-	-	-	-	-	5,700	-	5,700
Harbor	-	-	-	-	-	-	21,733	-	-	-	21,733
Nonmajor Proprietary	500	599	-	-	-	-	13,495	-	-	1,904	16,498
Internal Service Funds	53,124	70	-	-	-	-	-	-	-	-	53,194
Total Transfers In	\$ 170,669	\$ 37,465	\$ 2,273	\$ 18,079	\$ 980	\$ 30,832	\$ 35,228	\$ 134	\$ 5,992	\$ 13,195	\$ 314,847

Significant transfers include the following:

The General Fund reported a transfer out of \$30.8 million to the Water Utility Fund representing the amount owed as a result of a court ruling against the City on the Measure M litigation.

The General Fund transferred \$34.1 million to the General Capital Projects funds to fund various capital projects. Of this amount, \$23.0 million was City Measure A funds.

The General Fund transferred a total of \$14.1 million to non-major governmental funds in fiscal year 2021. Of this amount, \$6.1 million was transferred to the General Debt Service Fund for debt service payments and fiscal agent fees.

Non-major Governmental Funds transferred \$94.0 million to the General Fund. Of this amount, \$71.2 million was reimbursement for Police Department personnel eligible expenditures funded by the American Rescue Plan Act. In addition, \$15.5 million was transferred from the Health Grants Fund for the purchase of property to provide interim housing options for persons experiencing homelessness.

Non-major Governmental Funds transferred \$3.7 million to other Non-major Governmental Funds. Significant transfers include the Successor Agency transferring \$2.3 million to the Successor Agency Debt Service Fund and \$4.0 million to the Housing Development Fund for current and future debt service payments.

The Harbor transferred \$21.7 million to the Tidelands Operating Fund as allowed by the City Charter.

The Tidelands Oil Revenue Fund transferred \$13.5 million under the optimized water flood program to the Tidelands Operating Fund.

The Gas and Water Utilities transferred \$13.5 million and \$8.6 million, respectively, to the General Fund in compliance with the voter approved Utility Revenue Charter Amendment (Measure M). This amendment authorized the annual payment of funds to General Fund, provided that the maximum amount does not exceed 12% of each Utilities' audited annual gross revenues.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

NOTE 7 – CAPITAL ASSETS

Capital asset activity for governmental activity for the year ended September 30, 2021 is as follows (in thousands):

<i>Governmental Activities:</i>	<i>Balance at October 1, 2020</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30 2021</i>
Capital Assets not being Depreciated:					
Land	\$ 222,835	\$ 4,332	\$ (4,405)	\$ 2,350	\$ 225,112
Rights-of-way	81,340	-	-	-	81,340
Construction In Progress	61,221	18,831	-	(17,147)	62,905
Total Capital Assets not being Depreciated	365,396	23,163	(4,405)	(14,797)	369,357
Capital Assets being Depreciated:					
Buildings	571,045	17,385	-	133	588,563
Improvements Other than Buildings	147,177	-	(36)	11,244	158,385
Infrastructure	426,995	-	-	3,420	430,415
Machinery and Equipment	96,681	5,632	(7,451)	-	94,862
Vehicles and Aircraft	138,396	11,908	(6,949)	-	143,355
Software and Patents	37,979	-	(171)	-	37,808
Total Capital Assets being Depreciated	1,418,273	34,925	(14,607)	14,797	1,453,388
Less Accumulated Depreciation for:					
Buildings	(140,749)	(14,643)	-	-	(155,392)
Improvements Other than Buildings	(85,866)	(5,955)	36	-	(91,785)
Infrastructure	(355,862)	(9,757)	-	-	(365,619)
Machinery and Equipment	(53,447)	(8,679)	7,429	-	(54,697)
Vehicles and Aircraft	(79,711)	(11,967)	6,904	-	(84,774)
Software and Patents	(17,653)	(1,775)	171	-	(19,257)
Total Accumulated Depreciation	(733,288)	(52,776)	14,540	-	(771,524)
Total Capital Assets being Depreciated, Net	684,985	(17,851)	(67)	14,797	681,864
Governmental Activities Capital Assets, Net	\$ 1,050,381	\$ 5,312	\$ (4,472)	\$ -	\$ 1,051,221

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

General Government	\$ 19
Public Safety	3,179
Public Health	602
Community and Cultural	5,705
Public Works	12,982
Capital Assets held by City's internal services funds allocated to various functions on a prorated basis based on their usage of the assets	30,289
Total governmental activities depreciation	<u>\$ 52,776</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Capital asset activity for business-type activities for the year ended September 30, 2021 is as follows (in thousands):

<i>Business-type Activities:</i>	<i>Balance at October 1, 2020</i>	<i>Increase</i>	<i>Decrease</i>	<i>Transfers</i>	<i>Balance at September 30, 2021</i>
Capital Assets not being Depreciated:					
Land	\$ 1,314,278	\$ -	\$ -	\$ 62,307	\$ 1,376,585
Rights-of-way	203,304	-	-	-	203,304
Water Rights	40	-	-	-	40
Historic Collections	3,442	-	-	-	3,442
Construction In Progress	2,097,145	430,627	(6,313)	(1,919,121)	602,338
Total Capital Assets not being Depreciated	3,618,209	430,627	(6,313)	(1,856,814)	2,185,709
Capital Assets being Depreciated:					
Buildings ¹	3,990,792	-	(114)	422,955	4,413,633
Improvements Other than Buildings	713,540	-	(20)	27,143	740,663
Infrastructure	1,243,005	-	(1,793)	1,402,858	2,644,070
Machinery and Equipment ¹	236,118	2,727	(884)	2,073	240,034
Vehicles and Aircraft	105,637	2,008	(398)	-	107,247
Software and Patents	28,362	-	(1)	1,785	30,146
Total Capital Assets being Depreciated	6,317,454	4,735	(3,210)	1,856,814	8,175,793
Less Accumulated Depreciation for:					
Buildings	(2,261,483)	(148,712)	110	3,663	(2,406,422)
Improvements Other than Buildings	(382,749)	(26,689)	13	-	(409,425)
Infrastructure	(739,008)	(46,890)	784	279	(784,835)
Machinery and Equipment	(199,619)	(7,674)	884	(3,086)	(209,495)
Vehicles and Aircraft	(30,659)	(3,535)	385	(855)	(34,664)
Software and Patents	(23,496)	(1,107)	1	(1)	(24,603)
Total Accumulated Depreciation	(3,637,014)	(234,607)	2,177	-	(3,869,444)
Total Capital Assets being Depreciated, Net	2,680,440	(229,872)	(1,033)	1,856,814	4,306,349
Business-type Activities Capital Assets, Net	\$ 6,298,649	\$ 200,755	\$ (7,346)	\$ -	\$ 6,492,058

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

Gas Utility	\$ 7,724
Tidelands Operating	21,846
Harbor	172,827
Water Utility	13,428
Nonmajor Business-type Funds:	
Sewer Utility	2,842
Solid Waste Management	772
Tideland Oil Revenue	330
Airport	14,827
Development Services	11
Total Business-type Activities Depreciation	\$ 234,607

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

NOTE 8 – CHANGES IN LONG-TERM LIABILITIES

Changes in long-term liabilities for the year ended September 30, 2021 are as follows (in thousands):

	<i>Balance at October 1, 2020</i>	<i>Additions</i>	<i>Reductions</i>	<i>Balance at September 30, 2021</i>	<i>Due Within One Year</i>
<u>Governmental Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 76,320	\$ -	\$ (6,870)	\$ 69,450	\$ 7,235
Pension Obligation Bonds	6,765	-	(6,765)	-	-
Tax Allocation Bonds	193,920	19,765	(41,695)	171,990	16,080
Plus (Less) Unamortized Amounts:					
Premium	14,567	4,170	(1,974)	16,763	-
Discount	(2)	-	2	-	-
Total Bonds Payable	291,570	23,935	(57,302)	258,203	23,315
Notes, Loans and LOC Payable	7,905	142	(478)	7,569	588
Capital Leases	44,676	1,571	(7,304)	38,943	9,130
Police and Fire Annuities	5,765	-	(1,329)	4,436	-
Estimated Oil Field Abandonment Costs	21,530	1,540	-	23,070	-
Environmental Remediation	1,912	2,689	(325)	4,276	3,551
Accrued Self-Insured Claims	180,036	176,385	(180,036)	176,385	31,605
Accrued Employee Benefits	169,274	181,743	(178,421)	172,596	57,817
Total OPEB Liability	7,515	-	(785)	6,730	-
Net Pension Liability	881,147	-	(505,451)	375,696	-
Community Hospital-Seismic Work	25,000	-	(1,000)	24,000	1,000
Other LT Obligations-Civic Center	294,864	-	(5,099)	289,765	5,189
Total, Governmental Activities	<u>\$ 1,931,194</u>	<u>\$ 388,005</u>	<u>\$ (937,530)</u>	<u>\$ 1,381,669</u>	<u>\$ 132,195</u>
<u>Business-Type Activities:</u>					
Bonds Payable:					
Revenue Bonds	\$ 1,547,950	\$ -	\$ (57,765)	\$ 1,490,185	\$ 71,735
Plus (Less) Unamortized Amounts:					
Premium	122,330	-	(12,120)	110,210	-
Discount	(20)	-	7	(13)	-
Total Bonds Payable	1,670,260	-	(69,878)	1,600,382	71,735
Notes, Loans and LOC Payable	472,387	545,000	(472,078)	545,309	51,104
Premium	5,497	-	(5,497)	-	-
Total Notes, Loans and Lines of Credit Payable	477,884	545,000	(477,575)	545,309	51,104
Capital Leases	37,747	-	(4,804)	32,943	2,839
Due to State of California	9,072	5,825	(9,072)	5,825	5,825
Estimated Oil Field Abandonment Costs	102,600	7,700	-	110,300	-
Fair Value of Derivative	13,862	10,079	(13,862)	10,079	-
Environmental Remediation	2,600	-	-	2,600	-
Accrued Claims Liability	5,250	5,200	(10,000)	450	450
Accrued Employee Benefits	48,239	4,284	-	52,523	17,259
Total OPEB Liability	2,140	-	(85)	2,055	-
Net Pension Liability	324,349	-	(172,170)	152,179	-
Site Restoration	1,000	-	-	1,000	-
Total, Business-Type Activities	<u>\$ 2,695,003</u>	<u>\$ 578,088</u>	<u>\$ (757,446)</u>	<u>\$ 2,515,645</u>	<u>\$ 149,212</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
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

NOTE 9 – BONDS PAYABLE

At September 30, 2021, 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, 2021</i>
<u>GOVERNMENTAL ACTIVITIES</u>					
LEASE REVENUE BONDS:					
2012A LBBFA	11/28/12	08/01/31	4.00% - 5.00%	\$ 32,969	\$ 25,057
2016 Courthouse Demolition	01/13/16	08/01/26	2.00% - 5.00%	13,150	7,235
FALB2019A PS Parking Garage	05/22/19	08/01/39	3.00% - 5.00%	9,245	8,720
FALB2019B Lease Rev Ref Bonds	05/22/19	08/01/31	5.00%	13,350	11,975
Premium/Discount				-	4,960
Subtotal, General City Bonds				68,714	57,947
TAX ALLOCATION BONDS:					
Tax Allocation Bonds:					
2002B West Long Beach Industrial Project	12/05/02	11/01/24	2.25% - 5.50%	21,860	5,210
2002B Downtown Project	12/05/02	11/01/22	2.25% - 5.50%	25,920	10,505
2005C Downtown Project	02/01/06	08/01/24	3.25% - 5.50%	7,900	1,860
2005C North Long Beach Project	02/01/06	08/01/31	3.25% - 5.50%	27,145	15,585
2015AB SA	06/23/15	08/01/40	4.00% - 5.00%	155,820	119,880
2021 SA Lease Revenue Bonds	02/11/21	08/01/39	3.00% - 4.00%	19,765	18,950
Premium/Discount				-	10,314
Subtotal, Tax Allocation Bonds				291,390	182,304
INTERNAL SERVICE FUND BONDS:					
2012A LBBFA IS	11/28/12	08/01/31	4.00% - 5.00%	21,661	16,463
Premium/Discount				-	1,489
Subtotal, Internal Service Fund Bonds				98,211	17,952
Total, Governmental Activities				\$ 458,315	\$ 258,203

(continued)

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

<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, 2021</i>
BUSINESS-TYPE ACTIVITIES					
ENTERPRISE FUND BONDS:					
Gas Utility Fund:					
2007A Natural Gas Purchase	10/18/07	11/15/37	4.25% - 5.50%	\$ 635,665	\$ 477,550
2007B Natural Gas Purchase	10/18/07	11/15/33	4.90% - 5.07%	251,695	69,005
Premium/Discount				-	9,606
Subtotal, Gas Utility Bonds				887,360	556,161
Tidelands Fund:					
2012 Aquarium	03/14/12	11/01/30	3.50% - 5.00%	102,580	63,470
2015 Marina	06/03/15	05/15/45	4.00% - 5.00%	114,015	108,095
2016 Rainbow	07/26/16	08/01/23	3.00% - 5.00%	19,115	5,925
2017A Tidelands	11/01/17	11/01/27	1.35% - 2.55%	10,190	8,990
2017B Tidelands	11/01/17	11/01/27	1.79% - 3.49%	17,705	11,640
Premium/Discount				-	10,133
Subtotal, Tidelands Bonds				263,605	208,253
Harbor Fund:					
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	21,430
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	55,305
Premium/Discount				-	88,787
Subtotal, Harbor Bonds				1,039,645	717,592
Water Utility Fund:					
2010A Water	09/15/10	05/01/24	3.00% - 5.00%	22,740	8,250
2012 Water	08/30/12	05/01/27	2.00% - 5.00%	9,850	4,695
Premium/Discount				-	594
Subtotal, Water Utility Bonds				32,590	13,539
Non-Major Enterprise Funds:					
2009A Airport	12/08/09	06/01/22	4.00% - 5.00%	9,795	1,660
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	39,085
2010B Airport	11/23/10	06/01/40	3.00% - 5.00%	12,965	10,165
2016 Sewer	08/24/16	05/01/36	4.00% - 5.00%	9,830	7,960
Premium/Discount				-	1,077
Subtotal, Non-Major Enterprise Bonds				125,915	104,837
Total, Business-Type				2,349,115	1,600,382
Grand Total, Primary Government Bonds Payable				\$ 2,807,430	\$ 1,858,585

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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	Lease Revenue	Principal	Interest	Total
2022	\$ 5,623	\$ 16,080	\$ 1,612	\$ 23,315	\$ 11,358	\$ 34,673
2023	5,862	19,655	1,683	27,200	9,963	37,163
2024	6,153	17,625	1,782	25,560	8,927	34,487
2025	6,444	7,475	1,881	15,800	7,755	23,555
2026	6,724	7,880	1,981	16,585	7,069	23,654
2027 - 2031	17,445	45,485	7,524	70,454	24,541	94,995
2032 - 2036	2,815	37,395	-	40,210	9,740	49,950
2037 - 2041	1,921	20,395	-	22,316	2,111	24,427
Subtotal	52,987	171,990	16,463	241,440	81,464	322,904
Premium / Discount	4,960	10,314	1,489	16,763	-	16,763
Totals	\$ 57,947	\$ 182,304	\$ 17,952	\$258,203	\$ 81,464	\$339,667

Advance Refundings

In December 2002, the former Redevelopment 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 former Redevelopment 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.

In February 2021, the Agency issued \$19.8 million Tax Allocation Refunding Bonds, Series 2021 (the "2021 Bonds"). The 2021 Bonds were issued: (a) to refund certain obligations of the former Redevelopment Agency of the City of Long Beach; (b) to purchase a municipal bond debt service reserve insurance policy and a municipal bond insurance policy; and (c) to pay certain costs of issuance of the 2021 Bonds. The interest rates for the 2021 Bonds range from 3.0 percent to 4.0 percent.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Proceeds from the sale of the bonds were deposited in an irrevocable trust with an escrow agent to provide for the prepayment of debt service payments on the refunded bonds. Accordingly, the refunded bonds were considered to be defeased and the liabilities for those bonds were removed from the government-wide statement of net position – governmental activities. Specific disclosures related to the refunding issue are as follows (in thousands):

Proceeds of refunding bonds issued	\$ 19,765
Prior years' net bond reserves and/or premiums	7,005
Cost of issuance	(410)
Deposit to escrow	<u>\$ 26,360</u>
Net present value savings (economic gain)	<u>\$ 8,998</u>

For the refunding transaction, the net carrying amount of the refunded debt of \$26.3 million was less than the reacquisition price by \$60 thousand. This amount was fully amortized for governmental activities and has been reported as interest expense in the accompanying basic financial statements.

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 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, 2021, total principal and interest requirement for the bonds is \$234.7 million (\$172 million for principal and \$62.7 million for interest), payable semiannually through 2040. For the current year, tax increment revenues received and total debt service paid were \$ 51.3 million which are sufficient to pay debt service costs.

Business-Type Funds

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

Year Ending	Enterprise Funds					Annual Debt Service Requirements		
	Major Funds				Non Major Funds	Principal	Interest	Total
	Gas Utility	Tidelands	Harbor	Water				
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	19,195	10,900	33,525	820	4,425	68,865	60,331	129,196
2027 - 2031	151,285	56,950	98,075	860	25,615	332,785	250,178	582,963
2032 - 2036	146,365	22,410	89,485	-	32,610	290,870	180,222	471,092
2037 - 2041	148,090	28,595	110,330	-	25,275	312,290	78,934	391,224
2042 - 2046	-	28,465	107,595	-	-	136,060	29,539	165,599
2047 - 2051	-	-	46,230	-	-	46,230	4,695	50,925
Subtotal	546,555	198,120	628,805	12,945	103,760	1,490,185	882,795	2,372,980
Premium / Discount	9,606	10,133	88,787	594	1,077	110,197	-	110,197
Totals	<u>\$ 556,161</u>	<u>\$ 208,253</u>	<u>\$ 717,592</u>	<u>\$ 13,539</u>	<u>\$ 104,837</u>	<u>\$ 1,600,382</u>	<u>\$ 882,795</u>	<u>\$ 2,483,177</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021, 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, 2021: | \$44,380,000 |

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 Custodial Funds.

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

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

Douglas Park Commercial Area CFD No. 2007-1: In July of 2007, Community Facilities District No. 2007-1 issued \$15.1 million of 2007 Special Tax Bonds. The Bonds are payable solely from proceeds of a special assessment tax to be levied annually on land within the district. The funds were used to finance the acquisition and construction of various public improvements in Area A, fund a reserve fund, and 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.

City of Long Beach
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For the Fiscal Year Ended September 30, 2021

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 Undergrounding) issued \$1.1 million of Limited Obligation Improvement Bonds. The Bonds were issued under the provisions of the City Code, and where applicable, the Improvement Bond Act of 1915. The Bonds are secured by the tax assessments levied against parcels within the District. Proceeds were used to finance the costs of certain undergrounding of overhead electrical, telephone, and cable facilities between Second Street and the Geneva Walkway in the City. The bonds will mature in September 2030 and bear interest rates from 2.0 percent to 5.5 percent.

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

Conduit Debt

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

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

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

At September 30, 2021, 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, 2021</i>
Carnival Bonds	2030	\$ 30,000	\$ 19,350
Grisham Housing Bonds Series A	2035	10,245	934
Total Conduit Debt		<u>\$ 40,245</u>	<u>\$ 20,284</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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

At September 30, 2021, 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, 2021</i>
<u>GOVERNMENTAL ACTIVITIES</u>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
General Fund:					
Southern California Edison	12/08/17	05/25/25	2.11%	\$ 396	\$ 210
Southern California Edison	01/09/18	02/25/25	2.18%	877	459
Southern California Edison	05/08/18	10/23/24	2.69%	869	365
Southern California Edison	01/31/19	02/27/27	2.37%	715	498
Premium/Discount				-	70
Total General Fund				2,857	1,602
Successor Agency Fund:					
Los Angeles County	01/21/92	N/A	3.75%	-	5,967
OTHER LONG-TERM OBLIGATIONS:					
Civic Center Fund:					
New Civic Center Complex	N/A	N/A	N/A	-	289,765
General Fund:					
Police and Fire Annuity	N/A	N/A	N/A	-	4,436
MWN Community Hospital	N/A	N/A	N/A	25,000	24,000
Total General Fund				25,000	28,436
Total, Governmental Activities				\$ 27,857	\$ 325,770
<u>BUSINESS-TYPE ACTIVITIES</u>					
NOTES, LOANS AND LINES OF CREDIT PAYABLE:					
Tidelands Fund:					
State of Calif DBAW - Lighthouse	06/23/00	08/01/30	4.50%	\$ 700	\$ 309
Harbor Fund:					
Harbor 2021 Line of Credit	12/01/20	05/01/22	N/A	50,000	50,000
Harbor 2021 TIFIA Loan	05/03/21	05/15/55	1.26%	495,000	495,000
Total Harbor Fund				545,000	545,000
OTHER LONG-TERM OBLIGATIONS:					
Water Fund:					
Site Restoration	N/A	N/A	N/A	-	1,000
Total, Business-Type Activities				\$ 545,713	\$ 546,309

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Governmental Activities

Other Long-term Obligation – MWN Community Hospital, LLC

During fiscal year 2020, the City entered a short-term lease with MWN Community Hospital, LLC, for the lease of property owned by the 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 \$25.0 million, and would be payable, in arrears in installments of \$1.0 million for the first 5 years, and \$2.0 million per year for years 6-15, commencing from the effective date of the replacement lease. The balance at September 30, 2021 totaled \$24.0 million.

Successor Agency Fund Loans

The Agency has an agreement with the Los Angeles County Office of Education and the County of Los Angeles (County Entities) whereby the County Entities' share of the net tax increment 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, 2021 totaled \$5.9 million.

General Fund Loans

The City participated in the Energy Management Solutions Incentives program by Southern California Edison (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, 2021 totaled \$1.5 million.

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

<i>Year ending</i>	<i>Governmental Activities</i>				
	<i>General Fund</i>	<i>Successor Agency</i>	<i>Annual Debt Service Requirements</i>		
			<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 445	\$ 143	\$ 588	\$ 31	\$ 619
2023	457	-	457	20	477
2024	301	-	301	11	312
2025	191	-	191	5	196
2026	96	-	96	2	98
2027 - 2031	42	-	42	1	43
2032 - 2036	-	5,824	5,824	-	5,824
Subtotal	1,532	5,967	7,499	70	7,569
Premium/Discount	70	-	70	-	70
Total	\$ 1,602	\$ 5,967	\$ 7,569	\$ 70	\$ 7,639

Under these loan agreements, non-payment of amounts deemed due may result in 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.

Other Long-term Obligation - New Civic Center Complex

During fiscal 2016, the City entered into a multi-party Public-Private Partnership agreement (P3) with Plenary-Edgemoor Civic Partners (PECP). 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 are jointly owned by both the City and the Harbor. The Project Agreement required PECP to design, build, operate, and maintain the Civic Center complex.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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.

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

Year	Payments				Total
	Principal	Base Interest	Variable Growth	Harbor Fee	
2022	5,189	5,011	7,208	732	18,140
2023	5,280	4,919	7,445	743	18,387
2024	5,373	4,827	7,688	780	18,668
2025	5,467	4,732	7,935	778	18,912
2026	5,563	4,636	8,188	801	19,188
2027 - 2031	29,319	21,679	44,938	4,502	100,438
2032 - 2036	31,987	19,011	52,145	4,672	107,815
2037 - 2041	34,898	16,099	60,172	3,706	114,875
2042 - 2046	38,075	12,923	69,115	6,229	126,342
2047 - 2051	41,540	9,458	79,074	5,438	135,510
2052 - 2056	45,321	5,677	90,169	4,614	145,781
2057 - 2061	41,753	1,596	84,559	3,497	131,405
	<u>\$ 289,765</u>	<u>\$ 110,568</u>	<u>\$ 518,636</u>	<u>\$ 36,492</u>	<u>\$ 955,461</u>

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 \$695 thousand for the fiscal year ended September 30, 2021. Program benefits are funded on a pay-as-you-go basis and the Program has no assets.

At September 30, 2021, the program liability was \$4.4 million, and the change in the Program's accrued liability is as follows (in thousands):

Accrued Program Liability at October 1, 2020	\$ 5,765
Increase (Decrease) During the Year Attributable to:	
Benefits Paid	(695)
Estimated Change in Annualized Value of Benefits	(634)
Accrued Program Liability at September 30, 2021	<u>\$ 4,436</u>

The number of program participants diminishes each year, and there were 8 total participants as of September 30, 2021. The following table summarizes total annuity benefits paid, accrued liability and number of participants for the last five fiscal years (dollars in thousands):

<i>Year Ending</i>	<i>Number of Participants</i>	<i>Annuity Benefits Paid</i>	<i>Accrued Program Liability</i>
2017	20	1,180	7,634
2018	18	1,072	6,810
2019	16	1,084	6,365
2020	13	906	5,765
2021	8	695	4,436

Business-Type Activities

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

<i>Business-Type Activities</i>					
<i>Year ending</i>	<i>Principal Payments</i>		<i>Annual Debt Service Requirements</i>		
	<i>Tidelands</i>	<i>Harbor</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 29	\$ 51,075	\$ 51,104	\$ 6,151	\$ 57,255
2023	30	2,215	2,245	6,236	8,481
2024	31	2,330	2,361	6,215	8,576
2025	33	2,390	2,423	6,168	8,591
2026	34	2,475	2,509	6,144	8,653
2027 - 2031	152	13,675	13,827	30,209	44,036
2032 - 2036	-	21,785	21,785	29,276	51,061
2037 - 2041	-	49,945	49,945	27,067	77,012
2042 - 2046	-	76,640	76,640	23,705	100,345
2047 - 2051	-	167,055	167,055	16,248	183,303
2052 - 2056	-	155,415	155,415	4,979	160,394
Subtotal	309	545,000	545,309	162,398	707,707
Premium / Discount	-	-	-	-	-
Totals	\$ 309	\$ 545,000	\$ 545,309	\$ 162,398	\$ 707,707

Harbor Line 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 Harbor for borrowings under the revolving lines of credit will be based on a percentage of the one month London Interbank Offered Rate (LIBOR). The purpose of this line of credit is to provide more flexibility to access unrestricted funds when Harbor has a need.

As of September 30, 2021, Harbor has outstanding balance of \$50.0 million under this revolving line of credit at the tax exempt interest rate. The expiration date of this line of credit is May 13, 2022.

City of Long Beach
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For the Fiscal Year Ended September 30, 2021

Harbor TIFIA Loan Subordinate Indebtedness

In May 2014, Harbor 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, Harbor entered into a revised new TIFIA loan agreement (the 2021 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 Harbor 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 Harbor'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 of September 30, 2021, Harbor has made two draws on the TIFIA Loan in the total amounted of \$495.0 million which represents the outstanding loan balance. The drawn TIFIA Loan will be repaid over a period not to exceed 35 years at an interest rate of 1.26%.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021</i>
<u>GOVERNMENTAL ACTIVITIES:</u>						
General Services Fund ¹ :						
2018 PC and Equip	(a)	04/10/18	04/19/23	2.48%	1,522	\$ 502
2018 Access Control System	(b)	06/29/18	07/12/33	2.98%	7,050	\$ 4,200
2018 Surveillance Cameras	(c)	06/29/18	07/12/23	2.62%	240	\$ 92
2018 Data Center	(d)	08/01/18	08/09/33	2.66%	19,259	\$ 7,825
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	\$ 479
2019 Oracle Hardware	(g)	09/26/19	09/26/24	1.91%	502	\$ 307
2020 Data Center	(h)	07/09/20	07/09/30	1.24%	1,303	\$ 1,159
2020 PC Equipment	(i)	08/26/20	08/26/25	0.87%	1,200	\$ 944
2021 PC Equipment	(j)	09/03/21	09/03/26	1.15%	1,571	\$ 1,571
Total General Services Fund					49,254	32,883
Fleet Services Fund ² :						
2018 Street Sweepers	(k)	06/01/18	06/14/23	2.54%	975	355
2019 Ambulances	(l)	12/06/18	12/06/24	2.94%	2,004	1,129
2019 CNG Powered Street Sweeper	(m)	09/26/19	09/26/24	1.91%	4,377	2,676
2019 Fire Trucks	(n)	05/17/19	05/17/29	2.83%	2,401	1,900
Total Fleet Services Fund					9,757	6,060
Total Governmental Activities Leases					\$ 59,011	\$ 38,943
<u>BUSINESS-TYPE ACTIVITIES:</u>						
Gas Utility Fund ¹ :						
Advanced Metering Infrastructure	(o)	08/03/15	05/01/30	2.40%	\$ 18,000	\$ 11,491
Tidelands Operating Fund ¹ :						
Convention Center	(p)	10/01/05	10/01/25	4.99%	649	226
Water Fund ¹ :						
Advanced Metering Infrastructure	(q)	12/20/18	12/20/33	3.35%	27,394	21,226
Total Business-type Activities Leases					\$ 46,043	\$ 32,943

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

² 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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

- (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 computers, server equipment and server storage equipment in September 2021. The lease is payable in monthly installments of \$27 thousand through September 2026.
- (k) 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.
- (l) 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.
- (m) 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.
- (n) The City entered into a capital lease agreement for the purchase of Fire Trucks in May 2019. The lease is payable in monthly installments of \$23 thousand through May 2029.

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

<i>Governmental Activities</i>					
<i>Year ending</i>	<i>Principal Payments by Fund</i>		<i>Annual Debt Service Requirements</i>		
	<i>General Services</i>	<i>Fleet Services</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 7,494	\$ 1,636	\$ 9,130	\$ 1,067	\$ 10,197
2023	7,108	1,624	8,732	824	9,556
2024	2,735	1,504	4,239	654	4,893
2025	2,529	336	2,865	554	3,419
2026	2,363	252	2,615	472	3,087
2027 - 2031	10,291	708	10,999	1,102	12,101
2032 - 2036	363	-	363	95	458
Totals	\$ 32,883	\$ 6,060	\$ 38,943	\$ 4,768	\$ 43,711

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Business-type Activities

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

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

<i>Business-type Activities</i>						
<i>Principal Payments by Fund</i>				<i>Annual Debt Service Requirements</i>		
<i>Year ending</i>	<i>Gas Utility</i>	<i>Water</i>	<i>Tidelands Operating</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2022	\$ 1,158	\$ 1,640	\$ 41	\$ 2,839	\$ 972	\$ 3,811
2023	1,185	1,695	43	2,923	881	3,804
2024	1,215	1,753	45	3,013	792	3,805
2025	1,244	1,813	47	3,104	701	3,805
2026	1,274	1,874	50	3,198	607	3,805
2027 - 2031	5,415	10,365	-	15,780	1,554	17,334
2032 - 2036	-	2,086	-	2,086	35	2,121
Totals	\$ 11,491	\$ 21,226	\$ 226	\$ 32,943	\$ 5,542	\$ 38,485

Operating Leases

The City's operating leases consist primarily of rental properties occupied by various City departments. Lease obligations for City-leased properties include rent, utility charges, common area maintenance, storage, and parking. The following is a schedule of 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, 2021 (in thousands):

<i>Year ending</i>	<i>Total</i>
2022	\$ 5,466
2023	3,880
2024	3,256
2025	3,333
2026	2,606
2027 - 2031	3,249
2032 - 2036	129
Total	<u>\$ 21,919</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Lease Revenues

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

<i><u>Year ending</u></i>	<i><u>Total</u></i>
2022	\$ 394,650
2023	418,185
2024	419,759
2025	424,258
2026	25,091
2027-2031	1,463,046
2032-2036	1,085,466
2037-2041	1,055,563
2042-2046	1,492,859
2047-2051	70,122
2052-2056	40,297
2057-2061	30,433
2062-2066	31,325
2067-2071	20,762
2072-2076	15,605
2077-2081	15,930
2082-2086	7,295
Total	<u><u>\$ 7,010,646</u></u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

NOTE 12 – DERIVATIVE INSTRUMENTS

At September 30, 2021, the City had the following hedging derivative instruments outstanding within business-type activities:

<i>Type</i>	<i>Objective</i>	<i>Notional Amount</i>	<i>Effective Date</i>	<i>Various Maturity Dates to:</i>	<i>Terms</i>
Pay-Fixed Interest Rate Swap	To reduce the risks associated with the change in interest rates related to the 2007 Series B Variable-rate Bonds.	\$69.0 million	11/18/2007	11/15/2033	Receive 67% LIBOR plus 1.432%, pay fixed at 4.931%
Commodity Forward Contract	To hedge against a reduction in revenues resulting from changes in monthly commodity prices.	89.7 million MMBtu ¹	11/18/2007	9/30/2037	Pay variable receive fixed for scheduled notional quantities.

¹ MMBtu is one million British Thermal Units.

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

<i>Maturity Date</i>	<i>Notional Amounts (in thousands)</i>	<i>Synthetic Fixed Rate</i>	<i>Variable Rate</i>	<i>Spread</i>
11/15/2025	\$ 19,195	4.903%	1.497%	1.410%
11/15/2026	25,175	4.930%	1.517%	1.430%
11/15/2027	24,630	4.955%	1.537%	1.450%
11/15/2033	5	5.067%	1.637%	1.550%
	<u>\$ 69,005</u>	4.931%	1.519%	1.432%

² Percentages are weighted average.

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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 \$13.9 million on October 1, 2020. During the fiscal year ending September 30, 2021, the fair value further increased by \$3.8 million to a negative fair value of \$10.1 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 \$610.8 million on October 1, 2020. During the fiscal year, fair value decreased \$167.0 million to a fair value of \$443.8 million as of September 30, 2021. The fair value for the commodity swap is based on RBC's quoted price. The commodity swap is classified as Level 3 as the valuation relies primarily on unobservable inputs.

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

<i>Maturity Date</i>	<i>Fair Value, October 1, 2020</i>	<i>Change in Fair Value</i>	<i>Fair Value, September 2021</i>
<i>Interest Rate Swap</i>			
11/15/2025	\$ (3,261)	\$ 910	\$ (2,351)
11/15/2026	(5,011)	1,368	(3,643)
11/15/2027	(5,588)	1,504	(4,084)
11/15/2033	(2)	1	(1)
	(13,862)	3,783	(10,079)
<i>Commodity Swap</i>			
9/30/2037	610,803	(166,970)	443,833
Total	\$ 596,941	\$ (163,187)	\$ 433,754

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

City of Long Beach
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Credit Risks: As of September 30, 2021, the interest rate swap counterparty was rated AA- by Fitch Ratings with a Stable outlook. It aligns with the counterparties ratings upgrade of Bank of America Corporation's (BAC) Long-Term Issuer Default Rating (IDR) to AA-. Further, these ratings reflect the credit quality of the BAC and Long Beach Energy Resources (LBER), the City's gas distribution utility.

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. On July 12, 2012, the City, the Guarantor, 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. BNY Mellon remains in its role as Trustee since inception of the bonds while the collateral custodian role has migrated to Wells Fargo and most recently to Principal Custody Solution.

Credit risk exposure was deemed to be sufficiently mitigated through collateral as stipulated in the investment agreement. The RBC as the commodity swap provider has a strong credit profile. The proceeds of the bond issue are used to prepay the Guarantor for specified quantities of natural gas, deliverable to the LBBFA over a 30-year period. Bond holders rely on the supplier to deliver the gas or make a cash payment to the issuer in lieu of delivery over the life of the bonds. LBBFA delivers the gas to the City, which is obligated to purchase delivered gas as an operating expense of LBER, its gas distribution utility.

In March 2019, Moody's upgraded its long-term rating from Aa3 to A2 to correspond to BAC's upgrade, the parent of Merrill Lynch Commodities, Inc. and the City's Gas utility.

Interest Rate Swap Payment and Associated Debt: Using rates as of September 30, 2021, debt service requirements of the variable-rate debt and net swap payments, assuming the current interest rate remains the same for their term, were as follows (in thousands):

<i>Fiscal Year</i>	<i>Variable-Rate Bonds</i>		<i>Net Swap</i>	<i>Total</i>
<i>Ending September 30</i>	<i>Principal</i>	<i>Interest</i>	<i>Payments</i>	<i>Interest</i>
2022	\$ -	\$ 3,403	\$ 214	\$ 3,617
2023	-	3,403	195	3,598
2024	-	3,403	178	3,581
2025	19,195	2,697	226	2,923
2026	25,175	1,531	176	1,707
2027 - 2031	24,630	306	118	424
2032 - 2033	5	-	-	-
Total	<u>\$ 69,005</u>	<u>\$ 14,743</u>	<u>\$ 1,107</u>	<u>\$ 15,850</u>

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

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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.

The Plans’ provisions and benefits in effect at September 30, 2021, are summarized in the following table:

	<i>Miscellaneous</i>		
	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	2.7% @ 55	2.5% @ 55	2.0% @ 62
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50- 55	50 - 55	52 - 62
	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%
	<i>Safety</i>		
	Prior to October 1, 2006	On or after October 1, 2006 and prior to January 1, 2013	On or after January 1, 2013
Hire date			
Benefit formula	3.0% @ 55	3.0% @ 50	2.7% @ 57
Benefit vesting schedule		5 years of service	
Benefit payments		Monthly for life	
Retirement age	50 - 55	50	50 - 57
	Required Contribution Rates		
Employee	9.0%	9.0%	12.3%
Employer	44.443%	44.443%	44.443%
	Percentage of Eligible Compensation		
Monthly benefits	2.4% to 3.0%	3.00%	2.0% to 2.7%

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Employees Covered – Based on the June 30, 2020 funding valuation report, the following employees were covered by the benefit terms for each Plan:

	<u>Miscellaneous</u>	<u>Safety</u>
Active employees	3,528	1,261
Inactive employees or beneficiaries currently receiving benefits	4,557	1,805
Inactive employees entitled to but not yet receiving benefits	4,417	334

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. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. 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 City’s contribution rates may change if plan contracts are amended. Payments made by the City to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

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, 2021 (measurement date), using the actuarial valuation report as of June 30, 2020 rolled forward using standard actuarial procedures. At September 30, 2021, the City reported net pension liability of \$527.9 million for both plans. A summary of principal assumptions and methods used to determine the net pension liability is as follows:

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

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date (VD)	June 30, 2020	June 30, 2020
Measurement Date (MD)	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.15%	7.15%
Mortality	1	1

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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 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^a</i>	<i>Real Return Years 11+^b</i>
Public 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)

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

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

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2020 (MD)	\$ 2,813,763	\$ 2,153,414	\$ 660,349
Changes in the year:			
Service Cost	45,016	-	45,016
Interest on Total Pension Liability	196,483	-	196,483
Differences between Actual and Expected Experience	(13,138)	-	(13,138)
Contribution - Employer	-	78,158	(78,158)
Contribution - Employee	-	19,885	(19,885)
Net Investment Income	-	478,175	(478,175)
Administrative Expenses	-	(2,151)	2,151
Net Plan to Plan Resource Movement	-	7	(7)
Benefit Payments, including Refunds of Employee Contributions	(150,237)	(150,237)	-
Net changes	78,124	423,837	(345,713)
Balance at June 30, 2021 (MD)	\$ 2,891,887	\$ 2,577,251	\$ 314,636

<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, 2020 (MD)	\$ 2,723,971	\$ 2,178,824	\$ 545,147
Changes in the year:			
Service Cost	45,592	-	45,592
Interest on Total Pension Liability	191,618	-	191,618
Differences between Actual and Expected Experience	1,763	-	1,763
Contribution - Employer	-	71,008	(71,008)
Contribution - Employee	-	16,780	(16,780)
Net Investment Income	-	485,277	(485,277)
Administrative Expenses	-	(2,177)	2,177
Net Plan to Plan Resource Movement	-	(7)	7
Benefit Payments, including Refunds of Employee Contributions	(137,111)	(137,111)	-
Net Changes	101,862	433,770	(331,908)
Balance at June 30, 2021 (MD)	\$ 2,825,833	\$ 2,612,594	\$ 213,239

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

<i>Net Pension Liability/ (Asset)</i>	<i>1% Decrease (6.15%)</i>	<i>Discount Rate (7.15%)</i>	<i>1% Increase (8.15%)</i>
Miscellaneous	\$ 681,611	\$ 314,636	\$ 10,334
Safety	586,718	213,239	(94,310)

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

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

For the year ended September 30, 2021, the City recognized pension income of \$4.1 million and \$11.1 million for the Miscellaneous and Safety Plan, respectively.

At September 30, 2021, 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
Pension Contributions Subsequent to the Measurement Date	\$ 59,961	-	\$ 49,249	-	\$ 109,210	\$ -
Differences Between Actual and Expected Experience	-	(10,154)	6,343	(2,653)	6,343	(12,807)
Net Differences between Projected and Actual Earnings on Plan Investments	-	(235,509)	-	(238,841)	-	(474,350)
Change in Proportion	9,626	(9,626)	1,609	(1,609)	11,235	(11,235)
Total	\$ 69,587	\$ (255,289)	\$ 57,201	\$ (243,103)	\$ 126,788	\$ (498,392)

The \$109.2 million reported as deferred outflows of resources related to contributions made by the City subsequent to the measurement date of June 30, 2021 will be recognized as a reduction of the net pension liability in the year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension income as follows (in thousands):

Miscellaneous Plan:		Safety Plan:		Total	
Year Ending September 30	Amount	Year Ending September 30	Amount	Year Ending September 30	Amount
2022	\$ (65,331)	2022	\$ (56,032)	2022	\$ (121,363)
2023	(58,647)	2023	(55,893)	2023	(114,540)
2024	(56,427)	2024	(56,986)	2024	(113,413)
2025	(65,258)	2025	(66,240)	2025	(131,498)
Total	\$ (245,663)	Total	\$ (235,151)	Total	\$ (480,814)

City of Long Beach
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For the Fiscal Year Ended September 30, 2021

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.

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, 2021, the count of employees covered by the benefit terms was:

Inactive employees currently receiving benefits	1,051
Active employees	<u>4,663</u>
Total	<u><u>5,714</u></u>

Total OPEB Liability

At September 30, 2021, the City's total OPEB liability was \$8.8 million. The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	September 30, 2020	
Measurement Date	September 30, 2020	
Actuarial Cost Method	Entry Age	
Actuarial Assumptions:		
Inflation	2.50%	
Discount Rate	2.41%	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll Increases	Aggregate 2.75%	
	Merit	CalPERS 1997-2015 Experience Study
Health Care Cost Trend Rates	6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076	
Mortality, Termination, Disability, Retirement	CalPERS 1997-2015 Experience Study	
Mortality Improvement	Mortality projected fully generational with Scale MP-2020	
Participation Rates:		
Miscellaneous Plan	75%, 100% select City plans	
Safety	90%, 85% select City plans	

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

Changes in the Total OPEB Liability (in thousands)

Balance at October 1, 2020		\$ 9,655
Service Cost	1,718	
Interest on Total OPEB liability	265	
Difference between Expected and Actual Experience	1,211	
Change in Assumptions	(539)	
Benefit Payments	(3,525)	
Net Changes		(870)
Balance at September 30, 2021		<u>\$ 8,785</u>

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

	<i>1% Decrease</i> <i>(1.41 %)</i>	<i>Discount Rate</i> <i>(2.41 %)</i>	<i>1% Increase</i> <i>(3.41 %)</i>
Total OPEB Liability (Asset)	\$ (7,304)	\$ 8,785	\$ 19,814

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

	<i>1% Decrease</i>	<i>Healthcare Cost Trend Rate</i>	<i>1% Increase</i>
Total OPEB Liability (Asset)	\$ 18,099	\$ 8,785	\$ (5,669)

OPEB Income and Deferred Outflows and Deferred Inflows Related to OPEB

For the year ended September 30, 2021, the City recognized an OPEB income of \$2.7 million. At September 30, 2021, 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	\$ 3,029	\$ -
Difference between expected and actual experience	1,087	(4,829)
Change in assumptions	4,409	(32,833)
Change in proportion	2,932	(2,932)
Total	<u>\$ 11,457</u>	<u>\$ (40,594)</u>

The \$3.0 million reported as deferred outflows 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, 2022.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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

<i>Year Ending September 30</i>	<i>Amount to be Recognized</i>
2022	\$ (4,698)
2023	(4,698)
2024	(4,698)
2025	(4,883)
2026	(4,814)
2027 -2031	(8,375)
Total	<u>\$ (32,166)</u>

NOTE 15 – SELF-INSURANCE PROGRAMS

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

At September 30, 2021, the City accrued non-discounted estimates totaling \$176.4 million for workers' compensation and general liability claims. This represents estimates of amounts to be paid for actual and incurred-but-not-reported claims based upon past experience, modified for current trends and developments. The City has recorded in the Workers' Compensation Insurance Fund a current liability of \$20.5 million and a long-term liability of \$111.6 million. The City has recorded in the General Liability Insurance Fund a current liability of \$11.1 million and a long-term liability of \$33.2 million.

The ultimate amount of losses incurred through September 30, 2021 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, 2021 and 2020 is as follows (in thousands):

	<i>Workers' Compensation Claims</i>	<i>General Liability Claims</i>	<i>Total</i>
Balance at October 1, 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	136,985	43,051	180,036
Additions	7,511	4,434	11,945
Payments	<u>(12,416)</u>	<u>(3,180)</u>	<u>(15,596)</u>
Balance at September 30, 2021	<u>\$ 132,080</u>	<u>\$ 44,305</u>	<u>\$ 176,385</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

NOTE 16 – GOVERNMENTAL FUND BALANCES AND FUND DEFICITS

As of September 30, 2021, 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>
<u>Fund Balances (Deficit):</u>					
Nonspendable:					
Prepaid Expense and Deposits	\$ 2,127	\$ 1,489	\$ -	\$ 927	\$ 4,543
Subtotal	2,127	1,489	-	927	4,543
Restricted for:					
Debt Service	-	-	-	32,759	32,759
Public Safety	2,836	-	-	4,588	7,424
Public Health	-	-	-	13,049	13,049
Community and Cultural	-	-	23,336	74,404	97,740
Other Purposes	-	-	-	-	-
Public Works	-	62,462	-	9,349	71,811
Subtotal	2,836	62,462	23,336	134,149	222,783
Committed to:					
Community and Cultural	-	-	-	1,414	1,414
Other Purposes - Emergency Reserve	48,378	-	-	-	48,378
Other Purposes - Operating Reserve	15,968	-	-	-	15,968
Oil Abandonment	12,197	-	-	-	12,197
Subtotal	76,543	-	-	1,414	77,957
Assigned to:					
Subsequent Year's Appropriations	72,516	-	-	-	72,516
Unfunded Liabilities and Commitments	35,142	-	-	-	35,142
Infrastructure Reserve	-	-	-	-	-
Community and Cultural	-	-	-	373	373
Public Works	-	94,109	-	-	94,109
Subtotal	107,658	94,109	-	373	202,140
Unassigned (Deficit)	(16,483)	-	-	-	(16,483)
Total Fund Balances	\$ 172,681	\$158,060	\$ 23,336	\$ 136,863	\$ 490,940

Fund Deficits

The Gas Utility Fund, a major proprietary fund, reported a deficit net position of \$9.5 million as of September 30, 2021. This deficit was primarily attributed to the transfer of \$13.5 million to the General Fund. Refer to Note 6 to the Basic Financial Statements for additional details. 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 \$55.6 million as of September 30, 2021. Tidelands Oil Revenue Fund deficit net position is due to a future oil field abandonment liability of \$110.3 million, reflecting an increase of \$7.7 million during the fiscal year. City management will continue to accumulate futures resources to pay for the oil field abandonment liability.

The Development Services Fund, a nonmajor proprietary fund, reported a deficit net position of \$2.8 million as of September 30, 2021. This deficit resulted from decreased operating revenues compared to the prior fiscal year and higher maintenance and other operation expenses incurred during the year. However, City management believes that the cash position of the fund is sufficient to support the development services ongoing operations.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

The Towing Fund, a nonmajor enterprise fund, reported a deficit net position of \$2.4 million as of September 30, 2021. This deficit primarily resulted from the recognition of a net pension liability of \$1.9 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.

As of September 30, 2021, the Workers' Compensation insurance fund reflected a deficit net position of \$101.1 million. This deficit included the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$132.1 million and \$4.0 million respectively. City management believes the cash position is sufficient to cover the current costs related to workers' compensation claims and current operating costs. The City 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, 2021, the General Liability insurance fund reflected a deficit net position of \$49.7 million. This deficit included the impact of accrued liabilities for Accrued Claims and Net Pension Liability of \$44.3 million and \$2.4 million respectively. City 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

Tidelands 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, 2021, the State's total estimated abandonment cost liability is \$966.4 million, which increased by \$56.6 million from fiscal year 2020. 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, 2021, and as provided for in Assembly Bill (AB) 137, the State has put aside and deposited approximately \$300.0 million of the \$966.4 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 \$46.8 million.

At September 30, 2021, the Tidelands Operating Fund recorded an estimated oil field abandonment cost liability of \$110.3 million increasing by \$7.7 million from fiscal year 2020. 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 \$23.1 million of which \$12.2 million has been funded in the Upland Oil Fund as of September 30, 2021.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021, the reserve balance within the Subsidence Fund is \$191.2 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, 2021, total loan to the City's General Fund and interest retained amounts to \$614 thousands.

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 Resource 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, 2021, there was insufficient information to develop an estimate of potential remediation costs attributable to the City. The City has an Environmental Pollution Insurance Policy that may cover some costs for the period in question.

West Covina: From the mid-1960s through 1987, the City disposed of municipal waste in a landfill owned by BKK Corp located in West Covina, California. It has been determined that the site is the source of groundwater contamination. The State 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, 2021, 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, Conoco Phillips Company, Long Beach Oil Development Company (LBOD), and American Energy Operations, Inc. have been named in cleanup actions (Imminent and Substantial Endangerment Determination and Order and a Remedial Action Order from the California 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, 2021, 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
For the Fiscal Year Ended September 30, 2021

55th Way Landfill (formerly Paramount Landfill)

The City operated the Paramount Landfill from 1945 to 1948. Construction began after substantial design and permitting work to close the landfill according to then current standards and was completed in August 2006. A portion of the landfill was developed into Davenport Park in 2006. The City purchased an adjacent parcel in 2006 and developed Phase II of Davenport Park. In May 2009, the Los Angeles Regional Water Quality Control Board (LA Board) notified the City that additional groundwater monitoring is required for this site. The City implements an ongoing Solid Waste Assessment Test (SWAT) groundwater monitoring program for the 55th Way Landfill pursuant to an LA Board Water Discharge Requirements Order (WDRO) and General Monitoring and Reporting Program Order (MRPO). Groundwater monitoring is now required on a recurring semi-annual basis until such time that the LA Board rescinds the WDRO or otherwise approves a reduction or elimination of the MRPO. In May 2019, the City was notified by the Los Angeles County Department of Public Health (LACDPH) that 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, 2021, the estimated liability of potential remediation is a one-time cost of \$2.8 million with ongoing landfill gas monitoring costs of approximately \$80 thousand per year.

El Cortez (formerly El Ranchito)

In 2009, the former Redevelopment 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, 2021, 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. In January 2021, the LARWQCB issued a directive to take additional corrective action in response to unauthorized storage tank release at the site, likely related to impacts from an adjacent upgradient site. Compliance with the LARWQCB and Control Board requests is anticipated to cost a total of approximately \$117 thousand. As of September 30, 2021, the remaining liability associated with compliance is estimated at \$176 thousand. It is not known if additional monitoring or remediation will be required. There is no reasonable expectation of any recovery associated with these remediation efforts.

Metropolitan Transportation Authority (MTA) Bus Parking Lot

The LA Board has notified the City that additional ground water monitoring for the former MTA bus parking lot may be required. MTA pledged \$300 thousand to pay for any future monitoring costs when the City acquired the property. Management has not recorded a liability because it is believed that the costs associated with any future monitoring would be less than the pledge by the MTA. At September 30, 2021, 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
For the Fiscal Year Ended September 30, 2021

Leaking Underground Storage Tanks (LUST)

In the early 1990s, the City was named a responsible party for a number of City owned and/or operated LUST sites by the LA Board. All of the tanks have since been removed. The sites are located at Fire Station 7, Fire Station 10, Fire Station 11, Fire Station 17 and 2929 East Willow Street. The LA Board has directed that these sites be evaluated for remediation and continued monitoring activities. The City has successfully remediated Fire Stations 10 and 11, meeting the requirements of the Water Board's low threat closure policy (LTCP). These two facilities are currently performing post-closure monitoring activities. As of September 30, 2021, the City remains under a Board order to continue monitoring the sites. The estimated related liability for the future remediation is \$900 thousand. For its monitoring and remediation efforts, the City submitted claims for reimbursable remediation cost to the State UST Cleanup Fund. As of September 30, 2021, the City obtained a reimbursement of costs related to the closed sites amounting to \$2.8 million.

Harbor Warehouse

In July of 2017, the Harbor, as result of a hazardous building materials survey of a warehouse, identified the presence of environmentally sensitive materials requiring abatement activities if the facility is to remain in use. The estimated remediation liability for abatement decreased to \$2.6 million for the year ended September 30, 2021. 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 of 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 completed.

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) 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 was leased to Southern Pacific, which merged with Union Pacific (Tenant) in 1996. 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, 2021 totaled \$3.7 million. The ICTF financial statements for the year ended June 30, 2021 can be obtained from the Harbor.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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.

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. The schedules in the following pages summarize the activity and account balances that comprise the Gas Utility Fund:

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Net Position
September 30, 2021
(In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Elimination Debit (Credit)</i>	<i>Total Gas Utility Fund</i>
ASSETS					
Current Assets:					
Pooled Cash and Cash Equivalents	\$ 58,085	\$ 65	\$ 58,150	\$ -	\$ 58,150
Non-Pooled Cash and Cash Equivalents	1	88	89	-	89
Receivables:					
Interest Receivable	-	15	15	-	15
Accounts Receivable	11,764	2,898	14,662	-	14,662
Due from Other Funds	629	-	629	(629)	-
Allowance for Receivables	(3,023)	-	(3,023)	-	(3,023)
Inventory	3,679	-	3,679	-	3,679
Prepaid Gas - Current	-	23,689	23,689	-	23,689
Other Assets	104	-	104	-	104
Total Current Assets	71,239	26,755	97,994	(629)	97,365
Noncurrent Assets:					
Restricted Noncurrent assets:					
Non-Pooled Investments	-	27,085	27,085	-	27,085
Fair Value - Commodity Swap	-	443,833	443,833	-	443,833
Capital Assets:					
Land and Other Assets Not Being Depreciated	13,401	-	13,401	-	13,401
Property, Plant and Equipment					
Capital Assets Net of Accumulated Depreciation	163,919	-	163,919	-	163,919
Prepaid Gas - Long-term	-	310,780	310,780	-	310,780
Total Noncurrent Assets	177,320	781,698	959,018	-	959,018
Total Assets	248,559	808,453	1,057,012	(629)	1,056,383
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources	3,795	10,079	13,874	-	13,874
LIABILITIES					
Current Liabilities Payable from Current Assets:					
Accounts Payable	6,447	-	6,447	-	6,447
Accrued Wages	645	-	645	-	645
Accrued Interest Payable	114	9,840	9,954	-	9,954
Due to Other Funds	1,341	629	1,970	(629)	1,341
Unearned Revenues	1,407	-	1,407	-	1,407
Customers Deposits	2,680	-	2,680	-	2,680
Compensated Absences and Accrued Employee Benefits	2,003	-	2,003	-	2,003
Obligations under Capital Leases - Current	1,158	-	1,158	-	1,158
Bonds Payable Due within One Year	-	16,040	16,040	-	16,040
Total Current Liabilities	15,795	26,509	42,304	(629)	41,675
Noncurrent Liabilities:					
Fair Value - Interest Rate Swap	-	10,079	10,079	-	10,079
Compensated Absences and Accrued Employee Benefits	4,607	-	4,607	-	4,607
Obligations under Capital Lease	10,333	-	10,333	-	10,333
Bonds Payable	-	540,121	540,121	-	540,121
Net Pension Liability	15,457	-	15,457	-	15,457
Total OPEB Liability	272	-	272	-	272
Total Noncurrent Liabilities	30,669	550,200	580,869	-	580,869
Total Liabilities	46,464	576,709	623,173	(629)	622,544
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources	13,390	443,833	457,223	-	457,223
NET POSITION (DEFICIT)					
Net Investment in Capital Assets	162,671	-	162,671	-	162,671
Restricted for:					
Capital Projects	13,249	-	13,249	-	13,249
Unrestricted	16,580	(202,010)	(185,430)	-	(185,430)
Total Net Position (Deficit)	\$ 192,500	\$ (202,010)	\$ (9,510)	\$ -	\$ (9,510)

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021
(In Thousands)

	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Total Before Elimination</i>	<i>Elimination Debit (credit)</i>	<i>Total Gas Utility Fund</i>
Operating Revenues:					
Charges for Services	\$108,871	\$ 15,964	\$ 124,835	\$(15,964)	\$108,871
Other	3,059	-	3,059	-	3,059
Total Revenues	<u>111,930</u>	<u>15,964</u>	<u>127,894</u>	<u>(15,964)</u>	<u>111,930</u>
Operating Expenses:					
Personnel Services	12,924	-	12,924	-	12,924
Purchases of Gas	35,686	(5,029)	30,657	(15,964)	14,693
Maintenance and Other Operations	18,702	24	18,726	-	18,726
Depreciation	7,724	-	7,724	-	7,724
Total Operating Expenses	<u>75,036</u>	<u>(5,005)</u>	<u>70,031</u>	<u>(15,964)</u>	<u>54,067</u>
Operating Income	<u>36,894</u>	<u>20,969</u>	<u>57,863</u>	<u>-</u>	<u>57,863</u>
Non-Operating Income (Expense):					
Interest Income	480	796	1,276	-	1,276
Interest Expense	-	(28,689)	(28,689)	-	(28,689)
Loss on Disposition of Capital Assets	(472)	-	(472)	-	(472)
Other Income	347	-	347	-	347
Other Expense	(729)	-	(729)	-	(729)
Total Non-Operating Income (Expense)	<u>(374)</u>	<u>(27,893)</u>	<u>(28,267)</u>	<u>-</u>	<u>(28,267)</u>
Income (loss) before Contributions and Transfers	36,520	(6,924)	29,596	-	29,596
Transfers:					
Transfers In	980	-	980	-	980
Transfers Out	<u>(15,323)</u>	<u>-</u>	<u>(15,323)</u>	<u>-</u>	<u>(15,323)</u>
Change in Net Position	22,177	(6,924)	15,253	-	15,253
Net Position (Deficit), October 1	<u>170,323</u>	<u>(195,086)</u>	<u>(24,763)</u>	<u>-</u>	<u>(24,763)</u>
Net Position (Deficit), September 30	<u><u>\$192,500</u></u>	<u><u>\$(202,010)</u></u>	<u><u>\$ (9,510)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (9,510)</u></u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

City of Long Beach
Gas Utility Fund
Consolidated Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2021
(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	\$ 92,806	\$ 15,854	\$ -	\$ 108,660
Payments for Employee Salaries	(19,144)	-	-	(19,144)
Payments for Goods and Services	(7,594)	(25)	-	(7,619)
Other Income	-	26,756	(26,409)	347
Other Expense	(27,138)	-	26,409	(729)
Net Cash Provided by Operating Activities	38,930	42,585	-	81,515
Cash Flows from Non-Capital Financing Activities:				
Transfers In	980	-	-	980
Payments of Principal on Bonds Payable	415	(14,405)	-	(13,990)
Payments of Interest	273	(28,963)	-	(28,690)
Transfers Out	(15,323)	-	-	(15,323)
Net Cash Used for Non-Capital Financing Activities	(13,655)	(43,368)	-	(57,023)
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(12,570)	-	-	(12,570)
Payments of Principal on Other Long-Term Obligations	(1,735)	-	-	(1,735)
Payments of Interest	(285)	-	-	(285)
Net Cash Used for Capital and Related Financing Activities	(14,590)	-	-	(14,590)
Cash Flows from Investing Activities:				
Payments for Investments	(1,586)	-	-	(1,586)
Receipts of Interest	480	802	-	1,282
Net Cash Provided by (Used for) Investing Activities	(1,106)	802	-	(304)
Net Increase (Decrease) in Cash and Cash Equivalents	9,579	19	-	9,598
Cash and Cash Equivalents - October 1	48,507	134	-	48,641
Cash and Cash Equivalents - September 30	\$ 58,086	\$ 153	\$ -	\$ 58,239
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	<i>Gas Operating Function</i>	<i>LBBFA Gas Prepay Function</i>	<i>Eliminations Increase (decrease)</i>	<i>Total Gas Utility Fund</i>
Operating Income	\$ 36,894	\$ 20,969	\$ -	\$ 57,863
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation and Amortization Expense	7,724	-	-	7,724
Other Expense	(382)	-	-	(382)
(Increase) Decrease in Accounts Receivable, Net	(1,118)	(104)	104	(1,118)
Increase in Amounts Due from Other Funds	304	-	-	304
Increase in Inventory	(659)	-	-	(659)
Increase (Decrease) in Other Operating Assets/Gas Prepay	(3,360)	26,756	-	23,396
Increase (Decrease) in Accounts Payable	3,064	(1)	(104)	2,959
Increase in Accrued Wages Payable	(6,220)	-	-	(6,220)
Increase in Amounts Due to Other Funds	(1,729)	(6)	-	(1,735)
Decrease in Unearned Revenues	(450)	-	-	(450)
(Increase) Decrease in Other Non-operating Assets	5,029	(5,029)	-	-
Decrease in Collections Held in Trust	(167)	-	-	(167)
Total Adjustments	2,036	21,616	-	23,652
Net Cash Provided by Operating Activities	\$ 38,930	\$ 42,585	\$ -	\$ 81,515

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, the 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, 2021, business-type and governmental funds had outstanding commitments for construction projects and purchases of goods and services, as follows (in thousands):

<u>Governmental Activities</u>	
General Fund	\$ 2,603
General Capital Projects	68,563
Housing Assistance	4
Non-major Governmental Funds	12,225
Internal Service Fund	16,729
Total	<u>\$ 100,124</u>

<u>Business-Type Activities</u>	
Gas Utility	\$ 322
Water	16,627
Tidelands Operating	7,829
Harbor	20,301
Non-major Business-Type Funds	19,150
Total	<u>\$ 64,229</u>

Environmental Mitigation Credits

In September of 2019, Harbor entered into a nonoperating Memorandum of Understanding (MOU) with the City 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. As of September 30, 2021 the MOU amount remains unchanged.

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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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 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 August 15, 2021 indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2022.

Gerald Desmond Bridge Replacement (GDBR) Project

Construction of the new bridge began in 2013 and the bridge was opened to traffic on October 5, 2020, while the substantial completion date was declared by the Board of Harbor Commissioners on December 16, 2020. The bridge budget is a joint effort between CalTrans and Harbor. At the latest cost estimate review performed in September 2018, the bridge budget was \$1.6 billion, which remained unchanged as of September 30, 2021. Funding of this project was from Harbor and various sources including Federal, State, and local grants. Commitments from these funding sources total \$913.0 million added to Harbor's contribution of \$648.0 million.

As of September 30, 2021, the Harbor has incurred approximately \$1.5 billion in costs to construct the replacement bridge. Of this total amount, approximately \$753.5 million has been received from grants contribution since inception, and \$7.7 million reported as part of due from other governments on Harbor's basic financial statements as of September 30, 2021.

Pike Public Improvements

In fiscal year 2002, the City issued special assessment debt under the authority of the Mello-Roos Community Facilities Act for public improvements, mainly for a parking facility, in the Pike Development Project area. Although the debt does not constitute an indebtedness of the City, in order to facilitate such financing, the parking facility was subleased to the City for the purposes of issuing the Mello-Roos Bonds pursuant to a City sublease. According to the sublease, the City is subject to an annual calculated lease payment up to \$1.2 million through October 2032, plus net revenues from certain other Pike area parking operations, in the event the Pike garage does not generate sufficient net revenue to make bond payments.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

NOTE 23 – DEFERRED OUTFLOWS AND DEFERRED INFLOWS OF RESOURCES

At September 30, 2021, Deferred Outflows of Resources and Deferred Inflows of Resources are as follows:

City of Long Beach Governmental Funds Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources For the Fiscal Year Ended September 30, 2021 (In Thousands)					
	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>	<u>GASB 34 Conversion Adjustments</u>	<u>Total Adjusted Governmental Funds</u>
<i>Deferred Outflows of Resources:</i>					
Economic loss from the refunding of debt	\$ -	\$ -	\$ -	942	\$ 942
Pension contributions after measurement date	-	-	-	73,377	73,377
CalPERS difference between actual and expected experience	-	-	-	6,003	6,003
Change in pension allocation proportion	-	-	-	2,842	2,842
OPEB contributions after measurement date	-	-	-	2,157	2,157
OPEB change in assumptions	-	-	-	3,141	3,141
OPEB difference between actual and expected experience	-	-	-	774	774
Change in OPEB allocation proportion	-	-	-	724	724
Total deferred outflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 89,960</u>	<u>\$ 89,960</u>
<i>Deferred Inflows of Resources:</i>					
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 2,039	\$ 2,039
Unavailable revenue and property taxes	112,403	215,784	328,187	(213,826)	114,361
CalPERS difference between actual and expected investment returns	-	-	-	331,163	331,163
CalPERS difference between actual and expected experience	-	-	-	7,044	7,044
Change in pension allocation proportion	-	-	-	3,269	3,269
OPEB change in assumptions	-	-	-	23,385	23,385
OPEB difference between actual and expected experience	-	-	-	3,439	3,439
Change in OPEB allocation proportion	-	-	-	1,412	1,412
Total deferred inflows of resources	<u>\$ 112,403</u>	<u>\$ 215,784</u>	<u>\$ 328,187</u>	<u>\$ 157,925</u>	<u>\$ 486,112</u>

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

City of Long Beach
Internal Service Funds
Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources
(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>
Deferred Outflows of Resources:							
Economic loss from the refunding of debt	\$ -	\$ -	\$ 793	\$ -	\$ -	\$ -	\$ 793
Pension contributions after measurement date	84	3,011	1,292	769	467	751	6,374
Change in pension allocation proportion	-	839	161	-	-	459	1,459
OPEB contributions after measurement date	-	82	44	13	9	15	163
OPEB change in assumptions	-	119	63	19	14	22	237
OPEB difference between actual and expected experience	-	29	16	5	3	5	58
CalPERS difference between actual and expected experience	-	-	-	-	-	3	3
Change in OPEB allocation proportion	-	80	20	56	108	-	264
Total deferred outflows of resources	<u>\$ 84</u>	<u>\$ 4,160</u>	<u>\$ 2,389</u>	<u>\$ 862</u>	<u>\$ 601</u>	<u>\$ 1,255</u>	<u>\$ 9,351</u>
Deferred Inflows of Resources:							
CalPERS difference between actual and expected investment returns	\$ 331	\$ 11,836	\$ 5,073	\$ 3,022	\$ 1,832	\$ 2,975	\$ 25,069
CalPERS difference between actual and expected experience	14	510	219	130	79	124	1,076
Change in pension allocation proportion	430	420	576	497	80	540	2,543
OPEB change in assumptions	-	886	472	145	102	161	1,766
OPEB difference between actual and expected experience	-	130	70	21	15	24	260
Change in OPEB allocation proportion	-	209	124	8	51	160	552
Total deferred inflows of resources	<u>\$ 775</u>	<u>\$ 13,991</u>	<u>\$ 6,534</u>	<u>\$ 3,823</u>	<u>\$ 2,159</u>	<u>\$ 3,984</u>	<u>\$ 31,266</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, 2021

City of Long Beach
Enterprise Funds
Schedule of Deferred Outflows of Resources and Deferred Inflows of Resources
(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>
Deferred Outflows of Resources:						
Issuance costs - Bond Insurance	\$ -	\$ -	\$ 68	\$ -	\$ -	\$ 68
Economic loss from the refunding of debt	-	511	4,435	-	-	4,946
Pension contributions after measurement date	2,946	3,812	4,677	11,468	6,556	29,459
CalPERS difference between actual and expected experience	-	-	337	-	-	337
Change in pension allocation proportion	509	755	1,378	3,361	931	6,934
OPEB contributions after measurement date	94	97	135	233	150	709
OPEB change in assumptions	136	142	197	339	217	1,031
OPEB difference between actual and expected experience	34	35	48	84	54	255
Change in OPEB allocation proportion	76	71	1,055	505	237	1,944
Derivative instrument						
Interest rate swap	10,079	-	-	-	-	10,079
Total deferred outflows of resources	<u>\$ 13,874</u>	<u>\$ 5,423</u>	<u>\$ 12,330</u>	<u>\$ 15,990</u>	<u>\$ 8,145</u>	<u>\$ 55,762</u>
Deferred Inflows of Resources:						
Economic gain from the refunding of debt	\$ -	\$ -	\$ -	\$ 3,657	\$ -	\$ 3,657
CalPERS difference between actual and expected investment returns	11,570	14,974	20,783	45,041	25,750	118,118
CalPERS difference between actual and expected experience	499	646	490	1,942	1,110	4,687
Change in pension allocation proportion	-	592	1,288	2	3,541	5,423
OPEB change in assumptions	1,015	1,055	1,466	2,524	1,622	7,682
OPEB difference between actual and expected experience	149	156	215	372	238	1,130
Change in OPEB allocation proportion	157	181	69	104	457	968
Derivative instrument						
Commodity swap	443,833	-	-	-	-	443,833
Total deferred inflows of resources	<u>\$457,223</u>	<u>\$ 17,604</u>	<u>\$ 24,311</u>	<u>\$ 53,642</u>	<u>\$ 32,718</u>	<u>\$585,498</u>

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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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, 2021, sales tax abatements totaled \$7.2 million.

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 2021.

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.

City of Long Beach
Notes to the Basic Financial Statements
For the Fiscal Year Ended September 30, 2021

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 2021, the City had agreements for which re-assessments were completed by the County Assessor's office with a total property tax valuation of \$182.3 million, and an estimated tax abatement of \$200 thousand.

NOTE 25 – SUBSEQUENT EVENTS

Measure M Litigation

In December 2021, an appellate court ruled against the City of Long Beach in a lawsuit challenging the legality of the City's Measure M charter amendment. Measure M was approved by voters in 2018 and solidified voters' desire to continue the long-standing practice, that had been in place for over 60 years, of transferring a portion of City utility revenues to the City's General Fund in order to support services for Long Beach residents.

The City disagreed with the ruling and petitioned the California Supreme Court for review. On March 23, 2022, it was announced the California Supreme Court denied the City's petition to review and therefore the appellate court decision will stand. As a result, the City's General Fund is reporting a nonbudgetary transfer and liability of \$30.8 million that represents the amount owed to the Water Utility Fund through September 30, 2021. The City will abide by the court's decision and begin the payment process for the first \$9.0 million to the Water Utility Fund within the next 30 days.

Transfer of the GDBR

On March 14, 2022, the ownership of the new GDBR was officially transferred to CalTrans as a component of the state highway system, with approval of the Harbor Board of Commissioners and concurrence by CalTrans. The asset transfer of the total GDBR Project is coordinated in a two-phase process that will result in a loss of the contributed asset to other agencies, and a reduction of the Harbor's asset of approximately \$1.6 billion. The first phase of the transfer consists of the new completed replacement bridge itself with an approximate value of \$1.5 billion. The second phase encompasses all remaining capital costs, including but not limited to the demolition of the old bridge, anticipated to be completed with a final closed out in 2024.

REQUIRED SUPPLEMENTARY INFORMATION

City of Long Beach
Required Supplementary Information
For the Fiscal Year Ended September 30, 2021
(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)

Last 10 Years¹
(unaudited)

	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability (TPL)							
TPL - beginning	\$ 2,362,579	\$ 2,368,500	\$ 2,431,211	\$ 2,612,351	\$ 2,623,898	\$ 2,726,916	\$ 2,813,763
Service cost	37,502	37,306	42,500	43,138	43,491	44,000	45,016
Interest in the TPL	171,128	175,727	177,096	178,030	185,085	191,098	196,483
Differences between actual and expected experience	(45,118)	(29,800)	(56,898)	(28,799)	11,466	(4,185)	(13,138)
Changes in assumptions ²	(40,892)	-	144,164	(49,554)	-	-	-
Benefit payments ³	(116,699)	(120,522)	(125,722)	(131,268)	(137,024)	(144,066)	(150,237)
Net change in TPL	5,921	62,711	181,140	11,547	103,018	86,847	78,124
TPL - ending (a)	\$ 2,368,500	\$ 2,431,211	\$ 2,612,351	\$ 2,623,898	\$ 2,726,916	\$ 2,813,763	\$ 2,891,887
Plan Fiduciary Net Position							
Plan fiduciary net position - beginning	\$ 1,881,680	\$ 1,857,249	\$ 1,802,786	\$ 1,936,477	\$ 2,030,299	\$ 2,105,327	\$ 2,153,414
Net Plan to Plan Resource Movement	-	-	(39)	(5)	(5)	-	7
Contribution - employer	35,136	39,877	45,864	53,278	62,484	71,565	78,158
Contribution - employees	17,652	17,959	17,793	18,339	18,876	19,350	19,885
Net investment income	41,570	9,355	198,457	162,226	132,140	104,205	478,175
Administrative expenses	(2,090)	(1,132)	(2,662)	(3,018)	(1,449)	(2,967)	(2,151)
Benefit payments ³	(116,699)	(120,522)	(125,722)	(131,268)	(137,023)	(144,066)	(150,237)
Other miscellaneous expense	-	-	-	(5,730)	5	-	-
Net change in fiduciary net position	(24,431)	(54,463)	133,691	93,822	75,028	48,087	423,837
Plan fiduciary net position - ending (b)	\$ 1,857,249	\$ 1,802,786	\$ 1,936,477	\$ 2,030,299	\$ 2,105,327	\$ 2,153,414	\$ 2,577,251
Net pension liability - ending (a)-(b)	\$ 511,251	\$ 628,425	\$ 675,874	\$ 593,599	\$ 621,589	\$ 660,349	\$ 314,636
Fiduciary net position as a percentage of the TPL	78.41%	74.15%	74.13%	77.38%	77.21%	76.53%	89.12%
Covered payroll	\$ 223,225	\$ 228,212	\$ 234,782	\$ 242,227	\$ 248,064	\$ 254,926	\$ 265,736
NPL as percentage of covered payroll	229.03%	275.37%	287.87%	245.06%	250.58%	259.04%	118.40%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: In 2019-2021, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent.

³ Benefit payments include refunds of employee contributions.

City of Long Beach
Required Supplementary Information
For the Fiscal Year Ended September 30, 2021
(In Thousands)

Schedule of Contributions
Miscellaneous Plan

As of and for the year ended September 30

Last 10 Years¹
(unaudited)

	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution ²	\$ 35,136	\$ 39,877	\$ 45,864	\$ 53,278	\$ 62,484	\$ 71,565	\$ 78,158
Contributions in relation to the actuarially determined contribution ³	(35,136)	(39,877)	(45,864)	(53,278)	(62,484)	(71,565)	(78,158)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 239,897	\$ 246,490	\$ 258,248	\$ 269,936	\$ 270,237	\$ 285,980	\$ 279,318
Contributions as a percentage of covered payroll	14.65%	16.18%	17.76%	19.74%	23.12%	25.02%	27.98%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021 were from the June 30, 2018 funding valuation report public agency valuations.

Valuation Date:	6/30/2018
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00%, net of pension plan investment and administrative expenses, including inflation
Retirement Age	The 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

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

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

³Amount represents actual contributions as recorded by CalPERS.

City of Long Beach
Required Supplementary Information
For the Fiscal Year Ended September 30, 2021
(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)

Last 10 Years¹
(unaudited)

	2015	2016	2017	2018	2019	2020	2021
Total Pension Liability							
TPL - beginning	\$ 2,209,454	\$ 2,222,223	\$ 2,286,528	\$ 2,458,914	\$ 2,510,763	\$ 2,630,341	\$ 2,723,971
Service cost	34,835	34,636	38,622	40,757	42,335	43,862	45,592
Interest in the TPL	160,374	165,092	166,486	170,018	178,200	184,631	191,618
Differences between actual and expected experience	(38,807)	(27,528)	(61,909)	(102)	21,708	(5,180)	1,763
Changes in assumptions ²	(39,710)	-	139,900	(43,795)	-	-	-
Benefit payments ³	(103,922)	(107,895)	(110,713)	(115,029)	(122,665)	(129,683)	(137,111)
Net change in TPL	12,770	64,305	172,386	51,849	119,578	93,630	101,862
TPL - ending (a)	\$ 2,222,224	\$ 2,286,528	\$ 2,458,914	\$ 2,510,763	\$ 2,630,341	\$ 2,723,971	\$ 2,825,833
Plan Fiduciary Net Position							
Plan fiduciary net position - beginning	\$ 1,889,902	\$ 1,866,598	\$ 1,811,258	\$ 1,948,660	\$ 2,048,027	\$ 2,126,671	\$ 2,178,824
Net Plan to Plan Resource Movement	-	-	39	(5)	4	-	(7)
Contribution - employer	29,815	32,845	39,371	46,437	55,248	64,654	71,008
Contribution - employees	11,737	11,733	12,802	14,047	14,287	15,089	16,780
Net investment income	41,167	9,115	198,577	162,720	133,226	105,091	485,277
Administrative expenses	(2,101)	(1,138)	(2,674)	(3,037)	(1,461)	(2,998)	(2,177)
Benefit payments ³	(103,922)	(107,895)	(110,713)	(115,029)	(122,665)	(129,683)	(137,111)
Other miscellaneous expense	-	-	-	(5,766)	5	-	-
Net change in fiduciary net position	(23,304)	(55,340)	137,402	99,367	78,644	52,153	433,770
Plan fiduciary net position - ending (b)	\$ 1,866,598	\$ 1,811,258	\$ 1,948,660	\$ 2,048,027	\$ 2,126,671	\$ 2,178,824	\$ 2,612,594
Net pension liability - ending (a)-(b)	\$ 355,626	\$ 475,270	\$ 510,254	\$ 462,736	\$ 503,670	\$ 545,147	\$ 213,239
Fiduciary net position as a percentage of the TPL	84.00%	79.21%	79.25%	81.57%	80.85%	79.99%	92.45%
Covered payroll	\$ 127,265	\$ 127,789	\$ 126,530	\$ 136,458	\$ 141,252	\$ 148,487	\$ 156,245
NPL as percentage of covered payroll	279.44%	371.92%	403.27%	339.10%	356.57%	367.14%	136.48%

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

² Changes in assumptions: In 2019-2021, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Assumptions December 2017. There were no changes in the discount rate. In 2017, the discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expenses) to 7.65 percent.

³ Benefit payments include refunds of employee contributions

City of Long Beach
Required Supplementary Information
For the Fiscal Year Ended September 30, 2021
(In Thousands)

Schedule of Contributions

Safety Plan

As of and for the year ended September 30

Last 10 Years¹
(unaudited)

	2015	2016	2017	2018	2019	2020	2021
Actuarially Determined Contribution ²	\$ 29,815	\$ 32,845	\$ 39,371	\$ 46,437	\$ 55,248	\$ 64,654	\$ 71,008
Contributions in relation to the actuarially determined contribution ³	(29,815)	(32,845)	(39,371)	(46,437)	(55,248)	(64,654)	(71,008)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 155,208	\$ 159,773	\$ 177,401	\$ 186,217	\$ 182,947	\$ 192,541	\$ 189,019
Contributions as a percentage of covered payroll	19.21%	20.56%	22.19%	24.94%	30.20%	33.58%	37.57%

Notes to schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2021 were from the June 30, 2018 funding valuation report public agency valuations.

Valuation Date:	6/30/2018
Actuarial Cost Method	Entry age normal
Amortization Method	For details, see June 30, 2018 Funding Valuation Report.
Asset Valuation Method	Fair Value of Assets. For details, see June 30, 2018 Funding Valuation Report.
Inflation	2.50%
Salary Increases	Varies by entry age and service
Payroll Growth	2.75%
Investment Rate of Return	7.00%, net of pension plan investment and administrative expenses, including inflation
Retirement Age	The 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

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

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

³Amount represents actual contributions as recorded by CalPERS.

City of Long Beach
Required Supplementary Information
For the Fiscal Year Ended September 30, 2021
(In Thousands)

Schedule of Changes in Total OPEB Liability and Related Ratios¹

As of September 30

Last 10 Years²

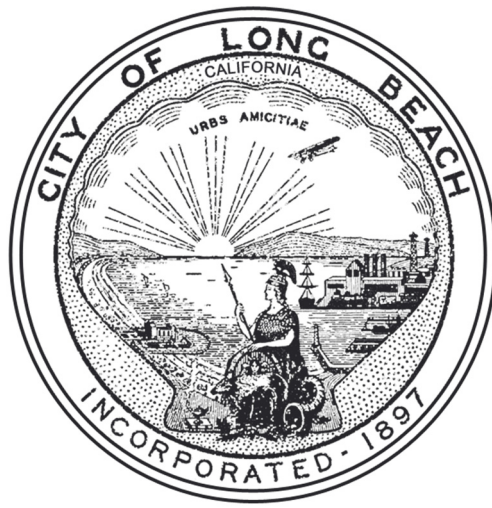
(unaudited)

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability - beginning	\$ 42,493	\$ 45,122	\$ 49,940	\$ 51,502	\$ 23,248	\$ 9,655
Service cost	2,077	2,145	2,818	2,675	2,167	1,718
Interest on total OPEB liability	1,655	1,754	1,622	1,878	917	265
Difference between expected and actual experience	-	(8,920)	-	(1,874)	-	1,211
Changes of assumptions	-	11,093	(2,023)	(29,859)	(13,756)	(539)
Benefit payments	(1,103)	(1,254)	(855)	(1,074)	(2,921)	(3,525)
Net change in total OPEB liability	2,629	4,818	1,562	(28,254)	(13,593)	(870)
Total OPEB liability - ending	\$ 45,122	\$ 49,940	\$ 51,502	\$ 23,248	\$ 9,655	\$ 8,785
Covered payroll	\$ 406,263	\$ 435,649	\$ 417,383	\$ 442,631	\$ 437,870	\$ 453,717
Total OPEB liability as a percentage of covered payroll	11.1%	11.5%	12.3%	5.3%	2.2%	1.9%

Notes to Schedule:

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

² Fiscal year 2016 was the first year of implementation.



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ADDITIONAL FINANCIAL SECTION

City of Long Beach
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2021
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
ASSETS				
Pooled Cash and Cash Equivalents	\$ 73,614	\$ 16,648	\$ 10,278	\$ 100,540
Non-Pooled Cash and Cash Equivalents	63	19,247	66	19,376
Receivables:				
Accounts Receivable	3,454	-	837	4,291
Due from Other Governments	84,945	-	-	84,945
Due from Other Funds	5,748	-	-	5,748
Allowance for Receivables	(5,812)	-	-	(5,812)
Other Assets	106	-	-	106
Advances to Other Funds	3,809	-	-	3,809
Land Held for Resale	5,874	-	-	5,874
Other Noncurrent Receivables	215,166	-	5,826	220,992
Total Assets	<u>\$386,967</u>	<u>\$ 35,895</u>	<u>\$ 17,007</u>	<u>\$ 439,869</u>
LIABILITIES				
Accounts Payable	\$ 7,198	\$ -	\$ 256	\$ 7,454
Accrued Wages and Benefits Payable	1,521	-	-	1,521
Due to Other Funds	23,824	-	-	23,824
Unearned Revenues	46,939	-	31	46,970
Deposits and Collections Held in Trust	408	1,536	100	2,044
Advances from Other Funds	3,809	1,600	-	5,409
Total Liabilities	<u>83,699</u>	<u>3,136</u>	<u>387</u>	<u>87,222</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	<u>209,963</u>	<u>-</u>	<u>5,821</u>	<u>215,784</u>
FUND BALANCES				
Nonspendable	927	-	-	927
Restricted	90,591	32,759	10,799	134,149
Committed	1,414	-	-	1,414
Assigned	373	-	-	373
Total Fund Balance	<u>93,305</u>	<u>32,759</u>	<u>10,799</u>	<u>136,863</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$386,967</u>	<u>\$ 35,895</u>	<u>\$ 17,007</u>	<u>\$ 439,869</u>

See accompanying Independent Auditors' Report

City of Long Beach
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Special Revenue Funds	Debt Service Funds	Capital Projects Funds	Total
Revenues:				
Taxes:				
Property	\$ 5,564	\$ 19,708	\$ 512	\$ 25,784
Sales	2,438	-	-	2,438
Other Taxes	9,694	-	-	9,694
Licenses and Permits	10,460	-	-	10,460
Use of Money and Property	2,634	354	329	3,317
From Other Agencies	230,603	-	-	230,603
Charges for Services	2,030	-	-	2,030
Other	4,010	-	1,155	5,165
Total Revenues	<u>267,433</u>	<u>20,062</u>	<u>1,996</u>	<u>289,491</u>
Expenditures:				
Current:				
General Government	6,951	-	-	6,951
Public Safety	14,966	-	-	14,966
Public Health	74,866	-	-	74,866
Community and Cultural	59,079	10	1,110	60,199
Public Works	11	-	-	11
Total Current Expenditures	<u>155,873</u>	<u>10</u>	<u>1,110</u>	<u>156,993</u>
Capital Improvements	1,744	-	-	1,744
Debt Service:				
Principal	-	20,723	-	20,723
Interest	-	11,928	-	11,928
Debt Administration Fees	-	17	-	17
Total Expenditures	<u>157,617</u>	<u>32,678</u>	<u>1,110</u>	<u>191,405</u>
Excess of Revenues over (under) Expenditures	<u>109,816</u>	<u>(12,616)</u>	<u>886</u>	<u>98,086</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Asset	-		826	826
Debt Issuance	-	19,765	-	19,765
Premium on Debt Issuance	-	4,170	-	4,170
Payment to Refunded Bond Escrow Agent	-	(26,300)	-	(26,300)
Cost of Issuance	-	(410)	-	(410)
Transfers In	8,581	9,498	-	18,079
Transfers Out	(96,247)	(3,645)	(3,145)	(103,037)
Total Other Financing Sources (Uses)	<u>(87,666)</u>	<u>3,078</u>	<u>(2,319)</u>	<u>(86,907)</u>
Net Change in Fund Balances	<u>22,150</u>	<u>(9,538)</u>	<u>(1,433)</u>	<u>11,179</u>
Fund Balances - October 1	71,155	42,297	12,232	125,684
Fund Balances - September 30	<u><u>\$ 93,305</u></u>	<u><u>\$ 32,759</u></u>	<u><u>\$ 10,799</u></u>	<u><u>\$ 136,863</u></u>

See accompanying Independent Auditors' Report

NONMAJOR SPECIAL REVENUE FUNDS

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

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

The Police and Fire Public Safety Oil Production Act Fund accounts for the 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, 2021
(In Thousands)

	Special Revenue			
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health
ASSETS				
Pooled Cash and Cash Equivalents	\$ 384	\$ 156	\$ 18,718	\$ 213
Non-Pooled Cash and Cash Equivalents	-	-	33	1
Receivables:				
Accounts Receivable	94	267	-	1,277
Due from Other Governments	26,825	-	13,515	44,369
Due from Other Funds	405	-	98	-
Allowance for Receivables	(2)	-	(5,202)	(414)
Other Assets-Current	-	-	106	-
Advances to Other Funds	-	-	3,809	-
Land Held for Resale	-	-	821	-
Other Noncurrent Receivables (net)	-	-	68,874	-
Total Assets	<u>\$ 27,706</u>	<u>\$ 423</u>	<u>\$ 100,772</u>	<u>\$ 45,446</u>
LIABILITIES				
Accounts Payable	\$ 575	\$ -	\$ 1,468	\$ 4,908
Accrued Wages	77	-	232	1,067
Due to Other Funds	11,035	-	261	12,365
Unearned Revenues	9,716	247	22,733	14,134
Deposits and Collections Held in Trust	-	-	-	319
Advances from Other Funds	-	-	-	-
Total Liabilities	<u>21,403</u>	<u>247</u>	<u>24,694</u>	<u>32,793</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	-	-	63,671	-
FUND BALANCES (DEFICIT)				
Nonspendable	-	-	927	-
Restricted	5,930	176	11,480	12,653
Committed	-	-	-	-
Assigned	373	-	-	-
Total Fund Balances	<u>\$ 6,303</u>	<u>\$ 176</u>	<u>\$ 12,407</u>	<u>\$ 12,653</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 27,706</u>	<u>\$ 423</u>	<u>\$ 100,772</u>	<u>\$ 45,446</u>

See accompanying Independent Auditors' Report

Special Revenue					
Belmont Shore Parking Meter Revenue	Housing Development	Development Impact Fees	Other Special Revenue Funds	Total Special Revenue Funds	
ASSETS					
\$ 134	\$ 29,949	\$ 18,239	\$ 5,821	\$ 73,614	Pooled Cash and Cash Equivalents
-	29	-	-	63	Non-Pooled Cash and Cash Equivalents
Receivables:					
-	3	-	1,813	3,454	Accounts Receivable
-	-	-	236	84,945	Due from Other Governments
-	-	-	5,245	5,748	Due from Other Funds
-	-	-	(194)	(5,812)	Allowance for Receivables
-	-	-	-	106	Other Assets-Current
-	-	-	-	3,809	Advances to Other Funds
-	5,053	-	-	5,874	Land Held for Resale
-	143,876	-	2,416	215,166	Other Noncurrent Receivables
<u>\$ 134</u>	<u>\$ 178,910</u>	<u>\$ 18,239</u>	<u>\$ 15,337</u>	<u>\$ 386,967</u>	Total Assets
LIABILITIES					
\$ 27	\$ 28	\$ 25	\$ 167	\$ 7,198	Accounts Payable
-	18	-	127	1,521	Accrued Wages
-	21	-	142	23,824	Due to Other Funds
-	25	-	84	46,939	Unearned Revenues
10	-	-	79	408	Deposits and Collections Held in Trust
-	3,809	-	-	3,809	Advances from Other Funds
<u>37</u>	<u>3,901</u>	<u>25</u>	<u>599</u>	<u>83,699</u>	Total Liabilities
DEFERRED INFLOWS OF RESOURCES					
-	143,876	-	2,416	209,963	Deferred Inflows of Resources
FUND BALANCES (DEFICIT)					
-	-	-	-	927	Nonspendable
97	30,919	18,214	11,122	90,591	Restricted
-	214	-	1,200	1,414	Committed
-	-	-	-	373	Assigned
<u>\$ 97</u>	<u>\$ 31,133</u>	<u>\$ 18,214</u>	<u>\$ 12,322</u>	<u>\$ 93,305</u>	Total Fund Balances
<u>\$ 134</u>	<u>\$ 178,910</u>	<u>\$ 18,239</u>	<u>\$ 15,337</u>	<u>\$ 386,967</u>	Total Liabilities, Deferred Inflows of Resources and Fund Balances

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, 2021
(In Thousands)

	Special Revenue			
	General Grants	Police and Fire Public Safety Oil Production Act	Community Development Grants	Health
Revenues:				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ 5,564
Sales	-	-	-	2,438
Other Taxes	-	2,975	-	-
Licenses and Permits	-	-	-	3,293
Use of Money and Property	137	4	843	-
From Other Agencies	98,005	-	47,160	84,675
Charges for Services	520	-	-	1,483
Other	466	-	1,762	8
Total Revenues	<u>99,128</u>	<u>2,979</u>	<u>49,765</u>	<u>97,461</u>
Expenditures:				
Current:				
General Government	6,160	-	4	-
Public Safety	11,527	3,005	434	-
Public Health	248	-	-	72,507
Community and Cultural	1,574	-	44,500	-
Public Works	11	-	-	-
Total Current Expenditures	<u>19,520</u>	<u>3,005</u>	<u>44,938</u>	<u>72,507</u>
Capital Improvements	<u>1,298</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>20,818</u>	<u>3,005</u>	<u>44,938</u>	<u>72,507</u>
Excess of Revenues over (under) Expenditures	<u>78,310</u>	<u>(26)</u>	<u>4,827</u>	<u>24,954</u>
Other Financing Sources (Uses)				
Transfers In	787	-	531	1,582
Transfers Out	<u>(73,900)</u>	<u>-</u>	<u>(6,140)</u>	<u>(15,699)</u>
Total Other Financing Sources (Uses)	<u>(73,113)</u>	<u>-</u>	<u>(5,609)</u>	<u>(14,117)</u>
Net Change in Fund Balances	5,197	(26)	(782)	10,837
Fund Balances - October 1	<u>1,106</u>	<u>202</u>	<u>13,189</u>	<u>1,816</u>
Fund Balances - September 30	<u>\$ 6,303</u>	<u>\$ 176</u>	<u>\$ 12,407</u>	<u>\$ 12,653</u>

See accompanying Independent Auditors' Report

Special Revenue					
Belmont Shore Parking Meter Revenue	Housing Development	Development Impact Fees	Other Special Revenue Funds	Total Special Revenue Funds	
					Revenues:
					Taxes:
\$ -	\$ -	\$ -	\$ -	\$ 5,564	Property
-	-	-	-	2,438	Sales
-	-	-	6,719	9,694	Other Taxes
-	161	4,087	2,919	10,460	Licenses and Permits
574	1,076	-	-	2,634	Use of Money and Property
-	453	-	310	230,603	From Other Agencies
-	-	-	27	2,030	Charges for Services
-	1,463	-	311	4,010	Other
574	3,153	4,087	10,286	267,433	Total Revenues
					Expenditures:
					Current:
8	225	-	554	6,951	General Government
-	-	-	-	14,966	Public Safety
-	-	-	2,111	74,866	Public Health
649	2,072	-	10,284	59,079	Community and Cultural
-	-	-	-	11	Public Works
657	2,297	-	12,949	155,873	Total Current Expenditures
-	-	446	-	1,744	Capital Improvements
657	2,297	446	12,949	157,617	Total Expenditures
					Excess of Revenues Over (Under) Expenditures
(83)	856	3,641	(2,663)	109,816	
					Other Financing Sources (Uses)
-	2	-	5,679	8,581	Transfers In
-	(188)	(312)	(8)	(96,247)	Transfers Out
-	(186)	(312)	5,671	(87,666)	Total Other Financing Sources (Uses)
(83)	670	3,329	3,008	22,150	Net Change in Fund Balances
180	30,463	14,885	9,314	71,155	Fund Balances - October 1
\$ 97	\$ 31,133	\$ 18,214	\$ 12,322	\$ 93,305	Fund Balances - September 30

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

	General Grants			
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Positive
				(Negative)
Revenues:				
Use of Money and Property	\$ -	\$ -	\$ 137	\$ 137
From Other Agencies	6,859	152,657	98,005	(54,652)
Charges for Services	191	366	520	154
Other Revenues	345	1,369	466	(903)
Transfers In	-	-	787	787
Total Revenues	7,395	154,392	99,915	(54,477)
Expenditures:				
General Government	-	1,267	6,160	(4,893)
Public Safety	5,239	12,276	11,935	341
Public Health	-	395	256	139
Community and Cultural	-	-	1,576	(1,576)
Public Works	1,337	2,983	11	2,972
Capital Improvements	8,069	19,313	1,912	17,401
Transfers Out	-	-	73,900	(73,900)
Total Expenditures	14,645	36,234	95,750	(59,516)
Net Change in Budgetary Fund Balance	\$ (7,250)	\$ 118,158	\$ 4,165	\$ (113,993)
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 4,165	
Add: Encumbrances			1,032	
Fund Balance, October 1, GAAP Basis			1,106	
Fund Balance, September 30, GAAP Basis			\$ 6,303	

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

Police and Fire Public Safety Oil Production Tax			
	<u>Budgeted Amounts</u>		Variance
	<u>Original</u>	<u>Final</u>	<u>with Final Budget - Positive (Negative)</u>
Revenues:			
Other Taxes	\$ 3,318	\$ 3,318	\$ 2,975
Use of Money and Property	-	-	4
Total Revenues	<u>3,318</u>	<u>3,318</u>	<u>2,979</u>
Expenditures:			
Public Safety	<u>3,318</u>	<u>3,318</u>	<u>3,005</u>
Total Expenditures	<u>3,318</u>	<u>3,318</u>	<u>3,005</u>
Net Change in Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26)</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis			
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (26)</u>
Add: Encumbrances			<u>-</u>
Change in Fund Balance - September 30, GAAP Basis			<u>(26)</u>
Fund Balance, October 1, GAAP Basis			<u>202</u>
Fund Balance, September 30, GAAP Basis			<u>\$ 176</u>

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

	Community Development Grants			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money and Property	\$ 323	\$ 221	\$ 843	\$ 622
From Other Agencies	16,468	50,457	47,160	(3,297)
Other Revenues	-	3,829	1,762	(2,067)
Transfers In	-	-	531	531
Total Revenues	<u>16,791</u>	<u>54,507</u>	<u>50,296</u>	<u>(4,211)</u>
Expenditures:				
General Government	206	154	4	150
Public Safety	1,524	1,524	434	1,090
Community and Cultural	(3,482)	80,738	52,285	28,453
Transfers Out	1,164	1,158	6,140	(4,982)
Total Expenditures	<u>(588)</u>	<u>83,574</u>	<u>58,863</u>	<u>24,711</u>
Net Change in Budgetary Fund Balance	<u>\$ 17,379</u>	<u>\$ (29,067)</u>	<u>\$ (8,567)</u>	<u>\$ 20,500</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			<u>\$ (8,567)</u>	
Add: Encumbrances			<u>7,785</u>	
Change in Fund Balance - September 30, GAAP Basis			<u>(782)</u>	
Fund Balance, October 1, GAAP Basis			<u>13,189</u>	
Fund Balance, September 30, GAAP Basis			<u>\$ 12,407</u>	

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

	Health			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 5,800	\$ 5,800	\$ 5,564	\$ (236)
Sales Taxes	2,400	2,400	2,438	38
Licenses and Permits	3,923	3,923	3,293	(630)
Use of Money and Property	37	37	-	(37)
From Other Agencies	40,049	100,994	84,675	(16,319)
Charges for Services	2,871	3,364	1,483	(1,881)
Other Revenues	4,576	4,576	8	(4,568)
Transfers In	325	325	1,582	1,257
Total Revenues	59,981	121,419	99,043	(22,376)
Expenditures:				
Public Health	55,868	117,048	75,813	41,235
Capital Improvements	2,832	17,104	-	17,104
Transfers Out	-	-	15,699	(15,699)
Total Expenditures	58,700	134,152	91,512	42,640
Net Change in Budgetary Fund Balance	\$ 1,281	\$ (12,733)	\$ 7,531	\$ 20,264
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 7,531	
Add: Encumbrances			3,306	
Change in Fund Balance - September 30, GAAP Basis			10,837	
Fund Balance, October 1, GAAP Basis			1,816	
Fund Balance, September 30, GAAP Basis			\$ 12,653	

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

Belmont Shore Parking Meter Revenues			
	<u>Budgeted Amounts</u>		Variance
	<u>Original</u>	<u>Final</u>	<u>with Final Budget - Positive (Negative)</u>
Revenues:			
Use of Money and Property	\$ 765	\$ 798	\$ 1,372
Total Revenues	<u>765</u>	<u>798</u>	<u>1,372</u>
Expenditures:			
General Government	-	-	8
Community and Cultural	<u>765</u>	<u>798</u>	<u>653</u>
Total Expenditures	<u>765</u>	<u>798</u>	<u>661</u>
Net Change in Budgetary Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 711</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 711</u>
Add: Encumbrances	<u>4</u>
Less: Change in Mark-to-Market and Other Adjustments	<u>(798)</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(83)</u>
Fund Balance, October 1, GAAP Basis	<u>180</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 97</u></u>

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

	Housing Development			
	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget -
				Positive
				(Negative)
Revenues:				
Licenses and Permits	\$ 341	\$ 341	\$ 161	\$ (180)
Use of Money and Property	385	385	1,076	691
From Other Agencies	-	-	453	453
Other Revenues	562	562	1,463	901
Transfers In	2,911	2,911	2	(2,909)
Total Revenues	4,199	4,199	3,155	(1,044)
Expenditures:				
General Government	323	285	272	13
Community and Cultural	3,406	3,380	2,083	1,297
Transfers Out	-	-	188	(188)
Total Expenditures	3,729	3,665	2,543	1,122
Net Change in Budgetary Fund Balance	\$ 470	\$ 534	\$ 612	\$ 78
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ 612	
Add: Encumbrances			58	
Change in Fund Balance - September 30, GAAP Basis			670	
Fund Balance, October 1, GAAP Basis			30,463	
Fund Balance, September 30, GAAP Basis			\$ 31,133	

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

	Development Impact Fees			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Licenses and Permits	\$ 1,515	\$ 2,340	\$ 4,087	\$ 1,747
Total Revenues	1,515	2,340	4,087	1,747
Expenditures:				
Capital Improvements	7	832	448	384
Transfers Out	1,743	1,743	312	1,431
Total Expenditures	1,750	2,575	760	1,815
Net Change in Budgetary Fund Balance	\$ (235)	\$ (235)	\$ 3,327	\$ 3,562

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 3,327</u>
Add: Encumbrances	<u>2</u>
Change in Fund Balance - September 30, GAAP Basis	<u>3,329</u>
Fund Balance, October 1, GAAP Basis	<u>14,885</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 18,214</u></u>

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Special Revenue Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

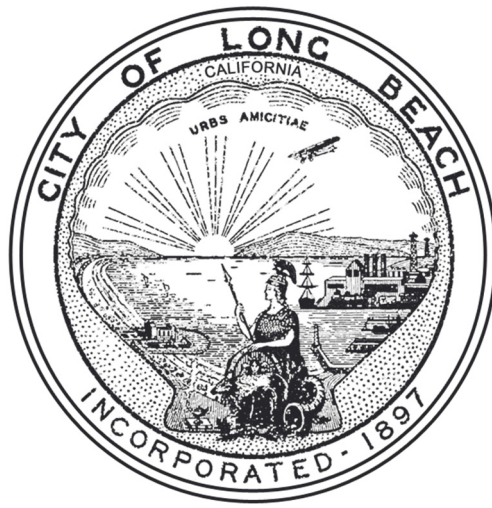
(In Thousands)

	Other Special Revenue Funds			
	<u>Budgeted Amounts</u>		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other Taxes	\$ 6,707	\$ 6,707	\$ 6,719	\$ 12
Licenses and Permits	2,998	2,998	2,919	(79)
Use of Money and Property	36	36	-	(36)
From Other Agencies	-	2,699	310	(2,389)
Charges for Services	-	-	27	27
Other Revenues	768	768	311	(457)
Transfers In	156	156	5,679	5,523
Total Revenues	<u>10,665</u>	<u>13,364</u>	<u>15,965</u>	<u>2,601</u>
Expenditures:				
General Government	529	529	554	(25)
Public Health	2,356	2,330	2,111	219
Community and Cultural	11,249	14,549	10,322	4,227
Transfers Out	-	-	8	(8)
Total Expenditures	<u>14,134</u>	<u>17,408</u>	<u>12,995</u>	<u>4,413</u>
Net Change in Budgetary Fund Balance	<u>\$ (3,469)</u>	<u>\$ (4,044)</u>	<u>\$ 2,970</u>	<u>\$ 7,014</u>

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ 2,970</u>
Add: Encumbrances	<u>38</u>
Change in Fund Balance - September 30, GAAP Basis	<u>3,008</u>
Fund Balance, October 1, GAAP Basis	<u>9,314</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 12,322</u></u>

See accompanying Independent Auditors' Report



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NONMAJOR DEBT SERVICE FUND

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

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

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

City of Long Beach
Nonmajor Debt Service Funds
Combining Balance Sheet
September 30, 2021
(In Thousands)

	General Debt Service	Successor Agency Debt Service	Total Debt Service Funds
ASSETS			
Pooled Cash and Cash Equivalents	\$ 16,648	\$ -	\$ 16,648
Non-Pooled Cash and Cash Equivalents	2,285	16,962	19,247
Total Assets	<u>\$ 18,933</u>	<u>\$ 16,962</u>	<u>\$ 35,895</u>
LIABILITIES			
Deposits and Collections Held in Trust	\$ 1,536	\$ -	\$ 1,536
Advances from Other Funds	1,600	-	1,600
Total Liabilities	<u>3,136</u>	<u>-</u>	<u>3,136</u>
FUND BALANCES			
Restricted	15,797	16,962	32,759
Total Fund Balance	<u>15,797</u>	<u>16,962</u>	<u>32,759</u>
Total Liabilities and Fund Balances	<u>\$ 18,933</u>	<u>\$ 16,962</u>	<u>\$ 35,895</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, 2021
(In Thousands)

	General Debt Service	Successor Agency Debt Service	Total Debt Service Funds
Revenues:			
Taxes:			
Property	\$ -	\$ 19,708	\$ 19,708
Use of Money and Property	352	2	354
Total Revenues	352	19,710	20,062
Expenditures:			
Current:			
Community and Cultural	-	10	10
Total Current Expenditures	-	10	10
Debt Service:			
Principal	5,328	15,395	20,723
Interest	2,753	9,175	11,928
Debt Administration Fees	3	14	17
Total Expenditures	8,084	24,594	32,678
Excess of Revenues over (under) Expenditures	(7,732)	(4,884)	(12,616)
Other Financing Sources (Uses):			
Debt Issuance	-	19,765	19,765
Premium on Debt Issuance	-	4,170	4,170
Payment to Refunded Bond Escrow Agent	-	(26,300)	(26,300)
Cost of Issuance	-	(410)	(410)
Transfers In	6,381	3,117	9,498
Transfers Out	(3,645)	-	(3,645)
Total Other Financing Sources	2,736	342	3,078
Net Change in Fund Balances	(4,996)	(4,542)	(9,538)
Fund Balances - October 1	20,793	21,504	42,297
Fund Balances - September 30	\$ 15,797	\$ 16,962	\$ 32,759

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

	General Debt Service Fund				
	Budgeted Amounts		Actual On GAAP Basis	Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Use of Money and Property	\$ 400	\$ 400	\$ 352	\$ 352	\$ (48)
Charges for Services	-	-	-	-	-
Transfers In	6,501	5,772	6,381	6,381	609
Total Revenues	6,901	6,172	6,733	6,733	561
Expenditures:					
Debt Service	8,159	8,084	8,084	8,084	-
Transfers Out	3,645	3,645	(3,645)	3,645	-
Total Expenditures	11,804	11,729	4,439	11,729	-
Net Change in Budgetary Fund Balance	\$ (4,903)	\$ (5,557)	\$ 2,294	\$ (4,996)	\$ 561
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis					
Change in Fund Balance - September 30, Budgetary Basis				\$ (4,996)	
Add: Encumbrances				-	
Change in Fund Balance - September 30, GAAP Basis				(4,996)	
Fund Balance, October 1, GAAP Basis				20,793	
Fund Balance, September 30, GAAP Basis				\$ 15,797	

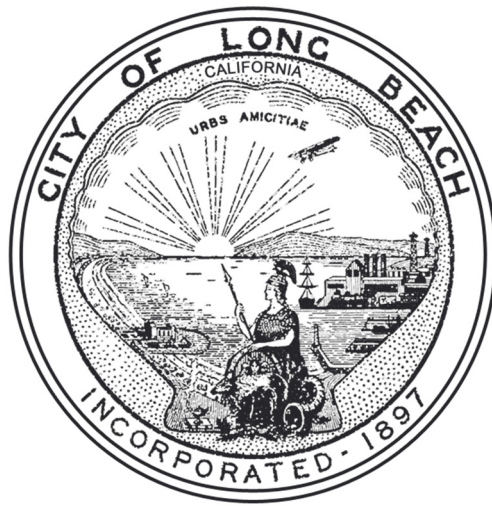
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City of Long Beach
Nonmajor Debt Service Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021

(In Thousands)

Successor Agency Debt Service Fund					
	Budgeted Amounts		Actual On GAAP Basis	Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final			
Revenues:					
Property Taxes	\$ 30,162	\$ 30,162	19,708	\$ 19,708	\$ (10,454)
Use of Money and Property	-	2,850	2	2	(2,848)
Debt Issuance	-	19,765	19,765	19,765	-
Premium on Issuance of Debt	-	4,170	4,170	4,170	-
Transfers In	-	-	3,117	3,117	3,117
Total Revenues	<u>30,162</u>	<u>56,947</u>	<u>46,762</u>	<u>46,762</u>	<u>(10,185)</u>
Expenditures:					
Community and Cultural	-	-	10	10	(10)
Debt Service	26,369	27,546	24,584	24,584	2,962
Payment to Refunded Bond Escrow Agent	-	26,300	26,300	26,300	-
Cost of Issuance	-	485	410	410	75
Total Expenditures	<u>26,369</u>	<u>54,331</u>	<u>51,304</u>	<u>51,304</u>	<u>3,027</u>
Net Change in Budgetary Fund Balance	<u>\$ 3,793</u>	<u>\$ 2,616</u>	<u>\$ (4,542)</u>	<u>\$ (4,542)</u>	<u>\$ (7,158)</u>
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis					
Change in Fund Balance - September 30, Budgetary Basis				\$ (4,542)	
Add: Encumbrances				-	
Change in Fund Balance - September 30, GAAP Basis				(4,542)	
Fund Balance, October 1, GAAP Basis				21,504	
Fund Balance, September 30, GAAP Basis				<u>\$ 16,962</u>	

See accompanying Independent Auditors' Report



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NONMAJOR CAPITAL PROJECTS FUND

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

The 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, 2021
(In Thousands)

	Special Assessment Capital Projects	Successor Agency Capital Projects	Total Capital Projects Funds
ASSETS			
Pooled Cash and Cash Equivalents	\$ 1,776	\$ 8,502	\$ 10,278
Non-Pooled Cash and Cash Equivalents	33	33	66
Receivables:			
Accounts Receivable	-	837	837
Other Noncurrent Receivables	-	5,826	5,826
Total Assets	<u>\$ 1,809</u>	<u>\$ 15,198</u>	<u>\$ 17,007</u>
LIABILITIES			
Accounts Payable	\$ -	\$ 256	\$ 256
Unearned Revenues	-	31	31
Deposits and Collections Held in Trust	-	100	100
Total Liabilities	<u>-</u>	<u>387</u>	<u>387</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	<u>-</u>	<u>5,821</u>	<u>5,821</u>
FUND BALANCES			
Restricted	<u>1,809</u>	<u>8,990</u>	<u>10,799</u>
Total Fund Balance	<u>1,809</u>	<u>8,990</u>	<u>10,799</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,809</u>	<u>\$ 15,198</u>	<u>\$ 17,007</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, 2021
(In Thousands)

	Special Assessment Capital Projects	Successor Agency Capital Projects	Total Capital Projects Funds
Revenues:			
Taxes:			
Property	\$ -	\$ 512	\$ 512
Use of Money and Property	-	329	329
Other	-	1,155	1,155
Total Revenues	-	1,996	1,996
Expenditures:			
Current:			
Community and Cultural	-	1,110	1,110
Total Current Expenditures	-	1,110	1,110
Excess of Revenues Over (under) Expenditures	-	886	886
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Asset	-	826	826
Transfers Out	(28)	(3,117)	(3,145)
Total Other Financing Sources (Uses)	(28)	(2,291)	(2,319)
Net Change in Fund Balances	(28)	(1,405)	(1,433)
Fund Balances - October 1	1,837	10,395	12,232
Fund Balances - September 30	\$ 1,809	\$ 8,990	\$ 10,799

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Capital Projects Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021
(In Thousands)

Special Assessment Capital Projects Fund				
	<u>Budgeted Amounts</u>		<u>Actual on Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of Money and Property	\$ 15	\$ 15	\$ -	\$ (15)
Total Revenues	15	15	-	(15)
Expenditures:				
Transfers Out	-	-	28	28
Total Expenditures	-	-	28	28
Net Change in Budgetary Fund Balance	15	15	(28)	\$ (43)
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (28)	
Add: Encumbrances			-	
Change in Fund Balance - September 30, GAAP Basis			(28)	
Fund Balance, October 1, GAAP Basis			1,837	
Fund Balance, September 30, GAAP Basis			\$ 1,809	

See accompanying Independent Auditors' Report

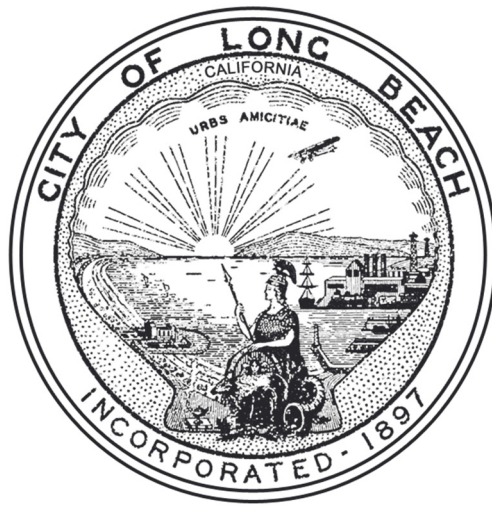
City of Long Beach
Nonmajor Capital Projects Funds
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Successor Agency Capital Projects Fund			
	Budgeted Amounts		Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 3,000	\$ 3,000	\$ 512	\$ (2,488)
Licenses and Permits	15	15	-	(15)
Use of Money and Property	797	797	329	(468)
Other - Proceeds from Sale of Capital Asset	-	-	826	826
Other Revenues	408	408	1,155	747
Total Revenues	4,220	4,220	2,822	(1,398)
Expenditures:				
General Government	2	-	-	-
Community and Cultural	4,220	4,187	1,110	3,077
Transfers Out	-	-	3,117	(3,117)
Total Expenditures	4,222	4,187	4,227	(40)
Net Change in Budgetary Fund Balance	(2)	33	(1,405)	\$ (1,438)

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

Change in Fund Balance - September 30, Budgetary Basis	<u>\$ (1,405)</u>
Add: Encumbrances	<u>-</u>
Change in Fund Balance - September 30, GAAP Basis	<u>(1,405)</u>
Fund Balance, October 1, GAAP Basis	<u>10,395</u>
Fund Balance, September 30, GAAP Basis	<u><u>\$ 8,990</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, 2021
(In Thousands)

	Tideland Oil Revenue	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
ASSETS								
Current Assets:								
Pooled Cash and Cash Equivalents	\$ 51,905	\$12,565	\$ 50,384	\$ 23,382	\$ 1,467	\$ 191,150	\$ 36,685	\$ 367,538
Non-Pooled Cash and Cash Equivalents	-	-	6,977	3	2	-	-	6,982
Receivables:								
Interest Receivable	-	-	31	-	-	1	-	32
Accounts Receivable	18,745	1,304	3,200	8,538	213	-	-	32,000
Due from Other Governments	-	-	2,935	172	-	-	589	3,696
Due from Other Funds	1,478	-	703	107	37	500	-	2,825
Allowance for Receivables	-	(156)	(138)	(1,975)	(205)	-	(1,638)	(4,112)
Inventory	-	185	-	-	-	-	-	185
Other Assets - Current	10	-	-	-	-	-	-	10
Total Current Assets	72,138	13,898	64,092	30,227	1,514	191,651	35,636	409,156
Noncurrent Assets:								
Restricted Noncurrent Assets:								
Non-Pooled Investments	-	-	7,449	-	-	-	-	7,449
Noncurrent Receivables								
Advances to Other Funds	-	-	-	-	-	114	-	114
Capital Assets:								
Land and Other Capital Assets Not Being Depreciated	-	8,151	64,014	7,003	-	-	-	79,168
Capital Assets, Net of Accumulated Depreciation	9,083	76,792	239,540	6,842	-	-	14	332,271
Total Noncurrent Assets	9,083	84,943	311,003	13,845	-	114	14	419,002
Total Assets	81,221	98,841	375,095	44,072	1,514	191,765	35,650	828,158
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows of Resources	566	1,088	1,596	2,281	575	-	2,039	8,145
LIABILITIES								
Current Liabilities Payable from Current Assets								
Accounts Payable	14,356	1,126	5,216	4,327	77	-	1,276	26,378
Accrued Wages	95	156	316	365	92	-	358	1,382
Accrued Interest Payable	-	141	2,125	-	-	-	-	2,266
Due to Other Funds	106	191	345	442	96	-	1,523	2,703
Unearned Revenues	-	120	1,194	-	-	614	3,947	5,875
Collections Held in Trust	-	-	-	762	-	-	1	763
Customers Deposits	-	-	247	-	-	-	588	835
Advances from Developers	-	194	-	-	-	-	10,811	11,005
Due to State of California	5,825	-	-	-	-	-	-	5,825
Compensated Absences and Accrued Employee Benefits	281	459	1,061	1,008	217	-	968	3,994
Bonds Payable Due within One Year	-	390	3,310	-	-	-	-	3,700
Total Current Liabilities	20,663	2,777	13,814	6,904	482	614	19,472	64,726
Noncurrent Liabilities								
Unearned Revenues	-	-	5,049	-	-	-	-	5,049
Accrued Oil Field Abandonment Costs	110,300	-	-	-	-	-	-	110,300
Compensated Absences and Accrued Employee Benefits	501	971	1,616	1,950	412	-	1,643	7,093
Bonds Payable	-	8,644	92,493	-	-	-	-	101,137
Total OPEB Liability	32	58	98	118	25	-	103	434
Net Pension Liability	2,699	4,097	7,405	8,612	1,920	-	9,669	34,402
Total Noncurrent Liabilities	113,532	13,770	106,661	10,680	2,357	-	11,415	258,415
Total Liabilities	134,195	16,547	120,475	17,584	2,839	614	30,887	323,141
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows of Resources	3,239	3,712	6,972	7,559	1,666	-	9,570	32,718
NET POSITION								
Net Investment in Capital Assets	9,083	74,876	214,637	13,845	-	-	14	312,455
Restricted for:								
Debt Service	-	304	4,075	-	-	-	-	4,379
Capital Projects	-	-	28,063	-	-	-	-	28,063
Airport	-	-	9,636	-	-	-	-	9,636
Subsidence	-	-	-	-	-	191,151	-	191,151
Unrestricted	(64,730)	4,490	(7,167)	7,365	(2,416)	-	(2,782)	(65,240)
Total Net Position	\$ (55,647)	\$79,670	\$ 249,244	\$ 21,210	\$ (2,416)	\$ 191,151	\$ (2,768)	\$ 480,444

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, 2021
(In Thousands)

	Tideland Oil Revenue	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
Operating Revenues:								
Licenses and Permits	-	-	-	2,545	-	-	15,861	18,406
Fines and Forfeitures	-	-	15	-	-	-	-	15
Fees, Concessions and Rentals	95,009	-	28,527	-	-	-	-	123,536
From Other Agencies	-	-	821	482	-	-	1,032	2,335
Charges for Services	4,133	18,197	222	79,318	6,140	-	1,548	109,558
Other	-	86	-	377	-	-	229	692
Total Operating Revenues	99,142	18,283	29,585	82,722	6,140	-	18,670	254,542
Operating Expenses:								
Personnel Services	1,472	3,255	7,738	12,743	2,354	-	9,123	36,685
Maintenance and Other Operations	4,850	7,145	22,629	63,643	2,202	-	13,237	113,706
Rental Expense	-	-	-	184	-	-	-	184
Payments to Other Entities	69,919	-	-	-	-	-	-	69,919
Depreciation	330	2,842	14,827	772	-	-	11	18,782
Total Operating Expenses	76,571	13,242	45,194	77,342	4,556	-	22,371	239,276
Operating Income (Loss)	22,571	5,041	(15,609)	5,380	1,584	-	(3,701)	15,266
Non-Operating Income (Expenses):								
Interest Income	-	-	-	-	8	-	-	8
Interest Expense	-	(244)	(6,304)	(36)	-	(287)	(150)	(7,021)
Gain (Loss) on Disposition of Capital Assets	-	-	-	1	-	-	-	1
Oil Field Abandonment Costs	(7,700)	-	-	-	-	-	-	(7,700)
Operating Grants	-	-	91	-	-	-	-	91
Other Income	2	1,330	1,314	-	-	500	-	3,146
Other Expense	-	(1,406)	(4)	(3)	(3)	-	-	(1,416)
Total Non-Operating Income (Expenses)	(7,698)	(320)	(4,903)	(38)	5	213	(150)	(12,891)
Income Before Contributions	14,873	4,721	(20,512)	5,342	1,589	213	(3,851)	2,375
Capital Grants and Contributions	-	189	25,342	-	-	-	-	25,531
Transfers:								
Transfers In	5,700	-	-	292	-	-	-	5,992
Transfers Out	(13,495)	-	-	(599)	-	-	(2,404)	(16,498)
Change in Net Position	7,078	4,910	4,830	5,035	1,589	213	(6,255)	17,400
Net Position - October 1	(62,725)	74,760	244,414	16,175	(4,005)	190,938	3,487	463,044
Net Position - September 30	\$ (55,647)	\$ 79,670	\$ 249,244	\$ 21,210	\$ (2,416)	\$ 191,151	\$ (2,768)	\$ 480,444

See accompanying Independent Auditors' Report

City of Long Beach
Nonmajor Enterprise Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Tideland Oil Revenue	Sewer	Airport	Solid Waste Management	Towing	Subsidence	Development Services	Total Nonmajor Proprietary Funds
<u>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:</u>								
Cash Flows from Operating Activities:								
Receipts from Customers	\$ 6,275	\$ 18,300	\$ 26,646	\$ 81,377	\$ 6,358	\$ -	\$ 19,100	\$ 158,056
Receipts from Oil Companies	91,717	-	-	-	-	-	-	91,717
Receipts from Other Entities	-	-	16,165	482	-	-	-	16,647
Receipts from Other Funds	-	-	67	693	-	-	-	760
Payments for Employee Salaries	(3,278)	(4,683)	(10,767)	(15,985)	(2,988)	-	(13,474)	(51,175)
Payments for Goods and Services	-	(7,713)	(28,853)	(65,798)	(2,154)	-	(13,349)	(117,867)
Payments to Other Funds	(1,141)	-	-	-	-	-	-	(1,141)
Payments to Other Entities	(75,136)	-	-	-	-	-	-	(75,136)
Other Income	2	1,292	158	-	-	-	-	1,452
Other Expense	-	(1,406)	(4)	(3)	(3)	-	-	(1,416)
Net Cash Provided by (Used for) Operating Activities	18,439	5,790	3,412	766	1,213	-	(7,723)	21,897
Cash Flows from Non-Capital Financing Activities:								
Operating Grants Received from Other Governments	-	-	91	-	-	-	-	91
Operating Subsidies Paid to Other Funds	-	-	-	(29)	-	-	-	(29)
Transfers In	5,700	-	-	292	-	-	-	5,992
Transfers Out	(13,495)	-	-	(599)	-	-	(2,404)	(16,498)
Net Cash Used for Non-Capital Financing Activities	(7,795)	-	91	(336)	-	-	(2,404)	(10,444)
Cash Flows from Capital and Related Financing Activities:								
Proceeds from the Sale of Capital Assets	-	-	-	1	-	-	-	1
Receipts of Contributed Capital	-	189	21,873	-	-	-	-	22,062
Receipts from Passenger Facility Charges	-	-	3,469	-	-	-	-	3,469
Receipts of Federal Subsidy	-	-	1,156	-	-	-	-	1,156
Payments for Capital Acquisitions	-	(6,421)	(39,717)	(2,182)	-	-	(224)	(48,544)
Payments of Principal on Bonds Payable	-	(375)	(3,157)	-	-	-	-	(3,532)
Payments of Interest	-	(354)	(6,010)	-	-	-	-	(6,364)
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	(6,961)	(22,386)	(2,181)	-	-	(224)	(31,752)
Cash Flows from Investing Activities:								
Proceeds from Sale of Investments	-	-	1,238	-	-	-	-	1,238
Payments of Interest	-	(19)	(237)	(36)	8	213	(150)	(221)
Net Cash Provided by (Used for) Investing Activities	-	(19)	1,001	(36)	8	213	(150)	1,017
Net Increase (Decrease) in Cash and Cash Equivalents	10,644	(1,190)	(17,882)	(1,787)	1,221	213	(10,501)	(19,282)
Cash and Cash Equivalents - October 1	41,261	13,755	75,243	25,172	248	190,937	47,186	393,802
Cash and Cash Equivalents - September 30	\$ 51,905	\$ 12,565	\$ 57,361	\$ 23,385	\$ 1,469	\$ 191,150	\$ 36,685	\$ 374,520
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:</u>								
Operating Income (Loss)	\$ 22,571	\$ 5,041	(15,609)	\$ 5,380	\$ 1,584	\$ -	\$ (3,701)	\$ 15,266
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:								
Operating Activities:								
Depreciation and Amortization Expense	330	2,842	14,827	772	-	-	11	18,782
Other Income	2	1,404	158	-	-	-	-	1,564
Other Expense	-	(1,406)	(4)	(3)	(3)	-	-	(1,416)
(Increase) Decrease in Accounts Receivable, Net	(7,319)	(196)	(1,742)	(787)	7	-	1,774	(8,263)
Increase in Amounts Due from Other Governments	(3,247)	-	15,344	-	-	-	-	12,097
(Increase) Decrease in Amounts Due from Other Funds	(1,141)	57	67	693	211	500	-	387
Increase in Other Operating Assets	6	-	-	-	-	-	-	6
Increase (Decrease) in Accounts Payable	11,119	(581)	(6,194)	(1,747)	35	-	141	2,773
Increase (Decrease) in Accrued Wages Payable	(1,806)	(1,429)	(3,029)	(3,242)	(634)	-	(4,351)	(14,491)
Increase in Amounts Due to Other Funds	(1,970)	11	-	(224)	13	-	(253)	(2,423)
Increase (Decrease) in Unearned Revenues	-	120	(376)	-	-	(500)	(338)	(1,094)
Increase in Collections Held in Trust	(106)	(73)	(30)	(76)	-	-	(1,006)	(1,291)
Total Adjustments	(4,132)	749	19,021	(4,614)	(371)	-	(4,022)	6,631
Net Cash Provided by (Used for) Operating Activities	\$ 18,439	\$ 5,790	\$ 3,412	\$ 766	\$ 1,213	\$ -	\$ (7,723)	\$ 21,897
<u>NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</u>								
Accrued Oilfield Abandonment Costs	\$ 7,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,700

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, 2021
(In Thousands)

	Civic Center	General Services	Fleet Services	Workers' Compensation Insurance	General Liability Insurance	Employee Benefits	Total Internal Service Funds
ASSETS							
Current Assets:							
Pooled Cash and Cash Equivalents	\$ 247	\$ 25,276	\$ 53,197	\$ 38,154	\$ 724	\$ 29,201	\$ 146,799
Non-Pooled Cash and Cash Equivalents	-	1,578	-	-	-	-	1,578
Receivables:							
Accounts Receivable	-	1,266	31	-	-	235	1,532
Due from Other Governments	-	-	30	-	-	-	30
Due from Other Funds	118	2,387	613	1,637	-	22,578	27,333
Allowance for Receivables	-	-	(24)	-	-	-	(24)
Deposits	-	-	-	-	-	9,365	9,365
Inventory	-	-	3,119	-	-	-	3,119
Total Current Assets	365	30,507	56,966	39,791	724	61,379	189,732
Noncurrent Assets:							
Noncurrent Receivables:							
Advances to Other Funds	-	-	1,600	-	-	4,087	5,687
Capital Assets:							
Land and Other Capital Assets Not Being Depreciated	28,110	14,169	-	-	-	-	42,279
Capital Assets, Net of Accumulated Depreciation	319,351	47,447	67,251	3	6	-	434,058
Other Assets - Long-Term	6,375	-	-	-	-	-	6,375
Total Noncurrent Assets	353,836	61,616	68,851	3	6	4,087	488,399
Total Assets	354,201	92,123	125,817	39,794	730	65,466	678,131
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources	84	4,160	2,389	862	601	1,255	9,351
LIABILITIES							
Current Liabilities Payable from Current Assets:							
Accounts Payable	1,521	2,072	4,874	81	1,097	6,496	16,141
Accrued Wages and Benefits	13	607	306	351	100	5,661	7,038
Accrued Interest Payable	-	600	126	-	-	47	773
Due to Other Funds	5,015	684	315	395	112	-	6,521
Collections Held in Trust	-	-	-	-	-	4,097	4,097
Compensated Absences and Accrued Employee Benefits	-	1,898	824	342	363	3,368	6,795
Accrued Claims - Current	-	-	-	20,482	11,123	-	31,605
Environmental Remediation - Current	-	-	175	-	-	-	175
Obligations under Capital Leases - Current	-	7,493	1,637	-	-	-	9,130
Bonds Payable Due within One Year	-	-	1,612	-	-	-	1,612
Other Long Term Obligation - Current	5,189	-	-	-	-	-	5,189
Total Current Liabilities	11,738	13,354	9,869	21,651	12,795	19,669	89,076
Noncurrent Liabilities:							
Compensated Absences and Accrued Employee Benefits	-	3,967	2,143	611	442	692	7,855
Accrued Claims	-	-	-	111,598	33,182	-	144,780
Environmental Remediation	-	-	725	-	-	-	725
Obligations under Capital Lease	-	25,390	4,423	-	-	-	29,813
Other Long Term Obligations	284,576	-	-	-	-	-	284,576
Bonds Payable	-	-	16,340	-	-	-	16,340
OPEB Liability	-	237	126	39	27	43	472
Net Pension Liability	442	15,812	6,777	4,038	2,448	3,917	33,434
Total Noncurrent Liabilities	285,018	45,406	30,534	116,286	36,099	4,652	517,995
Total Liabilities	296,756	58,760	40,403	137,937	48,894	24,321	607,071
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources	775	13,991	6,534	3,823	2,159	3,984	31,266
NET POSITION (DEFICIT)							
Net Investment in Capital Assets	57,312	30,074	43,239	3	6	-	130,634
Restricted for:							
Capital Projects	-	1,395	-	-	-	-	1,395
Insurance	-	-	-	-	-	18,611	18,611
Unrestricted	(558)	(7,937)	38,030	(101,107)	(49,728)	19,805	(101,495)
Total Net Position (Deficit)	\$ 56,754	\$ 23,532	\$ 81,269	\$ (101,104)	\$ (49,722)	\$ 38,416	\$ 49,145

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, 2021
(In Thousands)

	Civic Center	General Services	Fleet Services	Workers' Compensation Insurance	General Liability Insurance	Employee Benefits	Total Internal Service Funds
Operating Revenues:							
Billing to Other Departments	\$ 22,675	\$ 53,402	\$ 41,539	\$ 30,222	\$ 26,541	\$ 305,867	\$ 480,246
Other	-	5,029	372	66	320	-	5,787
Total Operating Revenues	22,675	58,431	41,911	30,288	26,861	305,867	486,033
Operating Expenses:							
Personnel Services	-	16,208	7,161	3,751	2,948	5,007	35,075
Maintenance and Other Operations	11,329	29,924	16,248	2,646	4,303	3,368	67,818
Insurance Premiums	-	-	-	-	10,508	-	10,508
Self-Insured Losses	-	-	-	8,133	4,434	-	12,567
Compensated Absences	-	-	-	7,051	-	53,931	60,982
Employee Benefits	-	-	-	-	-	266,180	266,180
Depreciation	9,119	8,634	12,532	3	1	-	30,289
Total Operating Expenses	20,448	54,766	35,941	21,584	22,194	328,486	483,419
Operating Income (Loss)	2,227	3,665	5,970	8,704	4,667	(22,619)	2,614
Non-Operating Income (Expenses):							
Interest Income	-	-	-	-	1	-	1
Interest Expense	(5,542)	(1,877)	(1,177)	(23)	-	(1,278)	(9,897)
Gain (Loss) on Disposition of Capital Assets	-	(9)	908	-	-	-	899
Operating Grants	-	984	-	-	-	-	984
Other Income	166	-	1,443	-	-	-	1,609
Other Expense	-	(50)	(715)	-	-	(848)	(1,613)
Total Non-Operating Income (Expenses)	(5,376)	(952)	459	(23)	1	(2,126)	(8,017)
Income (Loss) before Contributions and Transfers	(3,149)	2,713	6,429	8,681	4,668	(24,745)	(5,403)
Transfers:							
Transfers In	6,621	5,828	746	-	-	-	13,195
Transfers Out	-	(3,814)	-	-	-	(49,380)	(53,194)
Change in Net Position	3,472	4,727	7,175	8,681	4,668	(74,125)	(45,402)
Net Position (Deficit) - October 1, as adjusted	53,282	18,805	74,094	(109,785)	(54,390)	112,541	94,547
Net Position (Deficit) - September 30	<u>\$ 56,754</u>	<u>\$ 23,532</u>	<u>\$ 81,269</u>	<u>\$ (101,104)</u>	<u>\$ (49,722)</u>	<u>\$ 38,416</u>	<u>\$ 49,145</u>

See accompanying Independent Auditors' Report

City of Long Beach
Internal Service Funds
Combining Statement of Cash Flows
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Civic Center	General Services	Fleet Services	Workers' Compensation Insurance	General Liability Insurance	Employee Benefits	Total Internal Service Funds
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS							
Cash Flows from Operating Activities:							
Receipts from Customers	\$ -	\$ 5,029	\$ 63	\$ -	\$ -	\$ -	\$ 5,092
Receipts from Other Funds	26,559	52,140	41,299	37,749	28,369	322,397	508,513
Receipts from Other Entities	(357)	(690)	(718)	114	(6,623)	-	(8,274)
Payments for Employee Salaries	(10)	(16,561)	(7,261)	(3,769)	(2,976)	(17,235)	(47,812)
Payments for Goods and Services	(13,603)	(31,009)	(13,588)	(2,784)	(3,935)	-	(64,919)
Payments for Compensated Absences	-	(46)	(23)	(7,033)	588	(53,458)	(59,972)
Payments for Employee Benefits	(770)	(5,558)	(2,791)	(1,941)	(1,098)	(278,290)	(290,448)
Payments for Liability Claims	-	-	-	(13,038)	(13,688)	-	(26,726)
Other Income	-	-	1,443	-	-	-	1,443
Other Expense	-	(50)	(715)	-	-	(848)	(1,613)
Net Cash Provided by (Used for) Operating Activities	11,819	3,255	17,709	9,298	637	(27,434)	15,284
Cash Flows from Non-Capital Financing Activities:							
Other Income	166	-	-	-	-	-	166
Operating Grants Received from Other Governments	-	984	-	-	-	-	984
Operating Subsidies Paid to Other Funds	-	(3,814)	-	-	-	(49,380)	(53,194)
Operating Subsidies Received from Other Funds	6,621	5,828	746	-	-	-	13,195
Net Cash Provided by (Used for) Non-Capital Financing Activities	6,787	2,998	746	-	-	(49,380)	(38,849)
Cash Flows from Capital and Related Financing Activities:							
Proceeds from the Sale of Capital Assets	-	-	954	-	-	-	954
Payments for Capital Acquisitions	(7,768)	(4,551)	(12,056)	-	-	-	(24,375)
Payments of Principal on Bonds Payable	-	-	(1,542)	-	-	(6,765)	(8,307)
Payments of Principal on Other Long-Term Obligations	(5,099)	(4,160)	(1,873)	-	-	-	(11,132)
Payments of Interest	(5,542)	(1,624)	(908)	-	-	(431)	(8,505)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(18,409)	(10,335)	(15,425)	-	-	(7,196)	(51,365)
Cash Flows from Investing Activities:							
Payments of Interest	-	(258)	(479)	(23)	1	(1,247)	(2,006)
Net Cash Provided by (Used for) Investing Activities	-	(258)	(479)	(23)	1	(1,247)	(2,006)
Net Decrease in Cash and Cash Equivalents	197	(4,340)	2,551	9,275	638	(85,257)	(76,936)
Cash and Cash Equivalents - October 1	50	31,194	50,646	28,879	86	114,458	225,313
Cash and Cash Equivalents - September 30	\$ 247	\$ 26,854	\$ 53,197	\$ 38,154	\$ 724	\$ 29,201	\$ 148,377
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 2,227	\$ 3,665	\$ 5,970	\$ 8,704	\$ 4,667	\$ (22,619)	\$ 2,614
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization Expense	9,119	8,634	12,532	3	1	-	30,289
Other Income	-	-	1,443	-	-	-	1,443
Other Expense	-	(50)	(715)	-	-	(848)	(1,613)
(Increase) Decrease in Accounts Receivable, Net	1,000	-	63	1	-	2,741	3,805
(Increase) Decrease in Amounts Due from Other Funds	2,884	(1,262)	(612)	7,460	1,508	(3,602)	6,376
Increase in Inventory	-	-	(259)	-	-	-	(259)
Decrease in Other Operating Assets	125	-	-	-	-	29,244	29,369
Increase (Decrease) in Accounts Payable	(2,399)	(5,957)	2,919	(138)	368	(8,620)	(13,827)
Increase (Decrease) in Accrued Wages Payable	(780)	(1,085)	(2,914)	(1,941)	(538)	(15,367)	(22,625)
Increase (Decrease) in Amounts Due to Other Funds	(357)	(690)	(718)	114	(6,623)	(8,971)	(17,245)
Increase in Accrued Claims Payable	-	-	-	(4,905)	1,254	-	(3,651)
Increase in Collections Held in Trust	-	-	-	-	-	608	608
Total Adjustments	9,592	(410)	11,739	594	(4,030)	(4,815)	12,670
Net Cash Provided by (Used for) Operating Activities	\$ 11,819	\$ 3,255	\$ 17,709	\$ 9,298	\$ 637	\$ (27,434)	\$ 15,284
NON-CASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:							
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, 2021
(In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
ASSETS:				
Pooled Cash and Cash Equivalents	\$ 89	\$ 1,819	\$ 501	\$ 6,500
Non-pooled Investments	-	-	1,095	-
Non-Pooled Cash and Cash Equivalents	-	-	8,478	-
Property Taxes Receivable, Net	-	-	19	-
Interest Receivable	-	-	30	-
Accounts Receivable	-	-	-	-
Prepaid Expense	-	-	-	-
Land	-	-	-	-
Total Assets	89	1,819	10,123	6,500
LIABILITIES:				
Accounts Payable	89	-	-	-
Total Liabilities	89	-	-	-
NET POSITION:				
Held in Trust	\$ -	\$ 1,819	\$ 10,123	\$ 6,500

City of Long Beach
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Belmont Shore Parking District	Taxes Oil Rights	Special Assessment Districts	Intermodal Container Transfer Facility JPA
ADDITIONS:				
Contributions	\$ -	\$ -	\$ 430	\$ 4,261
Taxes	-	-	5,242	-
Grants	-	-	-	-
Use of Money and Property	-	14	40	78
Miscellaneous Revenue	-	-	8	-
Total Additions	-	14	5,720	4,339
DEDUCTIONS:				
Administrative Expense	-	-	12	-
Payments to Bond Holders	-	-	5,344	6,000
Payments to Others	-	-	227	-
Total Deductions	-	-	5,583	6,000
Change in Net Position	-	14	137	(1,661)
Net Position, October 1	-	1,805	9,986	8,161
Net Position, September 30	\$ -	\$ 1,819	\$ 10,123	\$ 6,500

See accompanying Independent Auditors' Report

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ 826	\$ -	\$ 3,424	\$ 13,159	ASSETS:
-	-	-	1,095	Pooled Cash and Cash Equivalents
-	241	-	8,719	Non-pooled Investments
1	-	127	147	Non-Pooled Cash and Cash Equivalents
-	-	-	30	Property Taxes Receivable
-	185	873	1,058	Interest Receivable
-	8	-	8	Accounts Receivable
-	11,000	-	11,000	Prepaid Expense
827	11,434	4,424	35,216	Land
-	166	53	308	Total Assets
-	166	53	308	LIABILITIES:
				Accounts Payable
				Total Liabilities
\$ 827	\$ 11,268	\$ 4,371	\$ 34,908	NET POSITION:
				Held in Trust

Earthquake Assessment District	Los Cerritos Wetlands Authority	Other Custodial Funds	Total Custodial Funds	
\$ -	\$ 39	\$ -	\$ 4,730	ADDITIONS:
-	-	5,367	10,609	Contributions
-	356	-	356	Taxes
-	64	38	234	Grants
-	44	-	52	Use of Money and Property
-	503	5,405	15,981	Miscellaneous Revenue
				Total Additions
1	-	-	13	DEDUCTIONS:
-	-	-	11,344	Administrative Expense
-	430	4,719	5,376	Payments to Bond Holders
1	430	4,719	16,733	Payments to Others
(1)	73	686	(752)	Total Deductions
828	11,195	3,685	35,660	Change in Net Position
\$ 827	\$ 11,268	\$ 4,371	\$ 34,908	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, 2021
(In Thousands)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2021</u>
ASSETS			
Pooled Cash and Cash Equivalents	<u>\$ 613</u>	<u>\$ 5</u>	<u>\$ 618</u>
NET POSITION			
Held in Trust for Private Purpose Trust Funds	<u>\$ 613</u>	<u>\$ 5</u>	<u>\$ 618</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, 2021
(In Thousands)

	<u>Miller Library</u>	<u>Mayor's Fund for the Homeless</u>	<u>Total September 30, 2021</u>
Additions:			
Use of Money and Property	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Deductions:			
Administrative Expense	<u>37</u>	<u>-</u>	<u>37</u>
Change in Net Position	<u>(37)</u>	<u>-</u>	<u>(37)</u>
Net Position, October 1	<u>650</u>	<u>5</u>	<u>655</u>
Net Position, September 30	<u><u>\$ 613</u></u>	<u><u>\$ 5</u></u>	<u><u>\$ 618</u></u>

See accompanying Independent Auditors' Report

OTHER
SUPPLEMENTARY
INFORMATION

City of Long Beach
General Fund
Combining Balance Sheet
September 30, 2021
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
ASSETS				
Pooled Cash and Cash Equivalents	\$ 159,522	\$ 12,815	\$ -	\$ 172,337
Non-Pooled Cash and Cash Equivalents	1,373	-	-	1,373
Receivables:				
Property Taxes	113,077	-	-	113,077
Accounts Receivable	27,673	1,420	-	29,093
Due from Other Governments	40,851	-	-	40,851
Due from Other Funds	29,972	1,543	(1,543)	29,972
Allowance for Receivables	(8,890)	-	-	(8,890)
Other Assets	2,127	-	-	2,127
Total Assets	<u>\$ 365,705</u>	<u>\$ 15,778</u>	<u>\$ (1,543)</u>	<u>\$ 379,940</u>
LIABILITIES				
Accounts Payable	15,364	200	-	15,564
Accrued Wages and Benefits Payable	11,677	-	-	11,677
Due to Other Governments	251	-	-	251
Due to Other Funds	58,836	-	(1,543)	57,293
Unearned Revenues	6,138	-	-	6,138
Deposits and Collections Held in Trust	3,819	-	-	3,819
Advances from Other Funds	114	-	-	114
Total Liabilities	<u>96,199</u>	<u>200</u>	<u>(1,543)</u>	<u>94,856</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	<u>112,403</u>	<u>-</u>	<u>-</u>	<u>112,403</u>
FUND BALANCES				
Nonspendable	2,127	-	-	2,127
Restricted	2,836	-	-	2,836
Committed	60,965	15,578	-	76,543
Assigned	107,658	-	-	107,658
Unassigned	(16,483)	-	-	(16,483)
Total Fund Balances	<u>157,103</u>	<u>15,578</u>	<u>-</u>	<u>172,681</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 365,705</u>	<u>\$ 15,778</u>	<u>\$ (1,543)</u>	<u>\$ 379,940</u>

See accompanying Independent Auditors' Report

City of Long Beach
General Fund
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	General Fund	Uplands Oil Fund	Eliminations	Total Combined General Fund
Revenues:				
Taxes:				
Property	\$ 200,359	\$ -	\$ -	\$ 200,359
Sales	148,449	-	-	148,449
Utility Users	38,546	-	-	38,546
Other Taxes	30,404	-	-	30,404
Franchise Fees	23,734	-	-	23,734
Licenses and Permits	36,550	-	-	36,550
Fines and Forfeitures	14,395	-	-	14,395
Use of Money and Property	18,811	11,190	-	30,001
From Other Agencies	8,482	-	-	8,482
Charges for Services	39,646	-	-	39,646
Other	5,391	-	-	5,391
Total Revenues	<u>564,767</u>	<u>11,190</u>	<u>-</u>	<u>575,957</u>
Expenditures:				
Legislative and Legal	16,537	-	-	16,537
General Government	34,860	-	-	34,860
Public Safety	408,803	-	-	408,803
Public Health	19,885	-	-	19,885
Community and Cultural	53,645	-	-	53,645
Public Works	58,535	-	-	58,535
Oil Operations	-	2,446	-	2,446
Total Current Expenditures	<u>592,265</u>	<u>2,446</u>	<u>-</u>	<u>594,711</u>
Capital Improvements	24,765	-	-	24,765
Debt Service:				
Principal	1,436	-	-	1,436
Interest	42	-	-	42
Debt Administration Fees	9	-	-	9
Total Expenditures	<u>618,517</u>	<u>2,446</u>	<u>-</u>	<u>620,963</u>
Excess of Revenues over Expenditures	<u>(53,750)</u>	<u>8,744</u>	<u>-</u>	<u>(45,006)</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Asset	713	-	-	713
Transfers In	178,264	1,543	(9,138)	170,669
Transfers Out	(91,130)	(7,633)	9,138	(89,625)
Total Other Financing Sources (Uses)	<u>87,847</u>	<u>(6,090)</u>	<u>-</u>	<u>81,757</u>
Net Change in Fund Balances	<u>34,097</u>	<u>2,654</u>	<u>-</u>	<u>36,751</u>
Fund Balances - October 1	<u>123,006</u>	<u>12,924</u>	<u>-</u>	<u>135,930</u>
Fund Balances - September 30	<u>\$ 157,103</u>	<u>\$ 15,578</u>	<u>\$ -</u>	<u>\$ 172,681</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, 2021
(In Thousands)

	Final Amended Budget			Actual on Budgetary Basis		CalPERS Prepayment Expense	Combined Actual on Budgetary Basis	Variance with Final Budget - Positive (Negative)
	General	Uplands Oil	Combined	General	Uplands			
Revenues:								
Property Taxes	\$ 189,843	\$ -	\$ 189,843	\$ 200,359	\$ -	\$ -	\$ 200,359	\$ 10,516
Sales Taxes	129,427	-	129,427	148,449	-	-	148,449	19,022
Utility Users Taxes	34,905	-	34,905	38,546	-	-	38,546	3,641
Other Taxes	32,491	-	32,491	30,404	-	-	30,404	(2,087)
Franchise Fees	27,079	-	27,079	23,734	-	-	23,734	(3,345)
Licenses and Permits	31,788	-	31,788	36,550	-	-	36,550	4,762
Fines and Forfeitures	19,379	-	19,379	14,395	-	-	14,395	(4,984)
Use of Money and Property	21,457	9,771	31,228	18,811	11,190	-	30,001	(1,227)
From Other Agencies	6,580	-	6,580	8,482	-	-	8,482	1,902
Charges for Services	8,402	-	8,402	39,646	-	-	39,646	31,244
Other	1,163	-	1,163	5,391	-	-	5,391	4,228
Proceeds from Sale of Capital Asset	-	-	-	713	-	-	713	713
Transfers In	44,719	-	44,719	169,126	1,543	-	170,669	125,950
Total Revenues	547,233	9,771	557,004	734,606	12,733	-	747,339	190,335
Expenditures:								
Current:								
Legislative and Legal								
Mayor and City Council	7,793	-	7,793	6,915	-	(756)	6,159	1,634
City Attorney	3,604	-	3,604	4,328	-	(786)	3,542	62
City Clerk	6,340	-	6,340	5,294	-	(357)	4,937	1,403
General Government								
City Auditor	3,024	-	3,024	3,374	-	(381)	2,993	31
City Manager	10,209	-	10,209	10,057	-	(924)	9,133	1,076
Civil Service	3,223	-	3,223	3,615	-	(405)	3,210	13
Financial Management	61,832	-	61,832	16,473	-	(2,248)	14,225	47,607
Planning and Building	1,867	-	1,867	2,122	-	(412)	1,710	157
Public Safety								
Police	252,373	-	252,373	260,373	-	(20,149)	240,224	12,149
Fire	113,655	-	113,655	123,380	-	(10,767)	112,613	1,042
Disaster Preparedness	12,706	-	12,706	14,342	-	(1,692)	12,650	56
City Prosecutor	7,128	-	7,128	7,169	-	(924)	6,245	883
Planning and Building-Code Enforcement	3,371	-	3,371	4,397	-	(665)	3,732	(361)
Public Health	39,423	-	39,423	20,584	-	(340)	20,244	19,179
Community and Cultural								
Development Services	7,275	-	7,275	679	-	-	679	6,596
Library	20,608	-	20,608	20,690	-	(1,549)	19,141	1,467
Parks and Recreation	34,103	-	34,103	32,407	-	(2,283)	30,124	3,979
Public Works	93,049	-	93,049	58,669	-	(4,741)	53,928	39,121
Oil Operations	-	3,302	3,302	-	2,446	-	2,446	856
Capital Outlay	24,539	-	24,539	24,765	-	-	24,765	(226)
Debt Service	512	-	512	1,487	-	-	1,487	(975)
Transfers Out	45,282	6,506	51,788	81,992	7,633	-	89,625	(37,837)
Total Expenditures	751,916	9,808	761,724	703,112	10,079	(49,379)	663,812	97,912
Net Change in Budgetary Fund Balance:	\$ (204,683)	\$ (37)	\$ (204,720)	\$ 31,494	\$ 2,654	\$ 49,379	\$ 83,527	\$ 92,423

Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis

	General	Uplands Oil	Combined
Change in Fund Balance - September 30, Budgetary Basis	\$ 31,494	\$ 2,654	\$ 34,148
Add: Encumbrances	2,603	-	2,603
Change in Fund Balance - September 30, GAAP Basis	34,097	2,654	36,751
Fund Balance, October 1, GAAP Basis	123,006	12,924	135,930
Fund Balance, September 30, GAAP Basis	\$ 157,103	\$ 15,578	\$ 172,681

See accompanying Independent Auditors' Report

City of Long Beach
Measure A Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Adopted Budget	Final Amended Budget	Actual on a Budgetary Basis	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Sales Taxes	\$ 62,688	\$ 62,688	\$ 73,485	\$ 10,797
Use of Money and Property	160	160	-	(160)
Transfers In ^(a)	-	166	656	490
Total Revenues	<u>62,848</u>	<u>63,014</u>	<u>74,141</u>	<u>11,127</u>
Expenditures:				
General Government	208	208	207	1
Public Safety	37,760	38,466	38,467	(1)
Public Works	1,000	4,091	3,329	762
Transfers Out ^(b)	<u>21,115</u>	<u>25,648</u>	<u>26,979</u>	<u>(1,331)</u>
Total Expenditures	<u>60,083</u>	<u>68,413</u>	<u>68,982</u>	<u>(568)</u>
Net Change in Fund Balance (Deficit)	2,765	(5,399)	5,159	<u>11,695</u>
Fund Balance October 1, GAAP Basis	<u>17,635</u>	<u>17,635</u>	<u>17,635</u>	
Fund Balance September 30, Budgetary Basis	<u>\$ 20,400</u>	<u>\$ 12,236</u>	<u>\$ 22,794</u>	

Fund Balances as of September 30, 2021

Assigned for Subsequent year Programmed Uses, October 1	\$ 17,635	
Less:		
Programmed Releases in Fiscal Year 2021 ^(c)	(10,482)	
Add:		
New Programmed Assignments as of September 30 ^(d)	<u>5,674</u>	
Amounts Assigned for Subsequent Year Programmed Uses		12,827
Unassigned Fund Balance		<u>9,967</u>
Total Measure A Fund Balance		<u>\$ 22,794</u>

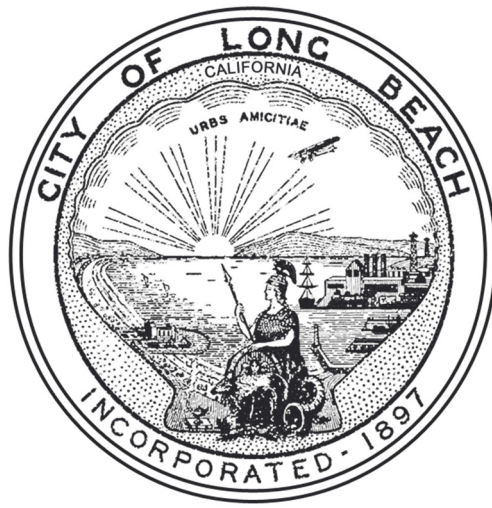
Notes:

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

City of Long Beach
General Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Budgetary Basis)
For the Fiscal Year Ended September 30, 2021
(In Thousands)

	Budgeted Amounts		Actual on	Variance
	Original	Final	Budgetary	with Final
			Basis	Budget
				Positive
				(Negative)
Revenues:				
Property Taxes	\$ 3,000	\$ 27,247	\$ -	\$ (27,247)
Other Taxes	1,027	1,027	-	(1,027)
Use of Money and Property	806	806	389	(417)
From Other Agencies	44,004	93,991	76,106	(17,885)
Charges for Services	-	15,120	-	(15,120)
Other	-	203	580	377
Transfers In	75,115	66,605	37,465	(29,140)
Total Revenues	123,952	204,999	114,540	(90,459)
Expenditures:				
General Government				
Financial Management	200	200	-	200
Public Works	27,827	52,397	8,569	43,828
Capital Improvements	74,968	245,435	144,766	100,669
Transfers Out	18,800	43,047	1,109	41,938
Total Expenditures	121,795	341,079	154,444	186,635
Net Change in Budgetary Fund Balance (Deficit)	\$ 2,157	\$ (136,080)	\$ (39,904)	\$ 96,176
Reconciliation of Fund Balances, Budgetary Basis to GAAP Basis				
Change in Fund Balance - September 30, Budgetary Basis			\$ (39,904)	
Add: Encumbrances			68,563	
Change in Fund Balance - September 30, GAAP Basis			28,659	
Fund Balance, October 1, GAAP Basis			129,401	
Fund Balance, September 30, GAAP Basis			\$ 158,060	

See accompanying Independent Auditors' Report



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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, 2021:

City of Long Beach
Tidelands Operating Fund
Combining Schedule of Net Position
September 30, 2021
(In Thousands)

	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Total Before Elimination	Adjustments and Eliminations	Consolidated Tidelands Operating Total
ASSETS								
Current Assets:								
Pooled Cash and Cash Equivalents	\$ 85,979	\$ 6,460	\$37,826	\$ 315	\$ 10,408	\$ 140,988	\$ -	\$ 140,988
Non-Pooled Cash and Cash Equivalents	29	-	1,437	2,419	24,077	27,962	-	27,962
Receivables:								
Interest Receivable	1	-	30	-	30	61	-	61
Accounts Receivable	11,625	83	1,026	908	-	13,642	-	13,642
Due from Other Governments	218	-	50	-	-	268	-	268
Due from Other Funds	21,733	-	-	-	-	21,733	-	21,733
Allowance for Receivables	(1,171)	(3)	(605)	(125)	-	(1,904)	-	(1,904)
Total Current Assets	118,414	6,540	39,764	3,517	34,515	202,750	-	202,750
Noncurrent Assets:								
Non-Pooled Investments	-	-	7,296	-	8,588	15,884	-	15,884
Capital Assets:								
Land and Other Capital Assets Not Being Depreciated	53,418	-	1,992	3,442	9,900	68,752	-	68,752
Capital Assets Net of Accumulated Depreciation	146,859	8,345	102,177	3,215	16,172	276,768	-	276,768
Total Noncurrent Assets	200,277	8,345	111,465	6,657	34,660	361,404	-	361,404
Total Assets	318,691	14,885	151,229	10,174	69,175	564,154	-	564,154
DEFERRED OUTFLOWS OF RESOURCES								
Deferred Outflows of Resources	5,367	-	2,488	43	4,432	12,330	-	12,330
LIABILITIES								
Current Liabilities payable from Current Assets:								
Accounts Payable	3,646	176	196	357	-	4,375	-	4,375
Accrued Wages	601	8	277	-	-	886	-	886
Accrued Interest Payable	58	-	2,002	144	1,400	3,604	-	3,604
Due to Other Funds	930	9	690	-	-	1,629	-	1,629
Unearned Revenues	252	-	1,891	-	-	2,143	-	2,143
Collections Held in Trust	139	-	76	-	-	215	-	215
Customers Deposits	-	-	738	25	-	763	-	763
Compensated Absences and Accrued Employee Benefits	2,017	-	744	-	-	2,761	-	2,761
Obligations under Capital Leases - Current	41	-	-	-	-	41	-	41
Bonds Payable Due Within One Year	2,905	-	1,900	2,100	6,260	13,165	-	13,165
Other Long Term Obligation - Current	29	-	-	-	-	29	-	29
Total Current Liabilities	10,618	193	8,514	2,626	7,660	29,611	-	29,611
Noncurrent Liabilities:								
Advances from Other Funds	1,210	-	-	-	-	1,210	-	1,210
Unearned Revenues	4,403	-	123	-	-	4,526	-	4,526
Compensated Absences	5,614	-	1,000	-	-	6,614	-	6,614
Obligations under Capital Leases	185	-	-	-	-	185	-	185
Other Long Term Obligations	280	-	-	-	-	280	-	280
Bonds Payable	3,306	-	111,864	9,540	70,378	195,088	-	195,088
Total OPEB Liability	329	-	63	-	-	392	-	392
Net Pension Liability	15,034	-	7,107	-	-	22,141	-	22,141
Total Noncurrent Liabilities	30,361	-	120,157	9,540	70,378	230,436	-	230,436
Total Liabilities	40,979	193	128,671	12,166	78,038	260,047	-	260,047
DEFERRED INFLOWS OF RESOURCES								
Deferred Inflows of Resources	17,730	-	6,581	-	-	24,311	-	24,311
NET POSITION								
Net Investment in Capital Assets	191,365	8,345	(834)	(4,984)	(37,570)	156,322	-	156,322
Restricted for:								
Debt Service	26	-	382	2,431	3,088	5,927	-	5,927
Capital Projects	-	389	-	-	-	389	-	389
Tidelands	-	-	-	-	20,970	20,970	-	20,970
Unrestricted	73,958	5,958	18,917	604	9,081	108,518	-	108,518
Total Net Position	\$ 265,349	\$ 14,692	\$ 18,465	\$ (1,949)	\$ (4,431)	\$ 292,126	\$ -	\$ 292,126

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, 2021
(In Thousands)

	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Total Before Elimination	Adjustments and Eliminations	Consolidated Tidelands Operating Total
Operating Revenues:								
Licenses and Permits	\$ 71	\$ 137	\$ -	\$ 262	\$ -	\$ 470	\$ -	\$ 470
Fines and Forfeitures	311	-	-	-	-	311	-	311
Fees, Concessions, and Rentals	5,872	8,670	25,021	-	-	39,563	-	39,563
Charges for Services	30,172	206	73	-	15,932	46,383	-	46,383
Other	4,186	-	87	-	-	4,273	-	4,273
Total Revenues	40,612	9,013	25,181	262	15,932	91,000	-	91,000
Operating Expenses:								
Personnel Services	15,959	346	6,956	-	-	23,261	-	23,261
Maintenance and Other Operations	40,395	3,387	8,763	1,941	5	54,491	-	54,491
Depreciation	9,989	1,706	6,508	421	3,222	21,846	-	21,846
Total Operating Expenses	66,343	5,439	22,227	2,362	3,227	99,598	-	99,598
Operating Income (Loss)	(25,731)	3,574	2,954	(2,100)	12,705	(8,598)	-	(8,598)
Non-Operating Income (Expense):								
Interest Income	-	46	-	13	25	84	-	84
Interest Expense	(522)	-	(5,118)	(349)	(2,600)	(8,589)	-	(8,589)
Gain (Loss) on Disposition of Fixed Assets	(2)	-	19	-	-	17	-	17
Operating Grants	19	-	50	-	-	69	-	69
Other Income	5,962	-	1,704	791	-	8,457	-	8,457
Other Expense	(865)	(1,775)	(12)	(2)	(497)	(3,151)	-	(3,151)
Total Non-Operating Income (Expense)	4,592	(1,729)	(3,357)	453	(3,072)	(3,113)	-	(3,113)
Income (Loss) before Contributions and Transfers	(21,139)	1,845	(403)	(1,647)	9,633	(11,711)	-	(11,711)
Capital Grants and Contributions	134	-	-	-	-	134	-	134
Transfers:								
Transfers In	35,228	-	-	1,971	8,573	45,772	(10,544)	35,228
Transfers Out	(14,062)	(2,182)	-	-	-	(16,244)	10,544	(5,700)
Change in Net Position	161	(337)	(403)	324	18,206	17,951	-	17,951
Net Position, October 1	265,188	15,029	18,868	(2,273)	(22,637)	274,175	-	274,175
Net Position, September 30	\$ 265,349	\$ 14,692	\$ 18,465	\$ (1,949)	\$ (4,431)	\$292,126	\$ -	\$ 292,126

See accompanying Independent Auditors' Report

City of Long Beach
Tidelands Operating Fund
Combining Schedule of Cash Flows
For the Fiscal Year Ended September 30, 2021
(In Thousands)

							Consolidated
<u>INCREASE (DECREASE) IN CASH</u> <u>AND CASH EQUIVALENTS</u>	Tideland Operating	Tideland Parking	Marina	Queen Mary	Aquarium of the Pacific	Eliminations Increase (Decrease)	Tidelands Operating Total
Cash Flows from Operating Activities:							
Receipts from Customers	\$ 32,986	\$ 8,972	\$ 25,505	\$ (605)	\$ 15,932	\$ -	\$ 82,790
Receipts from Other Funds	2,596	900	1,145	411	-	-	5,052
Payments to Other Entities	(4,680)	(797)	(87)	-	-	-	(5,564)
Payments for Employee Salaries	(23,345)	(351)	(9,914)	-	-	-	(33,610)
Payments for Goods and Services	(45,130)	(3,595)	(8,809)	(1,595)	(5)	-	(59,134)
Other Income	5,962	-	1,704	791	4,692	-	13,149
Other Expense	(865)	(1,775)	(14)	(2)	(497)	-	(3,153)
Net Cash Provided by (Used for) Operating Activities	(32,476)	3,354	9,530	(1,000)	20,122	-	(470)
Cash Flows from Non-Capital Financing Activities:							
Operating Grants Received from Other Governments	19	-	52	-	-	-	71
Transfers In	35,228	-	-	1,971	8,573	(10,544)	35,228
Transfers Out	(14,062)	(2,182)	-	-	-	10,544	(5,700)
Net Cash Provided by Non-Capital Financing Activities	21,185	(2,182)	52	1,971	8,573	-	29,599
Cash Flows from Capital and Related Financing Activities:							
Receipt of Capital Grants	134	-	-	-	-	-	134
Proceeds (Loss) from the Sale of Capital Assets	(2)	-	19	-	-	-	17
Changes Related to Capital Acquisitions	(12,977)	-	2,239	-	-	-	(10,738)
Payments of Principal on Bonds Payable	(2,770)	-	(1,998)	(2,048)	(6,055)	-	(12,871)
Payments of Principal on Other Long-Term Obligations	(66)	-	-	-	-	-	(66)
Payments of Interest, Net of Amounts Capitalized	(430)	-	(5,146)	(369)	(2,976)	-	(8,921)
Net Cash Used for Capital and Related Financing Activities	(16,111)	-	(4,886)	(2,417)	(9,031)	-	(32,445)
Cash Flows from Investing Activities:							
Proceeds from the Sale of Investments	-	-	1,322	-	177	-	1,499
Payments of Interest	(387)	46	(1)	13	28	-	(301)
Net Cash Provided by (Used for) Investing Activities	(387)	46	1,321	13	205	-	1,198
Net Increase (Decrease) in Cash and Cash Equivalents	(27,789)	1,218	6,017	(1,433)	19,869	-	(2,118)
Cash and Cash Equivalents - October 1	113,797	5,242	33,246	4,167	14,616	-	171,068
Cash and Cash Equivalents - September 30	\$ 86,008	\$ 6,460	\$ 39,263	\$ 2,734	\$ 34,485	\$ -	\$ 168,950
<u>RECONCILIATION OF OPERATING</u> <u>INCOME TO NET CASH PROVIDED BY</u> <u>(USED FOR) OPERATING ACTIVITIES</u>							
Operating Income (Loss)	\$ (25,731)	\$ 3,574	\$ 2,954	\$ (2,100)	\$ 12,705	\$ -	\$ (8,598)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:							
Depreciation and Amortization Expense	9,989	1,706	6,508	421	3,222	-	21,846
Other Income	5,962	-	1,704	791	-	-	8,457
Other Expense	(865)	(1,775)	(14)	(2)	(497)	-	(3,153)
(Increase) Decrease in Accounts Receivable, Net	(7,572)	(41)	115	(605)	-	-	(8,103)
(Increase) Decrease in Amounts Due from Other Funds	2,596	900	1,145	150	4,692	-	9,483
Decrease in Amounts Due from Other Governments	(135)	(806)	(50)	-	-	-	(991)
Increase (Decrease) in Accounts Payable	(4,734)	(208)	(98)	346	-	-	(4,694)
Increase (Decrease) in Accrued Wages Payable	(7,386)	(5)	(2,958)	-	-	-	(10,349)
Increase (Decrease) in Amounts Due to Other Funds	(4,545)	9	(37)	(1)	-	-	(4,574)
Increase in Unearned Revenues	(69)	-	123	-	-	-	54
Increase (Decrease) in Collections Held in Trust	14	-	138	-	-	-	152
Total Adjustments	(6,745)	(220)	6,576	1,100	7,417	-	8,128
Net Cash Provided by (Used for) Operating Activities	(32,476)	3,354	9,530	(1,000)	20,122	-	(470)
<u>NON-CASH INVESTING, CAPITAL</u> <u>AND FINANCING ACTIVITIES:</u>							
Amortization of Deferred Outflows on Debt Refunding	\$ 44	\$ -	\$ -	\$ -	\$ (485)	\$ -	\$ (441)
Amortization of Bond Premium (Discount), Net	(575)	-	278	-	778	-	481

See accompanying Independent Auditors' Report

City of Long Beach
Fleet Services Fund
Combining Schedule of Net Position (Deficit)
September 30, 2021
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
ASSETS						
Current Assets:						
Pooled Cash and Cash Equivalents	\$ 2,509	\$ 44,723	\$ 125	\$ 5,840	\$ -	\$ 53,197
Receivables:						
Accounts Receivable	31	-	-	-	-	31
Due from Other Governments	-	-	-	30	-	30
Due from Other Funds	549	6,880	-	-	(6,816)	613
Allowance for Receivables	(24)	-	-	-	-	(24)
Inventory	3,119	-	-	-	-	3,119
Total Current Assets	6,184	51,603	125	5,870	(6,816)	56,966
Noncurrent Assets:						
Capital Assets:						
Capital Assets Net of Accumulated Depreciation	67,251	-	-	-	-	67,251
Other NonCurrent Assets	-	1,600	-	-	-	1,600
Total Noncurrent Assets	67,251	1,600	-	-	-	68,851
Total Assets	73,435	53,203	125	5,870	(6,816)	125,817
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows of Resources	1,596	-	793	-	-	2,389
LIABILITIES						
Current Liabilities Payable from Current Assets:						
Accounts Payable	1,566	2,901	-	407	-	4,874
Accrued Wages and Benefits	261	45	-	-	-	306
Accrued Interest Payable	-	5	121	-	-	126
Due to Other Funds	7,084	47	-	-	(6,816)	315
Compensated Absences	824	-	-	-	-	824
Environmental Remediation - Current	175	-	-	-	-	175
Obligations Under Capital Leases - Current	-	1,637	-	-	-	1,637
Bonds Payable Due Within One Year	-	-	1,612	-	-	1,612
Total Current Liabilities	9,910	4,635	1,733	407	(6,816)	9,869
Noncurrent Liabilities:						
Environmental Remediation	725	-	-	-	-	725
Obligations Under Capital Lease	-	4,423	-	-	-	4,423
Bonds Payable	-	-	16,340	-	-	16,340
Compensated Absences and Accrued Employee Benefits	2,143	-	-	-	-	2,143
OPEB Liability	126	-	-	-	-	126
Net Pension Liability	6,777	-	-	-	-	6,777
Total Noncurrent Liabilities	9,771	4,423	16,340	-	-	30,534
Total Liabilities	19,681	9,058	18,073	407	(6,816)	40,403
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows of Resources	6,534	-	-	-	-	6,534
NET POSITION (DEFICIT)						
Net Investment in Capital Assets	67,251	(6,060)	(17,952)	-	-	43,239
Unrestricted	(18,435)	50,205	797	5,463	-	38,030
Total Net Position (Deficit)	\$ 48,816	\$ 44,145	\$ (17,155)	\$ 5,463	\$ -	\$ 81,269

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, 2021
(In Thousands)

	Fleet Operations	Fleet Vehicle Acquisitions	Fleet Debt Service	Fleet Other	Adjustments and Eliminations	Total Fleet Service Fund
Operating Revenues:						
Billing to Other Departments	\$ 24,817	\$ 16,013	\$ -	\$ 709	\$ -	\$ 41,539
Other	337	5	-	30	-	372
Total Operating Revenues	25,154	16,018	-	739	-	41,911
Operating Expenses:						
Personnel Services	5,977	1,184	-	-	-	7,161
Maintenance and Other Operations	2,161	13,527	-	560	-	16,248
Depreciation	12,532	-	-	-	-	12,532
Total Operating Expenses	20,670	14,711	-	560	-	35,941
Operating Income (Loss)	4,484	1,307	-	179	-	5,970
Non-Operating Income (Expenses):						
Interest Income	-	-	201	-	-	201
Interest Expense	(1,250)	(128)	-	-	-	(1,378)
Gain (Loss) on Disposition of Capital Assets	(46)	954	-	-	-	908
Other Income	1,443	-	1,542	-	-	2,985
Other Expense	(1,542)	(715)	-	-	-	(2,257)
Total Non-Operating Income (Expenses)	(1,395)	111	1,743	-	-	459
Income (Loss) Before Contributions and Transfers	3,089	1,418	1,743	179	-	6,429
Transfers:						
Transfers In	1,346	-	-	-	(600)	746
Transfers Out	-	(600)	-	-	600	-
Change in Net Position	4,435	818	1,743	179	-	7,175
Net Position (Deficit) - October 1	44,381	43,327	(18,898)	5,284	-	74,094
Net Position (Deficit) - September 30	\$ 48,816	\$ 44,145	\$(17,155)	\$ 5,463	\$ -	\$ 81,269

See accompanying Independent Auditors' Report

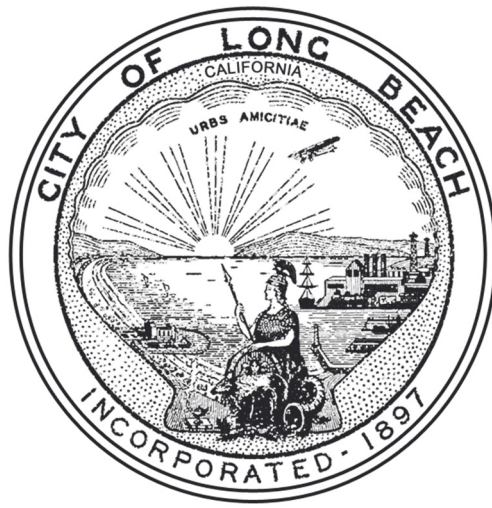
STATISTICAL SECTION

STATISTICAL SECTION

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

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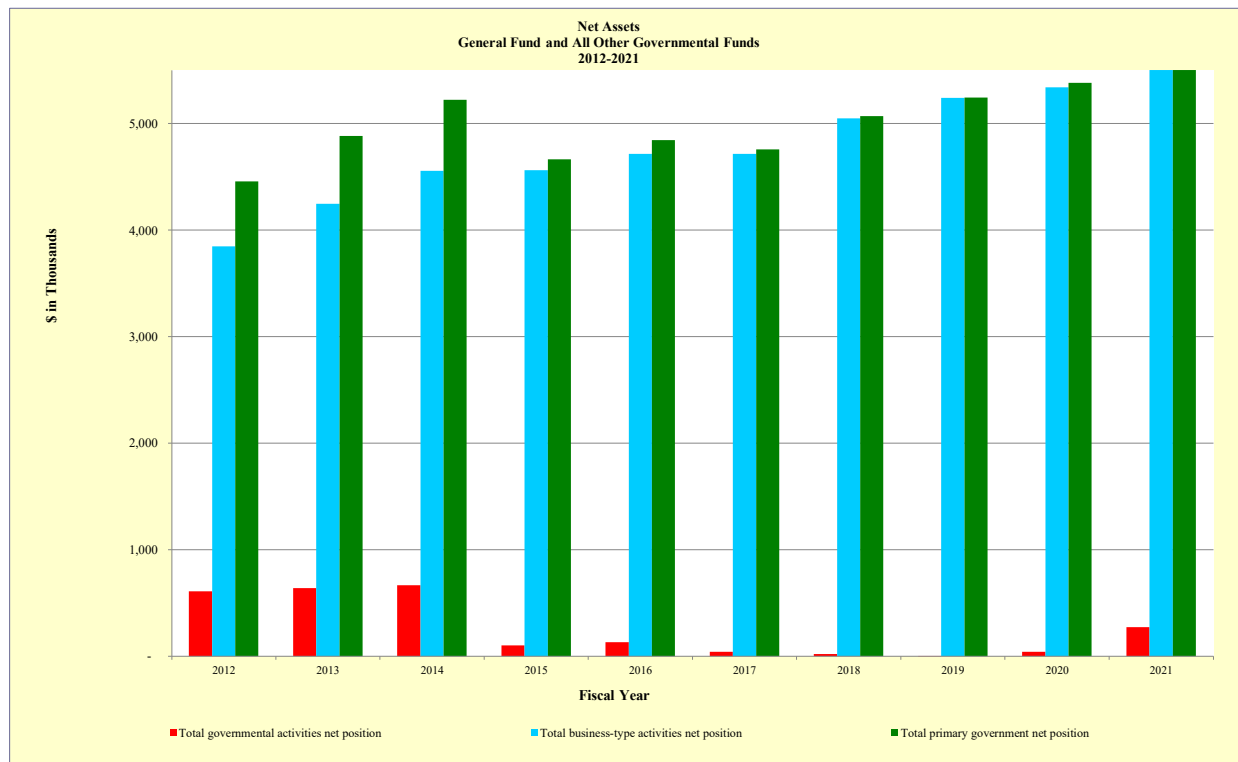
Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant fiscal year.



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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net Investment in Capital Assets	\$ 237,998	\$ 242,105	\$ 245,780	\$ 344,839	\$ 346,224	\$ 361,370	\$ 377,098	\$ 418,191	\$ 432,090	\$ 452,155
Restricted	470,723	458,167	473,181	351,055	393,588	397,204	403,557	428,903	442,908	475,699
Unrestricted	(100,337)	(61,528)	(53,167)	(595,857)	(610,409)	(716,979)	(761,817)	(844,483)	(833,911)	(655,868)
Total governmental activities net position	608,384	638,744	665,794	100,037	129,403	41,595	18,838	2,611	41,087	271,986
Business-type activities:										
Net Investment in Capital Assets	2,769,461	3,547,110	3,698,447	3,829,779	4,229,484	4,229,484	4,477,724	4,604,194	4,707,630	4,727,066
Restricted	289,864	297,694	439,163	494,526	323,827	323,827	298,613	297,552	312,076	326,665
Unrestricted	787,926	399,890	418,151	237,808	160,569	160,569	272,494	338,972	320,382	487,398
Total business-type activities net position	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	5,541,129
Primary government:										
Net Investment in Capital Assets	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	5,179,221
Restricted	760,587	755,861	912,344	845,581	717,415	721,031	702,170	726,455	754,984	802,364
Unrestricted	687,589	338,362	364,984	(358,049)	(449,840)	(556,410)	(489,323)	(505,511)	(513,529)	(168,470)
Total primary government net position	\$ 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	\$ 5,813,115



See accompanying Independent Auditors' Report

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses:										
Governmental Activities:										
Legislative and Legal	\$ 10,998	\$ 10,957	\$ 12,001	\$ 10,632	\$ 11,814	\$ 13,343	\$ 13,025	\$ 15,245	\$ 13,155	\$ 13,058
General Government	22,128	23,342	21,378	22,400	23,869	29,718	29,189	43,637	40,408	36,564
Public Safety	290,542	303,872	296,817	307,116	344,358	402,361	409,632	430,512	389,489	311,933
Public Health	42,712	41,966	41,877	43,710	46,150	49,688	53,045	57,729	71,880	60,016
Community and Cultural	331,170	173,239	153,206	165,501	155,792	173,637	167,624	183,825	190,370	217,381
Public Works	92,058	102,979	114,303	104,744	103,772	123,268	139,209	171,927	136,067	163,203
Oil Operations	9,256	7,101	4,869	3,961	6,466	9,694	3,755	3,777	1,775	3,679
Interest on Long-Term Debt	28,492	26,941	24,945	22,738	19,104	19,120	17,916	17,473	19,055	19,781
Total Governmental Activities										
Expenses	827,356	690,397	669,396	680,802	711,325	820,829	833,395	924,125	862,199	825,615
Business-type Activities:										
Gas Utility	77,157	82,693	80,651	68,414	66,896	80,680	83,276	110,991	94,835	83,900
Water Utility	81,377	89,767	93,297	102,501	93,959	96,082	98,204	95,970	111,219	93,075
Tidelands Operating	100,602	96,881	111,074	121,547	107,313	126,123	130,796	124,283	143,249	110,419
Harbor	193,773	195,335	233,410	236,186	307,546	298,756	298,441	309,722	327,081	336,106
Tideland Oil Revenue	390,602	362,144	327,087	81,565	70,949	93,200	101,495	101,872	30,436	84,298
Sewer	15,042	15,542	15,681	16,244	16,151	16,766	15,476	15,375	18,819	14,973
Airport	41,764	41,616	44,067	44,844	47,686	51,917	56,540	55,739	58,627	51,655
Development Services	11,617	15,404	15,753	17,621	20,281	25,907	28,700	27,223	28,928	22,505
Solid Waste Management	69,506	71,708	76,027	73,525	72,745	76,332	88,831	88,967	90,197	76,048
Towing	6,743	5,915	4,938	5,134	5,815	5,524	6,518	6,402	5,421	4,557
Subsidence	5	3	-	-	-	-	-	-	-	287
Total Business-Type Activities										
Expenses	988,188	977,008	1,001,985	767,581	809,341	871,287	883,484	936,544	908,812	877,823
Total Primary Government										
Expenses	1,815,544	1,667,405	1,671,381	1,448,383	1,520,666	1,692,116	1,716,879	1,860,669	1,771,011	1,703,438
Program Revenues:										
Governmental Activities:										
Charges for services:										
Legislative and Legal	714	61	163	224	1,804	52	481	34	558	18
General Government	17,521	16,093	16,459	16,545	17,955	17,981	17,727	16,473	16,182	15,729
Public Safety	34,617	32,371	34,659	38,961	38,050	34,995	43,536	50,961	50,198	49,116
Public Health	9,538	11,856	8,498	8,178	7,284	8,052	8,550	10,232	9,826	7,471
Community and Cultural	13,978	14,656	12,168	15,084	17,051	25,801	21,980	35,649	32,599	34,452
Public Works	26,876	25,011	25,963	25,246	27,949	29,875	32,208	43,283	38,123	32,872
Oil Operations	39,156	39,869	36,942	19,414	10,900	12,176	16,060	14,926	9,743	11,190
Operating Grants and Contributions	175,647	171,937	183,789	164,621	170,614	176,643	187,038	167,793	200,489	352,336
Capital Grants and Contributions	6,147	10,778	8,530	3,780	2,085	12,286	10,739	67,976	65,232	76,033
Total Governmental Activities										
Program Revenues	\$ 324,194	\$ 322,632	\$ 327,171	\$ 292,053	\$ 293,692	\$ 317,861	\$ 338,319	\$ 407,327	\$ 422,950	\$ 579,217

(continued)

See accompanying Independent Auditors' Report

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

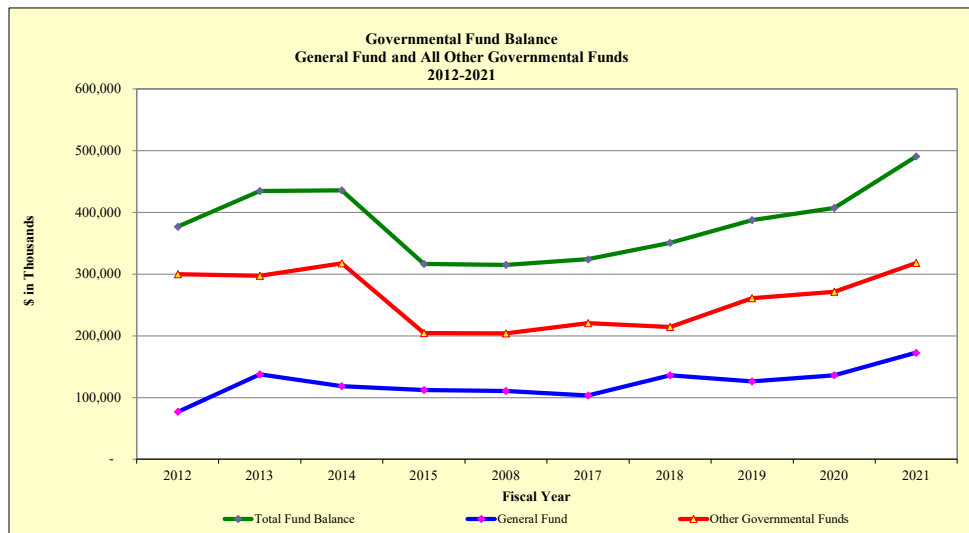
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	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type activities:										
Charges for Services:										
Gas Utility	\$ 83,633	\$ 87,141	\$ 82,293	\$ 77,398	\$ 79,826	\$ 97,033	\$ 92,109	\$ 120,562	\$ 103,869	\$ 112,277
Water Utility	87,073	93,036	101,345	101,158	98,677	100,761	104,701	102,474	116,071	122,089
Tidelands Operating	56,726	59,929	64,318	67,894	67,205	76,352	77,734	80,594	72,467	99,458
Harbor	333,887	346,244	362,752	363,309	363,343	388,834	406,420	415,321	399,841	440,340
Tideland Oil Revenue	452,863	397,301	362,783	99,401	53,630	81,989	124,721	117,528	59,385	99,144
Sewer	17,325	17,311	17,954	17,904	17,904	19,964	19,964	19,750	19,200	19,613
Airport	43,893	43,817	44,811	36,537	36,537	49,607	49,607	46,997	31,034	30,899
Development Services	13,812	17,546	17,573	20,783	20,783	31,039	31,039	30,803	24,293	18,670
Solid Waste Management	78,613	79,542	81,051	80,322	80,322	82,848	82,848	79,627	86,034	82,722
Towing	6,583	6,445	5,440	5,253	5,253	5,310	5,310	5,885	4,583	6,140
Subsidence	-	-	-	-	-	-	-	499	499	500
Operating Grants and Contributions	1,413	1,105	921	753	758	976	2,768	932	3,394	160
Capital Grants and Contributions	26,552	259,188	182,021	140,618	150,510	83,681	99,586	96,660	80,020	40,099
Total Business-Type Activities										
Program Revenues	1,202,373	1,408,605	1,323,262	1,011,330	976,247	1,018,394	1,088,141	1,117,632	1,000,690	1,072,111
Total Primary Government										
Program Revenues	1,526,567	1,731,237	1,650,433	1,303,383	1,269,939	1,336,255	1,426,460	1,524,959	1,423,640	1,651,328
Net Revenues (expenses):										
Governmental Activities	(503,162)	(367,765)	(342,225)	(388,749)	(417,633)	(502,968)	(495,076)	(516,798)	(439,249)	(246,398)
Business-Type Activities	214,185	431,597	321,277	243,749	166,906	147,107	204,657	181,088	91,878	194,288
Total Net Expenses	(288,977)	63,832	(20,948)	(145,000)	(250,727)	(355,861)	(290,419)	(335,710)	(347,371)	(52,110)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Taxes:										
Property	179,746	203,770	183,719	180,989	200,766	191,514	199,576	211,007	220,665	225,820
Sales	60,414	63,443	59,097	64,177	67,658	99,528	133,523	138,598	129,095	150,887
Utility Users	37,097	38,026	38,691	38,419	37,079	35,858	36,639	34,898	33,767	38,546
Other	43,360	46,446	41,504	45,517	47,746	46,837	51,558	51,066	39,449	40,098
Franchise Taxes	23,143	25,243	26,175	25,915	24,911	25,912	20,308	18,126	16,481	23,734
Grants and Contributions not										
Restricted to Specific Programs	-	150	-	-	-	-	-	-	-	-
Unrestricted Investment Earnings	4,349	3,417	3,688	6,061	13,182	3,581	4,761	14,172	11,426	3,496
Gain (Loss) on Sales of Capital Assets	-	-	-	-	-	-	-	-	(2)	-
Capital Asset Transfers	5,090	4,786	2,365	-	-	-	-	-	(37)	-
Transfers	15,628	21,490	14,210	21,661	16,855	11,930	25,954	32,704	26,881	(5,284)
Total Governmental Activities	368,827	406,771	369,449	382,739	408,197	415,160	472,319	500,571	477,725	477,297
Business-type Activities:										
Unrestricted Investment Earnings	6,903	5,557	6,365	8,887	10,802	7,714	13,357	43,503	34,336	1,469
Loss on Sales of Capital Assets	-	-	-	-	-	-	-	-	-	-
Capital Asset Transfers	(5,090)	(4,786)	(2,365)	-	-	-	-	-	37	-
Transfers	(15,628)	(21,490)	(14,210)	(21,661)	(16,855)	(11,930)	(25,954)	(32,704)	(26,881)	5,284
Total Business-type Activities	(13,815)	(20,719)	(10,210)	(12,774)	(6,053)	(4,216)	(12,597)	10,799	7,492	6,753
Total Primary Government	355,012	386,052	359,239	369,965	402,144	410,944	459,722	511,370	485,217	484,050
Change in Net Position										
Government activities	(134,335)	39,006	27,224	(6,010)	(9,436)	(87,808)	(22,757)	(16,227)	38,476	230,899
Business-type Activities	200,370	410,878	311,067	230,975	160,853	142,891	192,060	191,887	99,370	201,041
Total Primary Government	\$ 66,035	\$ 449,884	\$ 338,291	\$ 224,965	\$ 151,417	\$ 55,083	\$ 169,303	\$ 175,660	\$ 137,846	\$ 431,940

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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Nonspendable	\$ 2,008	\$ 2,043	\$ 6	\$ 2	\$ 102	\$ 500	\$ 1,375	\$ 1,424	\$ 1,503	\$ 2,127
Restricted	2,929	2,311	4,266	4,308	4,498	4,469	4,807	5,009	5,864	2,836
Committed	5,394	5,711	61,079	62,598	63,568	64,539	67,640	69,440	50,708	76,543
Assigned	61,935	119,542	49,531	42,953	38,482	31,947	59,463	50,495	75,789	107,658
Unassigned	4,857	8,130	3,397	2,170	3,934	1,926	3,072	138	2,066	(16,483)
Total General Fund	77,123	137,737	118,279	112,031	110,584	103,381	136,357	126,506	135,930	172,681
Other Governmental Funds:										
Nonspendable	45	8,009	8,012	2,846	2,577	2,613	1,324	2,406	2,377	2,416
Restricted	320,310	293,567	289,497	173,096	173,562	180,084	174,541	199,781	201,777	219,947
Committed	1,362	1,362	1,362	1,422	1,422	1,414	1,414	1,414	1,414	1,414
Assigned	10,791	24,433	36,476	39,197	26,710	36,582	37,067	57,443	65,823	94,482
Unassigned	(32,643)	(30,112)	(17,646)	(11,819)	-	-	-	-	-	-
Total Other Governmental Funds	299,865	297,259	317,701	204,742	204,271	220,693	214,346	261,044	271,391	318,259
Total All Governmental Funds	\$ 376,988	\$ 434,996	\$ 435,980	\$ 316,773	\$ 314,855	\$ 324,074	\$ 350,703	\$ 387,550	\$ 407,321	\$ 490,940



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)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes:										
Property	\$ 181,041	\$ 214,816	\$ 183,885	\$ 179,999	\$ 201,207	\$ 191,808	\$ 199,336	\$ 210,656	\$ 220,665	\$ 226,143
Sales	60,414	63,443	59,097	64,177	67,658	99,528	133,523	138,598	129,095	150,887
Utility Users	37,097	38,026	38,691	38,419	37,079	35,858	36,639	34,898	33,767	38,546
Other Taxes	43,360	46,446	41,504	45,517	47,746	46,837	51,558	51,066	39,449	40,098
Franchise Fees	23,143	25,243	26,175	25,915	24,911	25,912	20,308	18,126	16,481	23,734
Licenses and Permits	24,278	19,941	22,341	23,329	25,456	24,926	26,076	42,728	48,803	47,010
Fines and Forfeitures	17,762	16,394	16,166	15,988	16,292	16,184	15,946	17,674	16,354	14,395
Use of Money and Property	58,398	58,441	56,687	41,816	40,991	33,815	39,419	48,033	39,543	33,846
From Other Agencies	184,470	181,039	191,423	166,988	170,780	187,872	197,570	235,841	290,748	428,457
Charges for Services	28,586	28,292	29,042	28,428	29,482	33,533	41,034	46,987	44,621	41,676
Other Contributions	-	1,385	341	556	249	194	137	-	-	-
Other	19,544	18,577	10,693	17,615	13,167	19,907	17,599	19,944	10,236	11,444
Total Revenues	678,093	712,043	676,045	648,747	675,018	716,374	779,145	864,551	889,762	1,056,236
Expenditures:										
Legislative and Legal	10,316	9,673	11,373	9,604	11,420	11,522	13,378	13,458	13,108	16,537
General Government	17,441	17,785	17,951	18,116	21,793	23,285	25,426	39,002	40,577	41,833
Public Safety	285,807	288,979	300,519	297,901	307,065	353,456	360,879	383,222	369,052	423,769
Public Health	41,449	39,297	41,273	42,108	42,819	44,530	47,658	52,487	69,773	94,751
Community and Cultural	289,597	185,378	158,122	237,433	152,005	160,985	173,542	180,390	188,806	222,778
Public Works	60,368	65,484	66,498	70,921	74,580	73,103	82,450	71,989	61,459	67,115
Oil Operations	9,146	4,722	4,309	3,512	2,352	2,563	2,945	2,774	2,572	2,446
Total Current Expenditures	714,124	611,318	600,045	679,595	612,034	669,444	706,278	743,322	745,347	869,229
Capital Improvements	17,183	26,199	36,427	27,139	38,629	45,693	47,935	90,370	73,355	102,712
Loss on Disposition of Land										
Held for Resale	79,111	-	-	-	-	-	-	-	-	-
Debt Service:										
Principal	14,379	16,358	18,836	18,601	18,717	20,564	28,439	23,356	20,072	22,159
Interest	23,298	23,776	21,044	22,499	16,763	16,156	15,361	14,155	13,679	11,970
Debt Administration Fees	494	542	57	178	434	90	29	27	24	26
Total Expenditures	848,589	678,193	676,409	748,012	686,577	751,947	798,042	871,230	852,477	1,006,096
(Deficiency) of Revenues over (under) Expenditures	(170,496)	33,850	(364)	(99,265)	(11,559)	(35,573)	(18,897)	(6,679)	37,285	50,140
Other Financing Sources (Uses):										
Proceeds from Sale of Capital Asset	-	-	-	-	-	-	-	-	11,062	1,539
Debt Issuance	753	54,186	1,012	155,820	13,150	-	2,306	26,458	-	19,765
Premium (Discount) on Debt Issuance	-	-	-	6,700	1,045	-	-	-	-	4,170
Payment to Refunded Bond										
Escrow Agent	-	(57,611)	-	(179,330)	-	-	-	(15,020)	-	(26,300)
Reconveyance of Land	-	-	-	-	-	-	-	-	-	-
Cost of Issuance	-	-	-	(1,505)	-	-	-	(411)	-	(410)
Land Transfers	-	-	-	-	-	-	-	-	-	-
Transfers In	409,802	114,615	106,128	91,363	60,641	104,983	125,473	130,312	126,196	228,486
Transfers Out	(392,317)	(87,032)	(105,577)	(92,990)	(65,195)	(60,191)	(82,253)	(97,813)	(154,772)	(193,771)
Total Other Financing Sources	18,238	24,158	1,563	(19,942)	9,641	44,792	45,526	43,526	(17,514)	33,479
Net Change in Fund Balances	\$ (152,258)	\$ 58,008	\$ 1,199	\$ (119,207)	\$ (1,918)	\$ 9,219	\$ 26,629	\$ 36,847	\$ 19,771	\$ 83,619
Debt Service as a Percentage of Noncapital Expenditures	4.5%	6.1%	6.0%	5.6%	5.4%	5.0%	5.6%	4.4%	4.0%	3.5%

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

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

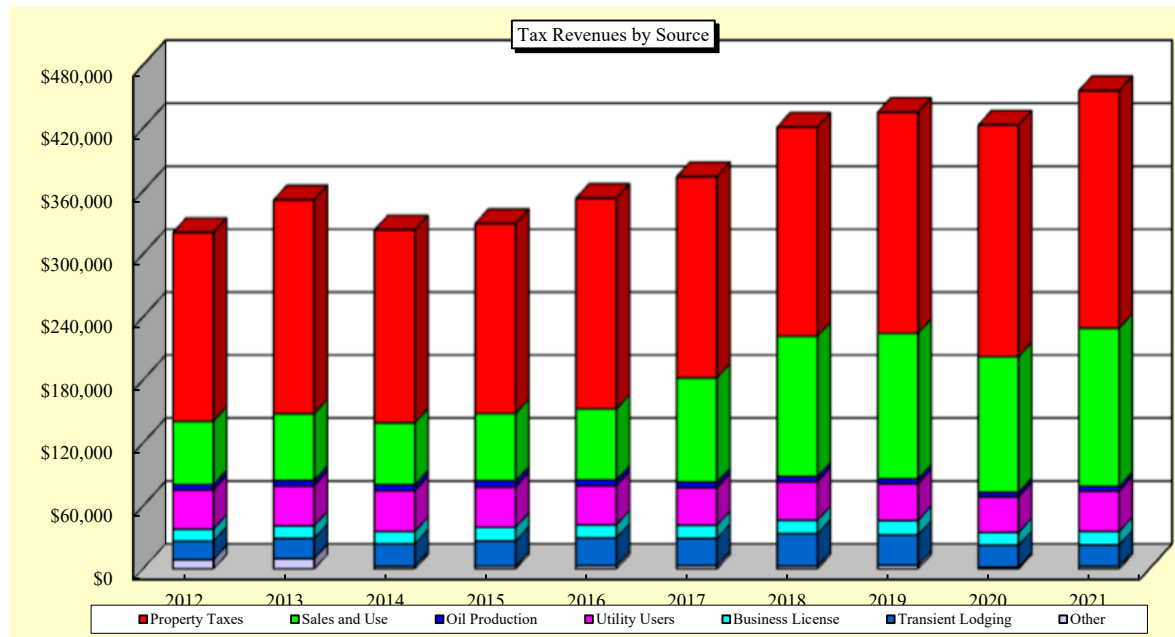
See accompanying Independent Auditors' Report

City of Long Beach
Governmental Funds 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
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
2021	226,143	150,887	4,327	38,546	12,756	20,324	2,691	455,674

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.

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

<u>Fiscal Year-end</u>	<u>Secured</u>	<u>Unsecured</u>	<u>Less: Exemptions</u>	<u>Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>
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%
2021	64,097,021	3,476,338	(1,852,455)	65,720,904	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	
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
2021	1.000000	-	0.113228	0.043759	0.003500	1.160487

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 2021		Fiscal Year 2012	
	Assessed Valuation	Percentage of Total Net Assessed Valuation	Assessed Valuation	Percentage of Total Net Assessed Valuation
CF Alpha and Golf Prop Co LLC	\$ 252,452	0.42 %		
GCC Long Beach LLC	211,272	0.35		
TABC Inc.	172,940	0.29		
2009 CUSA Community Owner LLC	162,025	0.27	\$ 137,783	0.34 %
John Hancock Life Insurance	151,881	0.25		
Studio Management Services Inc.	134,004	0.22		
Equity One LLC	127,982	0.21		
IMT Capital IV Gallery LLC	127,732	0.21		
LB Oceanaire Development LLC	126,166	0.21		
W GL Ocean Avenue LB Holdings	114,575	0.19		
Terra Funding Shoreline Square	113,995	0.19		
DP3 Sub 1 & 2 LLC	109,891	0.18		
The Boeing Company	108,188	0.18	429,070	1.05
LBX Douglas Retail Fee Owner LLC	104,227	0.17		
Tesoro Logistics Operations LLC	92,099	0.15		
GS Long Beach LLC	89,078	0.15		
Long Beach Center LLC	89,062	0.15		
HCI 333 East Ocean Owner LP	87,810	0.15		
404 Pine LP	82,156	0.14		
Omninet Freeway LP	79,247	0.13		
AES Alamos LLC			226,400	0.56
Legacy Partners II LB World Trade LLC			154,840	0.38
Trizechahn Centers, Inc.			114,828	0.28
GRE Shoreline Square LP			95,091	0.23
Noble Utah Long Beach LLC			91,418	0.22
200 Oceangate LLC			83,050	0.20
Linwood Avenue LP			82,693	0.20
Arco Terminal Services Corp.			62,682	0.15
HEI Long Beach LLC			62,087	0.15
City Place Long Beach LLC			60,870	0.15
Alamos Bay Partnership			56,778	0.14
Sunstone Ocean LLC			54,805	0.13
Pacific Pipeline System LLC			52,085	0.13
Lyon West Gateway LLC			51,187	0.13
EQR Fresca 2009 LP			50,447	0.12
Plain West Coast Terminals LLC			48,267	0.12
Los Altos Gateway LLC			48,261	0.12
Pacific Castle			47,165	0.12
	<u>\$ 2,536,782</u>	<u>4.21 %</u>	<u>\$ 2,009,807</u>	<u>4.92 %</u>

Source: California Municipal Statistics, Inc.

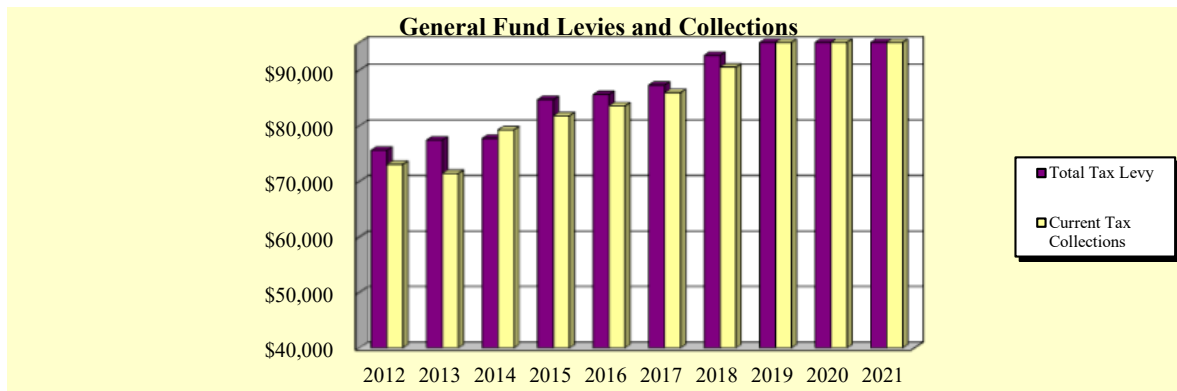
See accompanying Independent Auditors' Report

City of Long Beach
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)

Fiscal Year-end	General Fund ¹							
	Total Tax Levy	Current Tax Collections	Percentage of Levy Collected	Delinquent Tax Collections	Total Tax Collections ²	Collections as Percentage of Levy	Outstanding Delinquent Taxes	Delinquent Tax as Percentage of Current Levy
2012	\$ 75,613	\$ 73,073	96.6%	\$ 3,285	\$ 76,358	101.0%	\$ 10,698	14.1%
2013	77,436	71,429	92.2%	3,049	74,478	96.2%	10,147	13.1%
2014	77,740	79,255	101.9%	3,975	83,230	107.1%	4,458	5.7%
2015	84,726	81,798	96.5%	4,061	85,859	101.3%	5,449	6.4%
2016	85,609	83,582	97.6%	2,821	86,403	100.9%	5,605	6.5%
2017	87,315	85,962	98.5%	7,581	93,543	107.1%	5,430	6.2%
2018	92,661	90,551	97.7%	3,068	93,619	101.0%	5,472	5.9%
2019	97,494	95,437	97.9%	5,019	100,456	103.0%	5,902	6.1%
2020	102,555	98,949	96.5%	5,763	104,712	102.1%	6,761	6.6%
2021	106,411	103,379	97.2%	3,335	106,714	100.3%	7,077	6.7%

Redevelopment/Successor Agency								
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%
2021	174,978	56,460	32.3%	-	56,460	32.3%	-	0.0%

Total City Tax Levy								
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%
2021	281,389	159,839	56.8%	3,335	163,174	58.0%	7,077	2.5%



- 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						
	Revenue Bonds	Pension Obligation Bonds	Tax Allocation Bonds	Notes Payable	Capital Leases	Other LT Obligations - Civic Center	Total Governmental Activities
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
2021	75,899	-	182,304	7,569	38,943	289,765	594,480

	Business-type Activities			
	Revenue Bonds	Notes Payable	Capital Leases	Total Business-type Activities
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
2021	1,600,382	545,309	32,943	2,178,634

	Total Primary Government	Percentage of Personal Income	Per Capita
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
2021	2,773,114	4.384%	5,941

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

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)		
2012	\$ 50,205	\$ 326,852	\$ 32,615	\$ 344,442	77%	\$ 739.82
2013	45,675	315,399	33,375	327,699	76%	700.74
2014	40,822	309,160	32,471	317,511	68%	676.38
2015	35,837	276,934	20,331	292,440	63%	617.51
2016	30,597	262,870	20,591	272,876	57%	575.52
2017	25,083	248,167	20,894	252,356	52%	536.78
2018	19,283	233,113	16,769	235,627	45%	501.92
2019	13,183	217,290	17,450	213,023	40%	455.81
2020	6,765	200,820	21,504	186,081	28%	402.23
2021	-	182,304	16,962	165,342	24%	354.25

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, 2021 (In Thousands)

2020-21 Assessed Valuation: \$64,588,433

		Outstanding Debt	Exclusions	Estimated Overlapping Debt
<u>DIRECT DEBT:</u>				
City of Long Beach				
Lease Revenue Bonds		\$ 75,899	\$ -	\$ 75,899
Tax Allocation Bonds		182,304	-	182,304
Notes Payable		7,569	-	7,569
Capital Leases		38,943	-	38,943
Total Direct Debt		<u>\$ 304,715</u>	<u>\$ -</u>	<u>\$ 304,715</u>
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>				
	<u>% Applicable</u>			
Cerritos Community College District	0.367 %	\$ 379,877	\$ 378,423	\$ 1,454
Coast Community College District	0.001	867,300	867,291	9
Compton Community College District	2.601	103,571	100,831	2,740
Long Beach Community College District	85.851	481,796	67,403	414,393
Los Angeles Community College District	0.050	4,146,515	4,144,732	1,783
ABC Unified School District	1.138	69,143	68,299	844
Compton Unified School District	0.024	241,804	241,748	56
Long Beach Unified School District	85.852	1,354,375	189,464	1,164,911
Los Angeles Unified School District	0.061	10,335,150	10,329,672	5,478
Paramount Unified School District	9.170	184,609	167,320	17,289
Metropolitan Water District	1.975	26,830	26,299	531
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT ⁽¹⁾		<u>\$ 18,190,970</u>	<u>\$ 16,581,482</u>	<u>\$ 1,609,488</u>
<u>OVERLAPPING GENERAL FUND OBLIGATION DEBT:</u>				
Los Angeles County General Fund Obligations	3.785 %	\$ 2,575,585	\$ 2,478,254	\$ 97,331
Los Angeles County Superintendent of Schools Certificates of Participation	3.785	3,972	3,822	150
Compton Unified School District Certificates of Participation	0.024	29,095	29,088	7
Los Alamitos Unified School District Certificates of Participation	0.009	35,937	35,933	4
Los Angeles Unified School District Certificates of Participation	0.061	130,970	130,901	69
Paramount Unified School District Certificates of Participation	9.170	25,480	23,094	2,386
County Sanitation District No. 1 Certificates of Participation	1.219	1,624	1,605	19
County Sanitation District No. 2 Certificates of Participation	0.188	2,508	2,503	5
County Sanitation District No. 3 Certificates of Participation	85.913	1,906	266	1,640
County Sanitation District No. 8 Certificates of Participation	2.738	992	966	26
County Sanitation District No. 19 Certificates of Participation	29.396	452	314	138
TOTAL GROSS OVERLAPPING GENERAL FUND OBLIGATION DEBT		<u>\$ 2,808,521</u>	<u>\$ 2,706,746</u>	<u>\$ 101,775</u>
<u>OVERLAPPING TAX INCREMENT DEBT (Successor Agency):</u>	100.000 %	\$ 171,990	\$ -	\$ 171,990
TOTAL GROSS OVERLAPPING COMBINED DEBT		<u>\$ 21,171,481</u>	<u>\$ 19,288,228</u>	<u>\$ 1,883,253</u>
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		-	-	-
Los Angeles Unified School District (Qualified Zone Academic Bonds supported by period payments to investment accounts)		154,870	154,788	82
TOTAL NET OVERLAPPING COMBINED DEBT		<u>\$ 21,016,611</u>	<u>\$ 19,133,440</u>	<u>\$ 1,883,171</u>
TOTAL NET DIRECT AND OVERLAPPING COMBINED DEBT		<u><u>\$ 21,321,326</u></u>	<u><u>\$ 19,133,440</u></u>	<u><u>\$ 2,187,886</u></u>

Notes:

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

Source: California Municipal Statistics, Inc.

See accompanying Independent Auditors' Report

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

	Fiscal Year				
	2012	2013	2014	2015	2016
Assessed valuation	\$ 45,421,772	\$ 47,952,110	\$ 50,498,496	\$ 51,678,154	\$ 52,898,656
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	11,355,443	11,988,028	12,624,624	12,919,539	13,224,664
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	1,703,316	1,798,204	1,893,694	1,937,931	1,983,700
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 1,703,316</u>	<u>\$ 1,798,204</u>	<u>\$ 1,893,694</u>	<u>\$ 1,937,931</u>	<u>\$ 1,983,700</u>
Total debt applicable to the limit					
as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2017	2018	2019	2020	2021
Assessed valuation	\$ 55,662,248	\$ 58,634,492	\$ 61,889,133	\$ 65,445,552	\$ 67,573,359
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	13,915,562	14,658,623	15,472,283	16,361,388	16,893,340
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	2,087,334	2,198,793	2,320,842	2,454,208	2,534,001
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 2,087,334</u>	<u>\$ 2,198,793</u>	<u>\$ 2,320,842</u>	<u>\$ 2,454,208</u>	<u>\$ 2,534,001</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

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	
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
2021	111,930	46,343	65,587	422	66,009	13,990	28,873	42,863	1.5

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

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
2021	118,968	76,726	42,242	2,108	44,350	3,170	725	3,895	11.4

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense.
- (2) The Water Revenue Refunding Bonds Series 1997A were refunded by the Water Revenue Refunding Bonds Series 2010A. Current debt service payments for the 1997 Bonds were covered by the 2010 Bonds refunding issue proceeds.

Source: City of Long Beach, Department of Financial Management

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	
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
2021	29,585	24,685	4,900	9,225	14,125	3,160	6,109	9,269	1.5

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

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	1,542	780	2,322	7.4
2021	41,911	23,409	18,502	1,636	20,138	1,542	780	2,322	8.7

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

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
2021	25,181	15,719	9,462	1,761	11,223	1,720	5,424	7,144	1.6

Notes:

- (1) Operating expenses exclude depreciation and amortization; non-operating income excludes interest expense. Prior year adjustments to operating expenses were made to exclude amortization.
- (2) FY20-21 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	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	
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	-
2021	49,625	60,087	(10,462)	3,385	(7,077)	3,255	564	3,819	-

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

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
2021	434,644	134,723	299,921	5,696	305,617	24,470	31,889	56,359	5.4

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

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)
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	19,467	42,079	72,002	15.9
2021	466,742	(6) 20,460	43,836	69,708	8.9

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 Statistical Area). The BEA's report does not have personal income and per capita personal income available for 2015, so an average of the last five years was used.

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

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

(5) Data from 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 2021		Ranking	Fiscal Year 2012	
		Number of Employees (1)	Percentage of Total City Employment (2)		Number of Employees (1)	Percentage of Total City Employment (2)
1	Long Beach Unified School District	11,157	4.72%	1	11,334	4.83%
2	City of Long Beach	5,384	2.28%	2	5,758	2.45%
3	Long Beach Memorial Medical Center	5,114	2.16%	3	5,743	2.45%
4	Veteran Affairs Medical Center	3,300	1.40%	6	2,200	0.94%
5	California State University Long Beach (CSULB)	3,120	1.32%	5	3,527	1.50%
6	Long Beach City College	2,515	1.06%	7	1,785	0.76%
7	The Boeing Company	1,844	0.78%	4	5,186	2.21%
8	St. Mary Medical Center	1,558	0.66%	9	1,432	0.61%
9	CSULB Research Foundation	1,227	0.52%	8	1,500	0.64
10	Molina Healthcare Inc	1,119	0.47%			
	United States Postal Service			10	1,306	0.56%

Sources:

(1) Department of Financial Management Accounting and Business License

(2) State of California Employment Development Department Labor Market Info for 2012 and 2021

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.



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

Function	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Legislative and Legal	130	129	130	130	122	140	136	141	141	148
General Government ⁽¹⁾	424	382	398	415	513	534	556	607	718	609
Public Safety	1,796	1,765	1,757	1,843	1,698	1,738	1,729	1,862	1,862	1,638
Public Health	262	263	249	257	252	259	287	272	272	484
Community and Cultural ⁽¹⁾	1,038	1,020	1,046	1,121	1,006	1,040	855	1,008	1,008	874
Public Works	287	273	275	258	263	310	305	297	213	329
Gas Utility	194	202	201	198	201	209	199	183	183	191
Water Utility	225	223	217	220	224	224	248	266	266	245
Airport	96	88	88	91	97	98	103	89	89	92
Solid Waste Management	189	177	181	183	177	187	183	198	198	198
Towing	29	22	26	26	26	26	27	27	27	30
Tideland Oil Revenue	19	15	15	15	16	17	15	17	17	13
Harbor	466	469	491	529	527	536	514	509	509	533
Total	5,155	5,028	5,074	5,286	5,122	5,318	5,157	5,476	5,503	5,384

(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, 2021

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

Function	Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016
Public Safety:					
Police priority one calls response time in minute:	4.35	4.35	4.69	4.90	4.60
Violent crime rate - per 1,000 residents	6.18	5.85	4.37	4.28	5.79
Fire on-scene arrival for emergency calls within six minute	60.8%	55.1%	50.0%	46.3%	43.4%
Public Health:					
Percentage of beach days that are safe for swimming in summer	91%	94%	97%	95%	94%
Homeless population ratio vs. total population (1)	0.93%	0.93%	0.75%	0.51%	0.51%
Community and Cultural					
Public library computer session log-ons	331,028	N/A	N/A	222,360	218,717
Parks, recreation programs - youth and teen attendance	745,052	636,796	760,641	779,641	835,358
Public Works:					
Number of trees trimmed	28,021	24,668	23,500	23,839	19,500
Curbs and alleys swept in miles	156,537	150,804	156,302	153,527	154,300
Sidewalk repaired in square feet	481,497	382,536	551,597	363,476	333,039
Storm drain catch basins cleaned	3,800	3,004	5,771	5,800	5,800
Gas Utility:					
Gas consumption in sales dollars-total	\$ 70,193,000	\$ 68,229,000	\$ 72,544,000	\$ 62,281,000	\$ 64,382,000
Gas consumption in cubic feet (In 000's)	9,135,000	9,092,000	8,183,000	7,689,000	8,542,000
Average daily gas consumption (MCF)	24,959	24,910	22,421	21,065	23,404
Gas mains installed/replaced/relocated in feet (2)	84,594	108,646	110,900	40,589	22,556
Gas meters installed/removed/replaced	8,664	6,093	3,529	4,440	29,873
Water Utility:					
Water daily demand in thousand gallons	52,260	53,079	52,389	47,441	46,417
Water annual demand in thousand gallons	19,074,861	19,373,993	19,122,012	17,315,820	16,942,297
Available supply total in thousand gallon:	21,330,532	21,538,947	21,019,736	19,000,372	19,412,932
Sewer Utility:					
Sewer mains cleaned in miles	414	535	498	492	405
Sewer mains and laterals repaired in number of jobs	261	241	213	224	215
Airport:					
Number of commercial passengers enplaned	1,643,383	1,497,503	1,433,273	1,276,679	1,327,001
Number of commercial passengers deplaned	1,634,345	1,492,430	1,426,830	1,273,232	1,325,537
Number of aircraft landings and take offs	287,699	284,193	325,527	300,184	295,007
Solid Waste Management:					
Number of refuse tons collected	187,505	187,146	182,452	173,895	187,432
Number of recycling tons collected	172,143	169,264	169,420	161,997	158,852
SERRF tons of refuse received	474,689	470,510	459,160	447,535	417,169
SERRF energy sold to So Cal Edison megawatt-hours	220,867	226,592	223,658	200,994	158,400
Harbor:					
Number of container movements in twenty-foot equivalent unit	5,857,218	6,647,975	6,817,590	7,087,699	6,946,255
Cargo in thousands of metric revenue tons	145,144	162,257	165,526	164,274	161,322
Number of ship calls	3,993	3,425	2,752	2,676	2,227

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 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Function
					Public Safety:
4.80	4.50	4.30	4.40	4.60	Police priority one calls response time in minutes
6.40	7.00	5.75	4.96	5.60	Violent crime rate - per 1,000 residents
41.7%	41.1%	38.6%	37.0%	34.0%	Fire on-scene arrival for emergency calls within six minute
					Public Health:
90%	88%	89%	86%	92%	Percentage of beach days that are safe for swimming in summer
0.51%	0.39%	0.40%	0.44%	0.26%	Homeless population ratio vs. total population (1)
					Community and Cultural
254,974	225,983	186,873	79,862	12,249	Public library computer session log-ons
892,556	793,226	820,748	4,062	215,621	Parks, recreation programs - youth and teen attendance
					Public Works:
23,112	21,857	22,055	25,000	19,500	Number of trees trimmed
141,132	142,851	147,316	125,254	128,042	Curbs and alleys swept in miles
296,865	603,504	537,666	306,044	416,167	Sidewalk repaired in square feet
5,800	5,800	5,800	5,800	5,800	Storm drain catch basins cleaned
					Gas Utility:
\$ 78,467,000	\$ 77,999,000	\$ 98,355,000	\$ 79,886,282	\$ 87,908,917	Gas consumption in sales dollars-total
9,237,000	8,802,000	9,116,009	9,113,067	8,941,456	Gas consumption in cubic feet (In 000's)
25,307	24,114	24,975	24,967	24,497	Average daily gas consumption (MCF)
40,737	17,327	32,032	22,279	24,500	Gas mains installed/replaced/relocated in feet
34,465	2,944	1,279	1,983	1,459	Gas meters installed/removed/replaced
					Water Utility:
45,869	47,620	44,478	50,503	45,647	Water daily demand in thousand gallons
16,742,192	17,381,120	16,234,549	18,433,521	16,661,155	Water annual demand in thousand gallons
19,045,926	19,172,030	17,439,187	20,238,997	1,983,812	Available supply total in thousand gallons
					Sewer Utility:
113	439	477	360	380	Sewer mains cleaned in miles
169	157	164	162	263	Sewer mains and laterals repaired in number of jobs
					Airport:
1,793,753	2,006,292	1,757,499	904,815	767,207	Number of commercial passengers enplaned
1,794,245	2,007,872	1,752,650	914,487	766,260	Number of commercial passengers deplaned
294,303	266,892	293,587	294,509	320,601	Number of aircraft landings and take offs
					Solid Waste Management:
193,622	185,403	192,483	202,620	201,510	Number of refuse tons collected
160,037	133,932	40,955	39,481	42,719	Number of recycling tons collected
426,430	359,752	385,541	378,016	386,047	SERRF tons of refuse received
201,438	165,702	182,342	181,000	191,160	SERRF energy sold to So Cal Edison / CAISO megawatt-hours
					Harbor:
7,230,758	8,000,929	7,747,251	7,660,975	9,500,860	Number of container movements in twenty-foot equivalent unit
168,100	180,593	172,961	168,574	198,118	Cargo in thousands of metric revenue tons
2,149	2,278	2,095	2,237	2,561	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 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015
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	-	-	-	-
Number of fire stations	23	23	23	23
Community and Cultural:				
Number of parks	162	161	162	164
Parks and golf courses in acres	3,124	3,121	3,123	3,122
Number of libraries	12	12	12	12
Number of library holdings (books, videos, tapes)	818,390	782,571	798,809	808,957
Number of library circulations	1,551,997	1,391,825	1,391,617	1,205,523
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	31,550	31,550	31,337
Gas Utility:				
Gas mains in miles (2)	929	930	928	929
Water Utility:				
Water mains in miles	911	912	912	912
Number of fire hydrants	6,594	6,589	6,604	6,631
Number of water services	95,643	95,607	95,999	95,775
Sewer Utility:				
Sanitary sewers in miles	712	714	714	714
Number of manholes	16,148	16,158	16,170	15,129
Sanitary sewer pump stations	28	28	28	28
Storm drain pump stations	23	23	23	23
Harbor:				
Sanitary sewer pump stations	34	37	37	37
Storm drain pump stations	23	21	23	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

Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Function
						Public Safety:
1	1	1	1	1	1	Number of police stations
3	3	3	3	3	3	Number of police substations (full facility)
-	-	-	-	-	-	Number of police storefront stations
23	23	23	23	23	23	Number of fire stations
						Community and Cultural:
168	169	169	169	167	167	Number of parks
3,124	3,125	3,125	3,126	3,125	3,125	Parks and golf courses in acres
12	12	12	12	12	12	Number of libraries
851,614	795,629	798,760	740,442	728,829	707,151	Number of library holdings (books, videos, tapes)
1,233,309	1,335,819	1,302,021	1,273,997	966,790	756,037	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
32,283	27,439	32,481	32,502	32,480	35,254	Number of street lights (1)
						Gas Utility:
929	931	916	917	917	917	Gas mains in miles (2)
						Water Utility:
912	912	912	916	917	917	Water mains in miles
6,894	6,910	6,953	7,036	7,049	7,054	Number of fire hydrants
95,749	95,667	95,586	95,690	95,731	95,891	Number of water services
						Sewer Utility:
714	715	714	714	715	715	Sanitary sewers in miles
15,127	15,112	15,122	15,125	15,126	15,132	Number of manholes
28	28	28	28	28	28	Sanitary sewer pump stations
22	23	23	23	23	23	Storm drain pump stations
						Harbor:
39	39	39	39	39	39	Sanitary sewer pump stations
22	22	22	22	22	22	Storm drain pump stations
						Solid Waste Management:
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

Annual Comprehensive Financial Report

For the fiscal year ended September 30, 2021



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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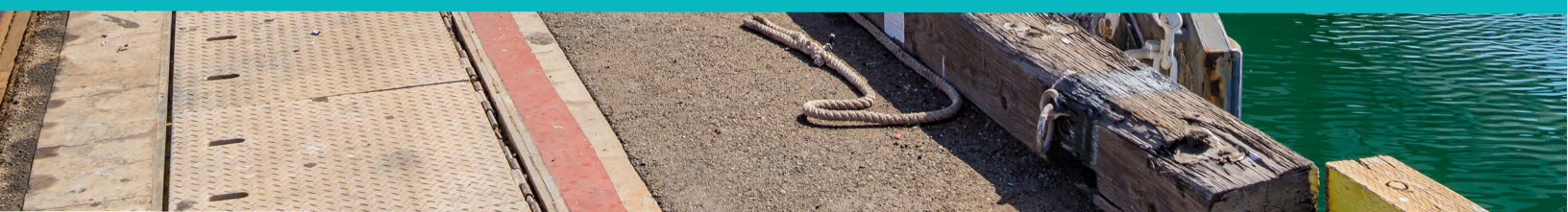
THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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Introduction



Letter of Transmittal

March 29, 2022

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 annual comprehensive financial report (ACFR) 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, 2021. 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, 2021 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, 2021 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 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 of 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 customer demands, the Port employs a strategic and customized approach with all customer segments. Focused outreach ensures the Port has a full understanding of the customers' needs and successfully promotes the benefits of its services.

Continuing the trend of the cargo surge spurred by the COVID-19 pandemic, the Port experienced record cargo volumes in fiscal year 2021, with 9.5 million twenty-foot-equivalent units (TEUs) moved, or a 24.0% increase from the prior fiscal year

Aside from the pandemic, on-going geopolitical developments, and the challenges in the global supply chain, 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. Increasingly, the Port has been the concentric focus relating to the mismatch of supply chain capacity and capability. The Port, therefore, 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 facilitate cargo conveyance to remain the Port of Choice for the trans-Pacific trade.

Fiscal year 2021 marked the fifth year of having three-vessel sharing alliances (2M, OCEAN and THE Alliance) operating within the Port. During this fiscal year, the third and final phase of Long Beach Container Terminal's (LBCT) Middle Harbor Redevelopment Program was mostly completed. This approximate \$1.5 billion and ten year program combined and modernized two aging shipping terminals. The project more than quintupled on-dock rail capacity and adds shore power connections and advanced technology that allows the new terminal to significantly increase cargo capacity.

As container ships capable of transporting up to 24,000 TEUs 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 continues its progress on a 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.

Capital infrastructure projects currently underway that will position the Port for increased volume and revenue include the following:

- 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.
- Other Rail Projects: The Pier G Double Track, 4th Track at CP Ocean, and Terminal Island Rail Projects will support the more efficient transfer of cargo between marine terminals and the Class 1 railroads, resulting in increased on-dock rail capacity and operating efficiency.
- Gerald Desmond Bridge Replacement: 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 is anticipated to be completed by the end of 2023. As of March 9, 2022, ownership of the bridge was legally transferred to Caltrans as a component of the state highway system. The asset transfer of the Gerald Desmond Bridge Replacement Project will be effected in two transactions that will result in an expense and a reduction of the Department's assets totaling approximately \$1.6 billion, the majority of which will be posted in fiscal year 2022 and the balance after the demolition is completed.

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 impacts 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 investments in innovative environmental programs.

The COVID-19 outbreak impact on the Port continues into 2022. 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 started in 2021 and is expected to continue throughout 2022.

Environmental Protection

The Port continues to make 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 90%, sulfur oxides by 97%, smog-forming nitrogen oxides by 63%, and greenhouse gases by 11% from 2005 levels, identified in the 2020 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.
- Updated the Green Ship Incentive Program to offer the highest incentive level of any port to attract Tier III vessels to the Port of Long Beach.
- 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 650 cameras throughout the port complex, including long-range and night-vision units, in addition to access control and radar detection systems.

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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This was the 38th 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 Annual Comprehensive 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 Annual Comprehensive 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, CPA
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

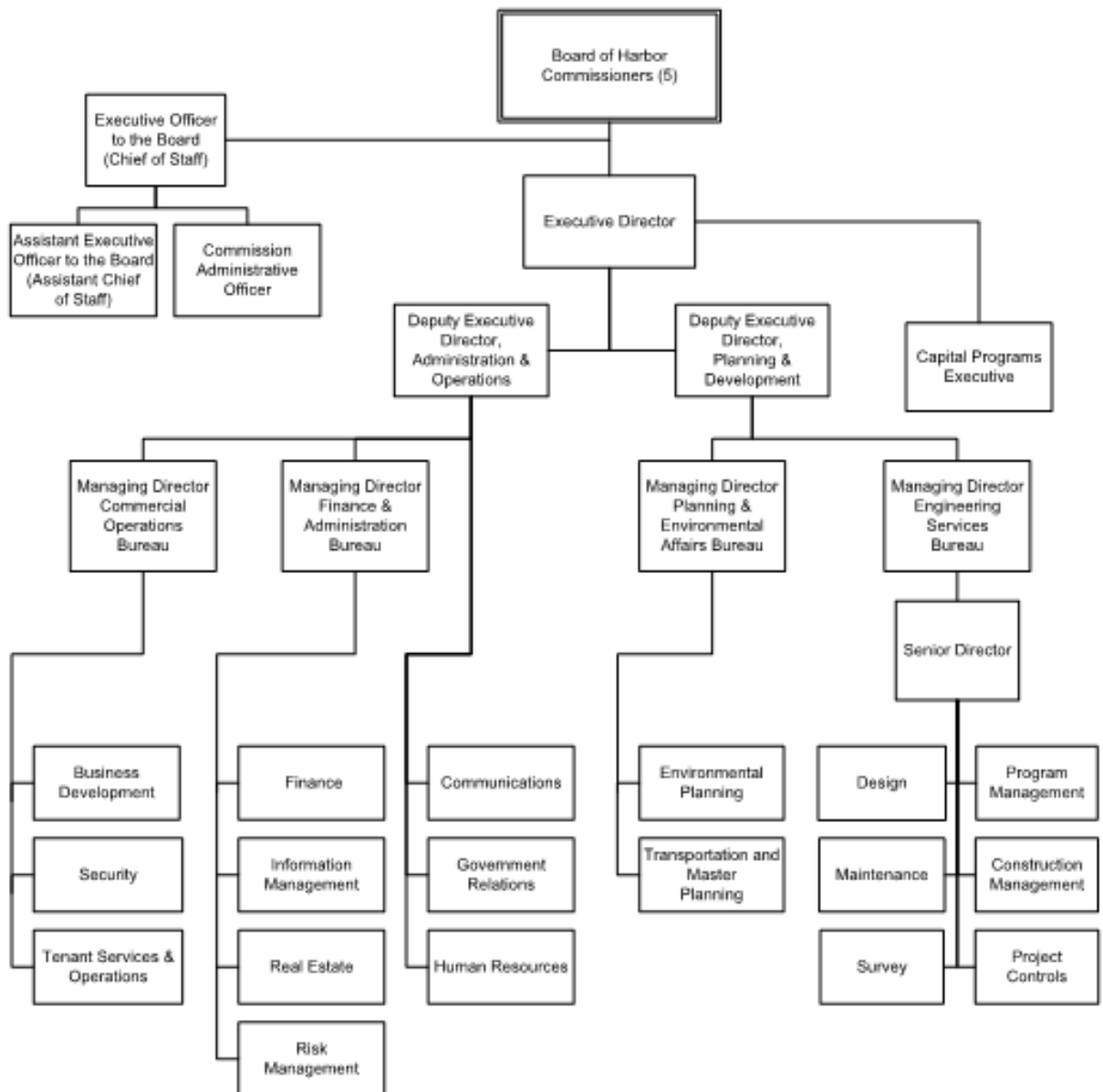
Organizational Chart

September 30, 2021

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Organizational Chart

September 30, 2021



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Board of Harbor Commissioners and Senior Management

September 30, 2021

Board of Harbor Commissioners

Steven Neal, President

Sharon L. Weissman, Vice President

Bobby Olvera Jr., Secretary and Commissioner

Bonnie Lowenthal, Commissioner

Frank Colonna, Commissioner

Executive Offices

Executive Director

Deputy Executive Director

Deputy Executive Director

Executive Officer to the Board

Capital Program Executive

Communications Division

Government Relations Division

Human Resources Division

Mario Cordero

Noel Hacegaba

Richard D. Cameron

Shana Espinoza

Duane Kenagy

Director, Kerry Gerot

Director, Eleanor Torres

Director, Sandy Witz (Jan. 2022)

Finance and Administration Bureau

Finance Division

Information Management Division

Real Estate Division

Risk Management Division

Managing Director, Sam Joublat

Director, Wei Chi

Director, Nyariana Maiko

Director, Eamonn Killeen

Director, Richard S. Baratta

Commercial Operations Bureau

Business Development Division

Security Division

Tenant Services and Operations Division

Managing Director, Samantha Galltin

Director, Roger Wu

Director, Casey Hehr

(Vacant)

Planning and Environmental Affairs Bureau

Environmental Planning Division

Transportation Planning Division

Master Planning Division

Managing Director, Heather Tomley

Director, Matthew Arms

Director, Theresa Dau-Ngo (Nov. 2021)

(Consolidated with Transportation Planning)

Engineering Services Bureau

Program Delivery Group

Program Management Division

Construction Management Division

Design Division

Maintenance Division

Project Controls Division

Surveys Division

Managing Director, Sean Gamette

Senior Director, Suzanne Plezia

Director, Tasha Higgins (Mar. 2022)

Director, Darrin Lambrigger

Director, John Chun

Director, Fred Greco

Director, Marlene Dupras

Director, Kimberly Holtz



Financials





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, 2021, 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, 2021 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, 2022 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, 2022

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2021 and 2020

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, 2021 and 2020. 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 operations 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, 2021 and 2020

Analysis of Net Position

The following condensed financial information provides an overview of the Department's financial position as of September 30, 2021 and 2020:

Condensed Schedule of Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position

September 30, 2021 and 2020

(Amounts expressed in thousands)

	<u>2021</u>	<u>2020</u>
Assets:		
Capital assets, net	\$ 5,197,575	5,030,654
Current and other assets	<u>892,740</u>	<u>851,936</u>
Total assets	6,090,315	5,882,590
Deferred outflows of resources	<u>15,989</u>	<u>8,716</u>
Total assets and deferred outflows of resources	<u>\$ 6,106,304</u>	<u>5,891,306</u>
Liabilities:		
Current liabilities	\$ 338,178	650,689
Long-term obligations, net of current portion	<u>1,255,761</u>	<u>868,008</u>
Total liabilities	1,593,939	1,518,697
Deferred inflows of resources	<u>53,642</u>	<u>9,779</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,647,581</u>	<u>1,528,476</u>
Net position:		
Net investment in capital assets	\$ 3,768,983	3,791,206
Restricted: Capital projects	37,743	37,743
Restricted: Debt service	13,717	13,801
Unrestricted	<u>638,280</u>	<u>520,080</u>
Total net position	<u>\$ 4,458,723</u>	<u>4,362,830</u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2021 and 2020

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, 2021, \$3.8 billion, or 84.5%, 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, 2021. 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 \$13.7 million of a debt service reserve fund required by the bonds' indenture. The remaining balance of \$638.3 million, or 14.3%, reflects the unrestricted resources that may be used for ongoing and future operations of the Department.

Current and other assets of \$892.7 million, represents an increase of \$40.8 million from the prior fiscal year. Current assets increased by \$41.3 million primarily due to funds from the \$50.0 million draw on the line of credit.

Capital assets, net of depreciation, increased by \$166.9 million, or 3.3%, from the prior fiscal year mostly in large capital projects such as the Middle Harbor Redevelopment and Gerald Desmond Bridge Replacement project. Refer to page 19 and notes 4 and 5 for additional discussion related to capital assets.

Current liabilities decreased by \$312.5 million primarily as a result of the \$472.1 million repayment of the 2018A and 2020C Notes, partially offset by a \$50 million draw on the existing line of credit, and a \$105.0 million increase in accrued liability for a pending contractual settlement on the construction of the Gerald Desmond Bridge Replacement Project. Long-term obligations increased by \$377.8 million primarily due to the \$495.0 million drawdown of the Transportation Infrastructure Finance and Innovation Act (TIFIA) loan, and the \$61.4 million reduction in the City's allocated pension liability based on CalPERS actuarial reporting of an increase in valuation for the measurement period. Refer to page 20 and notes 11 to 14 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, 2021 and 2020

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 2021 and 2020:

Condensed Schedule of Revenue, Expenses, and Changes in Net Position

Years ended September 30, 2021 and 2020

(Amounts expressed in thousands)

	2021	2020
Operating revenues:		
Berths and special facilities	\$ 408,312	380,764
Rental properties	23,061	14,855
Miscellaneous	3,271	3,010
Total operating revenues	434,644	398,629
Operating expenses:		
Personnel services	37,258	57,116
Maintenance and operations	59,145	46,786
Interdepartmental services	38,320	38,806
Total operating expenses before depreciation	134,723	142,708
Depreciation	172,827	149,652
Income from operations	127,094	106,269
Nonoperating revenue (expenses):		
Interest expense, net	(27,068)	(19,135)
Equity in income from joint venture	2,243	2,461
Discontinued capital projects	(839)	(2,280)
Other income (expense), net	4,292	(3,248)
Net nonoperating expenses	(21,372)	(22,202)
Income before capital grants and transfer	105,722	84,067
Transfer to the City	(21,598)	(21,253)
Grants	11,769	45,044
Change in net position	95,893	107,858
Total net position – beginning of year	4,362,830	4,254,972
Total net position – end of year	\$ 4,458,723	4,362,830

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

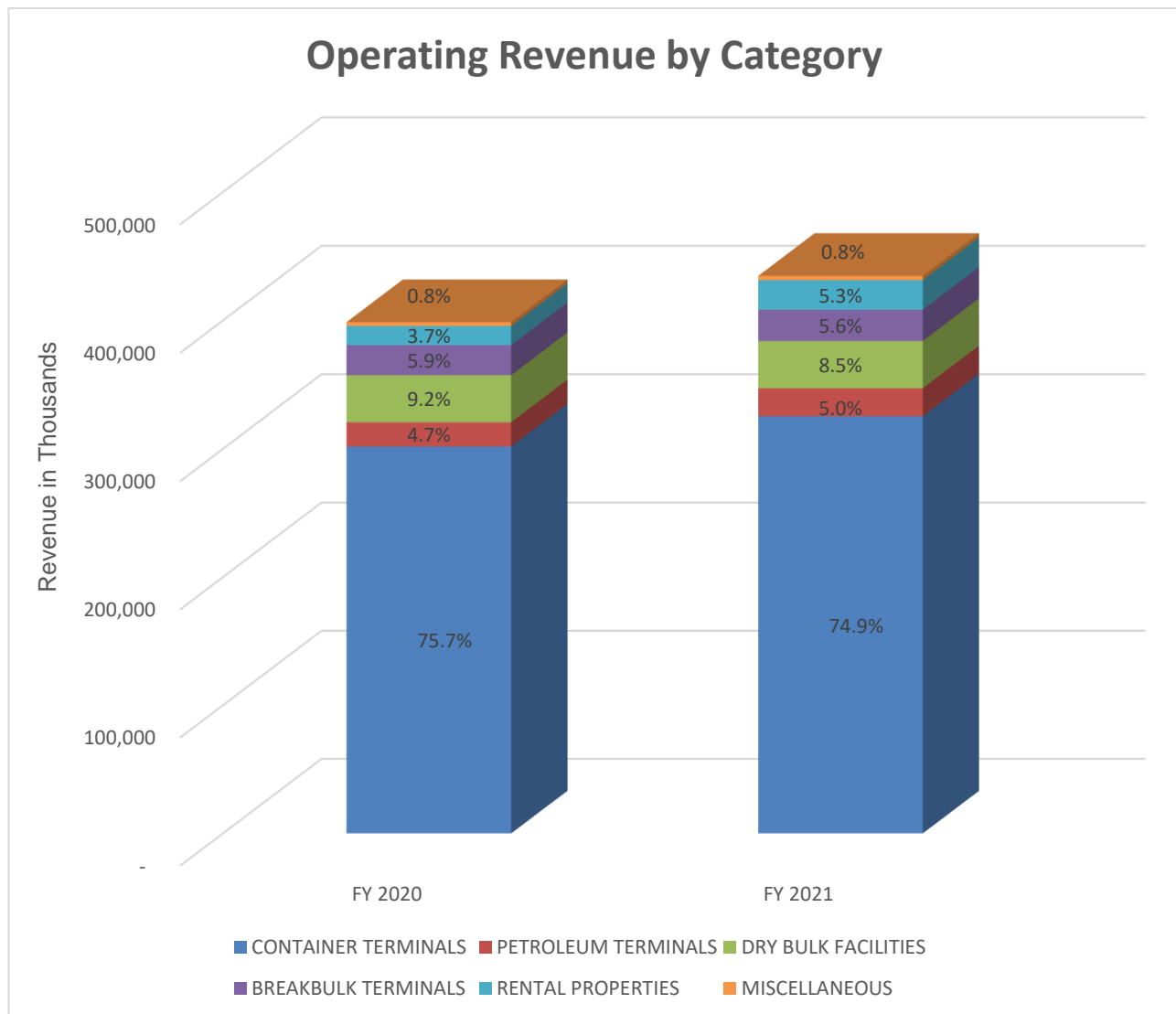
September 30, 2021 and 2020

Changes in Net Position Discussion

Operating Revenues

Total operating revenues for fiscal year 2021 was at \$434.6 million, an increase of \$36.0 million, or 9.0%, from the prior fiscal year. This was primarily attributed to a surge in imported containerized cargo that began in the summer of 2020 and lasted throughout fiscal year 2021. Containerized cargo volume alone was 24% higher than prior fiscal year. In addition, rental property revenue was up \$8.2 million from the prior year mostly due to an increase in leased land for container storage.

The chart below depicts the revenue categories as a percentage of total operating revenues:



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2021 and 2020

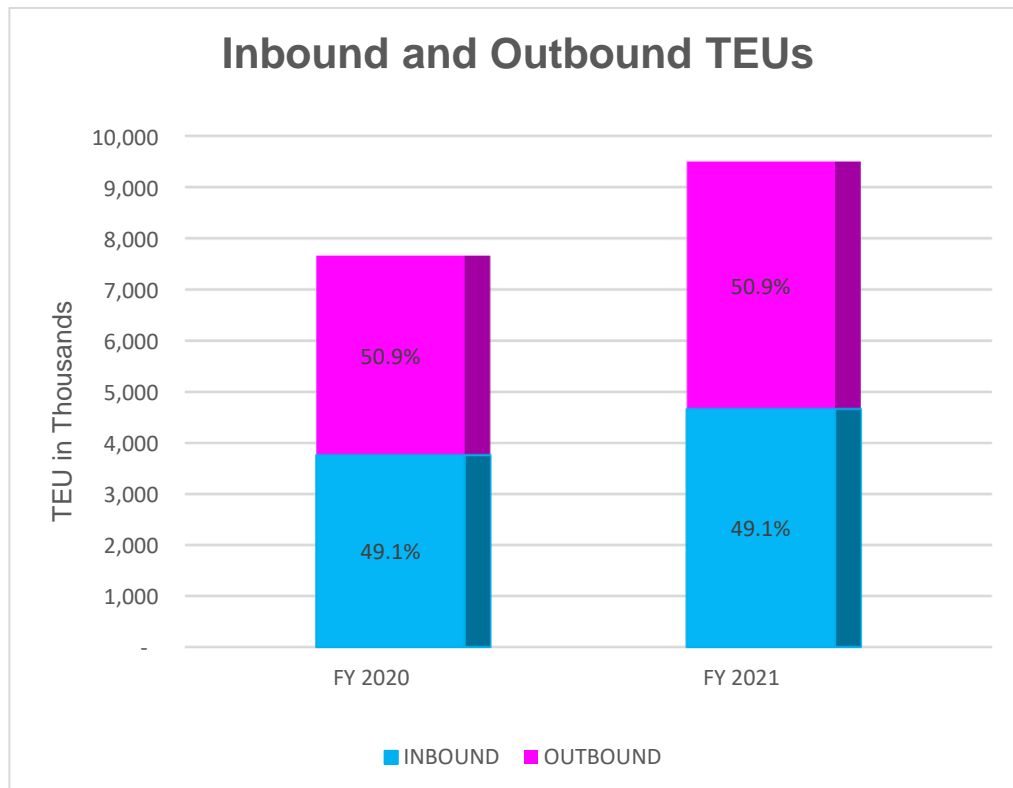
Cargo Volumes

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), increased by 17.5% to 198.1 million MRTs versus 168.6 million MRTs in the prior fiscal year, with all cargo categories posting year over year increases. Containerized cargo increased 18.9% to 155.7 million MRTs, dry bulk (coke, coal, sulfur, etc.) increased 25.0% to 8.3 million MRTs, break bulk (vehicles, metals, and lumber) increased 14.2% to 1.1 million MRTs, and liquid bulk (petroleum and crude) increased 10.0% to 33.0 million MRTs. The Port continues to invest in capital programs to modernize its terminal facilities and infrastructure to enhance operational excellence for the anticipated growth in trade volumes. Its terminals continue to serve 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) increased 24.0% to 9.50 million TEUs versus 7.66 million TEUs in the prior fiscal year. The significant increase was primarily due to the continued robust consumer demand for imported goods and the replenishment of depleted inventories, which was largely caused by the global pandemic.

The chart below depicts the components of inbound and outbound TEUs as a percentage of total volume:



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2021 and 2020

Change in Net Position

Change in net position for fiscal year 2021 was \$95.9 million, a decrease of \$12.0 million, or 11.1%, from the prior fiscal year. This was primarily due to \$36.0 million higher in operating revenues, offset by \$15.2 million higher total operating expenses (including depreciation), and a \$33.3 million decrease in grants funding. The following section provides a further discussion of the operations.

Operating Expense and Other Income and Expense

Total operating expenses (excluding depreciation) for fiscal year 2021 was \$134.7 million, or \$8.0 million lower than the prior fiscal year. Personnel services expense was \$37.3 million, or \$19.9 million lower than prior year primarily due to a \$26.4 million reduction of the Department's portion of the City's managed pension and postretirement healthcare benefits expenses (GASB 68 & 75), which was offset by a \$6.0 million increase in salaries and fringe benefits. Maintenance and operations expense was \$59.1 million, or \$12.4 million higher primarily consisted of a \$5.4 million emergency repair work on Pier B Street pump station, a \$3.7 million increase in on-call underground wet utility services, and approximately \$3.3 million in other administrative costs.

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 2021 was \$172.8 million, or \$23.2 million higher than the prior fiscal year primarily from the increase in structures and facilities, when the new Gerald Desmond Bridge was placed in service as of the first quarter of fiscal year 2021.

Interest expense, net amount is comprised of the following: (1) investment interest income with unrealized gain or loss, and (2) debt service interest expense. Fiscal years 2021 and 2020 had a net interest expense of \$27.1 million and \$19.1 million, respectively, or an increase of \$8.0 million in fiscal year 2021. Investment interest income has declined by \$17.0 million year over year, of which \$11.7 million was due to the change in market valuation on the investment portfolio. Interest income earned from the pooled cash also declined by \$4.9 million due to falling short-term interest rates. Debt service interest expense, however, was \$9.1 million lower than the prior year mostly due to the pay-off of the short-term bond anticipation notes.

Transfers to the City totaled \$21.6 million in fiscal year 2021, or \$0.3 million higher than prior fiscal year, which is for the City Tidelands Operating Fund to be paid in fiscal year 2021, per the City Charter. Refer to note 9 for additional discussion.

Grants totaled \$11.8 million in fiscal year 2021, a decrease of \$33.3 million in comparison to prior fiscal year. Grants are recorded based on eligible project costs incurred. The completion of the Gerald Desmond Bridge Replacement Project was the primary driver of grants funding decrease in fiscal year 2021.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2021 and 2020

Capital Assets and Debt Administration

Capital Assets

The Department's capital assets, net of accumulated depreciation as of September 30, 2021 and 2020 are as follows (amounts expressed in thousands):

	<u>2021</u>	<u>2020</u>
Nondepreciable capital assets:		
Land	\$ 1,313,696	1,251,388
Construction in progress	441,539	1,950,346
Right-of-way	<u>197,884</u>	<u>197,884</u>
Total nondepreciable capital assets	<u>1,953,119</u>	<u>3,399,618</u>
Depreciable capital assets (net):		
Structures and facilities	3,151,019	1,604,657
Furniture, fixtures, and equipment	<u>93,437</u>	<u>26,379</u>
Total depreciable capital assets (net)	<u>3,244,456</u>	<u>1,631,036</u>
Total capital assets, net	<u>\$ 5,197,575</u>	<u>5,030,654</u>

Capital Assets Discussion

The capital asset accounts, net of accumulated depreciation totaled \$5.2 billion, a net increase of \$166.9 million from the prior fiscal year. The increase in capital spending during fiscal year 2021 comprised largely of the following: Gerald Desmond Bridge Replacement Project for \$159.5 million and the Middle Harbor terminal development for \$72.5 million. These amounts were partially offset by incremental accumulated depreciation and discontinued or canceled projects. The amount of capital assets transferred out of construction in progress and into service totaled approximately \$1.8 billion for the year ended September 30, 2021. 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, 2021 and 2020 (amounts expressed in thousands):

	<u>2021</u>	<u>2020</u>
Short-term notes (principal and net premiums)	\$ —	477,548
Line of credit	50,000	—
TIFIA Loan	495,000	—
Long-term debt (principal and net premiums)	<u>717,592</u>	<u>751,577</u>
Total	<u>\$ 1,262,592</u>	<u>1,229,125</u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Management's Discussion and Analysis

September 30, 2021 and 2020

Debt Administration Discussion

The Department's total debt increased by \$33.5 million, or 2.7%. This was primarily due to a \$50 million draw on the existing line of credit, partially offset by the annual debt service principal payments. 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: S&P Global Ratings AA, positive outlook; Moody's Investors Services Aa2, stable outlook; and Fitch Ratings AA, stable outlook; AA- for the TIFIA loan.

The debt service coverage ratio for fiscal year 2021 was approximately 4.63, 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) pandemic has had a significant impact on the global supply chain. Initially it resulted in higher than normal cancellations of vessel calls arriving from Asia in early 2020, followed by a surge in imported cargo for the remainder of the year which persisted throughout fiscal year 2021. The Harbor Department cannot predict the duration of the pandemic nor the impact on goods movement.

Notes to Financial Statements

The notes to the Department's financial statements can be found on pages 26–57 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 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, 2021

(Dollars in thousands)

Assets and Deferred Outflows

Current assets:

Pooled cash and cash equivalents (note 2)	\$ 713,462
Trade accounts receivable, net of allowance (note 3)	59,686
Due from other governmental agencies (note 3)	25,419
Other current assets	10,586
	<hr/>
Subtotal	809,153

Restricted funds as to use (Harbor Revenue Bonds and other):

Restricted pooled cash and cash equivalents (note 2)	27,625
	<hr/>
Total current assets	836,778
	<hr/>

Noncurrent assets:

Capital assets (notes 4 and 5):

Land	1,313,696
Construction in progress	441,539
Right-of-way (note 6)	197,884
Structures and facilities	5,489,895
Furniture, fixtures, and equipment	196,718
Less accumulated depreciation	(2,442,157)
	<hr/>
Net capital assets	5,197,575
	<hr/>

Other assets:

Long-term receivables (note 3)	1,210
Environmental mitigation credits (note 7)	37,743
Investment in joint venture (note 8)	3,674
Other noncurrent assets	13,335
	<hr/>
Total other assets	55,962
	<hr/>
Total noncurrent assets	5,253,537
	<hr/>
Total assets	6,090,315

Deferred outflows of resources (note 18)	15,989
	<hr/>
Total assets and deferred outflows of resources	\$ 6,106,304
	<hr/>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Net Position

September 30, 2021

(Dollars in thousands)

Liabilities and Deferred Inflows

Current liabilities payable from current assets:	
Accounts payable and accrued expenses	\$ 185,665
Due to the City of Long Beach (note 9)	23,478
Compensated absences (note 11)	6,207
Security deposits and unearned revenue	21,865
Liability claims (note 10)	<u>450</u>
Total current liabilities payable from current assets	<u>237,665</u>
Current liabilities payable from restricted assets:	
Current portion of bonds indebtedness (notes 11 and 12)	35,530
Current portion of loans payable (notes 11 and 14)	1,075
Line of credit (note 15)	50,000
Accrued interests payable	<u>13,908</u>
Total current liabilities payable from restricted assets	<u>100,513</u>
Total current liabilities	<u>338,178</u>
Long-term obligations net of current portion:	
Bonded indebtedness (notes 11 and 12)	682,062
Loans payable (notes 11 and 14)	493,925
Due to City of Long Beach (note 11)	4,087
Compensated absences (note 11)	12,238
Environmental remediation liability (notes 11 and 17)	2,600
Net pension liability (notes 11 and 16)	60,174
Net OPEB liability (notes 11 and 16)	<u>675</u>
Total noncurrent liabilities	<u>1,255,761</u>
Total liabilities	1,593,939
Deferred inflows of resources (note 18)	<u>53,642</u>
Total liabilities and deferred inflows of resources	<u>1,647,581</u>
Net position:	
Net investment in capital assets	3,768,983
Restricted – capital projects	37,743
Restricted – debt service	13,717
Unrestricted	<u>638,280</u>
Total net position	<u>\$ 4,458,723</u>

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, 2021

(Dollars in thousands)

Port operating revenues:	
Berths and special facilities	\$ 408,312
Rental properties	23,061
Miscellaneous	3,271
	<hr/>
Total port operating revenues	434,644
Port operating expenses:	
Personnel services	37,258
Maintenance and operations	59,145
Interdepartmental services	38,320
	<hr/>
Total operating expenses before depreciation	134,723
Depreciation	172,827
	<hr/>
Total operating expenses	307,550
	<hr/>
Income from operations	127,094
Nonoperating revenues, (expenses) net:	
Investment income, net	(637)
Interest expense	(26,431)
Equity in income from joint venture	2,243
Discontinued capitalized projects	(839)
Other income, net	4,292
	<hr/>
Total nonoperating expenses, net	(21,372)
	<hr/>
Income before transfers and grants	105,722
Transfers (note 9)	(21,598)
Grants	11,769
	<hr/>
Increase in net position	95,893
Total net position – beginning of year	4,362,830
Total net position – end of year	\$ <u>4,458,723</u>

See accompanying notes to financial statements.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2021

(Dollars in thousands)

Cash flows from operating activities:	
Cash received from customers	\$ 457,190
Cash paid to employees	(53,006)
Cash paid to suppliers	(125,119)
Other income	(1,209)
Net cash provided by operating activities	<u>277,856</u>
Cash flows from noncapital financing activities:	
Transfers to City Tidelands Fund	<u>(19,797)</u>
Net cash used in noncapital financing activities	<u>(19,797)</u>
Cash flows from capital and related financing activities:	
Grants provided	29,251
Interest paid	(46,727)
Principal payments made on bonds payable	(24,470)
Principal payments made on short term notes	(472,050)
Proceeds from loans	495,000
Proceeds from line of credit	50,000
Payments for capital acquisitions – personnel costs	(10,522)
Payments for capital acquisitions – vendors	(192,708)
Disbursement of other receivable	3,795
Net cash used in capital and related financing activities	<u>(168,431)</u>
Cash flows from investing activities:	
Interest received	4,866
Return on investment in joint venture	<u>3,000</u>
Net cash provided by investing activities	<u>7,866</u>
Net increase in cash and cash equivalents	97,494
Cash and cash equivalents, beginning of year	<u>643,593</u>
Cash and cash equivalents, end of the year	<u>\$ 741,087</u>
Reconciliation of cash and cash equivalents:	
Unrestricted pooled cash and cash equivalents	\$ 713,462
Restricted pooled cash and cash equivalents	<u>27,625</u>
	<u>\$ 741,087</u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statement of Cash Flows

Year ended September 30, 2021

(Dollars in thousands)

Reconciliation of income from operations to net cash provided by operating activities:	
Income from operations	\$ 127,094
Adjustments to reconcile income from operations to net cash provided by operating activities:	
Depreciation	172,827
Other income, net	(1,209)
Changes in assets, liabilities, and deferred outflows and inflows of resources	
Accounts receivable and prepaid	9,654
Accounts payable	(10,362)
Accrued liabilities	(1,100)
Accrued claims and judgments	(4,800)
Unearned revenues	6,938
Due to other funds	(694)
Compensated absences	2,994
Net pension liability and related deferred outflows of resources	(7,273)
Net pension liability and related deferred inflows of resources	(16,248)
Net OPEB liability	35
Total adjustments	150,762
Net cash provided by operating activities	\$ 277,856
Supplemental schedule of noncash capital and financing activities:	
Accrued capital assets liabilities	\$ 135,773
Accrued transfers to the City's tidelands fund	21,732
Amortization of bond premium	15,014
Amortization of deferred inflows on debt refunding	1,254
Discontinued capital projects	839

See accompanying notes to financial statements

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

(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, 2021

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, 2021

(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

(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.

(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 HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

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 when earned on an accrual basis based upon measurable information. 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.

(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

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

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October 1 and are incorporated into the payroll burden rate to reimburse the City's 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, 2019. 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 2021, 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 June, 2022. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. The statement is effective beginning fiscal year 2022, and the Department is currently evaluating the financial impact of this statement.

GASB Statement No. 91, *Conduit Debt Obligations*: issued in May 2019, effective for reporting periods beginning after December, 2022. 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, and the Department is currently evaluating the financial impact of this statement.

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GASB Statement No. 92, *Omnibus 2020*, issued in January 2020, effective for reporting periods beginning after June, 2022. 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. The statement is effective beginning fiscal year 2022, and the Department is currently evaluating the financial impact of this statement.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, issued in March 2020, effective for reporting periods beginning after December, 2021. 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. This statement has been evaluated in fiscal year 2021, and it has no impact on the Department's financial statements.

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, 2023. 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 is effective beginning fiscal year 2023, and the Department is currently evaluating the financial impact of this statement.

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, 2023. 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 SBIT; (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, 2022. 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

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

benefits provided through those plans. This statement has been evaluated in fiscal year 2021, and it has no impact on the Department's financial statements.

GASB Statement No. 98, The Annual Comprehensive Financial Report, issued in October 2021, effective for fiscal years ending after December 15, 2021. This statement established the term annual comprehensive financial report and its acronym ACFR. The new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. This statement has been implemented early in fiscal year 2021.

(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	\$ 713,462	27,625	741,087

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.

As of September 30, 2021, the City's majority investment pool has a weighted average maturity of two years or less. At September 30, 2021, the Department had \$741.1 million equity in the pool, representing approximately 42.1% of the pool. The following are the actual ratings as of September 30, 2021 for each investment type (in thousands):

Investment type	Minimum legal rating	Rating as of year end						
		Total	A-	A+	AA	AA+	AAA	Unrated
Pooled cash and investments:								
Money market mutual funds	N/A	\$ 6,437	—	—	—	6,437	—	—
U.S. Treasury notes	N/A	1,234,191	—	—	—	1,234,191	—	—
Federal agency securities	N/A	276,744	—	—	—	276,744	—	—
Corporate notes	N/A	21,316	7,138	5,992	1,190	3,156	3,840	—
Local Agency Investment Fund (LAIF)	N/A	221,623	—	—	—	—	—	221,623
Total pooled investments		\$ 1,760,311	7,138	5,992	1,190	1,520,528	3,840	221,623

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

Fair Value Hierarchy

The following table categorizes the City's pooled investments within the fair value hierarchy (in thousands):

Investments at fair value level	Total	Fair value measurement		
		Level 1	Level 2	Level 3
Debt securities:				
U.S. Treasury notes	\$ 1,234,191	—	1,234,191	—
Federal agency securities	276,744	—	276,744	—
Corporate notes	21,316	—	21,316	—
Total investments at fair value	1,532,251	\$ —	1,532,251	—
Other investments at fair value:				
Local Agency Investment Fund (LAIF)	221,623			
Other investments at cost or contract value:				
Money market mutual funds	6,437			
Total investments	\$ 1,760,311			

(3) Accounts Receivable and Other Receivables

Accounts receivable as of September 30, 2021, included the following (expressed in thousands):

Trade accounts receivable	\$ 61,857
Less allowance for doubtful accounts	(2,171)
Accounts receivable, net	\$ 59,686

Other receivables as of September 30, 2021 included the following (expressed in thousands):

Due from other governmental agencies:	
Current:	
Federal and state grants	\$ 25,419
Long term:	
Due from the City of Long Beach	1,210
Total due from other governmental agencies	\$ 26,629

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.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

(4) Capital Assets

Capital assets' schedule as of September 30, 2021 is as follows: (expressed in thousands):

Description	Balance, October 1, 2020	Additions	Adjustments/ disposals	Placed in service	Balance, September 30, 2021
Nondepreciable capital assets:					
Purchased land	\$ 462,108	—	767	61,541	524,416
Constructed land	789,280	—	—	—	789,280
Construction in progress	1,950,346	343,941	(5,456)	(1,847,292)	441,539
Right of way (note 6)	197,884	—	—	—	197,884
Subtotal	3,399,618	343,941	(4,689)	(1,785,751)	1,953,119
Depreciable capital assets:					
Structures and facilities	3,708,729	—	(767)	1,781,933	5,489,895
Furniture, fixtures, and equipment	191,637	1,263	—	3,818	196,718
Subtotal	3,900,366	1,263	(767)	1,785,751	5,686,613
Total capital assets	7,299,984	345,204	(5,456)	—	7,639,732
Less accumulated depreciation:					
Structures and facilities	2,174,678	164,198	—	—	2,338,876
Furniture, fixtures, and equipment	94,652	8,629	—	—	103,281
	2,269,330	172,827	—	—	2,442,157
Net capital assets	\$ 5,030,654	172,377	(5,456)	—	5,197,575

Construction in progress at September 30, 2021 includes the following projects (in thousands):

Gerald Desmond Bridge Replacement Project	\$ 162,411
Pier B On-Dock Rail Program	84,160
All other programs and projects	194,968
Total	\$ 441,539

During the year ended September 30, 2021, \$5.5 million of Construction in Progress was written off, of which \$0.8 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 of marine terminal facilities, on annual usage of the facilities. The leases and the preferential assignments generally provide for minimum rentals.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

Property under lease at September 30, 2021 consisted of the following (expressed in thousands):

Land	\$	851,587
Structures and facilities:		
Docks and wharves		816,526
Warehouses and sheds		24,416
Cranes and shiploaders		70,602
Buildings and other facilities		1,021,214
Infrastructure		<u>2,901,547</u>
Historical cost of leased property		5,685,892
Less accumulated depreciation		<u>(2,230,182)</u>
Carrying value of leased property	\$	<u><u>3,455,710</u></u>

The guaranteed annual minimum (GAM) rental income from the existing noncancelable operating leases under the current terms is as follows (expressed in thousands):

2022	\$	396,921
2023		387,600
2024		405,609
2025		400,546
2026		395,090
2027–2031		1,189,129
2032–2036		1,002,476
2037–2041		969,513
2042 and thereafter		<u>1,238,528</u>
	\$	<u><u>6,385,412</u></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.

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

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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.

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, 2021, 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 2021. The existing \$37.7 million or 226 credits will be used in future projects.

(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.

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Notes to Financial Statements

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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, 2021 totaled \$3.7 million.

(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 2021, the Department accrued \$21.7 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 \$0.5 million for fiscal year 2021, 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, 2021 aggregated \$21.6 million.

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

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September 30, 2021

City as reimbursement for actual cost incurred per the MOU terms from fiscal year 2020 through 2023. As of September 30, 2021 the MOU amount remains unchanged.

(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 \$1.0 billion in aggregate. The coverage also includes terrorism exposure.

(i) Construction Related

The Department also carries an insurance program known as "Builder's Risk," which cover property under construction in the Port. The 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, 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, 2021 (in thousands):

Property insurance coverage for fire and other risks	\$	1,000,000
Property insurance coverage for new Gerald Desmond Bridge		200,000
Builder's risk for other projects		125,000
Comprehensive general liability		150,000
Self-insured retention		1,000

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.

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(iii) Workers Compensation

The Department participates in the City's self-insured workers' compensation program. During fiscal years 2021, it made payments to the City's Insurance Fund totaling \$2.3 million 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, 2021. 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 reduced the frequency and amount of future Shortfall Advances. The most recent notice date, August 15, 2021, indicates that there is no projected shortfall for ACTA's fiscal year ending June 30, 2022.

(c) Gerald Desmond Bridge Replacement Project (GDBR Project)

The GDBR 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 has been built with a cable-stayed design under a design-build contract and features 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

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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 the bridge was opened to traffic on October 5, 2020, while the substantial completion date was declared by the Board on December 16, 2020.

As of September 30, 2021, the Department has incurred approximately \$1.454 billion in costs to construct the replacement bridge. Of this total amount, approximately \$753.5 million has been received from grants contribution since inception, and \$7.7 million reported as part of due from other governmental agencies on the statement of net position as of September 30, 2021.

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.

(11) Long-Term Liabilities

Schedule of Changes in Long-term Liabilities (In thousands)

Description	Balance, October 1, 2020	Additions	Reductions	Balance, September 30, 2021	Due in one year
Revenue bonds	\$ 653,275	—	24,470	628,805	35,530
Premium	98,302	—	9,515	88,787	—
Total revenue bonds	751,577	—	33,985	717,592	35,530
2018A Note	327,050	—	327,050	—	—
2020C Note	145,000	—	145,000	—	—
Premium	5,498	—	5,498	—	—
Total notes payable	477,548	—	477,548	—	—
TIFIA loan	—	495,000	—	495,000	1,075
Line of credit	—	50,000	—	50,000	50,000
Compensated absences	15,451	4,459	1,465	18,445	6,207
Net pension liability	121,539	60,174	121,539	60,174	—
Net OPEB liability	640	675	640	675	—
Environmental remediation liability	3,700	—	1,100	2,600	—
Due to City of Long Beach	4,560	27	500	4,087	—
Total long-term liability	\$ 1,375,015	610,335	636,777	1,348,573	92,812

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),

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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.

(12) Bonds Senior 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):

Description	Date of issue	Interest rate	Fiscal term and maturity year	Original principal	Beginning balance October 1, 2020	Additions	Payments *	Ending balance September 30, 2021	Principal due within one year
Revenue bonds:									
2014B	4/24/2014	3%–5%	2018–27	\$ 20,570	11,700	—	—	11,700	—
2015A	4/16/2015	4%–5%	2018–23	44,845	26,265	—	4,835	21,430	14,390
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	—	19,635	55,305	21,140
Total bonds				\$ 680,725	653,275	—	24,470	628,805	35,530
Unamortized bond premium					98,302	—	9,515	88,787	—
Net total bonds indebtedness					\$ 751,577	—	33,985	717,592	35,530

* Bonds' principal payable is annually on May 15, and interest payable is semiannually on May 15 and November 15.

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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):

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year(s) ending September 30:			
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
2026	33,525	24,262	57,787
2027-2031	98,075	101,996	200,071
2032-2036	89,485	79,568	169,053
2037-2041	110,330	55,536	165,866
2042 and thereafter	153,825	30,589	184,414
	<u>\$ 628,805</u>	<u>405,927</u>	<u>1,034,732</u>

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:

(a) 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.

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(b) 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 \$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.

(c) 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.

(d) 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.

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(e) 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 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.

(f) 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.

(g) 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.

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(h) 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, 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.

(i) 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.

(j) 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.

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(k) 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.

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

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, 2020	Additions	Payments	Ending balance September 30, 2021	Principal due within one year
Senior Notes:									
2018A Notes	9/19/2018	5 %	2021	\$ —	327,050	—	327,050	—	—
2020C Notes	5/19/2020	5 %	2021	—	145,000	—	145,000	—	—
Total notes				\$ —	472,050	—	472,050	—	—
Unamortized bond premium					5,498	—	5,498	—	—
Net total notes indebtedness					\$ 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 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 2018A Notes were paid off in full as of its maturity date on December 15, 2020.

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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 paid off in full as of its maturity date on July 15, 2021.

(14) TIFIA Loan Subordinate Indebtedness

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 2021 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 of September 30, 2021, the Department has made two draws on the TIFIA Loan in the total amounted of \$495.0 million which represents the outstanding loan balance. The drawn TIFIA Loan will be repaid over a period not to exceed 35 years at an interest rate of 1.26%.

Annual Debt Service Requirements to Maturity – TIFIA Loan

Scheduled annual principal loan maturities and interest are summarized as follows (in thousands):

	Principal	Interest	Total
Fiscal year(s) ending September 30:			
2022	\$ 1,075	6,137	7,212
2023	2,215	6,223	8,438
2024	2,330	6,204	8,534
2025	2,390	6,158	8,548
2026	2,475	6,136	8,611
2027-2031	13,820	30,407	44,227
2032-2036	22,005	30,422	52,427
2037-2041	50,445	27,026	77,471
2042 and thereafter	398,245	43,611	441,856
	<u>\$ 495,000</u>	<u>162,324</u>	<u>657,324</u>

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(15) 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 will be based on a percentage of the one-month London Interbank Offered Rate (LIBOR). 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, 2021, the Department has outstanding balance of \$50.0 million under this revolving line of credit at the tax exempt interest rate. The expiration date of this line of credit is May 13, 2022.

(16) 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 State statute and City 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 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.

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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The Miscellaneous Plan's provisions and benefits in effect at September 30, 2021, are summarized in the following table:

Hire date	Miscellaneous		
	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% 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
Required contribution rates			
Employee	8.0 %	8.0 %	7.0 %
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%

(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 19.1% as of September 30, 2021.

(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, 2021 (measurement date). The Department's share of the net pension liability for the Miscellaneous Plan was \$121.5 million at the beginning of the period and \$60.2 million at June 30, 2021. For the measurement period ending June 30, 2020, the Department incurred pension expense of \$0.8 million.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

As of September 30, 2021, the Department had deferred outflows and deferred inflows related to pensions as follows (in thousands):

Deferred outflows of resources:

Pension contributions after measurement date	\$	11,468
CalPERS change in proportion		<u>3,361</u>
Total deferred outflows of resources	\$	<u><u>14,829</u></u>

Deferred inflows of resources:

CalPERS difference between actual and expected investment returns	\$	45,041
CalPERS differences between actual and expected experience		1,942
CalPERS change in proportion		<u>2</u>
Total deferred inflows of resources	\$	<u><u>46,985</u></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
2022		\$ 10,676
2023		9,675
2024		10,792
2025		<u>12,481</u>
Total		\$ <u><u>43,624</u></u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

(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, 2021 is as follows:

	<u>Miscellaneous</u>
Valuation date	June 30, 2020
Measurement date	June 30, 2021
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	7.00 %
Mortality	1

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

All other actuarial assumptions used in the June 30, 2021 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.

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 HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

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, 2021	Assumed asset allocation	Real return years 1–10 ^a	Real return years 11+ ^b
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)

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

^b 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:

Sensitivity to net pension liability	
1.0% Decrease (6.15%)	\$ 130,358
Current discount rate (7.15%)	60,174
1.0% Increase (8.15%)	1,976

(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 administered 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.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

(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, 2021, the Department reported a total OPEB liability of \$0.7 million for its proportionate share of the total OPEB liability. The total OPEB liability was measured as of September 30, 2020 and the total OPEB liability used to calculate the total OPEB liability was determined by an actuarial valuation as of September 30, 2020. At September 30, 2021, the Department's proportion of the City's total OPEB liability was 7.7%.

For the years ended September 30, 2021, the Department incurred OPEB expense of \$14 thousand and is reported in the personnel services expense in the accompanying financial statements.

As of September 30, 2021, the Department had deferred outflows and deferred inflows related to OPEB as follows (in thousands):

Deferred outflows of resources:

OPEB contributions after measurement date	\$	233
Difference between actual and expected experience		83
Change in assumptions		339
Total deferred outflow of resources	\$	<u>655</u>

Deferred inflows of resources:

Difference between actual and expected experience	\$	371
Change in assumptions		2,524
Total deferred inflow of resources	\$	<u>2,895</u>

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

Amounts reported as deferred outflows 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. As follows (in thousands):

<u>Year ending September 30</u>	<u>Amount to be recognized</u>
2022	\$ (361)
2023	(361)
2024	(361)
2025	(375)
2026	(370)
2027-2031	<u>(645)</u>
Total	<u>\$ (2,473)</u>

(iv) Actuarial Assumptions

The total OPEB liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions.

Valuation date	September 30, 2020	
Measurement date	September 30, 2020	
Actuarial cost method	Entry age	
Actuarial assumptions:		
Inflation	2.50 %	
Discount rate	2.41 %	Based on Fidelity Municipal Bond GO AA 20-year Bond Index
Payroll increases	2.75 %	
Merit		CalPERS 1997-2015 Experience Study
Healthcare costs trend rates	6.75% for 2020, decreasing to 3.75% in 2076 and later	
Mortality, termination, disability, retirement		CalPERS 1997-2015 Experience Study
Mortality improvement		Mortality projected fully generational with Scale MP-2018
Participation rates:		
Miscellaneous plan	75%, 100% select City plans	
Safety	90%, 85% select City plans	

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

(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):

	1 Percent decrease (1.41%)	Discount rate (2.41%)	1 Percent increase (3.41%)
Total OPEB liability (asset)	\$ (562)	675	1,524

(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 or higher than the current healthcare cost trend rates:

	1 Percent decrease	Healthcare cost trend rate	1 Percent increase
Total OPEB liability (asset)	\$ 1,392	675	(436)

(c) Termination Benefits

As of September 30, 2021, the City has recorded a liability in the Employee Benefits Internal Service Fund of \$136.6 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 \$136.6 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, 2021, the Department has recorded noncurrent liabilities totaling \$10.5 million, which represents the Departments 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 Annual Comprehensive Financial Report for the years ended September 30, 2021.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Notes to Financial Statements

September 30, 2021

(17) Environmental Remediation Obligation

The Department identified an environmentally sensitive materials in a warehouse as a result of a hazardous building materials survey in 2017. The current remediation cost estimate is \$2.6 million as of September 30, 2021. This warehouse has a net book value of zero and there is no reasonable expectation of any recovery associated with these remediation efforts.

(18) 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, 2021 is as follows (expressed in thousands):

Deferred outflows of resources:

Pension related deferred outflows	\$	14,829
OPEB related deferred outflows		655
Change in OPEB allocated proportion		505
Total deferred outflows of resources	\$	<u>15,989</u>

Deferred inflows of resources:

Gain on debt refunding	\$	3,657
Pension related deferred inflows		46,985
OPEB related deferred inflows		2,895
Change in OPEB allocated proportion		105
Total deferred inflows of resources	\$	<u>53,642</u>

(19) Subsequent Event

On March 9, 2022, the ownership of the new Gerald Desmond Bridge Replacement was officially transferred to Caltrans as a component of the state highway system, with approval of the Board and concurrence by Caltrans. The asset transfer of the total Gerald Desmond Bridge Replacement Project is coordinated in a two-phase process that will result in a loss of the contributed asset to other government agency, and a reduction of the Department's asset of approximately \$1.6 billion. The first phase of the transfer consists of the new completed replacement bridge itself with an approximate value of \$1.5 billion. The second phase encompasses all remaining capital costs, including but not limited to the demolition of the old bridge, anticipated to be completed with a final closed out in 2024.



Required Supplementals

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Pension Liability and Related Ratios¹

September 30, 2021

Last 10 Years¹

(Dollars in thousands)

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Department's percentage of total City pension liability	19.1 %	18.4 %	18.3 %	18.7 %	19.2 %	20.9 %	18.9 %
Department's total pension liability	\$ 60,174	121,539	113,611	110,982	129,893	124,170	90,470
Department covered-employee payroll	54,483	46,826	47,718	45,236	48,381	47,203	45,316
Department pension liability as a percentage of covered payroll	110.4 %	259.6 %	238.1 %	245.3 %	268.5 %	263.1 %	199.6 %
Fiduciary net position as a percentage of the pension liability	89.12 %	76.13 %	76.77 %	76.92 %	73.72 %	73.71 %	78.41 %

Notes to Schedule:

¹ Fiscal year 2015 was the first year of implementation.

See accompanying independent auditors' report.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Schedule of Contributions

Miscellaneous Plan

September 30, 2021

Last 10 Years¹

(Dollars in thousands)

(Unaudited)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution ²	\$ 14,952	13,175	11,422	9,963	8,815	8,338	6,637
Contributions in relation to the actuarially determined contribution ³	<u>(14,952)</u>	<u>(13,175)</u>	<u>(11,422)</u>	<u>(9,963)</u>	<u>(8,815)</u>	<u>(8,338)</u>	<u>(6,637)</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Covered payroll	54,483	46,826	47,718	45,236	48,381	47,203	45,316
Contributions as a percentage of covered payroll	27.44 %	28.14 %	23.94 %	22.02 %	18.22 %	17.66 %	14.65 %

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:

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

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

³ Amount represents actual contributions as recorded by CalPERS

See accompanying independent auditors' report.

THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

OPEB Liability and Related Ratios¹

September 30, 2021

Last 10 Years^{1, 2}

(Dollars in thousands)

(Unaudited)

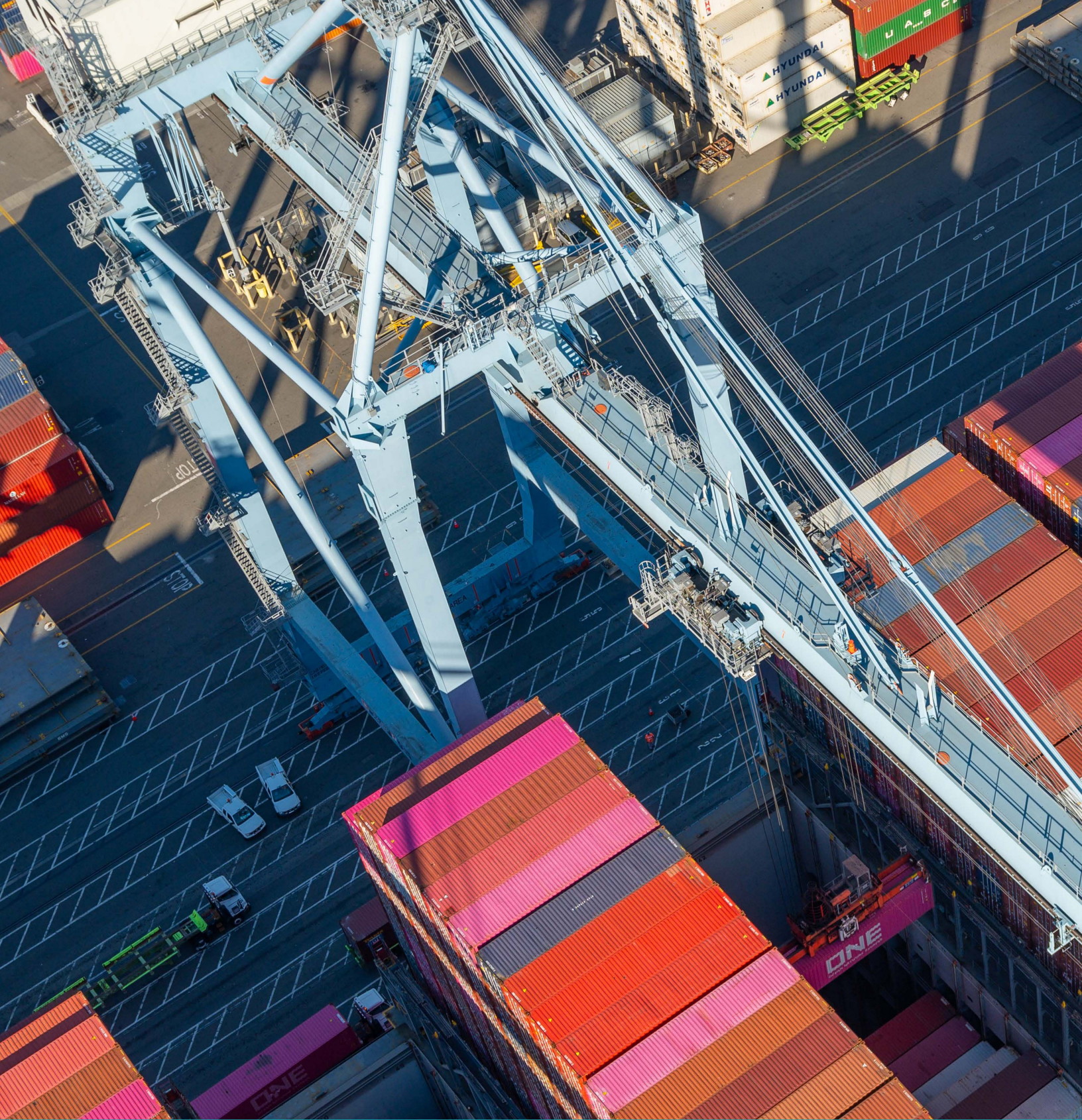
	2021	2020	2019	2018	2017	2016
Department's percentage of total City OPEB liability	7.7 %	6.6 %	6.7 %	6.7 %	6.5 %	6.9 %
Department's Total OPEB liability	\$ 675	640	1,555	3,467	3,250	3,103
Department covered-employee payroll	52,900	46,826	47,718	45,236	48,381	47,203
Total department OPEB liability as a percentage of covered payroll	1.3 %	1.4 %	3.3 %	7.7 %	6.7 %	6.6 %

Notes to Schedule:

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

² Fiscal year 2016 was the first year of implementation.

See accompanying independent auditors' report.



Statistics



THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statistical Section

Year ended September 30, 2021

(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.

Page

Financial Trends Information:

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
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Changes in Fund Net Position – Last 10 Fiscal Years – Exhibit 2	61
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Revenue Capacity Information:

This schedule contains information of the Department's major revenue sources.

Operating Revenue by Type – Last 10 Fiscal Years – Exhibit 3	62
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Debt Capacity Information:

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
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Operating Information:

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
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Tonnage by Commodity Group and Vessel Calls – Last 10 Fiscal Years – Exhibit 6	65
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Metric Revenue Tons and Container Counts – Last 10 Fiscal Years – Exhibit 7	66
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Other Information:

Principal Customers – Exhibit 8	67
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Employee Headcount by Division – Last 10 Fiscal Years – Exhibit 9	68
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THE HARBOR DEPARTMENT OF THE CITY OF LONG BEACH

Statements of Net Position

Last Ten Fiscal Years

(In millions)

(Unaudited)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Assets and deferred outflows:										
Current	\$ 837	793	658	717	690	487	501	453	441	673
Other	5,254	5,089	5,039	4,853	4,665	4,550	4,474	4,229	3,612	2,931
Deferred outflows	16	9	14	21	42	42	22	10	11	13
Total assets and deferred outflows	\$ 6,107	5,891	5,711	5,591	5,397	5,079	4,997	4,692	4,064	3,617
Liabilities and deferred inflows:										
Current	\$ 238	131	125	315	101	111	100	123	153	123
Current -- restricted*	100	520	55	58	65	61	60	67	61	59
Long term	1,256	868	1,263	1,115	1,292	1,115	1,215	1,037	672	641
Deferred inflows	54	9	13	22	13	12	15	3	—	—
Total liabilities and deferred inflows	\$ 1,648	1,528	1,456	1,510	1,471	1,299	1,390	1,230	886	823
Net position:										
Net investment in capital assets	\$ 3,769	3,791	3,745	3,643	3,492	3,442	3,077	2,975	2,848	2,105
Restricted	52	52	47	56	51	90	265	199	62	157
Unrestricted	638	520	463	382	383	248	267	289	269	531
Total net position	\$ 4,459	4,363	4,255	4,081	3,926	3,780	3,609	3,463	3,179	2,793
Working capital	\$ 599	662	533	402	589	376	401	330	288	550
Current ratio	2.5	1.2	3.7	1.9	4.2	2.8	3.1	2.4	2.1	3.7
Debt to asset ratio	31.3 %	30.0 %	29.0 %	31.0 %	31.0 %	28.0 %	31.0 %	29.0 %	25.0 %	28.0 %

* 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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating revenue	\$ 435	399	412	402	381	362	355	358	346	335
Operating expense	308	292	279	287	291	292	271	228	188	177
Income from operations	127	107	133	115	90	70	84	130	158	158
Investment earnings	(25)	(17)	(9)	(10)	—	(15)	39	(12)	—	(16)
Other income/(expense)	3	(6)	3	2	2	5	4	7	1	3
Transfers to City Tidelands Fund/Other Operating Funds	(21)	(21)	(21)	(20)	(19)	(19)	(18)	(18)	(17)	(17)
Capital grants	12	45	68	68	73	132	121	178	251	14
Change in net position	\$ 96	108	174	155	146	173	230	285	393	142
Return on investment	2.7 %	2.8 %	4.6 %	4.3 %	4.2 %	0.1 %	7.4 %	9.4 %	14.4 %	6.7 %
Capital expenditures (Includes personnel costs)	\$ 203	265	496	251	252	367	363	552	792	373
Personnel:										
Wages and benefits from operations	\$ 53	76	66	63	60	62	55	48	45	43

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Berth and special facilities:										
Wharfage	\$ 367	355	367	359	342	323	312	308	297	269
Dockage	18	6	6	7	7	8	11	11	12	12
Bunkers	1	1	1	1	1	1	1	1	1	1
Special facilities rentals	21	18	19	16	13	16	16	14	12	28
Crane rentals	—	—	—	—	—	—	2	13	13	13
Other	1	1	1	1	1	1	1	1	1	—
Total berths and special facilities	408	381	394	384	364	349	343	348	336	323
Rental properties	23	15	15	14	14	10	10	9	9	10
Miscellaneous	3	3	3	4	3	3	2	1	1	2
Total operating revenue	\$ 434	399	412	402	381	362	355	358	346	335
Growth (reduction)%				5.5	5.6	1.5	(1.1)	3.4	3.6	(3.5)
Special facility revenue by terminal commodity:										
Containers	\$ 325	302	311	311	291	275	270	280	268	256
Liquid bulk	22	19	23	17	18	17	17	16	17	17
Dry bulk	37	37	37	37	35	29	29	26	26	24
Vehicles	18	18	17	14	15	15	14	13	12	13
Steel	5	4	5	4	4	8	8	8	8	8
Lumber	1	1	1	1	1	1	1	1	1	1
Miscellaneous	—	—	—	—	—	3	3	3	3	3
Total special facility revenue	\$ 408	381	394	384	364	348	342	347	335	322

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
2021	\$ 434	135	299	65	4.60
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

(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	
2021	156,874	—	156,874	39,336	1,908	41,244	198,118
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

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	Total	Average annual growth
Containerized:												
In	124,547	100,669	103,173	108,091	98,941	93,614	95,798	94,310	91,047	77,910	863,553	3.46 %
Out	31,110	30,247	29,204	30,823	28,174	29,400	29,307	31,262	30,525	27,584	266,526	1.34 %
Other break bulk:												
In	1,107	964	1,116	1,243	1,127	1,008	1,039	1,002	854	917	9,270	1.18 %
Out	61	60	115	129	61	99	101	92	108	98	863	2.20 %
Liquid bulk:												
In	30,325	26,950	29,310	29,819	30,130	27,971	27,479	26,696	27,398	28,197	253,950	(0.47)%
Out	2,703	3,074	2,300	2,351	2,497	3,203	3,521	2,995	3,197	2,466	25,604	4.43 %
Dry bulk:												
In	894	550	471	445	238	344	209	235	259	259	3,010	15.38 %
Out	7,371	6,060	7,268	7,692	6,933	5,684	6,820	8,934	8,869	7,713	65,973	(1.73)%
Total:												
In	156,873	129,133	134,070	139,598	130,436	122,937	124,525	122,243	119,558	107,283	1,129,783	2.47 %
Out	41,245	39,441	38,887	40,995	37,665	38,386	39,749	43,283	42,699	37,861	358,966	— %
Vessel calls*	2,561	2,237	2,095	2,278	2,149	2,227	2,676	2,752	3,425	3,993	23,832	
Annual growth/(decline)	14.48 %	6.78 %	(8.03)%	6.00 %	(3.50)%	(16.78)%	(2.76)%	(19.65)%	(14.22)%	(16.08)%		
TEU's	9,501	7,661	7,747	8,001	7,231	6,946	7,088	6,818	6,648	5,857	63,997	
TEU annual growth/(decline)	24.02 %	(1.11)%	(3.17)%	10.65 %	4.10 %	(2.00)%	3.96 %	2.56 %	13.51 %	(7.00)%		

* 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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Municipal berths ¹ :										
Foreign	125,923	101,566	104,012	108,811	99,468	93,928	98,464	104,245	101,027	91,490
Coastwise/intercoastal	30,950	27,567	30,058	30,787	30,977	29,009	26,061	17,998	18,477	15,793
Total inbound cargo	156,873	129,133	134,070	139,598	130,445	122,937	124,525	122,243	119,504	107,283
Outbound cargo:										
Foreign	34,871	34,061	34,418	36,218	32,923	32,737	33,592	37,067	36,769	
Coastwise/intercoastal	4,466	3,751	3,618	3,516	3,258	3,996	4,843	5,348	5,141	3,270
Bunkers	1,908	1,630	851	1,261	1,474	1,653	1,313	867	843	1,311
Total outbound cargo	41,245	39,442	38,887	40,995	37,655	38,386	39,748	43,282	42,753	4,581
Total municipal cargo	198,118	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257	111,864
Private berths ¹ :										
Inbound	—	—	—	—	—	—	—	—	—	—
Outbound	—	—	—	—	—	—	—	—	—	—
Total private cargo	—	—	—	—	—	—	—	—	—	—
Grand total	198,118	168,575	172,957	180,593	168,100	161,323	164,273	165,525	162,257	111,864
Container count summary (000's) ²										
Loaded inbound TEUs	4,667	3,761	3,862	4,044	3,698	3,514	3,596	3,523	3,420	2,932
Loaded outbound TEUs	1,456	1,492	1,441	1,564	1,451	1,538	1,528	1,664	1,671	1,491
Total loaded	6,123	5,253	5,303	5,608	5,149	5,052	5,124	5,187	5,091	4,423
Full containers annual growth (decline)			(5.4)%	8.9 %	1.9 %	(1.4)%	(1.2)%	1.9 %	15.1 %	(6.3)%
Total empty	3,378	2,408	2,444	2,393	2,081	1,894	1,964	1,631	1,557	1,434
Empty containers annual growth (decline)			2.1 %	15.0 %	9.9 %	(3.6)%	20.4 %	4.8 %	8.6 %	(9.1)%
Total TEUs	9,501	7,661	7,747	8,001	7,230	6,946	7,088	6,818	6,648	5,857
Annual growth	24.0 %	(1.1)%	(3.2)%	10.7 %	4.1 %	(2.0)%	4.0 %	2.6 %	13.5 %	(7.0)%

¹ Metric revenue tons is equal to either 1,000 kilograms or one cubic meter.² 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
CSA Equipment Company, LLC	02/2013	06/2027

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)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Executive administration	17.0	18.0	18.0	15.0	14.0	18.0	17.0	11.9	9.3	15.4
Business development	10.0	12.0	11.0	12.0	13.0	13.0	11.0	—	—	—
Communications	17.0	19.0	18.0	16.0	14.0	14.0	16.0	15.0	12.8	14.0
Construction management	50.0	48.0	47.0	48.0	45.0	47.0	46.0	—	—	—
Design	48.0	46.0	46.0	46.0	51.0	49.0	48.0	—	—	—
Engineering	—	—	—	—	—	—	—	140.7	128.8	128.0
Environmental planning	22.0	23.0	21.0	24.0	21.0	24.0	23.0	—	—	—
Finance	27.0	28.0	23.0	22.0	25.0	25.0	25.0	24.5	24.9	26.0
Government relations/affairs	4.0	4.0	3.0	3.0	4.0	3.0	4.0	4.0	4.0	4.0
Human resources	17.0	19.0	20.0	18.0	16.0	18.0	18.0	17.4	16.3	17.0
Information management	25.0	27.0	24.0	20.0	22.0	22.0	22.0	20.6	20.8	21.0
Maintenance	79.0	81.0	78.0	82.0	90.0	92.0	84.0	76.3	81.1	81.0
Master planning	5.0	6.0	8.0	7.0	7.0	5.0	6.0	31.7	30.6	31.0
Program delivery	3.0	3.0	3.0	3.0	3.0	3.0	2.0	—	—	—
Program management	27.0	25.0	23.0	22.0	27.0	28.0	25.0	—	—	—
Project controls	16.0	16.0	15.0	12.0	11.0	11.0	8.0	—	—	—
Real estate	10.0	9.0	7.0	8.0	9.0	9.0	8.0	8.8	9.0	9.0
Risk management	12.0	11.0	11.0	11.0	9.0	10.0	10.0	8.3	7.6	8.0
Security	84.0	85.0	78.0	84.0	81.0	74.0	79.0	68.0	71.2	76.5
Survey	22.0	21.0	20.0	21.0	22.0	22.0	23.0	—	—	—
Tenant services/trade relations	11.0	13.0	13.0	13.0	12.0	9.0	9.0	19.3	16.5	16.0
Transportation planning	6.0	6.0	6.0	5.0	7.0	6.0	6.0	—	—	—
Full-time/permanent subtotal	512.0	520.0	493.0	492.0	503.0	502.0	490.0	446.5	432.9	446.9
Growth/decline	(1.5)%	5.5 %	0.2 %	(2.2)%	0.2 %	2.4 %	9.7 %	3.1 %	(3.1)%	7.2 %
Part-time/temporary subtotal		24.0	13.7	19.0	31.0	29.0	34.0	25.5	29.4	13.0
Growth/decline	(100.0)%	75.2 %	(27.9)%	(38.7)%	6.9 %	(14.7)%	33.3 %	(13.3)%	126.2 %	(31.2)%
Total number of employees	512.0	544.0	506.7	511.0	534.0	531.0	524.0	472.0	462.3	459.9
Growth/decline	(5.9)%	7.4 %	(0.8)%	(4.3)%	0.6 %	1.3 %	11.0 %	2.1 %	0.5 %	5.5 %

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.



Port of
LONG BEACH
THE PORT OF CHOICE

**PIER A
WEST**

**SSA Terminals
Long Beach**

PIER A

PIER B

PIER B

**SSA-Matson
Terminals**

PIER C

Turning Basin

Cerritos Channel

Inner Harbor

PIER S

PIER D

PIER D

PIER E

**Long Beach
Container
Terminal**

**Total Terminals
International**

PIER T

PIER T

East Basin

Middle Harbor

West Basin

Basin Six

PIER F

Long Beach Channel

Outer Harbor

**International
Transportation
Service**

PIER G

PIER G

**Pacific Container
Terminal**

PIER J

PIER J

Southeast Basin

Queensway Bay

Downtown Marina

Grissom

City of Long Beach Harbor Department
City of Long Beach



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ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE LONG BEACH WATER DEPARTMENT
A Department of the City of Long Beach, California

For The Fiscal Year Ended
September 30, 2021



Long Beach Water

Exceptional Water • Exceptional Service

LONG BEACH WATER DEPARTMENT

1800 East Wardlow Road
Long Beach, CA 90807
www.lbwater.org

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
OF THE
LONG BEACH WATER DEPARTMENT
(A Department of the City of Long Beach, California)**

**For the Fiscal Year Ended
SEPTEMBER 30, 2021**

**CHRISTOPHER J. GARNER
General Manager**

**B. ANATOLE FALAGAN
Assistant General Manager**

**BRANDON WALKER
Director of Finance**

**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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Annual Comprehensive Financial Report
of the
Long Beach Water Department
(A Department of the City of Long Beach, California)
For the Fiscal Year Ended September 30, 2021

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DATE March 28, 2022
TO Board of Water Commissioners
FROM B. Anatole Falagan, Assistant General Manager
SUBJECT Approval of Annual Comprehensive Financial Report for the fiscal years ended September 30, 2021

Management is pleased to present the Annual Comprehensive Financial Report (ACFR) of the Long Beach Water Department (Department), for the fiscal year ended September 30, 2021. 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, 2021. 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 20th 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 466,742 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 September 2020, the unemployment rate in Long Beach was recorded at 15.9% due mostly to the COVID-19 pandemic. Thanks to the resilience of the Long Beach economy and the committed response of the community, it fell to 8.9% by the end of September 2021.

The City found opportunities in the television and film industry which selected Long Beach for the filming of many television shows like “NCIS:LA” and “Battlebots” as well as feature films such as “Chip n’ Dale Rescue Rangers”, “Purple Hearts”, and “Me Time.” In 2021, 350 film permits were issued bringing 604 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 13.7 lane-miles of streets and 2.1 lane-miles of alleys rehabilitated and the 1.45 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 Annual Comprehensive Financial Report.

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 2022, the Water Fund has approximately \$1.9 million and the Sewer Fund has approximately \$261,000 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 pumpage 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 the fiscal year ended September 30, 2021 (FY2021), the Department served approximately 3.2 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 11,709 samples and performed 63,758 tests while maintaining certification with the California Department of Health Services and Environmental Protection Agency (EPA).

During fiscal year 2021, the Groundwater Treatment Plant processed approximately 9.7 billion gallons of drinking water. Overall, 16.6 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. 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, 2021, the water distribution system totaled 917 miles of water mains with approximately 90,000 service connections.

During fiscal year 2021, the Department replaced 5,340 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 644 large control valves 20 inches or more in diameter and 23,455 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. On September 30, 2021, 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

The Department continues to develop and implement a multi-year Capital Improvement Program to address aging pipeline and lift station infrastructure. In 2021, the Department began the 2021 Sewer Master Plan Update Project to update the comprehensive plan for the Department's sanitary sewer system, studying the existing sewer infrastructure and aiding in the planning of future operations, maintenance, and upgrades of the system. The Project builds on the existing sewer hydraulic system model, originally created in the 2009 Sewer Master Plan Project and updated further in the 2013 Update, and expands on the recently-updated downtown sewer hydraulic system model created in the 2018 Downtown Area Sewer Focus Study.

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 Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2020. 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 ACFR 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 ACFR 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.

We would like to acknowledge the assistance of Sokhalay Hong, Senior Accountant, and Yumina C. Eggleston, Senior Accountant, of the Business Bureau Finance Division in the preparation of this report.

It is recommended that the Board of Water Commissioners receive and file the Annual Comprehensive Financial Report for the fiscal years ended September 30, 2021.

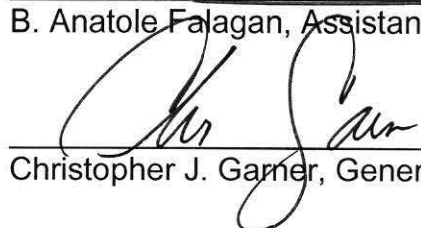
Prepared by:


Brandon Walker, Director of Finance

Submitted and
Recommended by:


B. Anatole Falagan, Assistant General Manager

Approved by:


Christopher J. Garner, General Manager



Government Finance Officers Association

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California**

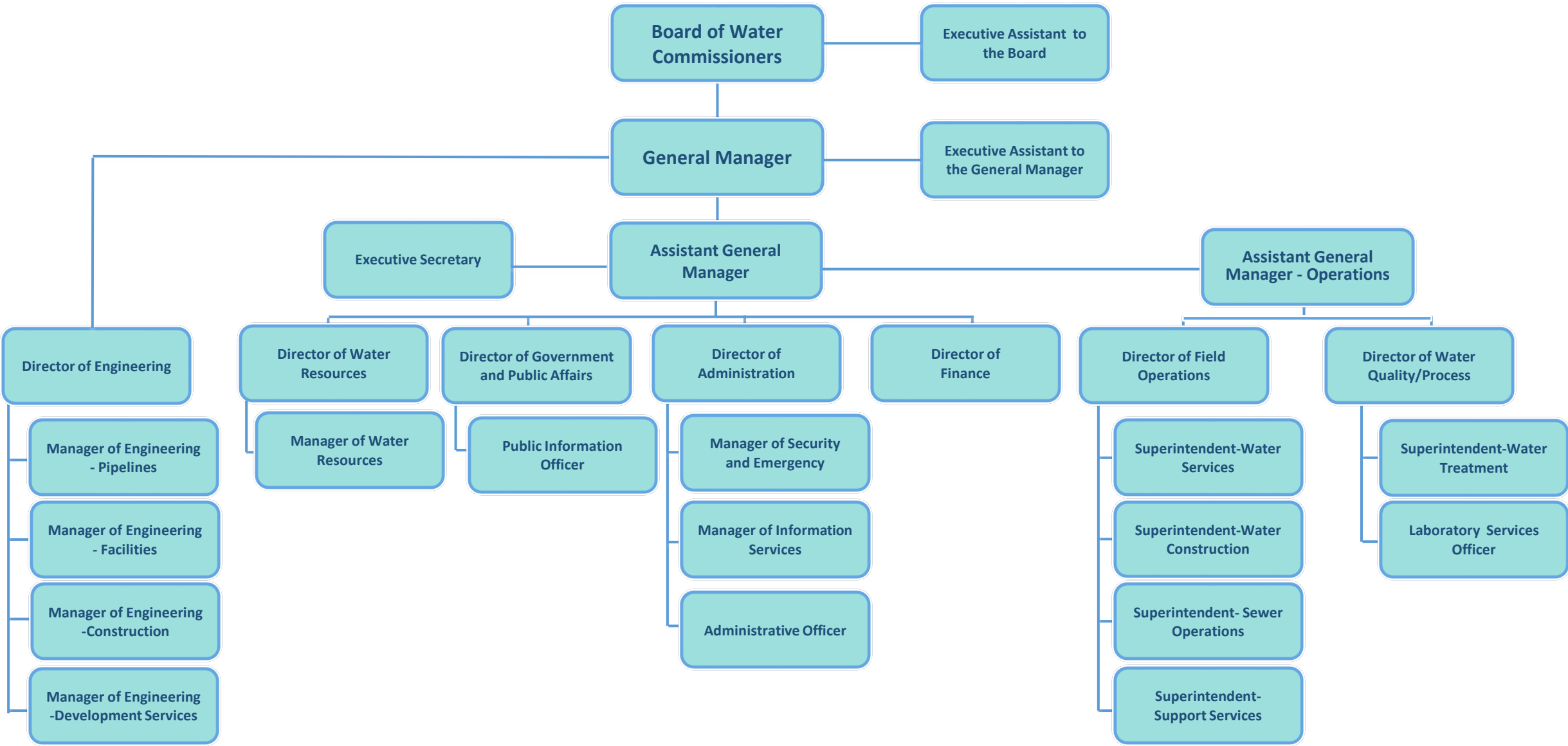
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrell

Executive Director/CEO

Long Beach Water Department Organizational Chart



LONG BEACH WATER DEPARTMENT

BOARD OF WATER COMMISSIONERS

ROBERT SHANNON	PRESIDENT
GLORIA CORDERO	VICE PRESIDENT
NAOMI RAINEY	SECRETARY
FRANK MARTINEZ	MEMBER
<i>Position to be filled</i>	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, 2021, 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, 2021, 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, 2021, 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 28, 2022 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 28, 2022

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

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, 2021. 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 2021 (FY2021) by \$427,806 (*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 FY2021 by \$348,137. This amount includes a total of net investment in capital assets of \$326,635, and \$1,441 in resources that are subject to restrictions on how they may be used. The Water Fund reported an unrestricted net position of \$20,061 in FY2021. Total Water Fund net position increased by \$54,396 (+18.5%) from the prior fiscal year. The increase reflects income in excess of expenses and capital grants and contributions received during the year.

Sewer Fund. Total Sewer Fund net position totaled \$79,669 as of September 30, 2021, an increase of \$4,908 (+6.6%) from the prior fiscal year. The increase reflects income in excess of expenses during the year and capital grants and contributions received during the year. In FY2021, the net investment in capital assets and the unrestricted portion of net position totaled \$74,875 and \$4,490, 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

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

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.

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. Also, 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. Furthermore, the Department continues to engage in customer outreach with flexible payment options for customers with past due bills. As part of the 2021-22 State budget approval in late 2021, the State of California initiated the California Water and Wastewater Arrearage Payment Program (CWWAPP) to offer financial assistance to water and sewer customers to help reduce past due bill balances that accrued during the pandemic. Awarded funds will not be received until fiscal year 2022 (FY2022).

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.

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 Annual Comprehensive Financial Report as of September 30, 2021.

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.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

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.

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 26-49 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, 2021, Water Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$348,137, and Sewer Fund assets and deferred outflows exceeded liabilities and deferred inflows by \$79,669, representing an 18.5% increase in net position over the prior fiscal year for the Water Fund and a 6.6% 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, 2021, 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 \$326,635 and \$74,875 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.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

The restricted portion of the Department's net position amounted to \$1,441 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.

The unrestricted portion of the net position for Water Fund of \$20,061 as of September 30, 2021, representing a 166.6% decrease on the deficit over FY2020. The Sewer Fund's unrestricted portion amounted to \$4,490, representing a 76.0% increase over FY2020. 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, 2021 and 2020 are as follows:

Long Beach Water Department Condensed Schedules of Net Position September 30, 2021 and 2020 (in thousands)				
	2021	2020	Variance 2021/2020	
			Amount	%
Assets:				
Current and other assets	\$ 97,238	\$ 59,778	\$ 37,460	62.7%
Capital assets	445,147	437,885	7,262	1.7%
Total assets	<u>542,385</u>	<u>497,663</u>	<u>44,722</u>	<u>9.0%</u>
Deferred outflows of resources	<u>6,511</u>	<u>7,194</u>	<u>(683)</u>	<u>-9.5%</u>
Liabilities:				
Current liabilities	30,180	28,674	1,506	5.3%
Noncurrent liabilities	69,594	105,546	(35,952)	-34.1%
Total liabilities	<u>99,774</u>	<u>134,220</u>	<u>(34,446)</u>	<u>-25.7%</u>
Deferred inflows of resources	<u>21,316</u>	<u>2,135</u>	<u>19,181</u>	<u>898.4%</u>
Net Position:				
Net investment in capital assets	401,510	393,373	8,137	2.1%
Restricted	1,745	2,681	(936)	-34.9%
Unrestricted	24,551	(27,552)	52,103	-189.1%
Total net position	<u><u>\$ 427,806</u></u>	<u><u>\$ 368,502</u></u>	<u><u>\$ 59,304</u></u>	<u><u>16.1%</u></u>

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

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, 2021 and 2020:

Water Fund Condensed Schedules of Net Position September 30, 2021 and 2020 (in thousands)

	2021	2020	Variance 2021/2020	
			Amount	%
Assets:				
Current and other assets	\$ 83,340	\$ 44,829	\$ 38,511	85.9%
Capital assets	360,205	356,447	3,758	1.1%
Total assets	443,545	401,276	42,269	10.5%
Deferred outflows of resources	5,423	5,808	(385)	-6.6%
Liabilities:				
Current liabilities	27,403	25,252	2,151	8.5%
Noncurrent liabilities	55,824	86,327	(30,503)	-35.3%
Total liabilities	83,227	111,579	(28,352)	-25.4%
Deferred inflows of resources	17,604	1,764	15,840	898.0%
Net Position:				
Net investment in capital assets	326,635	321,467	5,168	1.6%
Restricted	1,441	2,377	(936)	-39.4%
Unrestricted	20,061	(30,103)	50,164	-166.6%
Total net position	\$ 348,137	\$ 293,741	\$ 54,396	18.5%

Sewer Fund Condensed Schedules of Net Position September 30, 2021 and 2020 (in thousands)

	2021	2020	Variance 2021/2020	
			Amount	%
Assets:				
Current and other assets	\$ 13,898	\$ 14,949	\$ (1,051)	-7.0%
Capital assets	84,942	81,438	3,504	4.3%
Total assets	98,840	96,387	2,453	2.5%
Deferred outflows of resources	1,088	1,386	(298)	-21.5%
Liabilities:				
Current liabilities	2,777	3,422	(645)	-18.8%
Noncurrent liabilities	13,770	19,219	(5,449)	-28.4%
Total liabilities	16,547	22,641	(6,094)	-26.9%
Deferred inflows of resources	3,712	371	3,341	900.5%
Net Position:				
Net investment in capital assets	74,875	71,906	2,969	4.1%
Restricted	304	304	-	-
Unrestricted	4,490	2,551	1,939	76.0%
Total net position	\$ 79,669	\$ 74,761	\$ 4,908	6.6%

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

Fiscal Year Ended September 30, 2021 Compared to 2020

Water Fund. Net position increased by \$54,396 (+18.5%) over FY2020. This net increase is mostly attributable to capital grants and contributions of \$2,665 from various Developers for water distribution system improvements and revenues in excess of expenses of \$51,731.

Current and other assets increased by \$38,511 (+85.9%) from FY2020, which reflects an increase in pooled cash and cash equivalents by \$10,123 (+67.59%) due to an increase in cash reserves from revenues in excess of operating expenses and an increase in amounts due from the City of \$30,846 (+100.0%). However, this increase was offset by a decrease in receivables from other government funds in the amount of \$2,299 (-82.5%), primarily due to a decrease in grant proceeds related to the Automated Metering Infrastructure (AMI) project.

Capital assets increased by \$3,758 (+1.1%) 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 \$385 (-6.6%) over FY2020. The majority of the net decrease in FY2021 is a result of decreases on difference between actual and expected investment returns in the amount of \$1,091 (-100.0%) and changes on actuarial assumptions in the amount of \$1,555 (-67.3%). This net decrease was offset by an increase in pension contributions after the measurement date in the amount of \$2,514 (+193.7%) in FY2021. In addition, there was a decrease of \$198 (-27.9%) on debt refunding and a decrease of \$55 (-13.8%) in changes in actuarial assumptions on Other Postemployment Benefits (OPEB) costs compared to FY2020. Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 43.

Current liabilities increased by \$2,151 (+8.5%) compared to FY2020, mainly due to an increase in accounts payable by \$1,730 (+12.4%) relating to continued expenditures in operating activities and capital improvement programs. In addition, there was an increase of \$333 (+61.1%) in accrued employee benefits in FY2021.

Noncurrent liabilities decreased by \$30,503 (-35.3%) from FY2020, primarily due to the net pension liability decrease in the amount of \$22,894 (-53.4%) resulting from a significant increase in investment returns in the California Public Employees' Retirement System (CalPERS) pension plans. In addition, annual principal payments on debt and bonds premium amortization in FY2021 resulted to a decrease in long-term bonds payable by \$3,580 (-25.9%). Furthermore, long-term obligations on the lease-purchase agreement

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

executed by the Department to finance the AMI project decreased by \$3,757 (-16.1%) in FY2021. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements in page 39 and on Note 6 - Leasing Arrangements on page 48.

Deferred inflows of resources increased by \$15,840 (+898.0%) over FY2020. This net increase mainly reflects a total of \$16,031 (+8,856.9%) increase in changes in actuarial assumptions, differences between actual and projected experience and proportionate share of deferred pension. This increase was offset by a decrease on OPEB costs in the amount of \$191 (-12.1%). Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 43.

Sewer Fund. Net position increased \$4,908 (+6.6%) over FY2020. This increase is primarily due to revenues in excess of expenses.

Current assets and other assets decreased by \$1,051 (-7.0%) over FY2020, reflecting a decrease in pooled cash and cash equivalents by \$1,190 (-8.9%) due primarily to the funding of major sewer capital improvement projects and other sewer operations.

Capital assets increased by \$3,504 (+4.3%) over FY2020, 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 \$298 (-21.5%) over FY2020. This net decrease reflects decreases in changes in actuarial assumptions on OPEB costs in the amount of \$14 (-16.5%) and on deferred pension costs in the amount of \$284 (-21.8%). The actuarial determined deferred pension costs decreased by \$566 (-70.6%) compared to FY2020, due to changes in actuarial assumptions, experience and funds proportion of the City-wide pension liability. However, pension contributions after measurement date increased by \$510 (+188.2%) compared to FY2020. Additional information on deferred outflows related to pensions is provided on Note 5 - Retirement Program of the Notes to Financial Statements on page 43.

Current liabilities decreased by \$645 (-18.8%) over FY2020, which is mainly due to a reduction in accounts payable and accrued wages payable amounts at the end of fiscal year.

Noncurrent liabilities decreased by \$5,449 (-28.4%) from FY2020, primarily due to an increase in the net pension liabilities by \$4,850 (-54.2%). In addition, long-term bonds payable decreased by \$513 (-5.6%) due to annual principal payments on Series 2016A

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

Bonds. Additional information is provided on Note 4 - Long-term Liabilities of the Notes to Financial Statements in page 39 and on Note 5 - Retirement Program on page 43.

Deferred Inflows of resources increased by \$3,341 (+900.5%) over FY2020. This increase reflects increases in actuarial assumptions, differences between actual and projected experience and proportionate share of deferred pension in the amount of \$3,387 (+8,913%) in FY2021. However, this increase was slightly offset by a decrease in OPEB costs in the amount of \$46 (-13.8%). Additional information on deferred outflows related to pensions is provided on the Note 5 - Retirement Program of the Notes to Financial Statements in page 43.

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, 2021 and 2020:

Long Beach Water Department Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position Fiscal Years Ended September 30, 2021 and 2020 (in thousands)				
	2021	2020	Variance 2021/2020	
			Amount	%
Operating Revenues:				
Metered sales	\$ 79,591	\$ 73,511	\$ 6,080	8.3%
Reclaimed water sales	4,888	3,154	1,734	55.0%
Service charges	46,062	43,954	2,108	4.8%
Other services	6,747	10,397	(3,650)	-35.1%
Total operating revenues	137,288	131,016	6,272	4.8%
Operating Expenses:				
Cost of water	27,672	36,163	(8,491)	-23.5%
Personal services	18,810	38,857	(20,047)	-51.6%
Commercial Services	2,751	4,291	(1,540)	-35.9%
Maintenance and other	33,825	29,377	4,448	15.1%
Street Impact charges	4,066	3,903	163	4.2%
Depreciation and amortization	16,272	15,636	636	4.1%
Total operating expenses	103,396	128,227	(24,831)	-19.4%
Operating income	33,892	2,789	31,103	1115.2%
Nonoperating Income (Expenses):				
Interest income	101	1,060	(959)	-90.5%
Interest expense	(1,637)	(1,774)	137	-7.7%
Rental income	1,036	1,043	(7)	-0.7%
Payments from/(to) the City	22,204	(10,450)	32,654	-312.5%
Other	854	1,638	(784)	-47.9%
Total non-operating income (expense)	22,558	(8,483)	31,041	-365.9%
Income (loss) before capital grants and contributions	56,450	(5,694)	62,144	-1091.4%
Capital grants and contributions	2,854	3,947	(1,093)	-27.7%
Changes in net position	59,304	(1,747)	61,051	-3494.6%
Net position - October 1	368,502	370,249	(1,747)	-0.5%
Net position - September 30	<u>\$ 427,806</u>	<u>\$ 368,502</u>	<u>\$ 59,304</u>	<u>16.1%</u>

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

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, 2021 and 2020:

Water Fund				
Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position				
Fiscal Years Ended September 30, 2021 and 2020				
(in thousands)				
	2021	2020	Variance 2021/2020	
			Amount	%
Operating Revenues:				
Metered sales	\$ 73,876	\$ 67,987	\$ 5,889	8.7%
Reclaimed water sales	4,888	3,154	1,734	55.0%
Service charges	34,900	32,807	2,093	6.4%
Other services	5,304	9,143	(3,839)	-42.0%
Total operating revenues	<u>118,968</u>	<u>113,091</u>	<u>5,877</u>	<u>5.2%</u>
Operating Expenses:				
Cost of water	27,672	36,163	(8,491)	-23.5%
Personal services	15,555	31,617	(16,062)	-50.8%
Commercial Services	1,496	2,405	(909)	-37.8%
Maintenance and other	30,052	25,774	4,278	16.6%
Street Impact charges	1,948	1,753	195	11.1%
Depreciation and amortization	13,429	13,025	404	3.1%
Total operating expenses	<u>90,152</u>	<u>110,737</u>	<u>(20,585)</u>	<u>-18.6%</u>
Operating income	28,816	2,354	26,462	1124.1%
Nonoperating Income (Expenses):				
Interest income	101	697	(596)	-85.5%
Interest expense	(1,394)	(1,538)	144	-9.4%
Rental income	1,036	1,043	(7)	-0.7%
Payments from/(to) the City	22,204	(10,450)	32,654	-312.5%
Other	968	1,636	(668)	-40.8%
Total non-operating income (expense)	<u>22,915</u>	<u>(8,612)</u>	<u>31,527</u>	<u>-366.1%</u>
Income (loss) before capital grants and contributions	51,731	(6,258)	57,989	-926.6%
Capital grants and contributions	2,665	3,909	(1,244)	-31.8%
Changes in net position	54,396	(2,349)	56,745	-2415.7%
Net position - October 1	293,741	296,090	(2,349)	-0.8%
Net position - September 30	<u>\$ 348,137</u>	<u>\$ 293,741</u>	<u>\$ 54,396</u>	<u>18.5%</u>

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

Sewer Fund Condensed Schedules of Revenues, Expenses, and Changes in Fund Net Position Fiscal Years Ended September 30, 2021 and 2020 (in thousands)

	2021	2020	Variance	
			2021/2020	
			Amount	%
Operating Revenues:				
Metered sales	\$ 5,715	\$ 5,524	\$ 191	3.5%
Service charges	11,162	11,147	15	0.1%
Other services	1,443	1,254	189	15.1%
Total operating revenues	18,320	17,925	395	2.2%
Operating Expenses:				
Personal services	3,255	7,240	(3,985)	-55.0%
Commercial Services	1,255	1,886	(631)	-33.5%
Maintenance and other	3,773	3,603	170	4.7%
Street Impact charges	2,118	2,150	(32)	-1.5%
Depreciation	2,843	2,611	232	8.9%
Total operating expenses	13,244	17,490	(4,246)	-24.3%
Operating income	5,076	435	4,641	1066.9%
Nonoperating Income (Expenses):				
Interest income	-	363	(363)	-100.0%
Interest expense	(243)	(236)	(7)	3.0%
Other	(114)	2	(116)	-5800.0%
Total non-operating income (expense)	(357)	129	(486)	-376.7%
Income before capital grants and contributions	4,719	564	4,155	736.7%
Capital grants and contributions	189	38	151	397.4%
Changes in net position	4,908	602	4,306	715.3%
Net position - October 1	74,761	74,159	602	0.8%
Net position - September 30	\$ 79,669	\$ 74,761	\$ 4,908	6.6%

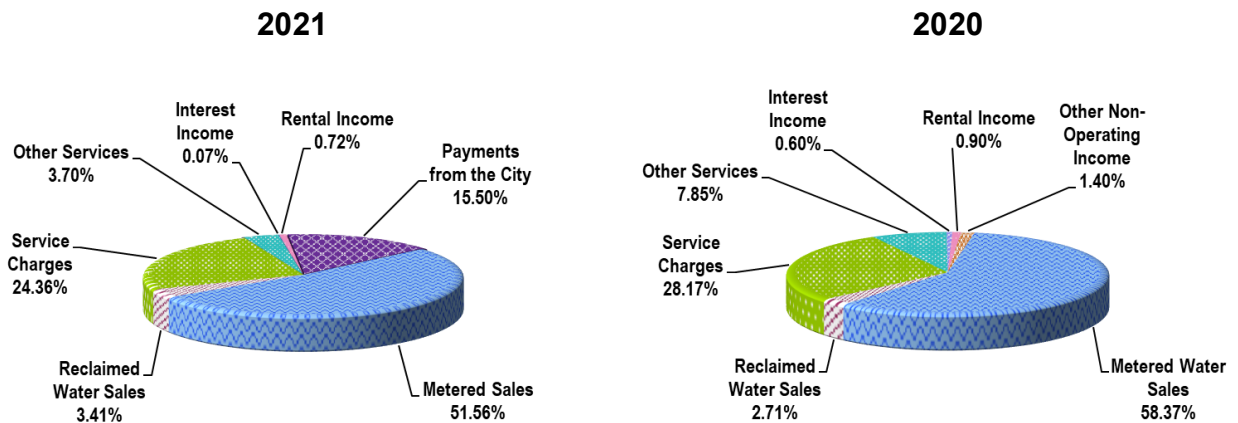
LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis
September 30, 2021

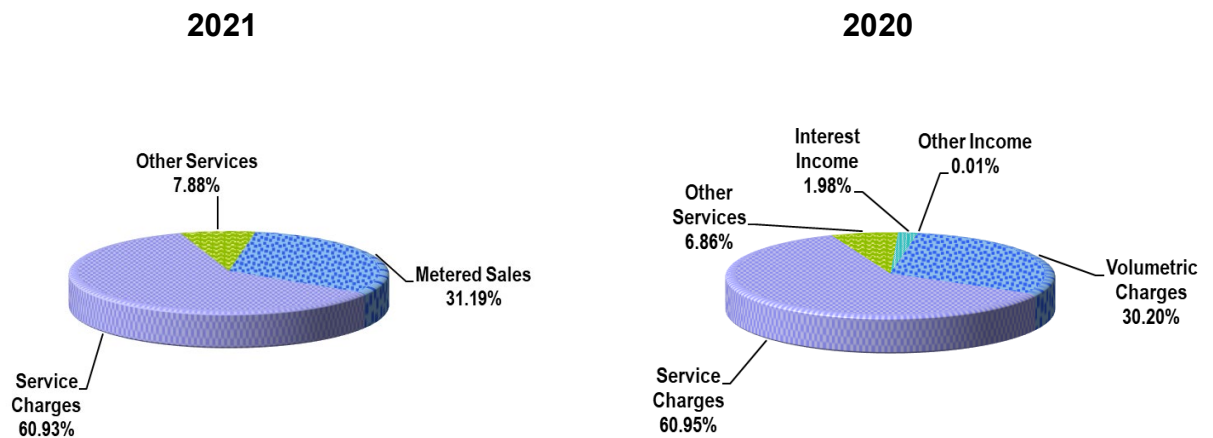
Sources of Revenues

Sources of revenue for fiscal years 2021 and 2020 are shown on the following charts.

Water Fund



Sewer Fund



LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis
September 30, 2021

Management Review of the Department's Revenues

Water Fund

Fiscal Year Ended September 30, 2021 Compared to 2020

Total operating revenues were \$118,968, an increase of \$5,877 (+5.2%) over FY2020. The major elements of this net increase are as follows:

- Metered sales revenue increased by \$5,889 (+8.7%), primarily due to a 6% water rates increase effective October 1, 2020. In addition, customer potable water consumption increased by 961 AF (+2.0%) compared to FY2020.
- Reclaimed water sales revenue increased by \$1,734 (+55.0%) mainly due to an increase in consumption by 1,780 AF (+46.7%) compared to FY2020. In addition, there was a 6% reclaimed water rates increase in FY2021.
- Service charges increased by \$2,093 (+6.4%) over FY2020 which reflects the 6% rate increase effective October 1, 2020.
- Revenue from other services totaled \$5,304, a net decrease of \$3,839 (-42.0%) from the prior year. The major factors of this net decrease are as follows:
 - In FY2020, the Department agreed to retire unused Current Allocated Pumping Rights (CAPR) of 5,000 AF with Water Replenishment District of Southern California (WRD). Similar transaction did not occur in FY2021, which contributed to a decrease of \$2,532 (-100.0%) in revenue from an In-Lieu Groundwater Replenishment Agreement with WRD.
 - Revenue received from sales of potable water and readiness-to-serve charges to WRD and Orange County Water District (OCWD) decreased by \$1,054 (-23.7%) and \$121 (-25.7%), respectively. This is mainly due to the decrease in demand by 1,071 AF (-25.8%) relating to the Alamitos Seawater Intrusion Barrier.

FY2021 net nonoperating income totaled \$22,915, a net increase of \$31,527 (-366.1%) over FY2020. The net increase is primarily due to the following factors:

- Payments from the City increased by \$32,654 (-312.5%) compared to FY2020. Effective June 5, 2018, the Department began annual payments to the City related to Measure M. In March 2022, after exhausting appeal options, the City, as required by the court, approved repayment of all current and previous Measure M payments totaling \$30,832.
- Other income had a net decrease of \$668 (-40.8%) in FY2021, primarily due to the water capital improvement projects charged to expense in the amount of \$607.
- Interest income decreased by \$596 (-85.5%) mainly due to a decrease in income received relating to pooled cash and mark-to-market pooled cash investments

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

Capital grants and contributions decreased by \$1,244 (-31.8%) compared to FY2020, primarily due to a decrease in the amount of \$1,499 (-100.0%) on contributions received in relation to the AMI project. This decrease was offset by grant proceeds received for water distribution system facilities in FY2021 which totaled to \$294 (+100.0%).

Sewer Fund

Fiscal Year Ended September 30, 2021 Compared to 2020

Total operating revenues increased \$395 (+2.2%) over FY2020. The key elements of this increase are as follows:

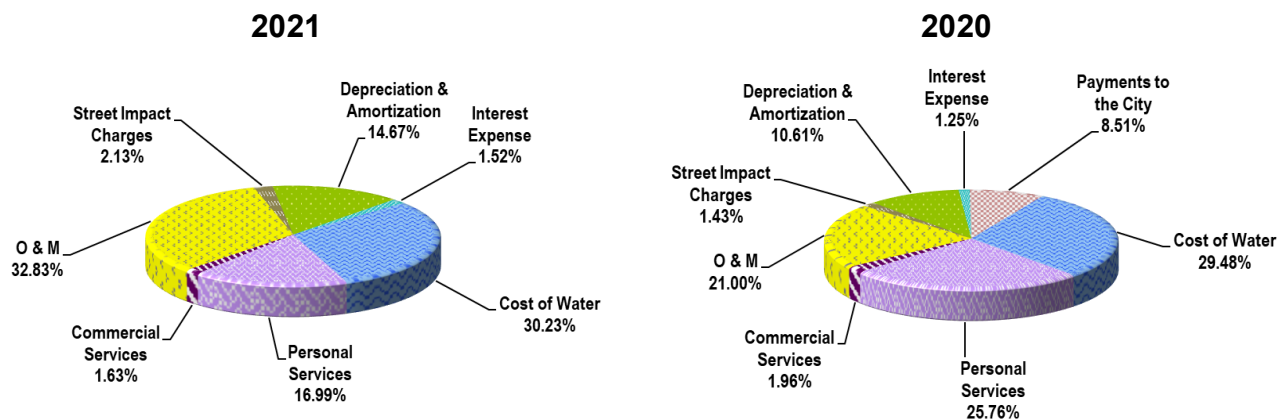
- Metered sales revenue increased by \$191 (+3.5%) as a result of a 1,384 AF (+3.9%) increase in demand. In addition, Service charges revenue slightly increased in FY2021 by \$15 (+0.1%). There was no sewer rate increase in FY2021.
- Other services revenue increased by \$189 (+15.1%) over FY2020, mainly due to an increase in sewer capacity charges revenue resulting from several new residential and commercial sewer collection system developments in the city of Long Beach.

Capital grants and contributions increased by \$151 (+397.4%) compared to FY2020, primarily due to an increase in proceeds received from sewer collection system development agreements with the Department.

Functional Expenses

Functional expenses for the 2021 and 2020 fiscal years are shown on the following charts.

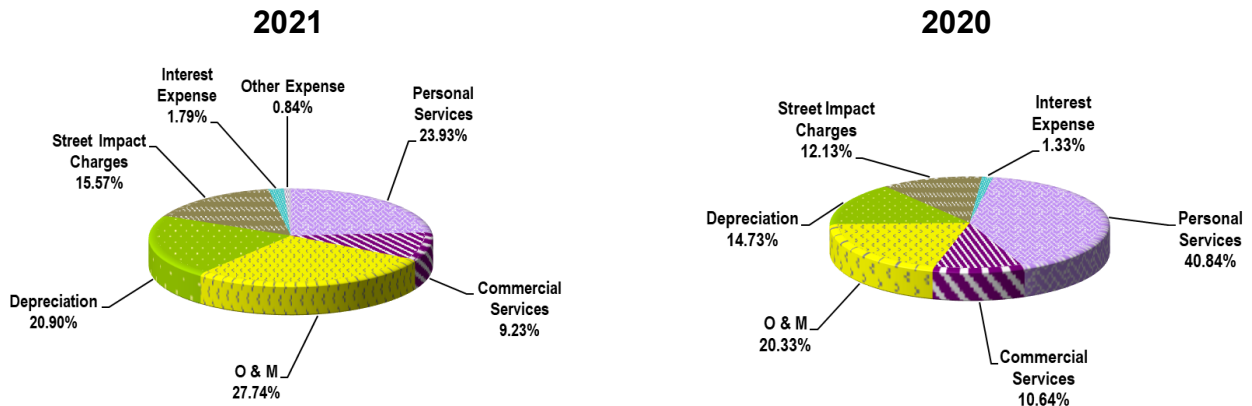
Water Fund



LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

Sewer Fund



Management Review of the Department's Expenses.

Water Fund

Fiscal Year Ended September 30, 2021 Compared to 2020

Operating expenses totaled \$90,152, a decrease of \$20,585 (-18.6%) over FY2020. The major elements attributable to the net decrease are as follows:

- In FY2021, purchased water costs and volume decreased by \$8,491 (-23.5%) and 11,360 AF (-31.7%) respectively. There were no purchases of imported water from Metropolitan Water District (MWD) in relation to the Central Groundwater Basin replenishment agreement with WRD and the Department's Groundwater Treatment Plant was fully operational in FY2021, which resulted to a decrease on imported water demand by 8,018 AF (-29.6%). In addition, the Department's stored groundwater obligation with MWD relating to the Long Beach Conjunctive Use Program (CUP) decreased by 3,250 AF (-100.0%) in FY2021.
- Personal services costs decreased by \$16,062 (-50.8%) in FY2021, primarily due to decreases in pension costs and fringe benefits in the amount of \$9,609 (-95.5%). In addition, a decrease in the amount of \$4,595 (-100.4%) reflects a one-time adjustment on City's Employee Benefit Fund (EBF) for sick leave and Retired Employees Health Insurance Program (REHIP) costs recorded in FY2020, which did not occur in FY2021. Also, on September 26, 2020, the City implemented employee furloughs to up to 26 days of unpaid time off for City employees during FY2021. This is to address the revenue loss and budget shortfall associated with the COVID-19 pandemic, which resulted to a \$1,704 (-12.1%) decrease in employee salaries and overtime costs in FY2021. The employee furloughs ended on April 17, 2021.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

- Maintenance and other costs had a net increase of \$4,278 (+16.6%) from FY2020. The net increase is primarily attributable to the following factors:
 - Replenishment assessment (pump tax) increased by \$3,589 (+40.6%) due to increased groundwater pumping of 8,147 AF (+33.7%) compared to FY2020. In addition, replenishment assessment rate increased by 4.7% for the first three quarters and 3.1% for the last quarter of FY2021.
 - Utility services, mainly electricity consumption for the Groundwater Treatment Plant operations, increased by \$331 (+14.4%) due to the increase in groundwater pumping in FY2021.
 - Laboratory and chemical supplies increased by \$228 (+27.9%) compared to FY2020, primarily due to an increase in purchases of chemicals used for treating groundwater.

Sewer Fund

Fiscal Year Ended September 30, 2021 Compared to 2020

Total operating expenses amounted to \$13,244, a decrease of \$4,246 (-24.3%) over FY2020. This decrease is mostly attributable to the following elements:

- Personal services costs decreased by \$3,985 (-55.0%) in FY2021, primarily because of decreases in pension costs and fringe benefits in the amount of \$2,095 (-75.8%). In addition, a decrease in the amount of \$1,402 (-2,027.1%) reflects a one-time adjustment on EBF for sick leave and REHIP costs recorded in FY2020, which did not occur in FY2021. Due to employee furloughs implemented by the City in September 2020, employee salaries and overtime costs decreased by \$401 (-10.8%). This employee furloughs ended on April 17, 2021.
- Commercial services costs decreased by \$631 (-33.5%) compared to FY2020, due to a decrease in allocated costs for utility customer support and billing and collection services charges from the City.

FY2021 net nonoperating expense totaled \$357, a net increase of \$486 (-376.7%) compared to FY2020. This is primarily due to a decrease of \$382 (-105.0%) in interest income received in relation to pooled cash and mark-to-market pooled cash investments in FY2021.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

Capital Assets and Debt Administration

Capital assets. The Department's capital assets (net of accumulated depreciation and amortization) as of September 30, 2021 amounted to \$360,205 for the Water Fund and \$84,942 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 FY2021, net capital assets increased \$3,758 (+1.1%) and \$3,504 (+4.3%) 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, 2021 and 2020 (in thousands):

Long Beach Water Department
Condensed schedules of Capital Assets
September 30, 2021 and 2020
(in thousands)

	2021	2020	Variance	
			2021/2020	
			Amount	%
Land	\$ 11,214	\$ 11,214	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	163,547	159,452	4,095	2.6%
Distribution/collection systems	601,956	583,169	18,787	3.2%
Machinery and equipment	27,744	27,548	196	0.7%
Construction in progress	68,166	69,048	(882)	-1.3%
Total capital assets	873,482	851,286	22,196	2.6%
Less: accumulated depreciation and amortization	(428,335)	(413,401)	(14,934)	3.6%
Total capital assets, net	\$ 445,147	\$ 437,885	\$ 7,262	1.7%

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis September 30, 2021

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, 2021 and 2020:

Water Fund Capital Assets September 30, 2021 and 2020 (in thousands)				
	2021	2020	Variance 2021/2020	
			Amount	%
Land	\$ 11,214	\$ 11,214	\$ -	-
Water Rights	40	40	-	-
Patent	815	815	-	-
Buildings, structures, and facilities	151,117	147,022	4,095	2.8%
Distribution/collection systems	383,489	371,322	12,167	3.3%
Machinery and equipment	20,921	20,853	68	0.3%
Construction in progress	60,015	60,496	(481)	-0.8%
Total capital assets	627,611	611,762	15,849	2.6%
Less: accumulated depreciation and amortization	(267,406)	(255,315)	(12,091)	4.7%
Total capital assets, net	\$ 360,205	\$ 356,447	\$ 3,758	1.1%

Sewer Fund Capital Assets September 30, 2021 and 2020 (in thousands)				
	2021	2020	Variance 2021/2020	
			Amount	%
Buildings, structures, and facilities	\$ 12,430	\$ 12,430	\$ -	-
Distribution/collection systems	218,467	211,847	6,620	3.1%
Machinery and equipment	6,823	6,695	128	1.9%
Construction in progress	8,151	8,552	(401)	-4.7%
Total capital assets	245,871	239,524	6,347	2.6%
Less: accumulated depreciation	(160,929)	(158,086)	(2,843)	1.8%
Net capital assets	\$ 84,942	\$ 81,438	\$ 3,504	4.3%

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, 2021

Long-term obligations. As of September 30, 2021, the Department had total outstanding long-term obligations in the amount of \$34,765 for the Water Fund and \$9,034 for the Sewer Fund. All debt is supported by Water Fund revenues and Sewer Fund revenues. Total Department outstanding debt as of September 30, 2021 and 2020 is summarized as follows:

Water Fund Long-Term Obligations September 30, 2021 and 2020 (in thousands)				
	2021	2020	Variance 2021/2020	
			Amount	%
Capital Lease:				
AMI Capital Lease	\$ 21,226	\$ 24,860	\$ (3,634)	-14.6%
Total capital lease outstanding	<u>21,226</u>	<u>24,860</u>	<u>(3,634)</u>	<u>-14.6%</u>
Long-term debt:				
Revenue refunding bonds	12,945	16,115	(3,170)	-19.7%
Long-term debt outstanding, net	<u>12,945</u>	<u>16,115</u>	<u>(3,170)</u>	<u>-19.7%</u>
Add: Unamortized bond premium	594	873	(279)	-32.0%
Total long-term debt outstanding	<u>13,539</u>	<u>16,988</u>	<u>(3,449)</u>	<u>-20.3%</u>
Total long-term obligations	<u>\$ 34,765</u>	<u>\$ 41,848</u>	<u>\$ (7,083)</u>	<u>-16.9%</u>

Sewer Fund Long-Term Obligations September 30, 2021 and 2020 (in thousands)				
	2021	2020	Variance 2021/2020	
			Amount	%
Long-term debt:				
Revenue refunding bonds	\$ 7,960	\$ 8,335	\$ (375)	-4.5%
Long-term debt outstanding, net	<u>7,960</u>	<u>8,335</u>	<u>(375)</u>	<u>-4.5%</u>
Add: Unamortized bond premium	1,074	1,197	(123)	-10.3%
Total long-term obligations	<u>\$ 9,034</u>	<u>\$ 9,532</u>	<u>\$ (498)</u>	<u>-5.2%</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 39 and on Note 6- Leasing Arrangements on page 48.

LONG BEACH WATER DEPARTMENT

Management's Discussion and Analysis
September 30, 2021

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, 2022, with budgeted expenditures totaling approximately \$159,883, an increase of \$23,688 (+17.4%) compared to FY2021. In addition, Sewer Fund's budgeted expenditures amounted to \$23,321, which decreased by \$231 (-1.0%) in FY2022.

In FY2022, there were 8.0% rate increases for potable water and reclaimed water. In addition, there were 10% rate increases for sewer collection services in FY2022.

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, 2021**

	Water Fund	Sewer Fund	Total
ASSETS			
Current Assets:			
Pooled cash and cash equivalents	\$ 25,099	12,261	37,360
Non-pooled cash equivalents	510	-	510
Interest receivable	10	-	10
Due from other government	475	-	475
Due from the City	30,846	-	30,846
Customer accounts receivable	10,925	1,304	12,229
Allowance for doubtful accounts	(1,071)	(156)	(1,227)
Material and supplies inventory	6,557	185	6,742
Prepaid expense	5,050	-	5,050
Restricted assets:			
Pooled cash and cash equivalents:			
Funds held in trust	922	-	922
Bond service funds	1,622	304	1,926
Sub-total pooled cash and cash equivalents	2,544	304	2,848
Non-pooled investments	2,395	-	2,395
Total restricted assets	4,939	304	5,243
Total current assets	83,340	13,898	97,238
Noncurrent Assets:			
Capital assets:			
Land	11,214	-	11,214
Water rights	40	-	40
Patent	815	-	815
Buildings, structures and facilities	151,117	12,430	163,547
Distribution/collection systems	383,489	218,467	601,956
Machinery and equipment	20,921	6,823	27,744
Construction in progress	60,015	8,151	68,166
Total capital assets	627,611	245,871	873,482
Less: Accumulated depreciation and amortization	(267,406)	(160,929)	(428,335)
Total capital assets, net	360,205	84,942	445,147
Total assets	443,545	98,840	542,385
DEFERRED OUTFLOWS OF RESOURCES			
Economics loss from the refunding of debt	511	-	511
Pension contributions after measurement date	3,812	781	4,593
Pension changes in proportions	755	236	991
OPEB contributions after measurement date	97	20	117
OPEB liability change in proportions	71	15	86
OPEB change in assumptions	142	29	171
OPEB change in experience	35	7	42
Total deferred outflows of resources	\$ 5,423	1,088	6,511

(Continued)

LONG BEACH WATER DEPARTMENT

**Statements of Net Position
Business Type Activity - Enterprise
September 30, 2021**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	\$ 15,686	1,126	16,812
Accrued wages payable	816	156	972
Unearned revenue	180	120	300
Accrued compensated absences	2,294	459	2,753
Due to other funds	1,535	191	1,726
Advances from developers	763	194	957
Accrued interest payable	247	141	388
Capital lease due with in one year	1,640	-	1,640
Long-term debt due within one year	3,300	390	3,690
Customer deposits	942	-	942
	<hr/>	<hr/>	<hr/>
Total current liabilities	27,403	2,777	30,180
Noncurrent Liabilities:			
Capital lease, net of current portion	19,586	-	19,586
Long-term debt, net of current portion	10,239	8,644	18,883
Compensated absences	4,712	971	5,683
Total OPEB liability	282	58	340
Net pension liability	20,005	4,097	24,102
Accrued site restoration cost	1,000	-	1,000
	<hr/>	<hr/>	<hr/>
Total noncurrent liabilities	55,824	13,770	69,594
	<hr/>	<hr/>	<hr/>
Total Liabilities	83,227	16,547	99,774
	<hr/>	<hr/>	<hr/>
DEFERRED INFLOWS OF RESOURCES			
Difference between actual and expected			
CalPERS investment returns	14,974	3,066	18,040
Pension changes in experience	646	132	778
CalPERS change in proportion	592	227	819
OPEB change in assumptions	1,055	218	1,273
OPEB change in proportion	156	37	193
OPEB change in experience	181	32	213
	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	17,604	3,712	21,316
	<hr/>	<hr/>	<hr/>
NET POSITION			
Net investment in capital assets	326,635	74,875	401,510
Restricted for:			
Bond Service	1,441	304	1,745
Unrestricted	20,061	4,490	24,551
	<hr/>	<hr/>	<hr/>
Total Net Position	\$ 348,137	79,669	427,806
	<hr/>	<hr/>	<hr/>

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, 2021

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Operating Revenues:			
Metered sales	\$ 73,876	5,715	79,591
Reclaimed water sales	4,888	-	4,888
Service charges	34,900	11,162	46,062
Other services	5,304	1,443	6,747
Total operating revenues	<u>118,968</u>	<u>18,320</u>	<u>137,288</u>
Operating Expenses:			
Cost of water	27,672	-	27,672
Personal services	15,555	3,255	18,810
Commercial services	1,496	1,255	2,751
Maintenance and other	30,052	3,773	33,825
Street Impact charges	1,948	2,118	4,066
Depreciation and amortization	13,429	2,843	16,272
Total operating expenses	<u>90,152</u>	<u>13,244</u>	<u>103,396</u>
Operating income	<u>28,816</u>	<u>5,076</u>	<u>33,892</u>
Non-operating Income (Expense):			
Interest income	101	-	101
Interest expense	(1,394)	(243)	(1,637)
Rental income	1,036	-	1,036
Payments from/(to) the City	22,204	-	22,204
Other	968	(114)	854
Total non-operating income (expense)	<u>22,915</u>	<u>(357)</u>	<u>22,558</u>
Income before capital grants and contributions	<u>51,731</u>	<u>4,719</u>	<u>56,450</u>
Capital grants and contributions	<u>2,665</u>	<u>189</u>	<u>2,854</u>
Changes in net position	<u>54,396</u>	<u>4,908</u>	<u>59,304</u>
Net position - October 1	<u>293,741</u>	<u>74,761</u>	<u>368,502</u>
Net Position - September 30	<u>\$ 348,137</u>	<u>79,669</u>	<u>427,806</u>

See accompanying notes to financial statements

LONG BEACH WATER DEPARTMENT

**Statements of Cash Flows
Business Type Activity - Enterprise
Year ended September 30, 2021**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 118,419	18,301	136,720
Cash paid to employees	(22,871)	(4,683)	(27,554)
Cash paid for water	(31,327)	-	(31,327)
Cash paid for goods and services	(28,248)	(5,596)	(33,844)
Cash paid to the City	(1,948)	(2,118)	(4,066)
Other income	375	1,292	1,667
Other expense	(792)	(1,406)	(2,198)
Net cash provided by operating activities	<u>33,608</u>	<u>5,790</u>	<u>39,398</u>
Cash flows from non-capital financing activities:			
Payments to the City	(8,628)	-	(8,628)
Cash received from rental income	1,036	-	1,036
Payments received from the City	1,710	-	1,710
Net cash (used for)/provided by non-capital financing activities	<u>(5,882)</u>	<u>-</u>	<u>(5,882)</u>
Cash flows from capital and related financing activities:			
Proceeds from sale of capital assets	238	-	238
Contributions in aid of construction	4,082	189	4,271
Payments for capital acquisitions	(17,828)	(6,421)	(24,249)
Principal repayments-bonds	(3,170)	(375)	(3,545)
Principal repayments-capital lease	(3,634)	-	(3,634)
Interest payments	(1,530)	(373)	(1,903)
Net cash used for capital and related financing activities	<u>(21,842)</u>	<u>(6,980)</u>	<u>(28,822)</u>
Cash flows from investing activities:			
Interest income received	553	-	553
Net cash provided by investing activities	<u>553</u>	<u>-</u>	<u>553</u>
Net increase (decrease) in cash and cash equivalents	6,437	(1,190)	5,247
Cash and cash equivalents, October 1	<u>21,716</u>	<u>13,755</u>	<u>35,471</u>
Cash and cash equivalents, September 30	<u>28,153</u>	<u>12,565</u>	<u>40,718</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	28,816	5,076	33,892
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation expense and amortization	13,429	2,843	16,272
Other income	375	1,292	1,667
Other expense	(792)	(1,406)	(2,198)
Decrease in pension, OPEB and compensated absences	(7,027)	(1,276)	(8,303)
Increase in prepaid expense	(2,498)	-	(2,498)
Increase in customer accounts receivable	(1,447)	(196)	(1,643)
Decrease in due from City of Long Beach	879	57	936
Increase in material and supplies inventory	(45)	-	(45)
Increase (decrease) in accounts and retainage payable	1,730	(579)	1,151
Decrease in accrued wages payable	(289)	(152)	(441)
Increase in unearned revenue	82	120	202
Increase in due to City of Long Beach	460	11	471
Decrease in customer deposits	(65)	-	(65)
Total adjustments	<u>4,792</u>	<u>714</u>	<u>5,506</u>
Net cash provided by operating activities	<u>\$ 33,608</u>	<u>5,790</u>	<u>39,398</u>

See accompanying notes to financial statements

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(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, 15,132 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, 2021, the Department delivered over 3.2 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 Annual Comprehensive 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, 2021, 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, 2021
(in thousands of dollars)

The City's Annual Comprehensive 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, 2021.

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No. 61*. The objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The Statement is effective for reporting periods after December 31, 2020. Application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2021.

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*. The requirements in paragraph 6-9 of this Statement are effective for fiscal years beginning after June 15, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. Early application of this Statement did not have a material impact to the Department's financial statements for the fiscal year ended September 30, 2021.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

In October 2021, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objectives of this Statement are to address references in authoritative literature to the term comprehensive annual financial report. The Statement is effective for reporting periods after December 15, 2021. The Department elected to early implemented this Statement for the fiscal year ended September 30, 2021.

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 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.

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.

At September 30, 2021, the Water Fund and Sewer Fund had equity in the Pool of \$27,643 and \$12,565, respectively, which represents approximately 1.41% and 0.64%, respectively, for a total departmental equity of \$40,208 or 2.05% of the Pool.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

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, 2021
(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

Capital grants and contributions

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 capital grants and contributions 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, 2021
(in thousands of dollars)

Employee Benefits, Compensated Absences and Termination Benefits

At September 30, 2021, the Department has recorded compensated absences of \$8,436 (\$7,006 for Water and \$1,430 for Sewer) of which short-term amounts totaled to \$2,753 (\$2,294 for Water and \$459 for Sewer) and long-term balances of \$5,683 (\$4,712 for Water and \$971 for Sewer). Compensated absences include accrued but unused vacation and holiday benefits, and accumulated sick and termination benefits.

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 the its share of accrued sick leave at September 30, 2021. 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).

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

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.

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, represent 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, represent 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.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

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.

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.

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, 2021
(in thousands of dollars)

With the onset of COVID-19, the City initiated steps to avoid furthering the financial burdens experienced by utility customers impacted by the pandemic. In March 2020, the City suspended charging late fees to utility customers (including Water and Sewer customers), suspended terminations (shut-offs) of utilities for nonpayment, and suspended collection efforts for amounts in arrears. This suspension of late fees, utility service shut-offs, and collection efforts continued through September 30, 2021. These moratoriums continue into FY 2022.

As part of the 2021-22 State budget approval in late 2021, the State of California initiated the California Water and Wastewater Arrearage Payment Program (CWWAPP) to offer financial assistance to water and sewer customers to help reduce past due bill balances that accrued during the pandemic. Awarded funds will not be received until FY 22.

Utility Revenue Transfer Charter Amendment (Measure M)

On June 5, 2018, the residents of the city of Long Beach voted to pass the Utility Revenue Transfer Charter Amendment (Measure M). With this amendment, the Department is authorized to make annual transfers of any funds from the Water and Sewer Funds to the General Fund that are determined by the Board of Water Commissioners (Commission) to be unnecessary to meet its obligations; provided that the maximum transfer does not exceed 12% of each funds' audited annual gross revenues. The transfers to the General Fund can be spent for unrestricted general revenue purposes. The Commission is authorized to set, and the City Council to approve, water and sewer rates in an amount sufficient to recover the cost of Water and Sewer Fund obligations.

In October of 2018, a lawsuit was filed against the City of Long Beach (City) alleging that, among other things, the passage of Measure M violated Article XIII of the California Constitution and was unenforceable insofar as it authorized the transfer of funds from the Water and Sewer Funds to the General Fund. On January 2, 2020, a judge in the Superior Court of Los Angeles County issued a tentative ruling in favor of the plaintiffs, finding Measure M unconstitutional, ordering the return of funds previously transferred under the authority granted by Measure M, and prohibiting the future transfer of funds pursuant to Measure M. The tentative ruling became final in February of 2020. On March 23, 2022, the Supreme Court denied the City's petition to review and therefore the appellate court decision stood. The City is required to transfer \$30,832 to the Department within 180 days from the final ruling.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

Note 2 - Cash Equivalents and Investments

The Department's unrestricted and restricted cash equivalents and investments are as follows:

Water Fund			Total Investments & Cash Equivalent
	Unrestricted	Restricted	
Equity in the City of Long Beach's investment pool	\$ 25,099	2,544	27,643
Non-pooled cash equivalents	510	-	510
Investments - U.S. Treasury Notes	-	2,395	2,395
Total cash and investments	<u>\$ 25,609</u>	<u>4,939</u>	<u>30,548</u>

Sewer Fund			Total Investments & Cash Equivalent
Sewer Fund	Unrestricted	Restricted	
Equity in the City of Long Beach's investment pool	\$ 12,261	304	12,565
Total cash and investments	<u>\$ 12,261</u>	<u>304</u>	<u>12,565</u>

The Departments 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, 2021, the City's Investment Pool has weighted average maturity of 1.44 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, 2021 (in thousands of dollars)

Note 3 – Capital Assets

Capital assets at September 30, 2021 were as follows:

Water Fund	Balance September 30, 2020	Additions	Deletions, Retirements and Transfers	Balance September 30, 2021
Capital assets, not being depreciated:				
Land	11,214	-	-	11,214
Construction in progress	60,496	17,434	(17,915)	60,015
Water Rights	40	-	-	40
Total capital assets, not being depreciated	71,750	17,434	(17,915)	71,269
Capital assets, being depreciated:				
Buildings, structures and facilities	147,022	4,193	(98)	151,117
Patents	815	-	-	815
Distribution/collection systems	371,322	13,116	(949)	383,489
Machinery and equipment	20,853	922	(854)	20,921
Total capital assets, being depreciated	540,012	18,231	(1,901)	556,342
Less accumulated depreciation for:				
Buildings, structures and facilities	(73,884)	(4,182)	98	(77,968)
Patents	(572)	(41)	-	(613)
Distribution/collection systems	(162,816)	(7,764)	386	(170,194)
Machinery and equipment	(18,043)	(1,442)	854	(18,631)
Total accumulated depreciation	(255,315)	(13,429)	1,338	(267,406)
Total capital assets, being depreciated, net	284,697	4,802	(563)	288,936
Total Water Fund capital assets, net	356,447	22,236	(18,478)	360,205
Sewer Fund	Balance September 30, 2020	Additions	Deletions, Retirements and Transfers	Balance September 30, 2021
Capital assets, not being depreciated:				
Construction in progress	8,552	6,528	(6,929)	8,151
Total capital assets, not being depreciated	8,552	6,528	(6,929)	8,151
Capital assets, being depreciated:				
Buildings, structures and facilities	12,430	-	-	12,430
Distribution/collection systems	211,847	6,620	-	218,467
Machinery and equipment	6,695	128	-	6,823
Total capital assets, being depreciated	230,972	6,748	-	237,720
Less accumulated depreciation for:				
Buildings, structures and facilities	(2,735)	(278)	-	(3,013)
Distribution/collection systems	(151,162)	(2,029)	-	(153,191)
Machinery and equipment	(4,189)	(536)	-	(4,725)
Total accumulated depreciation	(158,086)	(2,843)	-	(160,929)
Total capital assets, being depreciated, net	72,886	3,905	-	76,791
Total Sewer Fund capital assets, net	81,438	10,433	(6,929)	84,942

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements September 30, 2021 (in thousands of dollars)

Combined Total	Balance September 30, 2020	Additions	Deletions, Retirements and Transfers	Balance September 30, 2021
Capital assets, not being depreciated:				
Land	11,214	-	-	11,214
Construction in progress	69,048	23,962	(24,844)	68,166
Water Rights	40	-	-	40
Total capital assets, not being depreciated	80,302	23,962	(24,844)	79,420
Capital assets, being depreciated:				
Buildings, structures and facilities	159,452	4,193	(98)	163,547
Patents	815	-	-	815
Distribution/collection systems	583,169	19,736	(949)	601,956
Machinery and equipment	27,548	1,050	(854)	27,744
Total capital assets, being depreciated	770,984	24,979	(1,901)	794,062
Less accumulated depreciation for:				
Buildings, structures and facilities	(76,619)	(4,460)	98	(80,981)
Patents	(572)	(41)	-	(613)
Distribution/collection systems	(313,978)	(9,793)	386	(323,385)
Machinery and equipment	(22,232)	(1,978)	854	(23,356)
Total accumulated depreciation	(413,401)	(16,272)	1,338	(428,335)
Total capital assets, being depreciated, net	357,583	8,707	(563)	365,727
Total Department capital assets, net	437,885	32,669	(25,407)	445,147

In FY2021, the Department capitalized enhancements to several facilities and structures, which amounted to \$4,193 for Water Fund. These improvements included water reservoir tank roofing and interior lining installation, well development and cistern improvements. In addition, the Department completed numerous projects as part of ongoing improvements to its current water distribution system and sewer collection system, which totaled \$13,116 for the Water Fund and \$6,620 for the Sewer Fund. These improvements include ongoing programs for Water Cast Iron Main replacement, Water Services installations, Fireline and Fire Hydrant installations, Large Valve replacement, and Sewer Pipe rehabilitation. The Department also purchased machinery and equipment which totaled \$922 for the Water Fund and \$128 for the Sewer Fund. These machinery and equipment purchases included utility vehicles and sewer collection pump.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

Construction in Progress

Construction in progress at September 30, 2021 includes the following projects:

Project	Water Fund	Sewer Fund
Water Main Replacement Program	\$ 4,457	\$ -
Water Reservoir Improvements	1,743	-
Water Well Development and Rehabilitation	6,983	-
Water System Facility Improvements	38,634	-
Reclaimed Water System	732	-
Sewer Main Replacement Program	-	3,067
Sewer Lift Stations Rehabilitation	-	4,010
Other Projects	7,466	1,074
Total Combined Construction in Progress	<u>\$ 60,015</u>	<u>\$ 8,151</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, 2021, completed projects were transferred from Construction in progress as follows:

	Total	
	Water Fund	Sewer Fund
Transfers to Capital Assets	\$ 17,309	6,694
Transfers to Expense	606	235
Total	<u>\$ 17,915</u>	<u>6,929</u>

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

Note 4 – Long-term Liabilities:

Water Fund					
September 30, 2021	Beginning of year	Additions	Reductions	End of year	Due within one year
2010 Water Revenue Refunding Bonds	\$ 10,740	-	(2,490)	8,250	2,590
2012 Water Revenue Refunding Bonds	5,375	-	(680)	4,695	710
	16,115	-	(3,170)	12,945	3,300
Add 2010 unamortized bond premium	481	-	(189)	292	-
Add 2012 unamortized bond premium	392	-	(90)	302	-
Total long-term debt	16,988	-	(3,449)	13,539	3,300
Compensated Absences	7,122	1,624	(1,740)	7,006	2,294
Net Pension Liability	42,899	-	(22,894)	20,005	-
Total OPEB Liability	326	-	(44)	282	-
Capital Lease	24,860	-	(3,634)	21,226	1,640
Accrued site restoration cost	1,000	-	-	1,000	-
Total	<u>\$ 93,195</u>	<u>1,624</u>	<u>(31,761)</u>	<u>63,058</u>	<u>7,234</u>

Sewer Fund					
September 30, 2021	Beginning of year	Additions	Reductions	End of year	Due within one year
2016 Sewer Revenue Refunding Bonds	\$ 8,335	-	(375)	7,960	390
	8,335	-	(375)	7,960	390
Add 2016 unamortized bond premium	1,197	-	(123)	1,074	-
Total long-term debt	9,532	-	(498)	9,034	390
Compensated Absences	1,484	330	(384)	1,430	459
Net Pension Liability	8,947	-	(4,850)	4,097	-
Total OPEB Liability	69	-	(11)	58	-
Total	<u>\$ 20,032</u>	<u>330</u>	<u>(5,743)</u>	<u>14,619</u>	<u>849</u>

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

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

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.

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.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

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 Position as a separate category under Deferred Outflows of Resources. The deferred outflow from the 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, 2021, and for the year then ended, there were no draws on the Water LOC.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements September 30, 2021 (in thousands of dollars)

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 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	Series 2010 Bonds		Series 2012 Bonds		Total		Total Debt
Ending Sept 30	Principal	Interest	Principal	Interest	Principal	Interest	Service
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	-	-	820	84	820	84	904
2027	-	-	860	43	860	43	903
Total	<u>\$ 8,250</u>	<u>819</u>	<u>4,695</u>	<u>730</u>	<u>12,945</u>	<u>1,549</u>	<u>14,494</u>

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

Fiscal Year Ending Sept 30	Sewer Fund Series 2016 Bonds		Total Debt
	Principal	Interest	Service
2022	\$ 390	339	729
2023	405	323	728
2024	420	307	727
2025	435	290	725
2026	455	273	728
2027-2031	2,615	1,025	3,640
2032-2036	3,240	399	3,639
Total	<u>\$ 7,960</u>	<u>2,956</u>	<u>10,916</u>

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, 2021
(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, 2021, are summarized in the following table:

Hire Date	Miscellaneous		
	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 7.7% (6.4% for Water and 1.3% for Sewer) for the Plan.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(in thousands of dollars)

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, 2021 (measurement date), using the actuarial valuation report as of June 30, 2020. The Department's net pension liability for the Plan was \$24,102 (\$20,005 for Water and \$4,097 for Sewer) at September 30, 2021.

For the measurement period ended June 30, 2021 (the measurement date), the Department reported pension income of \$311 (\$258 for Water and \$53 for Sewer).

As of September 30, 2021, the Department had deferred outflows and deferred inflows related to pensions as follows:

Deferred outflows and inflows at September 30

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Deferred outflows of resources:			
Pension contributions after measurement date	\$ 3,812	781	4,593
Change in proportion	755	236	991
Total deferred outflows of resources	<u>\$ 4,567</u>	<u>1,017</u>	<u>5,584</u>
Deferred inflows of resources:			
Net difference between actual and expected investment returns	\$ 14,974	3,066	18,040
Differences between actual and expected experience	646	132	778
Change in proportion	592	227	819
Total deferred inflows of resources	<u>\$ 16,212</u>	<u>3,425</u>	<u>19,637</u>

Exclusive of deferred outflows related to payments after the measurement date, the net amounts of deferred outflows (inflows) of resources related to pensions that will be recognized in future pension expense is as follows:

Measurement Period Ending June 30	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
2022	\$ (3,695)	(728)	(4,423)
2023	(4,025)	(877)	(4,902)
2024	(3,588)	(734)	(4,322)
2025	(4,149)	(850)	(4,999)
	<u>\$ (15,457)</u>	<u>(3,189)</u>	<u>(18,646)</u>

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements September 30, 2021 (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:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
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%
Mortality	¹

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

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.

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements September 30, 2021 (in thousands of dollars)

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^a	Real Return Years 11+^b
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Assets	13.00	3.75	4.93
Liquidity	1.00	-	(0.92)

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

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

LONG BEACH WATER DEPARTMENT

Notes to Financial Statements
September 30, 2021
(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%):

Net Pension Liability/(Asset)	Water	Sewer	Total
1% Decrease (6.15%)	\$ 43,337	8,874	52,211
Current Discount Rate (7.15%)	20,005	4,097	24,102
1% Increase (8.15%)	657	135	792

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:

2022	\$ 1,013
2023	1,012
2024	1,035
2025	1,064
2026	1,095
2027-2031	5,038
2032-2036	2,777
2037-2041	1,057
2042-2046	<u>125</u>
Total minimum future rentals	\$ <u>14,216</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, 2021 (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 FY2021, the Department paid a total of \$4,440 (\$3,634 principal and \$806 interest) in rental payments.

Water Fund - Capital Lease

Fiscal Year Ending Sept 30	Principal	Interest	Total Debt Service
2022	1,640	686	2,326
2023	1,696	630	2,326
2024	1,753	573	2,326
2025	1,813	513	2,326
2026	1,875	451	2,326
2027-2031	10,373	1,255	11,628
2032	2,076	35	2,111
Total	\$ 21,226	4,143	25,369

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, 2021 amount to \$12,005 and \$1,111 for the Water Fund and Sewer Fund, respectively.

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**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, 2021 (in thousands of dollars)
Last 10 years¹
(Unaudited)

Schedule of the Department's proportionate share of the net pension liability

	2021	2020
Department's proportion of the collective net pension liability	7.7%	7.9%
Department's proportionate share of the collective net pension liability ²	\$ 24,102	\$ 51,846
Department's covered payroll	\$ 21,507	\$ 22,915
Department's proportionate share of the collective net pension liability as a percent of covered payroll	112.1%	226.3%
Pension plan's fiduciary net position as a percentage of total pension liability	89.1%	76.5%

Schedule of the Water Fund's proportionate share of the net pension liability

	2021	2020
Water's proportion of the collective net pension liability	6.40%	6.50%
Water's proportionate share of the collective net pension liability ²	20,005	42,899
Water's covered payroll	\$ 17,876	\$ 18,854
Water's proportionate share of the collective net pension liability as a percent of covered payroll	\$ 111.9%	\$ 227.5%
Pension plan's fiduciary net position as a percentage of total pension liability	89.1%	76.5%

Schedule of the Sewer's Fund's proportionate share of the net pension liability

	2021	2020
Sewer's proportion of the collective net pension liability	1.30%	1.40%
Sewer's proportionate share of the collective net pension liability ²	\$ 4,097	\$ 8,947
Sewer's covered payroll	\$ 3,631	\$ 4,061
Sewer's proportionate share of the collective net pension liability as a percent of covered payroll	112.8%	220.3%
Pension plan's fiduciary net position as a percentage of total pension liability	89.1%	76.5%

Schedule of the Department's Contributions

	2021	2020
Contractually required contribution ³	\$ 6,018	\$ 5,654
Contributions in relation to the contractually required contributions ⁴	6,018	5,654
Contribution deficiency (excess)	\$ —	\$ —
Department's covered payroll	\$ 21,507	\$ 22,915
Department's contributions as a percentage of covered payroll	28.0%	24.7%

Schedule of the Water Fund's Contributions

	2021	2020
Contractually required contribution ³	\$ 5,002	\$ 4,652
Contributions in relation to the contractually required contributions ⁴	5,002	4,652
Contribution deficiency (excess)	\$ —	\$ —
Water's covered payroll	\$ 17,876	\$ 18,854
Water's contributions as a percentage of covered payroll	28.0%	24.7%

Schedule of the Sewer Fund's Contributions

	2021	2020
Contractually required contribution ³	\$ 1,016	\$ 1,002
Contributions in relation to the contractually required contributions ⁴	1,016	1,002
Contribution deficiency (excess)	\$ —	\$ —
Sewer's covered payroll	\$ 3,631	\$ 4,061
Sewer's contributions as a percentage of covered payroll	28.0%	24.7%

Notes to Required Supplementary Information

¹ The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

² 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%.

³ Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

⁴ 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, 2021 (in thousands of dollars)
Last 10 years¹
(Unaudited)

Schedule of the Department's proportionate share of the net pension liability

	2019	2018
Department's proportion of the collective net pension liability	7.3%	7.0%
Department's proportionate share of the collective net pension liability ²	45,960	41,860
Department's covered payroll	20,246	18,709
Department's proportionate share of the collective net pension liability as a percent of covered payroll	227.0%	223.7%
Pension plan's fiduciary net position as a percentage of total pension liability	77.2%	77.4%

Schedule of the Water Fund's proportionate share of the net pension liability

	2019	2018
Water's proportion of the collective net pension liability	6.1%	5.9%
Water's proportionate share of the collective net pension liability ²	38,216	35,183
Water's covered payroll	16,918	15,769
Water's proportionate share of the collective net pension liability as a percent of covered payroll	225.9%	223.1%
Pension plan's fiduciary net position as a percentage of total pension liability	77.2%	77.4%

Schedule of the Sewer's Fund's proportionate share of the net pension liability

	2019	2018
Sewer's proportion of the collective net pension liability	1.2%	1.1%
Sewer's proportionate share of the collective net pension liability ²	7,744	6,677
Sewer's covered payroll	3,328	2,940
Sewer's proportionate share of the collective net pension liability as a percent of covered payroll	232.7%	227.1%
Pension plan's fiduciary net position as a percentage of total pension liability	77.2%	77.4%

Schedule of the Department's Contributions

	2019	2018
Contractually required contribution ³	4,562	3,729
Contributions in relation to the contractually required contributions ⁴	4,562	3,729
Contribution deficiency (excess)	—	—
Department's covered payroll	20,246	18,709
Department's contributions as a percentage of covered payroll	22.5%	19.9%

Schedule of the Water Fund's Contributions

	2019	2018
Contractually required contribution ³	3,812	3,143
Contributions in relation to the contractually required contributions ⁴	3,812	3,143
Contribution deficiency (excess)	—	—
Water's covered payroll	16,918	15,769
Water's contributions as a percentage of covered payroll	22.5%	19.9%

Schedule of the Sewer Fund's Contributions

	2019	2018
Contractually required contribution ³	750	586
Contributions in relation to the contractually required contributions ⁴	750	586
Contribution deficiency (excess)	—	—
Sewer's covered payroll	3,328	2,940
Sewer's contributions as a percentage of covered payroll	22.5%	19.9%

Notes to Required Supplementary Information

¹ The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

² 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%.

³ Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

⁴ 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, 2021 (in thousands of dollars)
Last 10 years¹
(Unaudited)

Schedule of the Department's proportionate share of the net pension liability

	2017	2016
Department's proportion of the collective net pension liability	6.9%	6.9%
Department's proportionate share of the collective net pension liability ²	46,689	43,284
Department's covered payroll	17,696	17,271
Department's proportionate share of the collective net pension liability as a percent of covered payroll	263.8%	250.6%
Pension plan's fiduciary net position as a percentage of total pension liability	74.1%	74.2%

Schedule of the Water Fund's proportionate share of the net pension liability

	2017	2016
Water's proportion of the collective net pension liability	5.8%	5.7%
Water's proportionate share of the collective net pension liability ²	39,341	36,007
Water's covered payroll	14,875	14,267
Water's proportionate share of the collective net pension liability as a percent of covered payroll	264.5%	252.4%
Pension plan's fiduciary net position as a percentage of total pension liability	74.1%	74.2%

Schedule of the Sewer's Fund's proportionate share of the net pension liability

	2017	2016
Sewer's proportion of the collective net pension liability	1.1%	1.2%
Sewer's proportionate share of the collective net pension liability ²	7,348	7,277
Sewer's covered payroll	2,821	3,004
Sewer's proportionate share of the collective net pension liability as a percent of covered payroll	260.5%	242.2%
Pension plan's fiduciary net position as a percentage of total pension liability	74.1%	74.2%

Schedule of the Department's Contributions

	2017	2016
Contractually required contribution ³	3,165	2,752
Contributions in relation to the contractually required contributions ⁴	3,165	2,752
Contribution deficiency (excess)	—	—
Department's covered payroll	17,696	17,271
Department's contributions as a percentage of covered payroll	17.9%	15.9%

Schedule of the Water Fund's Contributions

	2017	2016
Contractually required contribution ³	2,660	2,273
Contributions in relation to the contractually required contributions ⁴	2,660	2,273
Contribution deficiency (excess)	—	—
Water's covered payroll	14,875	14,267
Water's contributions as a percentage of covered payroll	17.9%	15.9%

Schedule of the Sewer Fund's Contributions

	2017	2016
Contractually required contribution ³	505	479
Contributions in relation to the contractually required contributions ⁴	505	479
Contribution deficiency (excess)	—	—
Sewer's covered payroll	2,821	3,004
Sewer's contributions as a percentage of covered payroll	17.9%	15.9%

Notes to Required Supplementary Information

¹ The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

² 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%.

³ Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

⁴ 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, 2021 (in thousands of dollars)
Last 10 years¹
(Unaudited)

Schedule of the Department's proportionate share of the net pension liability	2015
Department's proportion of the collective net pension liability	7.2%
Department's proportionate share of the collective net pension liability ²	37,374
Department's covered payroll	17,270
Department's proportionate share of the collective net pension liability as a percent of covered payroll	216.4%
Pension plan's fiduciary net position as a percentage of total pension liability	78.4%

Schedule of the Water Fund's proportionate share of the net pension liability	2015
Water's proportion of the collective net pension liability	6.0%
Water's proportionate share of the collective net pension liability ²	31,033
Water's covered payroll	14,392
Water's proportionate share of the collective net pension liability as a percent of covered payroll	215.6%
Pension plan's fiduciary net position as a percentage of total pension liability	78.4%

Schedule of the Sewer's Fund's proportionate share of the net pension liability	2015
Sewer's proportion of the collective net pension liability	1.2%
Sewer's proportionate share of the collective net pension liability ²	6,341
Sewer's covered payroll	2,878
Sewer's proportionate share of the collective net pension liability as a percent of covered payroll	220.3%
Pension plan's fiduciary net position as a percentage of total pension liability	78.4%

Schedule of the Department's Contributions	2015
Contractually required contribution ³	2,530
Contributions in relation to the contractually required contributions ⁴	2,530
Contribution deficiency (excess)	—
Department's covered payroll	17,270
Department's contributions as a percentage of covered payroll	14.6%

Schedule of the Water Fund's Contributions	2015
Contractually required contribution ³	2,108
Contributions in relation to the contractually required contributions ⁴	2,108
Contribution deficiency (excess)	—
Water's covered payroll	14,392
Water's contributions as a percentage of covered payroll	14.6%

Schedule of the Sewer Fund's Contributions	2015
Contractually required contribution ³	422
Contributions in relation to the contractually required contributions ⁴	422
Contribution deficiency (excess)	—
Sewer's covered payroll	2,878
Sewer's contributions as a percentage of covered payroll	14.7%

Notes to Required Supplementary Information

¹ The Department implemented GASB Statement No. 68 effective October 1, 2014; therefore, data is not available prior to October 1, 2014.

² 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%.

³ Actuarial Determined contribution is based on a CalPERS projection of the payroll for the Miscellaneous plan

⁴ Amount represents actual contributions recorded by CalPERS.

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)

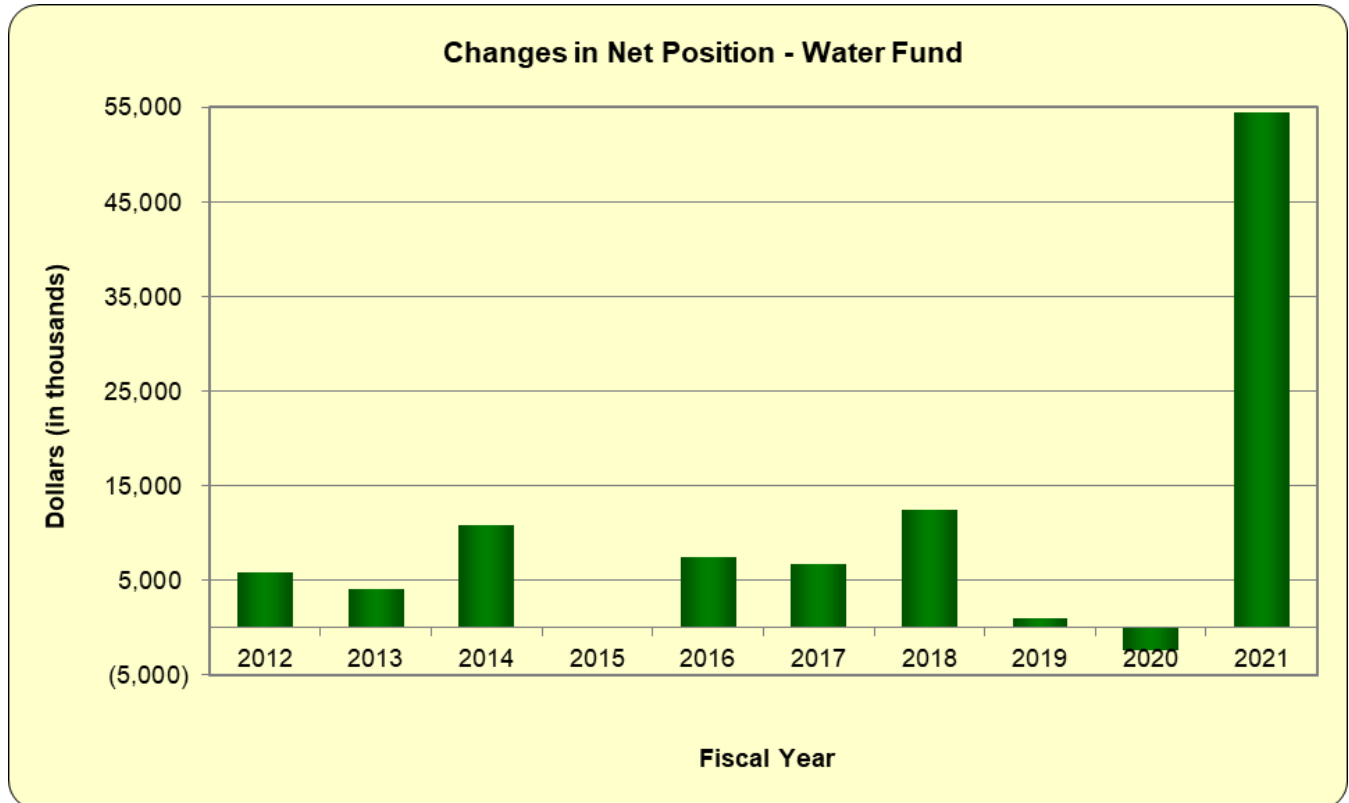
Fiscal Year Ended	Total Operating Revenue ⁽¹⁾	Total Operating Expense	Operating Income (Loss)	Total Non-Operating Income (Expense)	Capital grants and contributions	Changes in Net Position
9/30/2012	86,515	79,342	7,173	(1,573)	247	5,847
9/30/2013	91,949	85,783	6,166	(2,152)	131	4,145 ⁽²⁾
9/30/2014	100,187	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)
9/30/2021	118,968	90,152	28,816	22,915	2,665	54,396

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)

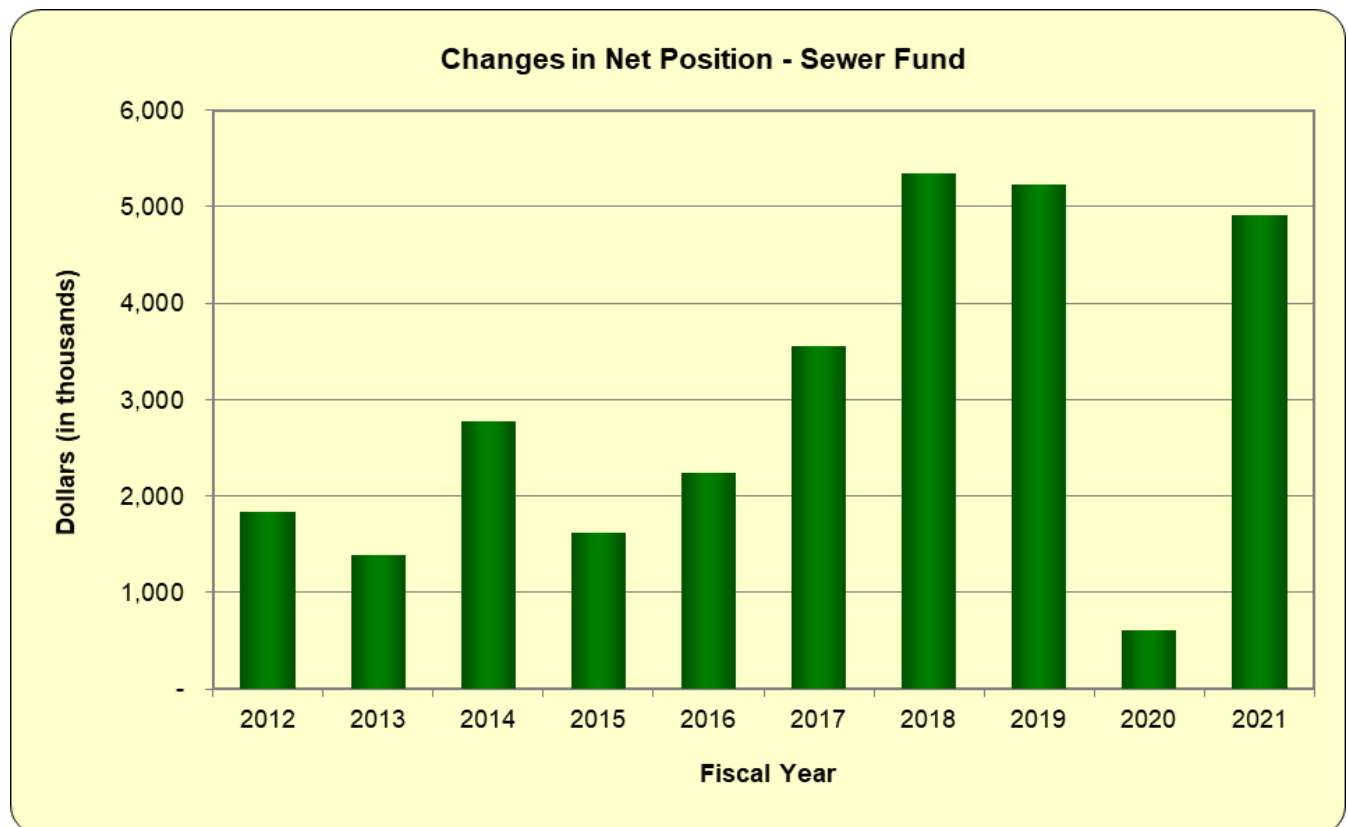
Fiscal Year Ended	Total Operating Revenue ⁽¹⁾	Total Operating Expense	Operating Income (Loss)	Total Non-Operating Income (Expense)	Capital grants and contributions	Changes in Net Position
9/30/2012	17,325	14,411	2,914	(1,260)	185	1,839
9/30/2013	17,311	15,165	2,146	(761)	-	1,385 ⁽²⁾
9/30/2014	17,953	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
9/30/2021	18,320	13,244	5,076	(357)	189	4,908

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
NET POSITION BY COMPONENT - WATER FUND
LAST TEN FISCAL YEARS
(in thousands of dollars)

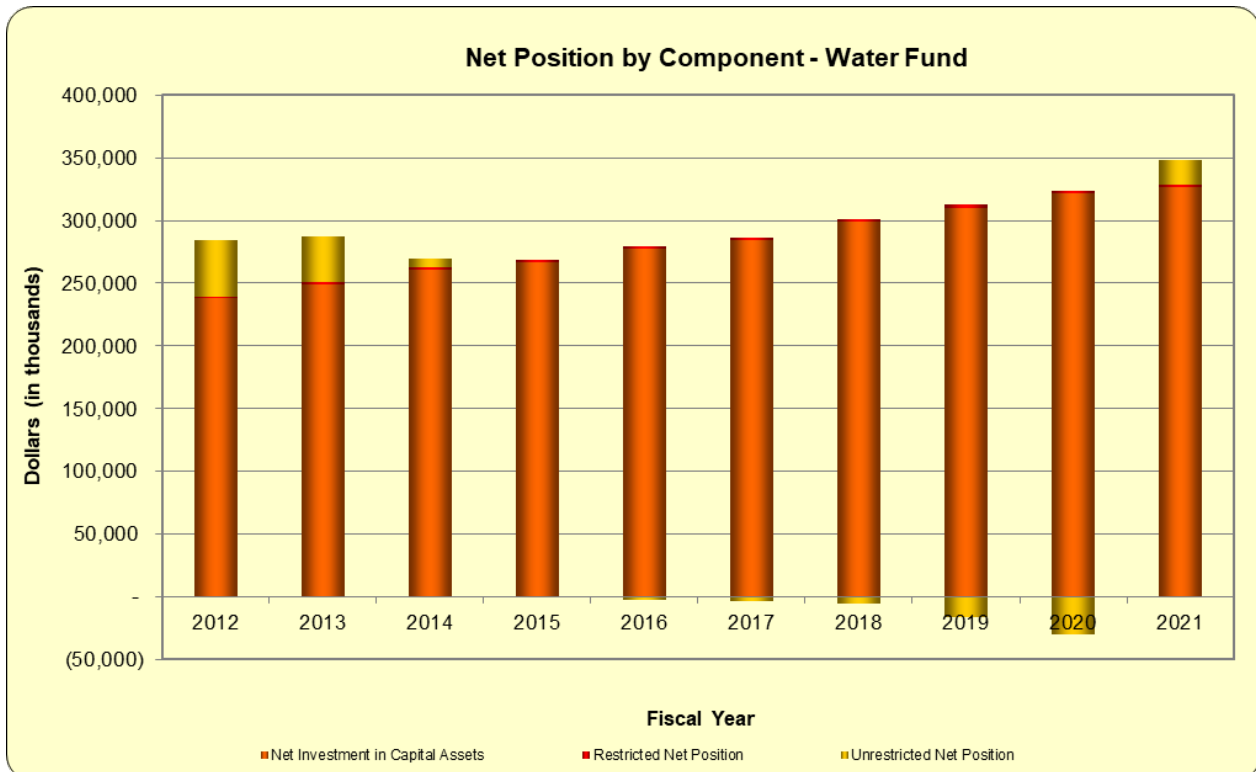
<u>Fiscal Year Ended</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position (deficit)</u>	<u>Total Net Position</u>
9/30/2012	237,793	1,350	44,978	284,121
9/30/2013	249,256	1,656	36,814	287,726 ⁽¹⁾
9/30/2014	260,538	1,673	7,725	269,936
9/30/2015 ⁽²⁾	267,041	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
9/30/2021	326,635	1,441	20,061	348,137

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)

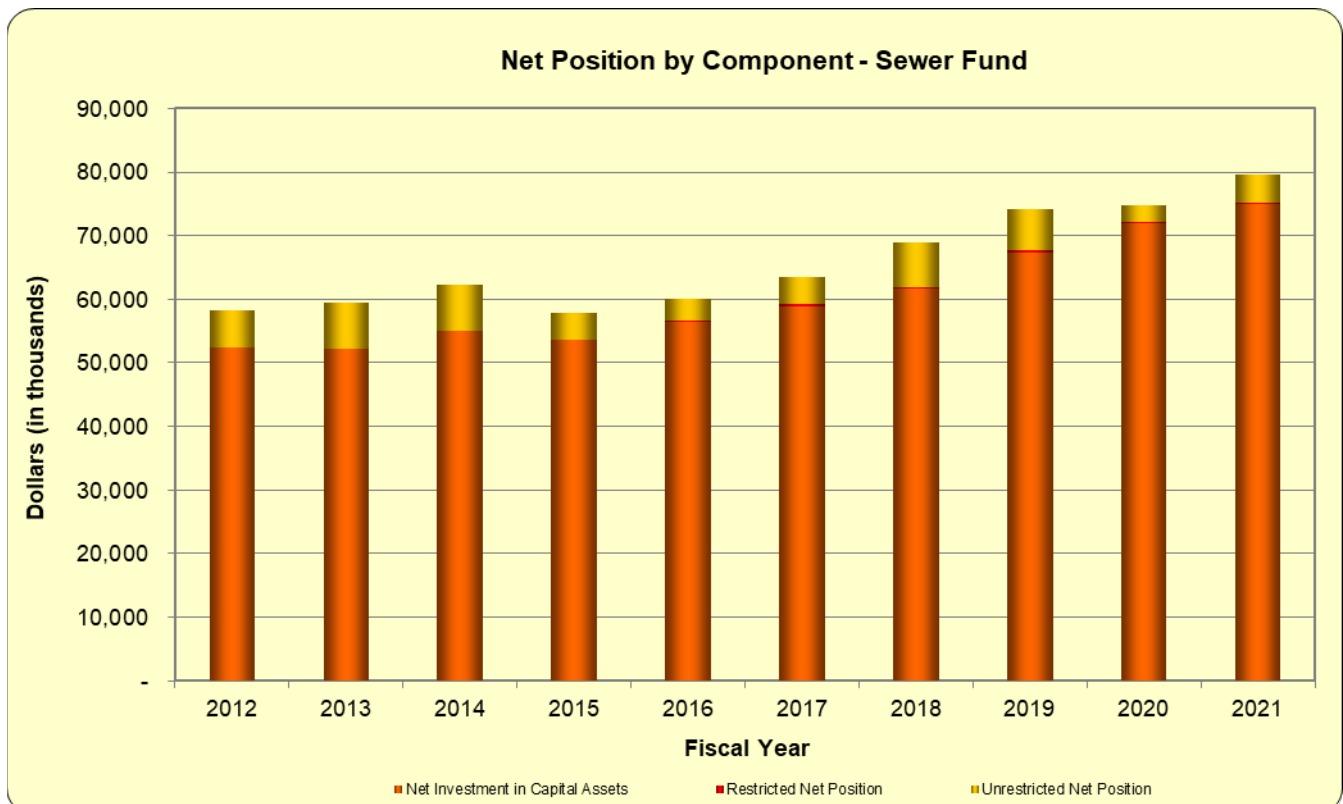
<u>Fiscal Year Ended</u>	<u>Net Investment in Capital Assets</u>	<u>Restricted Net Position</u>	<u>Unrestricted Net Position</u>	<u>Total Net Position</u>
9/30/2012	52,465	-	5,849	58,314
9/30/2013	52,151	-	7,412	59,563 ⁽¹⁾
9/30/2014	55,006	-	7,328	62,334
9/30/2015 ⁽²⁾	53,604	-	4,195	57,799
9/30/2016	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
9/30/2021	74,875	304	4,490	79,669

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



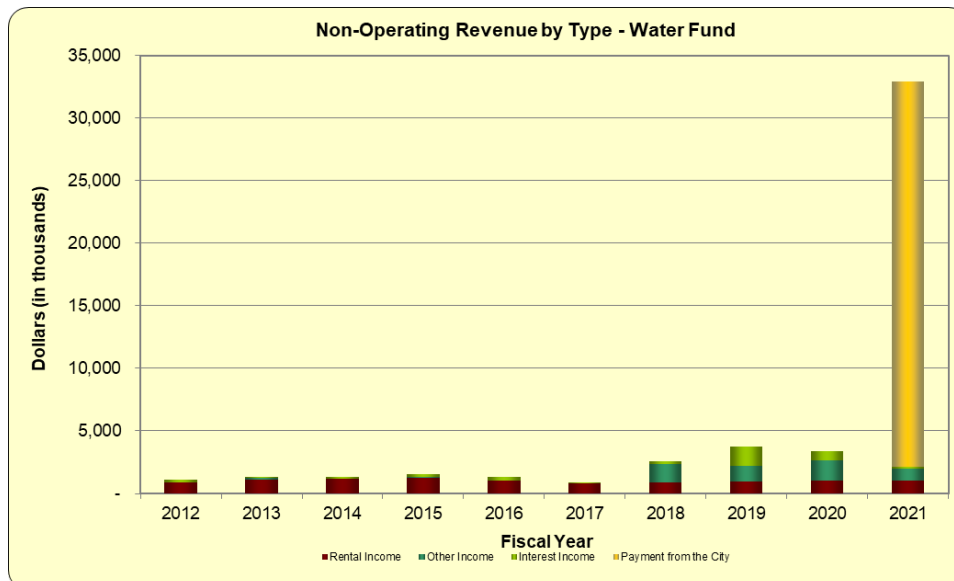
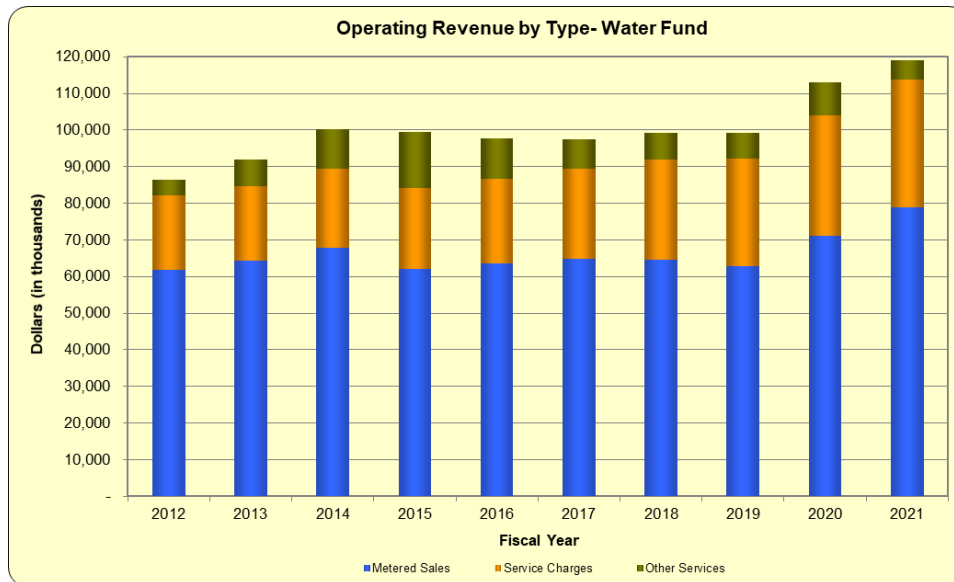
LONG BEACH WATER DEPARTMENT
WATER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING				NON-OPERATING				
	Metered Sales ⁽¹⁾	Service Charges	Other Services	Total Operating Revenue	Interest Income	Rental Income	Other Income	Payments from the City	Total Non-Operating Income
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
9/30/2021	78,764	34,900	5,304	118,968	101	1,036	968	30,832	32,937

Notes: (1) Water Sales is net of Provision for doubtful accounts expense.

Source: Department's annual reports

See accompanying independent auditors' report

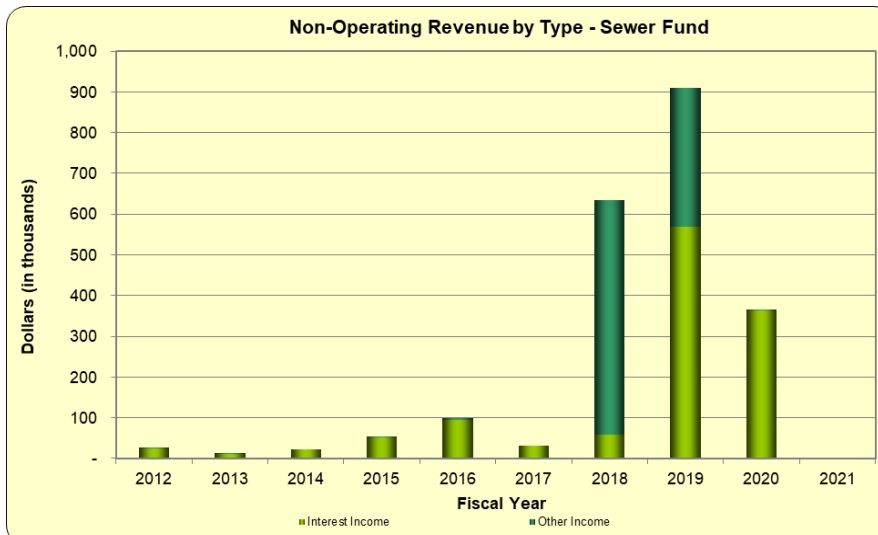
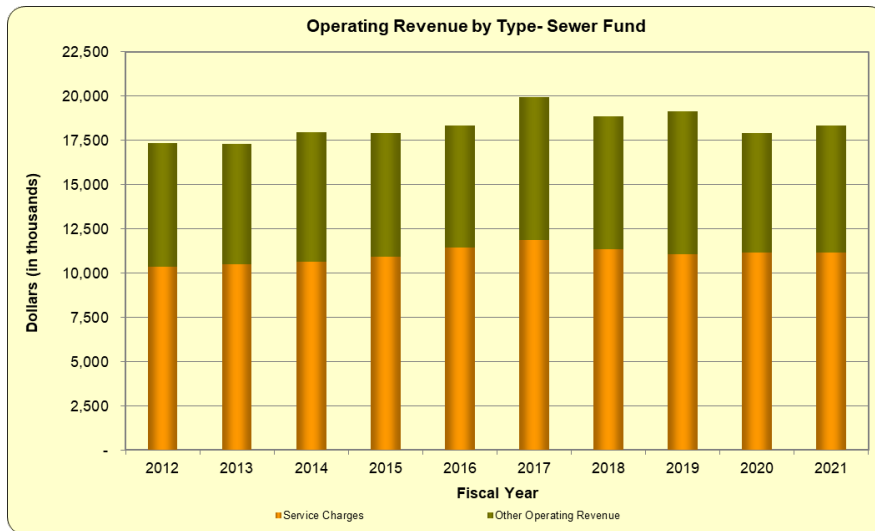


LONG BEACH WATER DEPARTMENT
SEWER FUND REVENUE BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING			NON-OPERATING		
	Service Charges	Other Operating Revenue	Total Operating Revenue	Interest Income	Other Income	Total Non-Operating Income
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
9/30/2021	11,162	7,158	18,320	-	-	-

Source: Department's annual reports

See accompanying independent auditors' report

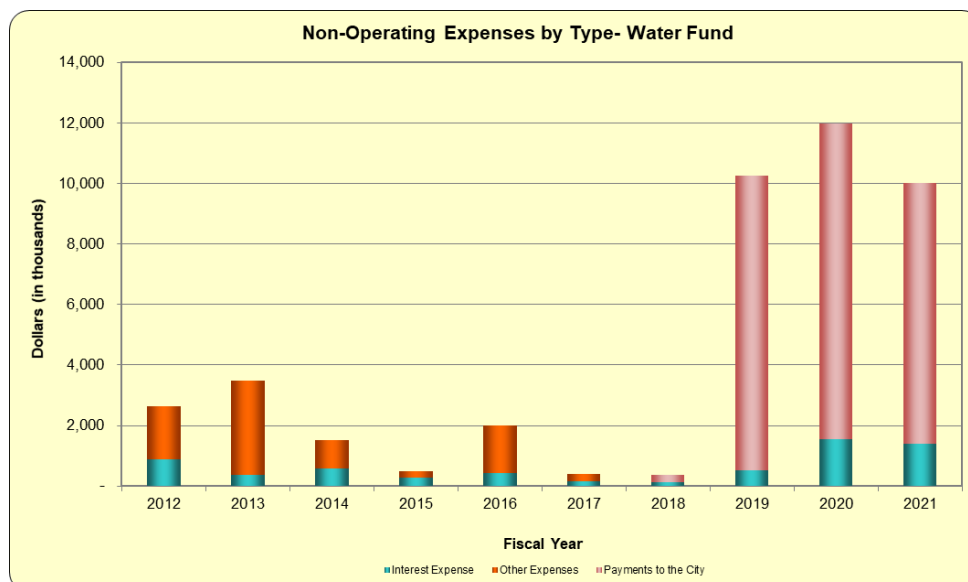
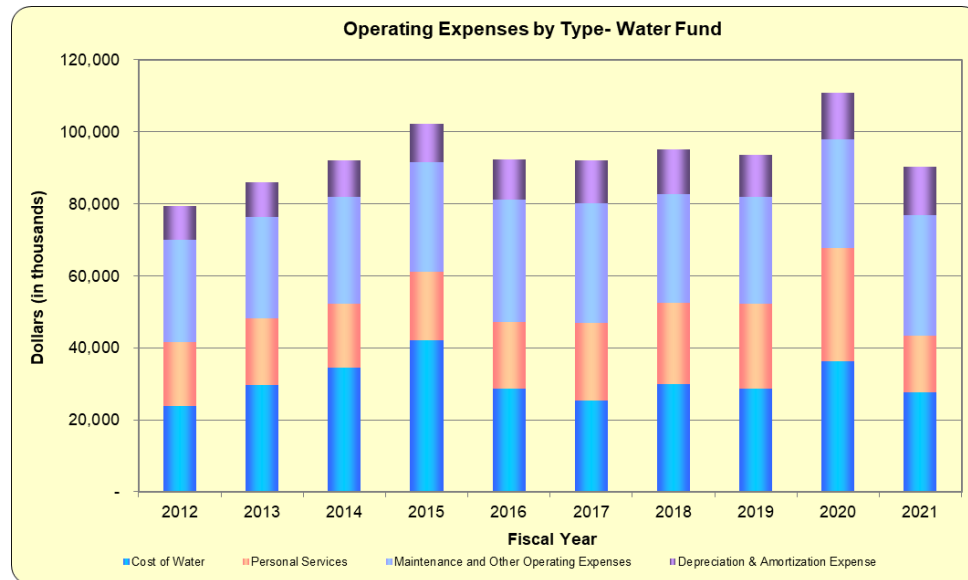


LONG BEACH WATER DEPARTMENT
WATER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING					NON-OPERATING			
	Cost of Water	Personal Services	Maintenance and Other Operating Expenses	Depreciation & Amortization Expense	Total Operating Expenses	Interest Expense	Other Expenses	Payments to the City	Total Non-Operating Expenses
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
9/30/2021	27,672	15,555	33,496	13,429	90,152	1,394	-	8,628	10,022

Source: Department's annual reports

See accompanying independent auditors' report

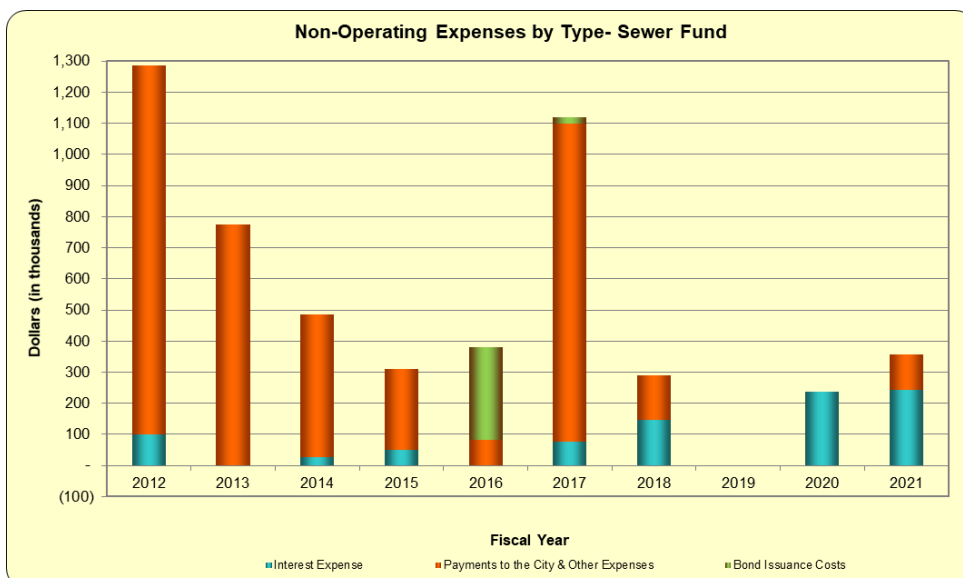
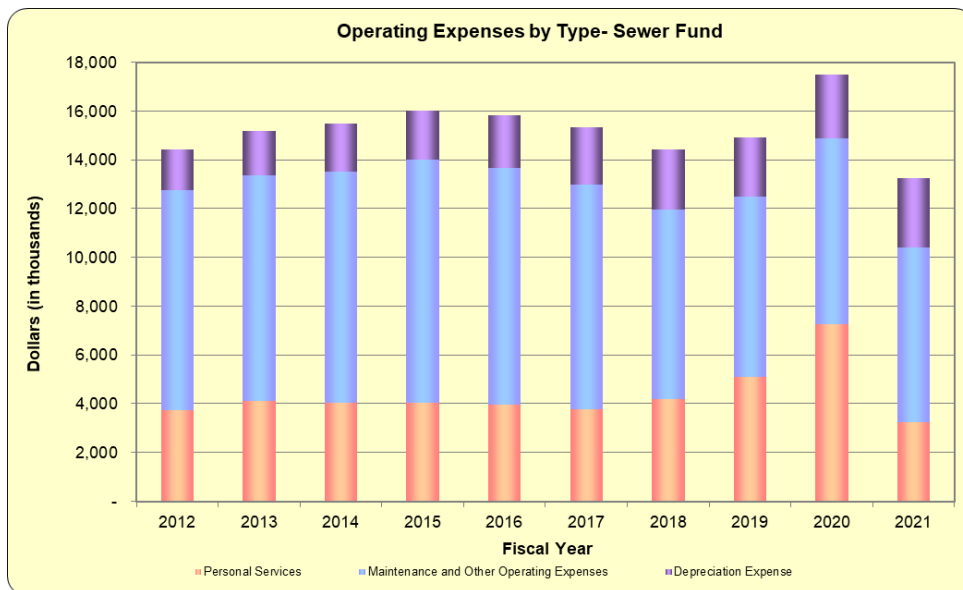


LONG BEACH WATER DEPARTMENT
SEWER FUND EXPENSES BY TYPE - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	OPERATING				NON-OPERATING			
	Personal Services	Maintenance and Other Operating Expenses	Depreciation Expense	Total Operating Expenses	Interest Expense	Payments to the City & Other Expenses	Bond Issuance Costs	Total Non-Operating Expenses
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
9/30/2021	3,255	7,146	2,843	13,244	243	114	-	357

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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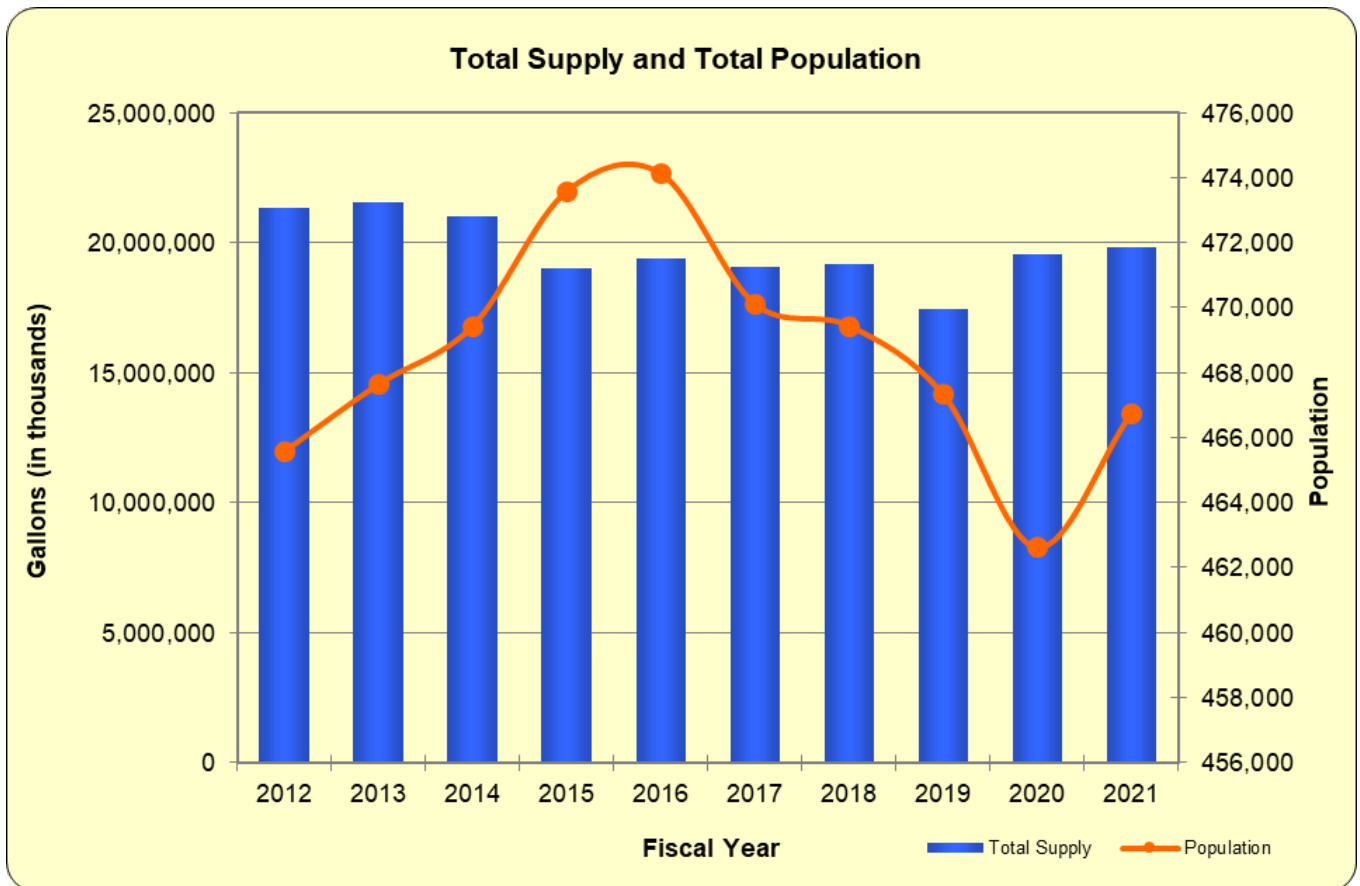
LONG BEACH WATER DEPARTMENT
SOURCE OF WATER (PUMPED, PURCHASED, AND RECLAIMED) AND CONSUMPTION - LAST TEN FISCAL YEARS
(in thousands of gallons, except population)

Fiscal Year Ended	SOURCE OF SUPPLY				CONSUMPTION			
	Potable Water		Reclaimed Water	Total Supply	Average Daily Demand Potable Water ⁽¹⁾	Peak Day Distribution	Average Daily Sales Per Capita	Population
	Pumped	Purchased						
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
9/30/2021	9,667,706	6,986,636	3,176,852	19,831,194	45,628	64,500	116	466,742

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 ⁽¹⁾			Reclaimed Water		
	TIER I ⁽²⁾	TIER II ⁽³⁾	TIER III ⁽⁴⁾	Peaking Rate Per Cubic Foot ⁽⁵⁾	Non-Peaking Rate Per Cubic Foot ⁽⁶⁾	Interruptible Rate Per Cubic Foot ⁽⁷⁾
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 ⁽⁸⁾	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
10/1/2020	2.436	4.663	6.805	2.356	2.000	2.000

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 II 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" ⁽¹⁾	1-1/2"	2"	3"	4"	6"	8"	10"	12"	16"
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 ⁽²⁾	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
10/1/2020	0.696	1.032	1.873	2.882	6.075	10.272	22.874	47.234	70.755	89.234	131.233

Note: (1) Normal residential size.

(2) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

LONG BEACH WATER DEPARTMENT
WATER RATES: DAILY FIRELINE SERVICE CHARGE BY SIZE
LAST TEN FISCAL YEARS

Effective Date	2"	3"	4"	6"	8"	10"	12"	16"
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 ⁽¹⁾	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
10/1/2020	0.412	0.829	1.550	4.129	8.580	15.276	24.555	52.109

Note: (1) Restructured water rates effective 7/1/2017.

Source: Department's records

See accompanying independent auditors' report

LONG BEACH WATER DEPARTMENT
TEN LARGEST POTABLE WATER USERS IN CITY OF LONG BEACH
CURRENT YEAR AND NINE YEARS AGO

Fiscal Year 2021					Fiscal Year 2012				
Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total
Government	1	\$ 6,488	3,147	6.16 %	Government	1	\$ 4,391	4,393	7.84 %
Education	2	1,328	492	0.96	Education	2	950	680	1.21
Utility	3	1,014	628	1.23	Utility	3	765	710	1.27
Utility	4	730	447	0.87	Education	4	500	433	0.77
Education	5	672	355	0.69	Utility	5	489	440	0.79
Healthcare	6	511	266	0.52	Utility	6	474	435	0.78
Healthcare	7	479	283	0.55	Government	7	335	247	0.44
Utility	8	426	238	0.47	Healthcare	8	310	269	0.48
Education	9	265	65	0.13	Healthcare	9	308	279	0.50
Oil Production	10	261	158	0.31	Cruise Line	10	244	224	0.40
Total Ten Largest Users		12,174	6,079	11.89	Total Ten Largest Users		8,766	8,110	14.48
Total All Other Users		96,602	45,031	88.11	Total All Other Users		70,575	47,919	85.52
Total City		\$ 108,776	51,110	100.00	Total City		\$ 79,341	56,029	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 2021				Fiscal Year 2012			
Industry	Ranking	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Acre Feet (AF)	AF Percent of Total
Water Resource Management	1	4,156	42.63 %	Water Resource Management	1	2,277	32.90 %
Oil Production	2	1,928	19.78	Oil Production	2	1,454	21.01
Golf Course	3	1,534	15.73	Golf Course	3	1,328	19.19
Government	4	1,269	13.02	Government	4	1,073	15.50
Education	5	191	1.96	Education	5	180	2.60
Education	6	126	1.29	Memorial Park	6	116	1.68
Memorial Park	7	124	1.27	Golf Course	7	94	1.36
Memorial Park	8	100	1.03	Memorial Park	8	87	1.26
Education	9	76	0.78	Education	9	82	1.18
Property Management	10	33	0.34	Education	10	75	1.08
Total Ten Largest Users		9,537	97.83	Total Ten Largest Users		6,766	97.76
Total All Other Users		212	2.17	Total All Other Users		156	2.24
Total City		9,749	100.00	Total City		6,922	100.00

Source: Department's records

See accompanying independent auditors' report

(Unaudited)

Exhibit 15

LONG BEACH WATER DEPARTMENT
SEWER RATES: VOLUMETRIC RATE CHARGES & CAPACITY CHARGES
 LAST TEN FISCAL YEARS

Effective Date	Volumetric Rate Charges ⁽¹⁾	Capacity Charges ⁽²⁾
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 ⁽³⁾	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
10/1/2020	0.357	109.160

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

Effective Date	3/4" ⁽¹⁾	1"	1-1/2"	2"	3"	4"	6"	8"	10"	12"	16"
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 ⁽²⁾	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
10/1/2020	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

Fiscal Year 2021					Fiscal Year 2012				
Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total	Industry	Ranking	Sales in thousands	Acre Feet (AF)	AF Percent of Total
Government	1	\$ 414	1,209	3.24 %	Government	1	\$ 334	1,412	3.44 %
Education	2	250	289	0.78	Education	2	179	395	0.96
Education	3	96	349	0.94	Education	3	86	416	1.01
Healthcare	4	76	263	0.70	Healthcare	4	55	264	0.64
Education	5	59	64	0.17	Government	5	45	170	0.41
Healthcare	6	35	122	0.33	Residential Community	6	23	104	0.25
Hotel	7	30	44	0.12	Hotel	7	22	53	0.13
Manufacturing	8	26	54	0.14	Residential Community	8	20	82	0.20
Manufacturing	9	25	131	0.35	Manufacturing	9	17	75	0.18
Government	10	24	30	0.08	Residential Community	10	17	71	0.17
Total Ten Largest Users		1,035	2,555	6.85	Total Ten Largest Users		798	3,042	7.39
Total All Other Users		15,842	34,717	93.15	Total All Other Users		15,744	38,051	92.61
Total City		\$ 16,877	37,272	100.00	Total City		\$ 16,542	41,093	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 ⁽¹⁾	Operating Expenses ⁽²⁾	Net Operating Income	Net Non-Operating Income/ (Expense) ⁽³⁾	Amount Available for Debt Service	Principal	Interest	Total Debt Service ⁽⁴⁾	Times Coverage
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
9/30/2021	118,968	76,723	42,245	(6,196)	36,049	3,170	725	3,895	9.26

Bond Issues: Water Revenue Refunding Bonds - 1997 Series A, 2010 Series A, & 2012 Series A

Average Coverage, ten years	4.85
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.

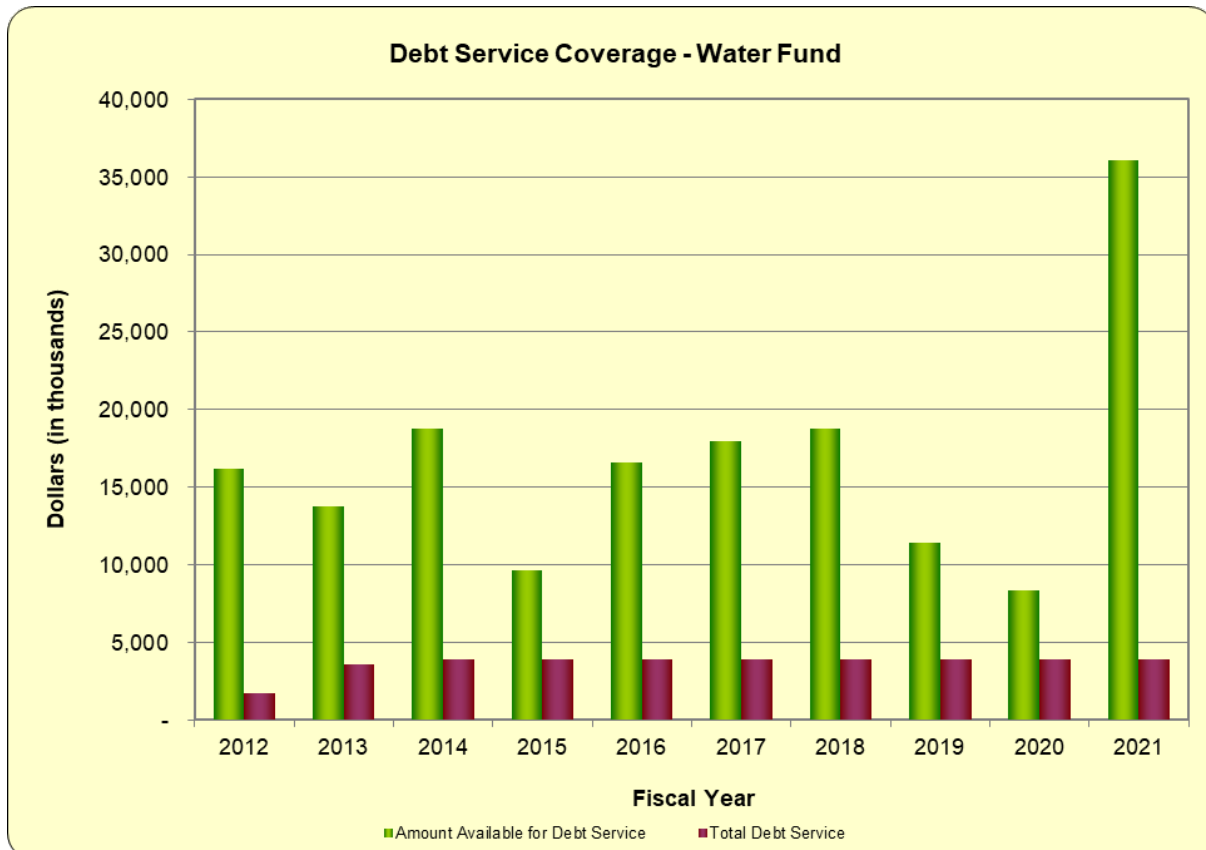
(3) Net Non-Operating Income (Expense) is exclusive of bond interest, amortization of bond issue costs, contributed capital and loss on disposition of property.

(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 ⁽¹⁾	Operating Expenses ⁽²⁾	Net Operating Income	Net Non-Operating Income (Expense) ⁽³⁾	Amount Available for Debt Service	Principal	Interest	Total Debt Service ⁽⁴⁾	Times Coverage
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
9/30/2021	18,320	10,401	7,919	(114)	7,805	375	354	729	10.71

Bond Issues: None

Average Coverage, ten years	30.03
Rate Covenant	1.25

Notes: (1) Total Operating Revenue is net of Provision for doubtful accounts expense.

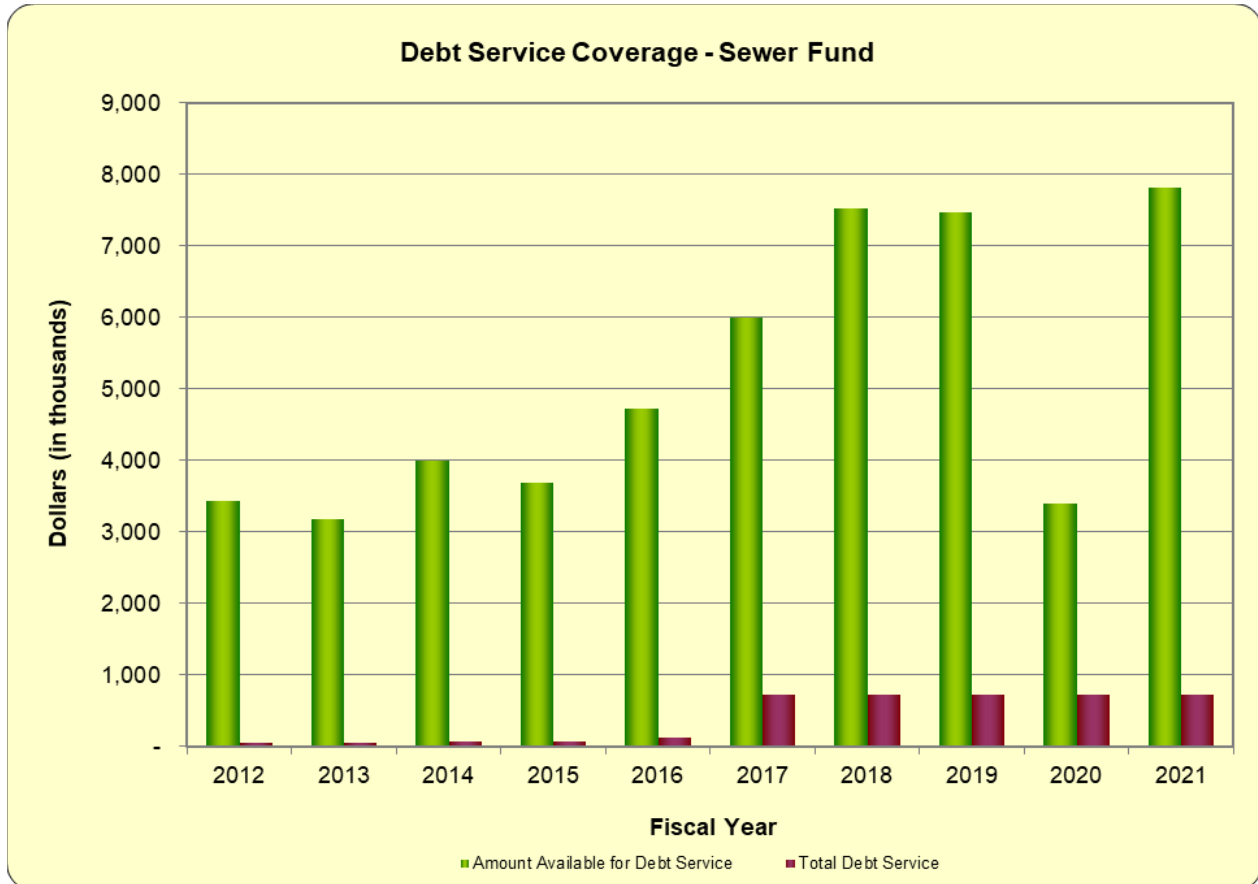
(2) Operating Expenses are exclusive of depreciation expense.

(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



(Unaudited)

Exhibit 20

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 ⁽¹⁾	Per Capita ⁽¹⁾
	Series 1997	Series 2010	Series 2012						
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
9/30/2021	-	8,250	4,695	-	21,226	594	34,765	0.17%	0.074

Notes: (1) See Exhibit 22-Demographic Statistics for Personal Income and Population Data.

Source: Department's annual reports

See accompanying independent auditors' report

(Unaudited)

Exhibit 21

LONG BEACH WATER DEPARTMENT
SEWER FUND RATIOS OF OUTSTANDING DEBT - LAST TEN FISCAL YEARS
(in thousands of dollars)

Fiscal Year Ended	Revenue Refunding Bonds	Sewer Revolving Line of Credit	Premium	Total	Percentage of Personal Income ⁽¹⁾	Per Capita ⁽¹⁾
	Series 2016A					
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
9/30/2021	7,960	-	1,074	9,034	0.04%	0.019

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 ^{(1) (4)}	Personal Income (in millions) ^{(2) (4)}	Per Capita Personal Income ^{(2) (4)}	Unemployment Rate ⁽³⁾
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	19,467	42,079	15.9%
9/30/2021	466,742 ⁽⁶⁾	20,460	43,836	8.9%

Source: (1) California Department of Finance Demographic Reports

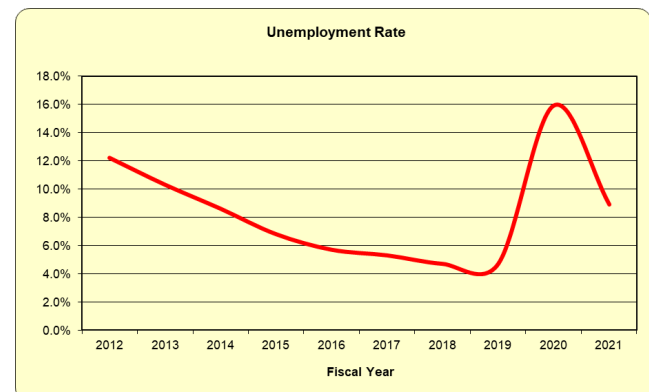
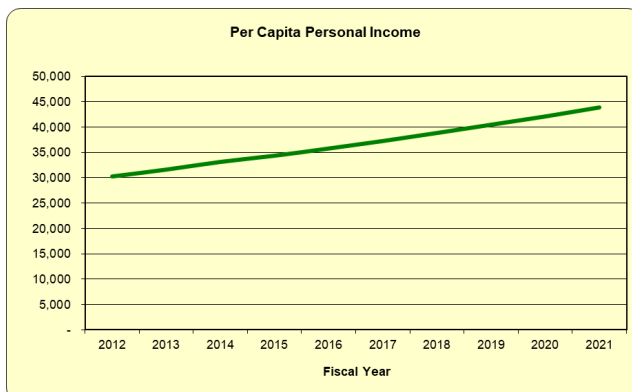
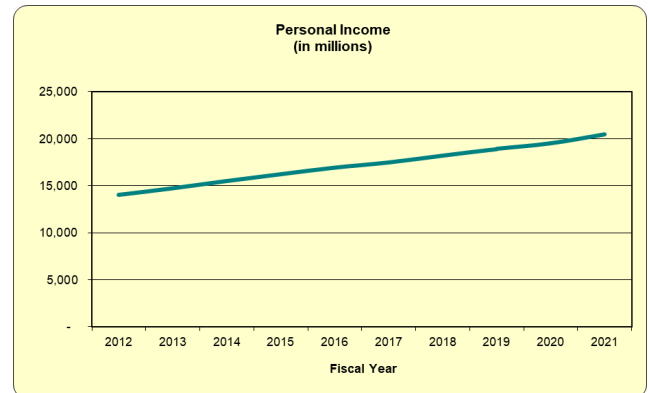
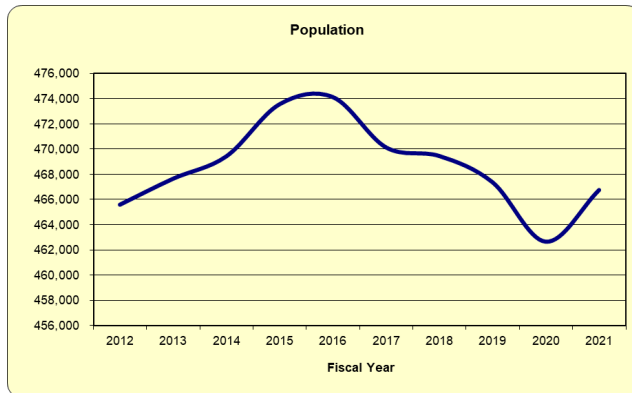
(2) U.S. Department of Commerce, Bureau of Economic Analysis: Personal Income and per capita personal income are based on percent change of per capita personal income for Los Angeles-Long Beach-Anaheim, CA (Metropolitan Statistical Area). The BEA's Report does not have personal income available for 2015, 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**

Employer	Fiscal Year 2021			Fiscal Year 2012		
	Ranking	Number of Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾	Ranking	Number of Employees ⁽¹⁾	Percentage of Total City Employment ⁽²⁾
Long Beach Unified School District	1	11,157	4.72%	1	11,334	4.83%
City of Long Beach	2	5,384	2.28%	2	5,758	2.45%
Long Beach Memorial Medical Center	3	5,114	2.16%	3	5,743	2.45%
Veteran Affairs Medical Center	4	3,300	1.40%	6	2,200	0.94%
California State University Long Beach	5	3,120	1.32%	5	3,527	1.50%
Long Beach City College	6	2,515	1.06%	7	1,785	0.76%
The Boeing Company	7	1,844	0.78%	4	5,186	2.21%
St. Mary Medical Center	8	1,558	0.66%	9	1,432	0.61%
California State Univ Long Beach Research Foundation	9	1,227	0.52%	8	1,500	0.64%
Molina Healthcare Inc	10	1,119	0.47%			
United States Postal Service				10	1,306	0.56%

Sources: (1) Department of Financial Management Accounting and Business License
(2) State of California Employment Development Department Labor Market Info for 2012 and 2021.

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

(Unaudited)

Exhibit 24

**LONG BEACH WATER DEPARTMENT
NUMBER OF EMPLOYEES BY FUND
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Water Fund	Sewer Fund	Total
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
9/30/2021	220	44	264

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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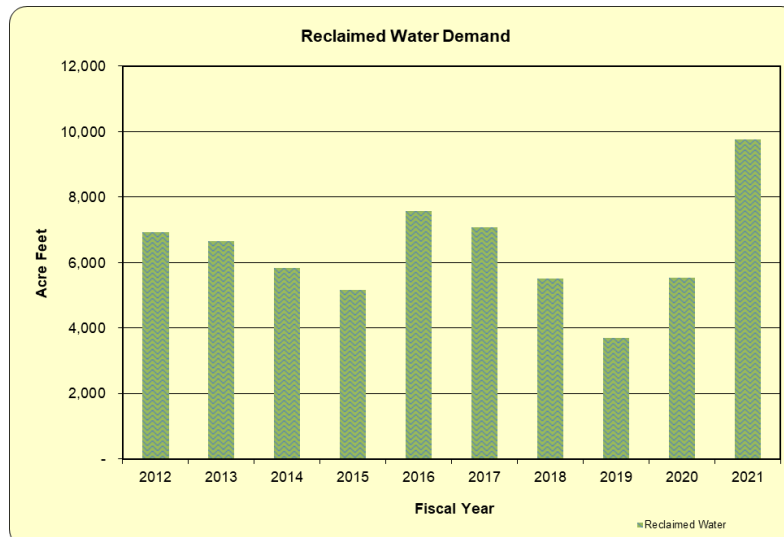
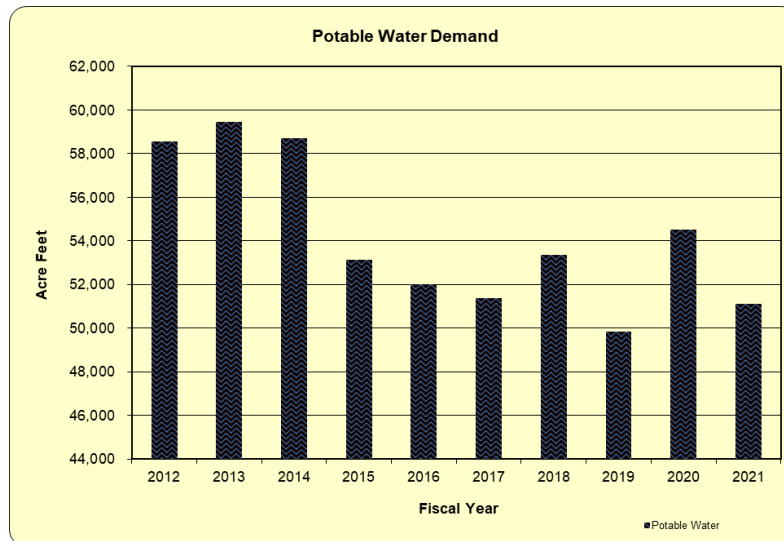
LONG BEACH WATER DEPARTMENT
WATER DEMAND - LAST TEN FISCAL YEARS
(in acre feet)

Fiscal Year Ended	Potable Water			Reclaimed Water	Total Demand
	Pumped	Purchased	Total Potable Demand		
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
9/30/2021	29,669	21,441	51,110	9,749	60,860

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)

<u>Effective Date</u>	<u>Non- Interruptible Treated Water</u>	<u>Percent Change Non- Interruptible Treated Water</u>
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
1/1/2021	1,104	2.4

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

<u>Effective Date</u>	<u>Rate per Acre- Foot</u>	<u>Percent Change</u>
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
7/1/2021	394.00	3.1

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

Fiscal Year Ended	Water System				Water Quality		Reclaimed System
	Number of Active Groundwater wells	Miles of water mains	Number of active water service	Number of fire hydrants	Number of water samples collected	Number of tests performed	Miles of Pipeline
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
9/30/2021	24	917	90,126	7,054	11,709	63,758	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

Fiscal Year Ended	Number of sewer pump stations	Miles of sewer pipelines	Number of sewer manholes
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
9/30/2021	28	715	15,132

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 ⁽²⁾	Sewer Mains & Laterals Repaired ⁽¹⁾	Sewer Mains Cleaned (in miles)	Sewer Manholes Chemically Treated
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	2,196	157	439	8,100
9/30/2019	9,216	161	3,096	164	477	8,100
9/30/2020	5,802	182	4,181	237	360	8,100
9/30/2021	5,340	95	3,919	270	294	4,358

Note: (1) Repairs are tracked according to the number of jobs.

(2) Data from 2018 to 2020 updated.

Source: Department's records

See accompanying independent auditors' report



Long Beach Transit

FY 2021 Annual Comprehensive Financial Report

A component unit of the City of Long Beach, California
for the years ending June 30, 2021 and 2020

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Long Beach Transit

FY 2021 Annual Comprehensive Financial Report

A component unit of the City of Long Beach, California, for the years ending June 30, 2021 and 2020.

Prepared by the Finance and Budget Department
Lisa Patton, Executive Director/VP



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**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2021 AND 2020**

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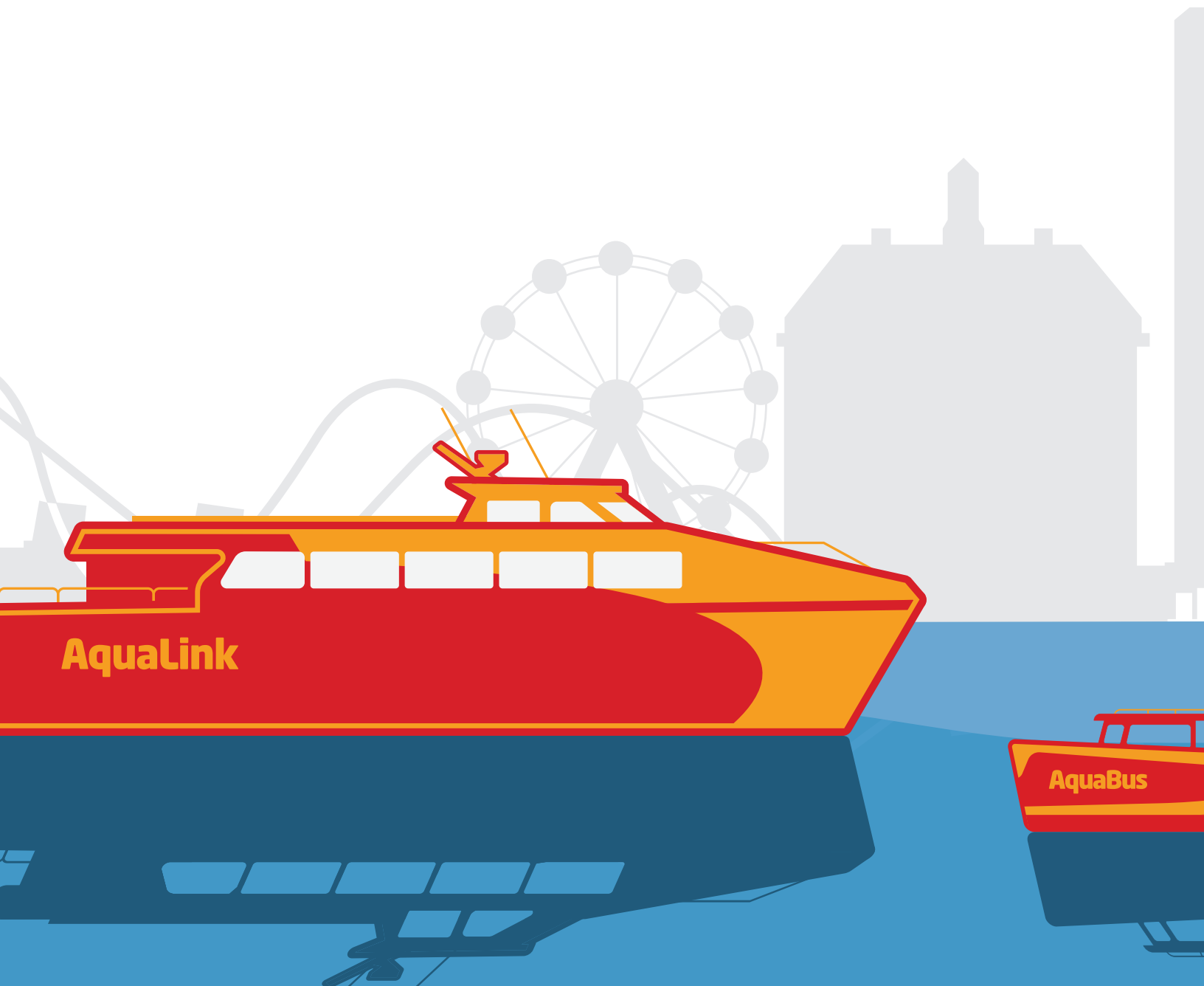
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LONG BEACH
TRANSIT

Introduction



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Long Beach Transit

December 20, 2021

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 Annual Comprehensive Financial Report of LBT for fiscal year July 1, 2020 to June 30, 2021.

The Annual Comprehensive Financial Report 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.

Long Beach Transit

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 annual comprehensive 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
- Commuter Express (UCLA)

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 currently covers 31 routes, under a modified schedule due to the COVID-19 pandemic. See the 2019 Novel Coronavirus (COVID-19) Impact section on page vii for more information on the pandemic's impact on LBT's operations.

Of the 31 fixed routes operated by LBT, 23 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 Flixbus, Los Angeles Department of Transportation (LADOT), LA Metro, and Torrance Transit.

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 approximately 2,000 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 Boulevard to the many points of interest in the downtown waterfront.

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. The Passport route would normally operate daily from 5 a.m. to 11 p.m., however it has been suspended in the current modified schedule.

Long Beach Transit

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) 2021, there were 14,342 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. LBT suspended the Water Taxi Service from March 2020 through May 2021 due to the COVID-19 pandemic.

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. Many of these special services were temporarily suspended due to the COVID-19 pandemic.

Commuter Express (UCLA)

Since 2019, LBT also offers the UCLA/Westwood Commuter Express service. With trips operating weekdays, 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 successful accomplishments and major initiatives addressed during the fiscal year, beginning July 2020 through June 2021, organized by Strategic Priority.

Improve Safety and Service Quality

On-Site Rapid COVID-19 Tests at LBT1 and LBT2 (Dec. 2020)

In an effort to prioritize LBT's customers and employees, LBT started administering on-site rapid COVID-19 tests on both properties, LBT1 and LBT2. These tests were offered twice a week and continued through March 2021, with a total of 1,286 tests administered.

On-Site COVID-19 Vaccinations at LBT1 and LBT2 (Feb. 2021)

Between February 24, 2021 and March 12, 2021, LBT provided on-site first round vaccines for its front line employees at both LBT1 and LBT2. Respective second round vaccines were administered to those who were vaccinated on-site. Additionally, LBT partnered with the City of Long Beach to allow all employees to get vaccinated at the Long Beach Convention Center. Employees were advised to register for appointments with the City of Long Beach to obtain their vaccination.

Battery-Electric Bus (BEB) Program (Feb. 2021)

LBT has taken several major steps to become a more sustainable transit agency by committing to convert its entire bus fleet to be 100% zero emissions by 2030. On February 25, 2021, LBT's Board of Directors authorized the President and CEO of LBT to enter into a contract for the construction of the LBT1 Battery-Electric Bus Charging Station expansion project. The completed project will add 14 electric bus charging stations, increasing LBT's electric bus charging station capacity to 24 chargers within the LBT1 bus depot.

Exercise Financial Accountability

Purchase of 20, 30-35 foot Battery-Electric Buses (BEB) (Mar. 2021)

LBT is committed to purchasing zero-emission buses (ZEBs) and plans to retire all non-ZEBs as they approach the end of their useful lives. At the March 2021 Board of Directors meeting, LBT was approved to purchase 20, 30-35 foot, low floor, BEBs with an option for an additional 20 BEBs. The purchase of these buses will replace diesel and gasoline-electric hybrid buses on a one-for-one basis.

Improved Pension and Investment Strategies (Mar. 2021)

On March 25, 2021, LBT's Board of Directors approved the transition to the Public Agency Retirement System Trust as the qualified trust program for the Retirement Plan for both Contract and Salaried employees (Plan). This included appointing Public Agency Retirement Services (PARS) as the trust administrator of the Plan and U.S. Bank National Association (N.A) as trustee and custodian of Plan assets. This transition will reduce fees for trustee and custodial services per year in the amounts of \$134,000 for the Contract Plan and \$76,000 for the Salaried Plan.

Foster Employee Engagement

Deployment of Microsoft 365 Services (Oct. 2020)

On October 22, 2020, LBT's Board of Directors approved the deployment of LBT's intranet via SharePoint Online, Office 365 software and Microsoft Teams communication platform. This transition in software is meant to increase staff productivity, promote collaboration, strengthen company culture and secure knowledge management.

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:

- Agencywide CorVu Training
- Agencywide Procurement Training
- Cybersecurity Online Training
- De-Escalation Training for Operators
- Leadership/Management Training for Supervisors
- Microsoft 365 Teams Training
- Sexual Harassment Online Training
- Vistage Emerging Leader Program

Enhance Customer Experience

Customer Amenities Upgrade (Dec. 2020)

LBT's service area extends over a 100-square-mile radius, across 14 cities with approximately 2,000 bus stops. LBT staff conducted assessments to identify corridors within LBT's service area that are in need of bus stop improvements. These corridors are Orange Avenue, Santa Fe Avenue, Atlantic Avenue, Long Beach Boulevard, and Cherry Avenue. In FY 2021, LBT installed 47 solar powered

Long Beach Transit

LED light kits for bus stops along Orange Avenue and 44 solar powered LED light kits for bus stops along Santa Fe Avenue.

MOOVIT App (Apr. 2021)

LBT focuses on continuously improving and innovating ways that customers can access LBT routes and services. LBT partnered with MOOVIT to provide an easy and convenient way for customers to trip plan, check bus arrival times, maps, and service alerts. As of June 30, 2021, there was approximately 32,000 active users in LBT's service area.

Promote Community and Industry Focus

Public Transportation Agency Safety Plan (PTASP) (Dec. 2020)

LBT is required to implement a Public Transportation Agency Safety Plan in accordance with Federal Regulations (49 CFR Part 673). LBT's PTASP also included an adoption of the Safety Management System (SMS) principles and methods, performance targets based on safety performance criteria established under the National Public Transportation Safety Plan (49 CFR 673.11), and a timeline for conducting an annual review and update of the PTASP. LBT's PTASP was approved by its Board of Directors on December 10, 2020 and consists of the following elements, Safety Management Policies, Safety Risk Management, Safety Assurance, and Safety Promotion.

2019 Novel Coronavirus (COVID-19) Impact

The COVID-19 pandemic which began at the end of FY 2020, continued to surge through FY 2021 and LBT had to quickly adapt. LBT enhanced its safety procedures, including increasing scheduled cleanings for LBT buses and administrative offices, requiring all employees to wear face masks, and installing contactless sanitization stations throughout the Agency.

In response to Governor Newsom's "safer-at-home" orders in March 2020, LBT modified its bus services and suspended water taxi services. While some service has been restored, the Agency is still operating a modified service delivery schedule. Boardings significantly decreased in FY 2021 as a result of these "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. As the state and local communities re-open, boardings on LBT's services have begun to increase.

Additionally, LBT formed a cross-departmental Health and Safety Executive Taskforce to activate the Agency's response to the COVID-19 threat. The task force provided information to LBT employees and customers encouraging all to follow the Centers for Disease Control and Prevention (CDC) guidelines for personal hygiene and to stop the spread.

In February 2021, LBT procured plexiglass operator barriers to separate customers and operators alike for their mutual protection. The barriers were installed on LBT's entire fleet of 250 buses during the summer of 2021.

Long Beach Transit

As part of the Agency's COVID Prevention Plan, LBT made weekly rapid COVID-19 testing available to all employees between January and March 2021. In March 2021, LBT employees became eligible to receive COVID-19 vaccinations.

COVID-19 continues to impact the Agency's ridership and revenue, as well as the way it operates its services. The health and safety of LBT's employees and customers continues to be LBT's top priority. 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 goal set annually to measure progress. The KPIs also bring together cross-departmental analysts to track, measure and analyze the Agency's performance. Quarterly, these analysts communicate and present the performance results to evaluate trends and identify action plans for improvement. The following are examples of LBT's KPIs and select results for FY 2021 can be found in Exhibit 10.

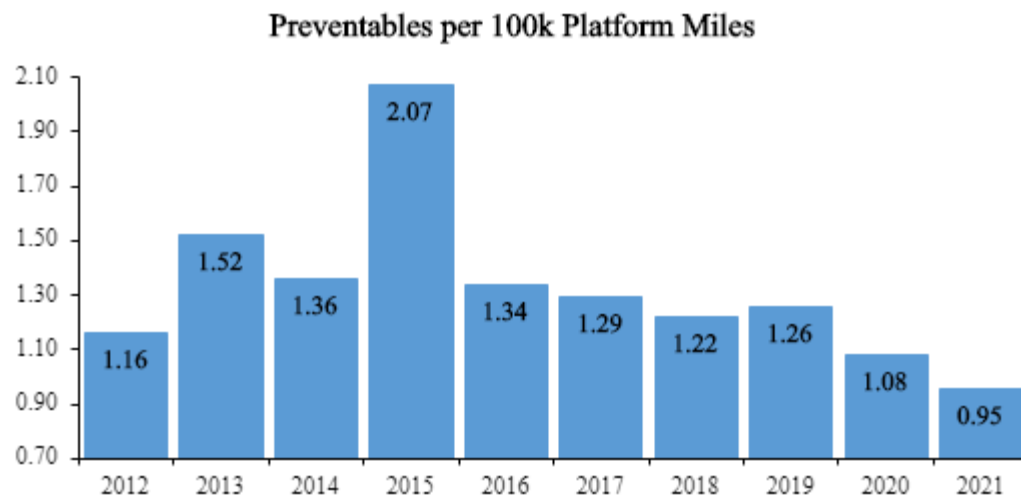
Successes

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 overall MDBF decreased in FY 2021 from 4,577 to 3,988 miles. While there is a decrease from in MDBF year-over-year, in Quarter 4 of FY 2021, MDBF reached 5,162. This marks the second highest quarterly MDBF 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. To adhere to social distancing precautions, monthly Safety Blitzes, which promote employee engagement between staff and bus operators, were halted. However, monthly Safety Blitz communications continued to be sent to Transit Service Supervisors to relay safety information to operators. The blitzes helped to decrease the number of preventable accidents per 100k platform miles As a result of schools and business closures due to COVID-19, there were fewer vehicles on the road. This also contributed to a decrease of preventable accidents. In FY 2021, preventable accidents per 100k platform miles decreased from 1.08 to 0.95. This is LBT's lowest preventable accidents per 100k platform miles in the last 10 fiscal years.



Long Beach Transit's Economic Impact

Economic impact measures how LBT's direct spending impacts the local economy. LBT's 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, cause induced spending as employees spend their wages. Together direct, indirect, and induced spending produce a cumulative positive impact to the economy. Each quarter, LBT estimates the economic impact of the Agency's spending in LA County. In FY 2021, for every \$1.00 spent directly by LBT, \$2.02 was put into the county's economy.

Challenges

Due to the pandemic and the efforts of LBT to protect both its customers and employees, performance in FY 2021 was deeply affected. Fares were not enforced, and schools and businesses were closed causing ridership to decline.

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 2021, unplanned absences increased from 14.3% to 17.4%. COVID-19 contributed to increased absences as some employees needed to take unplanned time off to care for themselves or for family members.

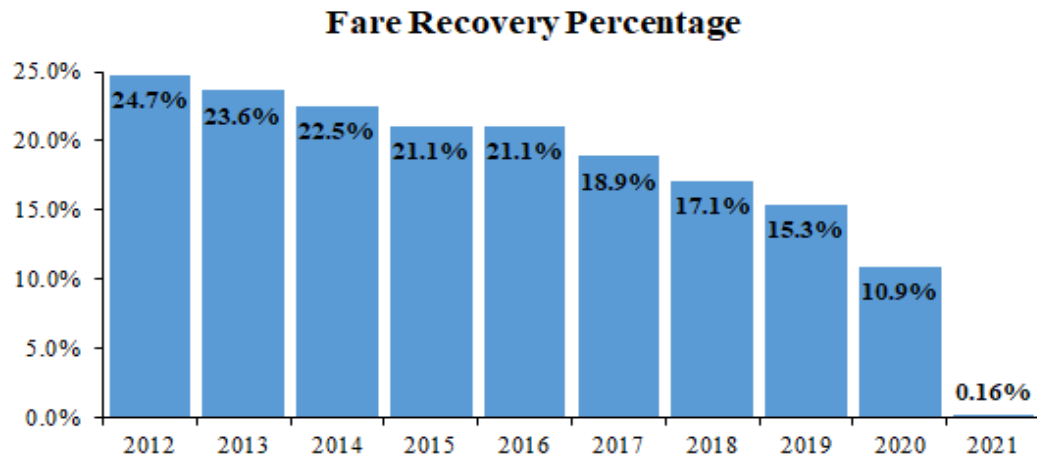
Declining Passengers per Revenue Hour

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 2021, down from 29.2 to 28.2 passengers. The decrease can be mainly attributed to the COVID-19 pandemic. In the last quarter of FY 2021, businesses slowly started re-opening with lesser social distancing restrictions. LBT saw an increase in passengers for revenue hour, from 28.1 in Quarter 3 to 30.2 in Quarter 4.

Long Beach Transit

Declining Fare Recovery Ratio

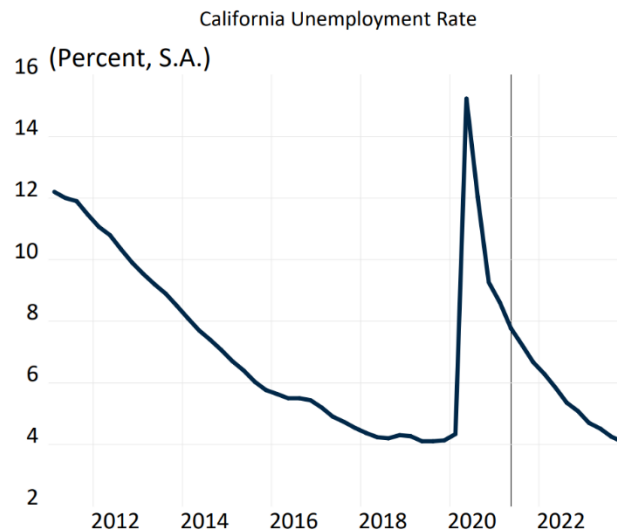
Fare recovery ratio is the proportion of operating cost that is covered by fare revenue. It is calculated by dividing the total revenue obtained through passenger fares and special events by the total cost of operations. It is generally used by transit and regulatory agencies as a measure of system efficiency. 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. As part of LBT's COVID-19 response, LBT instituted a reduced service schedule, rear-door boarding, and did not enforce fare collection for the entirety of FY 2021. Aqua Taxi services were suspended until May 2021 and there were no special event services in FY 2021. This resulted in LBT's fare recovery ratio drastically declining from 10.9% to 0.16%.



Factors Affecting Financial Condition

General Economic Conditions

While there is still much uncertainty in light of the ongoing COVID-19 pandemic, the California economy is showing signs of recovery. California's unemployment rate as of August 2021 was 7.5%, down from a high of 16% in April 2020. The University of California, Los Angeles (UCLA) Anderson Forecast projects that unemployment will continue to recover gradually until reaching pre-pandemic levels at the end of 2023, as shown in the graph below.



Source: UCLA Anderson Forecast - September 2021 Economic Forecast

Unemployment in Los Angeles County was higher than that of the state, at 9.7% as of August 2021. Sectors where employment remains below 90% of pre-pandemic levels in the County include information; accommodation and food services; arts, entertainment, and recreation; and other services which includes salons and personal care. Similarly, unemployment in Long Beach was 10.2% as of August 2021. Traveling to work is a common trip purpose for LBT's customers, so higher unemployment in the region negatively impacts the Agency's ridership.

LBT receives subsidies from the County based on a formula allocation of sales tax revenues collected. Consumer spending in the County has largely recovered, and is up 13.4% compared to January 2020, as of September 2021. Spending on retail and health care exceed this average, while spending in other sectors still falls at or below pre-pandemic levels. These impacted sectors include transportation and travel; arts, entertainment, and recreation; and restaurants and hotels. In general goods consumption outpaces the pre-pandemic trend, while consumption of services lags behind. Consumer spending has recovered faster than initially projected. Thus, the impact to LBT's subsidies will be lessened by this recovery.

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 policies at the federal level, which are all unknown at this time.

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 (SGR) Policy

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. This 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;
- the asset does not pose a known unacceptable safety risk;
- the 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 \$200,000. Procurements exceeding that threshold must be authorized by LBT's Board of Directors. This threshold was previously set at \$100,000. LBT's Board of Directors approved the increased threshold at their February 2021 meeting.

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, pandemics, 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 strategic priorities 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.

Financial forecasts project revenues and expenditures, using assumptions about economic conditions and future spending, including such factors as:

- Service levels
- Operating revenue
- Wages and collective bargaining agreements
- Benefit costs and trends
- Fuel types and price trends
- Capital investment expenses
- Vendor contracts
- Risk management and mitigation
- Economic growth rates, including sales tax and Consumer Price Index

The Agency's long-term operating and capital plan 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.

Long-Term Debt Policy

LBT has historically not carried debt and prioritized only using available grant funds to procure capital acquisitions. In FY 2021, LBT executed a promissory note for the acquisition of its corporate administrative office. Principal payments toward the note are recorded as capital expenditures and interest payments as operating expenses.

Risk Management Policy

It is LBT's policy to be self-insured for each occurrence of workers' compensation and personal liability and property damage (PL/PD) up to \$1.5 million and \$3 million, respectively. Claims in excess of \$1.5 million for workers' compensation and \$3 million for PL/PD are covered under policies in force with an insurance company. Risk retention levels for workers' compensation did not change during FY 2021. However, due to a significant increase in expenses on existing PL/PD claims in FY 2020, LBT's self-insured retention amount increased from \$2 million 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 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 31st 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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. 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 Annual Comprehensive Financial Report 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

Ashley Liang

Treasurer

Jennifer Sautjian

Manager, Finance

Terry Coon

Manager, Accounting

Samantha Uhlenfeldt

Budget Analyst

Jeff Fortune

Capital and Grants Planner

Irma Pamplona

Financial Analyst

James Tai

Administrative Assistant, Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

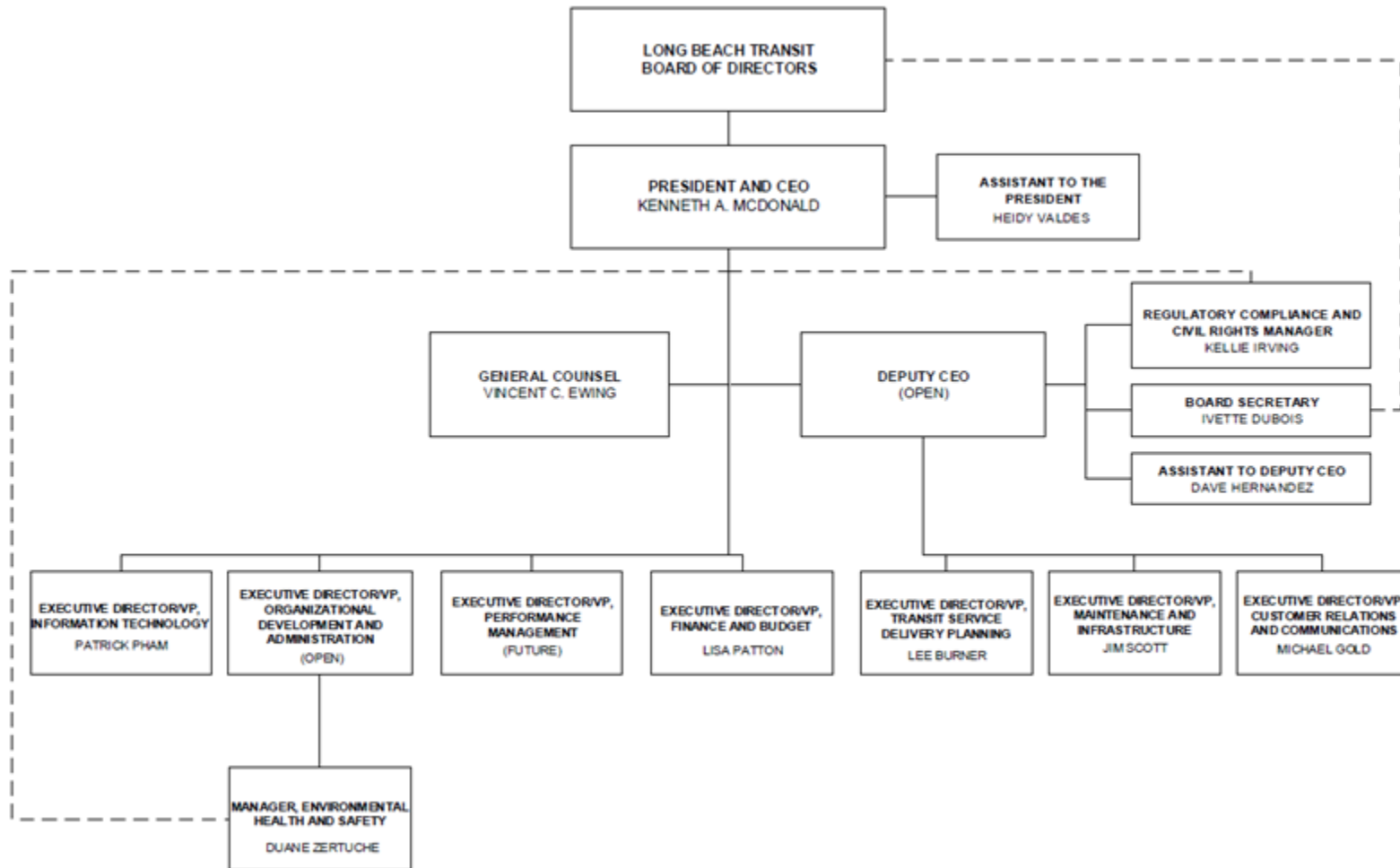
**Long Beach Transit
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO



Board of Directors

Michael Clemson	Chair of the Board
David Sutton	Vice Chair
Colleen Bentley	Secretary/Treasurer
Sumire Gant	Director
Jeffrey Price	Director
Abigail Mejia	Director
Jennifer Kumiya	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
Elizabeth Brown	Executive Director/VP, Organizational Development and Administration *
Patrick Pham	Executive Director/VP, Information Technology
Michael Gold	Executive Director/VP, Customer Relations and Communications

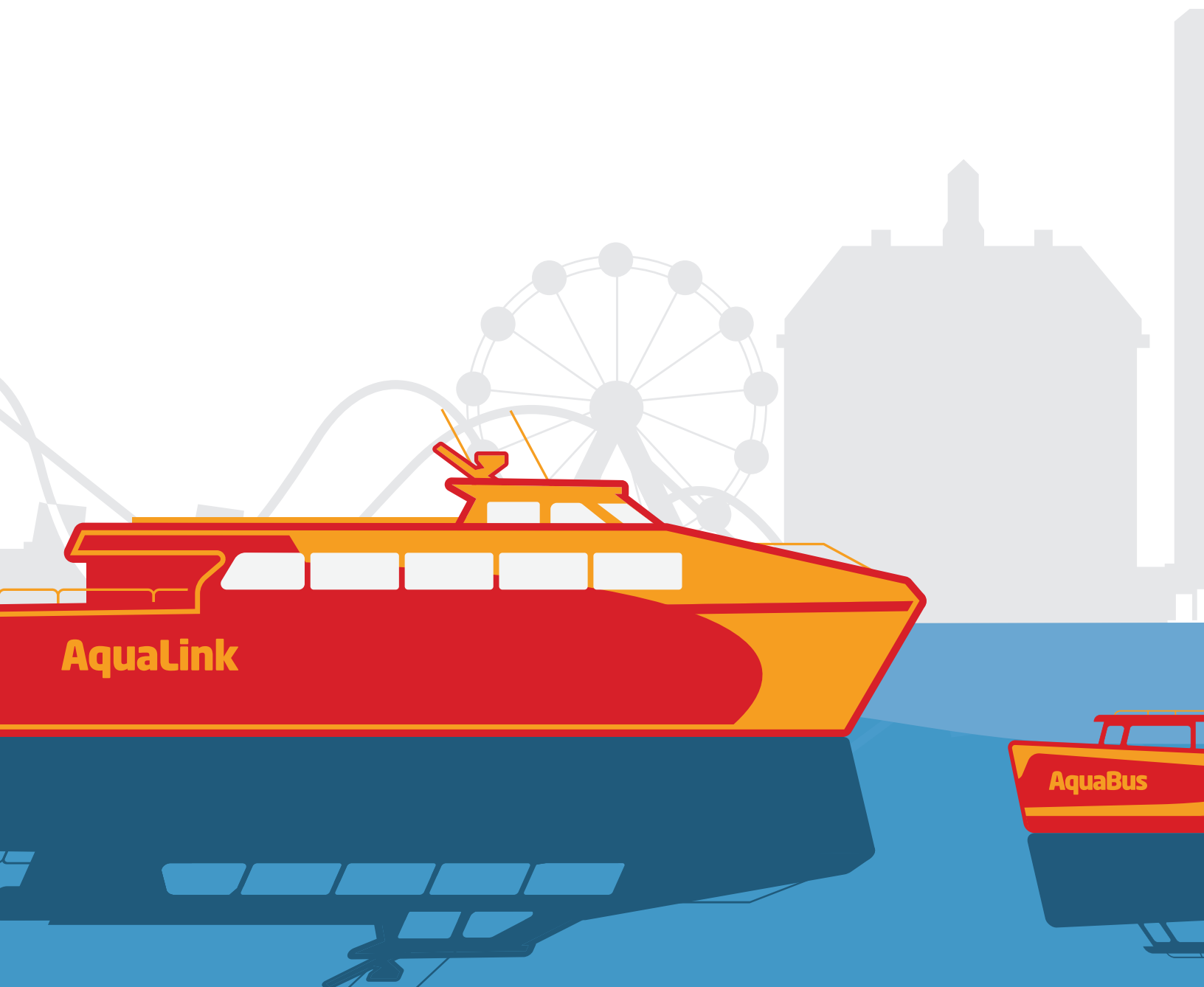
* The position of Executive Director/VP, Organizational Development and Administration was vacant during FY 2021. Elizabeth Brown has held the position since August 16, 2021.

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LONG BEACH
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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, 2021 and 2020, 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, 2021 and 2020, 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 20, 2021 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.

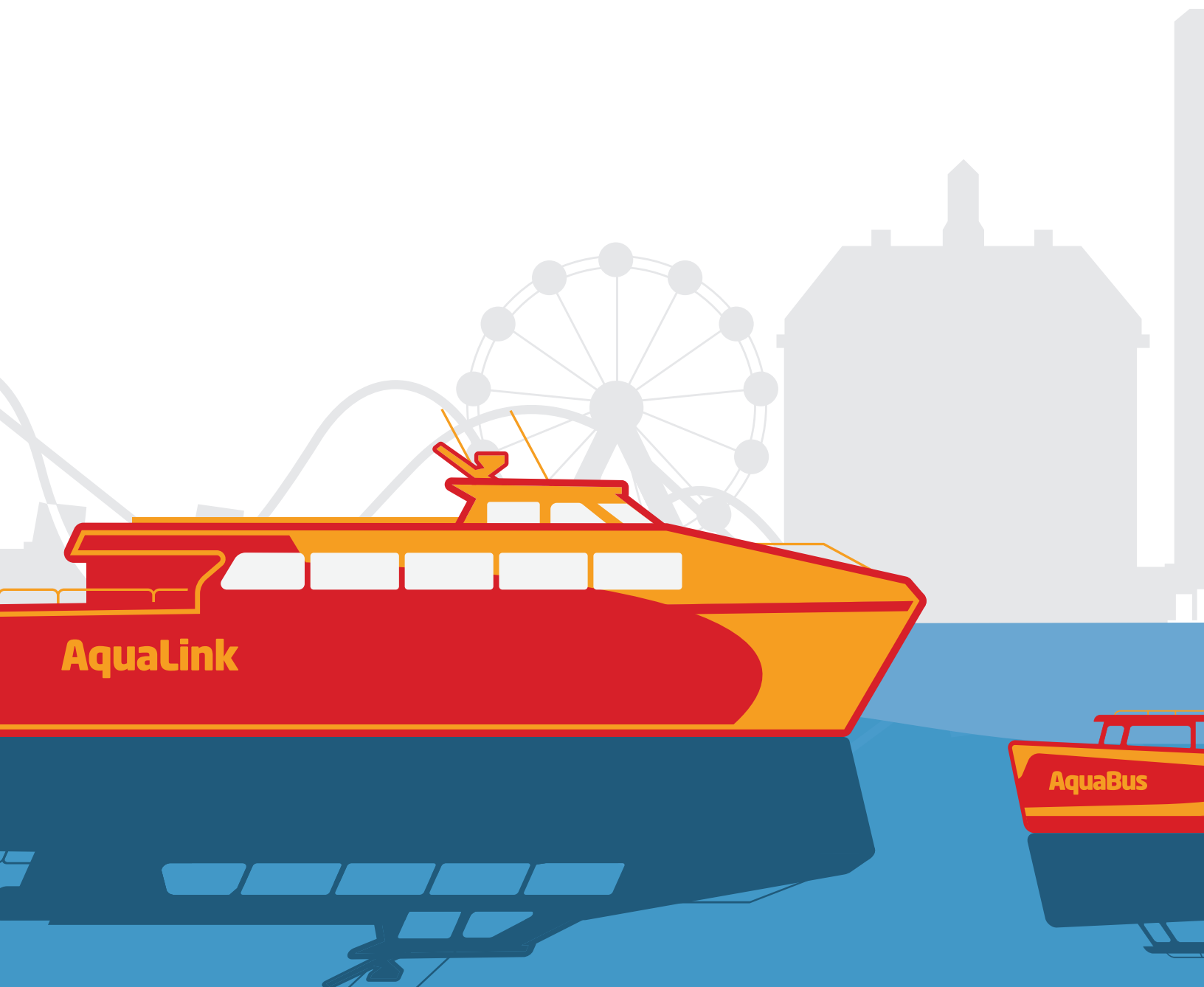


Long Beach, California
December 20, 2021



LONG BEACH
TRANSIT

Management's Discussion and Analysis



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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 2021, 2020 and 2019. 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-xix of this report.

FINANCIAL HIGHLIGHTS

- Passenger fares earned in FY 2021 were \$154 thousand, a decrease from \$10.45 million in FY 2020. This decrease was due to the suspension of fare enforcement in response to the COVID-19 pandemic.
- Subsidies for FY 2021 were \$91.99 million, an increase from \$82.03 million in FY 2020. This increase was due in large part to revenue from the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.
- Operating expenses in FY 2021 were \$110.76 million, a decrease from \$115.87 million in FY 2020. The decrease in expenses was driven by the decrease in services operated due to the COVID-19 pandemic.
- Fuel expenses in FY 2021 were \$3.20 million, a decrease from \$4.10 million in FY 2020, due to a decrease in usage as well as in fuel prices.
- Total fuel credits in FY 2021 were \$1.15 million, a decrease from \$2.35 million in FY 2020. This decrease is a result of a decrease in miles and fuel usage.
- Capital acquisitions in FY 2021 were \$27.49 million, compared to \$7.81 million in FY 2020.
- Net position at the end of FY 2021 is \$73.25 million compared to \$67.01 million at the end of FY 2020. Total assets increased by \$8.16 million and deferred outflows of resources decreased by \$7.63 million, while total liabilities decreased by \$21.13 million and deferred inflows of resources increased by \$15.42 million.
- Total net pension liability decreased to \$13.87 million in FY 2021, compared to \$34.70 million in FY 2020. This decrease of \$20.83 million consists of decreases of \$4.07 million and \$16.76 million for the Salaried and Contract Plans, respectively. The decrease was due to the performance of the pension investments exceeding the rate of return assumption of the Plans for FY 2021.

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 outflows of resources, liabilities, and deferred inflows 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 \$73.25 million at the close of FY 2021, an increase from \$67.01 million at the close of FY 2020.

Long Beach Transit's Condensed Summary of Net Position			
	Year Ended		
	2021	2020	2019
Assets			
Current assets	\$ 64,590,635	\$ 64,349,013	\$ 57,761,863
Other noncurrent assets	22,890,271	28,184,651	27,052,581
Capital assets, net	96,356,715	83,144,218	91,068,904
Total assets	183,837,621	175,677,882	175,883,348
Deferred outflows of resources	7,325,749	14,957,584	15,468,079
Liabilities			
Current liabilities	71,809,117	66,478,825	60,112,279
Noncurrent liabilities	30,685,138	57,150,511	54,110,928
Total liabilities	102,494,255	123,629,336	114,223,207
Deferred inflows of resources	15,418,522	-	-
Net position			
Net investment in capital assets	91,604,336	83,144,218	91,068,904
Restricted	303,855	526,717	87,193
Unrestricted	(18,657,598)	(16,664,805)	(14,027,877)
Total net position	\$ 73,250,593	\$ 67,006,130	\$ 77,128,220

Management's Discussion and Analysis (continued)

Assets. Current assets increased to \$64.59 million in FY 2021 from \$64.35 million in FY 2020, an increase of \$240 thousand. This increase is largely due to the increase in accounts receivable of \$1.47 million. Subsidies and capital grants receivable make up the majority of the increase in accounts receivable. In FY 2020, current assets increased by \$6.59 million compared to FY 2019 mainly due to deposits of funds received from the Federal Transit Administration (FTA) and the State of California in June 2020.

Other noncurrent assets, which are Agency investments, decreased to \$22.89 million in FY 2021 from \$28.18 million in FY 2020. Agency investments increased in FY 2020, from \$27.05 million in FY 2019.

Net capital assets totaled \$96.36 million in FY 2021, compared to \$83.14 million in FY 2020, an increase of \$13.22 million. This increase is due to capital acquisitions in FY 2021, the largest being the purchase of the corporate office building. In FY 2020, net capital assets decreased by \$7.93 million compared to FY 2019. This decrease was a result of ongoing depreciation exceeding new capital acquisitions. Depreciation expenses for FY 2020 were \$15.74 million and capital acquisitions amounted to \$7.81 million.

Deferred Outflows of Resources. Deferred outflows of resources decreased in FY 2021 to \$7.33 million from \$14.96 million in FY 2020, a decrease of \$7.63 million. In FY 2020, there was a decrease of \$510 thousand, from \$15.47 million in FY 2019. Changes in deferred outflows are a result of the amortization of prior years' changes in pension liability, as well as gains and losses in 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. Current liabilities increased to \$71.81 million in FY 2021 from \$66.48 million in FY 2020, an increase of \$5.33 million. The increase was due in part to increases in accounts payable (\$1.44 million) and subsidy deferral (\$2.51 million). Accounts payable increased due to higher invoice accruals, including accruals for bus rehabilitation and operator barriers. The subsidy deferral represents Prop A, Measure M, and STA funding which are planned for use in the next fiscal year. In FY 2020, current liabilities increased by \$6.37 million due to increases in estimated liabilities on insurance claims and subsidy deferral.

Noncurrent liabilities decreased to \$30.69 million in FY 2021 from \$57.15 million in FY 2020, a decrease of \$26.46 million. The decrease is mainly comprised of decreases in net pension liability (\$20.83 million) and unearned revenue (\$9.46 million). Unearned revenue represents grants allocated for capital projects that have not yet been expended. In FY 2020, noncurrent liabilities increased by \$3.04 million from \$54.11 million due to increases in net pension liability and unearned revenue.

Deferred Inflows of Resources. Deferred inflows of resources increased in FY 2021 to \$15.42 million. Changes in deferred inflows are a result of the amortization of prior years' changes in pension liability, as well as gains and losses in the value of the plan investments. More information on deferred inflows of resources can be found in note (1) and note (13) of the notes to the accompanying financial statements.

Net Position. Total net position at the end of FY 2021 is \$73.25 million, an increase from \$67.01 million for FY 2020. Net position is calculated as assets and deferred outflows of resources less liabilities and deferred inflows of resources. LBT's net position includes \$91.60 million invested in capital assets and \$18.66 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 unrestricted net position.

Management's Discussion and Analysis (continued)

Long Beach Transit's Condensed Summary of Revenues, Expenses, and Changes in Net Position

	Year-Ended		
	2021	2020	2019
Operating revenues:			
Passenger fares and special events	\$ 155,130	\$ 10,692,706	\$ 14,459,643
Advertising	649,678	978,484	1,069,805
Other revenue	1,183,017	2,381,571	853,200
Total operating revenues	1,987,825	14,052,761	16,382,648
Nonoperating revenues:			
Subsidies	91,986,813	82,029,003	76,153,983
Interest income	287,251	1,848,019	1,789,816
Total nonoperating revenues	92,274,064	83,877,022	77,943,799
Total revenues	94,261,889	97,929,783	94,326,447
Operating expenses:			
Transportation	50,691,529	54,678,389	47,848,764
Maintenance	25,714,741	24,288,404	23,854,682
Administration	20,071,273	21,160,394	22,456,997
Depreciation	14,278,928	15,739,478	16,340,080
Total operating expenses	110,756,471	115,866,665	110,500,523
Change before capital grants	(16,494,582)	(17,936,882)	(16,174,076)
Capital grants	22,739,045	7,814,792	4,457,864
Change in net position	6,244,463	(10,122,090)	(11,716,212)
Total net position, July 1	67,006,130	77,128,220	88,844,432
Total net position, June 30	\$ 73,250,593	\$ 67,006,130	\$ 77,128,220

Operating revenues. In FY 2021, overall total operating revenues decreased to \$1.99 million compared to \$14.05 million in FY 2020. This is an 85.9% decrease. This decrease was mainly an effect of the COVID-19 pandemic. For the entirety of FY 2021, LBT did not enforce fare collection, and there were no special event services. Additionally, the water taxi service was suspended until the end of May. Schools and businesses remained closed for the majority of FY 2021. LBT continued to limit bus capacity to adhere to social distancing guidelines. Revenue hours were reduced from 725,349 hours in FY 2020 to 625,146 hours in FY 2021. This is a reduction in service of 13.8%. As a result of all of these effects, passenger fares and special events revenue decreased by \$10.54 million, as compared to FY 2020.

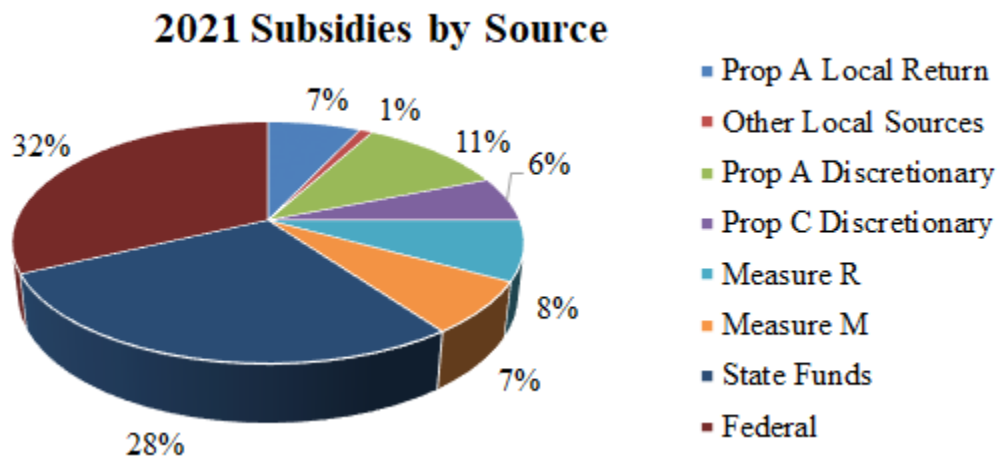
In FY 2020, overall total operating revenues decreased to \$14.05 million in comparison to \$16.38 million in FY 2019, a 14.2% decrease. This was mainly due to the effects of the COVID-19 pandemic. Prior to the pandemic, the Agency's average weekly boardings were 326,651, translating to an increase of \$126 thousand in passenger fares compared to the same period in FY 2019. However, ridership drastically decreased as a result of pandemic related closures in schools and businesses in the area. Rear-door boarding was enforced on all buses 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.

Management's Discussion and Analysis (continued)

The pandemic continued to affect advertising revenue, which in FY 2021 was \$650 thousand, a decrease compared to \$978 thousand in FY 2020. During the pandemic and throughout FY 2021, LBT's contract to earn a guaranteed minimum annual revenue for advertisements was placed on hold until the end of the pandemic. Instead, the advertising revenue share is earned by month. With the advertising contracts prior to the pandemic, any excess compared to the minimum annual guarantee (MAG) was collected at the end of each contract year. In FY 2021, LBT received \$78 thousand over the MAG for the prior contract year. In fiscal years 2020 and 2019, LBT received \$375 thousand and \$400 thousand over the MAG, respectively.

Other revenues amounted to \$1.18 million in FY 2021, a decrease from \$2.38 million in FY 2020, mainly due to a decrease in fuel tax credits. In fiscal years 2021, 2020 and 2019, LBT received fuel tax credits totaling \$1.15 million, \$2.35 million, and \$805 thousand respectively. A significant amount of the fuel credits were due to federal alternative fuel tax credits. The Consolidated Appropriations Act of 2021 extended the federal alternative fuel tax credits, effective through December 31, 2021. The alternative fuel tax credit rate is \$0.50 per gallon or diesel gallon equivalent.

Nonoperating revenues. Subsidies in FY 2021 totaled \$91.99 million, or 97.6% of total revenues. This represents an increase from \$82.03 million in FY 2020, a difference of \$9.96 million. This increase was due to \$29.20 million in federal funding from the Coronavirus Aid, Relief, and Economic Security (CARES) Act. There were decreases in other subsidy sources, largely due to decreases in estimated sales tax revenues as a result of the COVID-19 pandemic. In FY 2020, there was an increase in subsidies of \$5.88 million, largely due to increases in state funds including TDA, STA and STA-SB1.



Interest revenue decreased in FY 2021 to \$287 thousand, compared to \$1.85 million in FY 2020, due to lower interest income from investments. In FY 2020, there was an increase in interest income earnings, up from \$1.79 million in FY 2019.

Total Revenues. Overall in FY 2021, revenues totaled \$94.26 million, a decrease from \$97.93 million in FY 2020. This is a result of the decrease in operating revenue discussed above. In FY 2020, there was an increase in total revenue, from \$94.33 million in FY 2019

Management's Discussion and Analysis (continued)

Operating expenses. Operating expenses before depreciation decreased in FY 2021 to \$96.48 million, from \$100.13 million in FY 2020, a decrease of \$3.65 million. The decrease is primarily due to cost reductions in daily transportation operations stemming from reduced services in response to the COVID-19 pandemic.

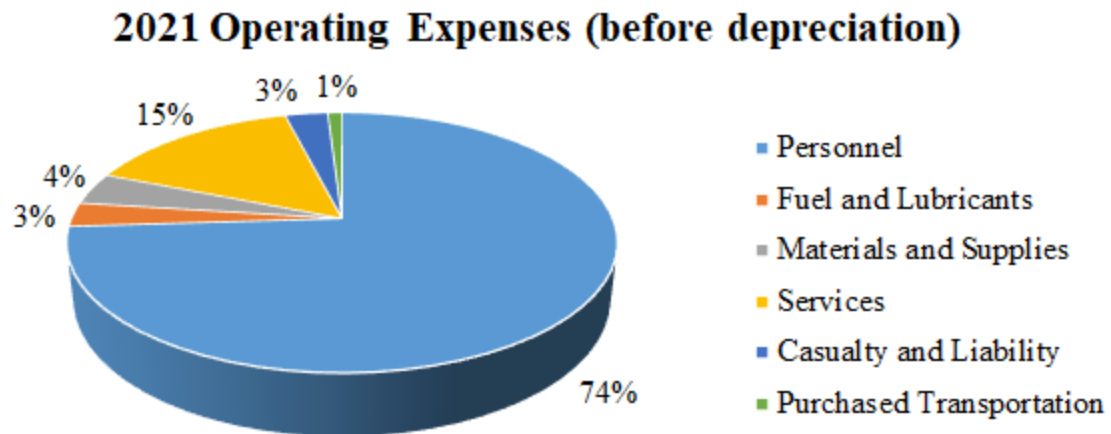
Total labor costs excluding benefits decreased by 6.2%, to \$44.19 million in FY 2021 from \$47.13 million in FY 2020 due to service reductions. Health benefit costs increased by \$803 thousand due to higher premiums.

Personal liability and property damage (PL/PD) expenses decreased by \$1.12 million because there were no new significant liability cases in FY 2021, and due to efforts in managing and closing cases more quickly.

The modified transit service schedule also impacted fuel usage, which is reflected in the decline of \$886 thousand in fuel costs for FY 2021 compared to FY 2020. The average fuel prices were also lower for much of FY 2021 compared to FY 2020.

The Agency has managed to control operating costs and did not lay-off any of its employees during FY 2021. For the safety of LBT's employees and customers, while in a pandemic environment, LBT spent \$785 thousand in COVID-19 related items and equipment in FY 2021 compared to \$296 thousand in FY 2020.

In FY 2020 operating expenses before depreciation increased to \$100.13 million from \$94.16 million in FY 2019. This increase of \$5.97 million was due to higher costs of labor and benefits, as well as increases in provisions for PL/PD claims.



Capital Grants. In FY 2021 capital grants amounted to \$22.74 million, an increase from \$7.81 million in FY 2020. Depreciation expense totaled \$14.28 million in FY 2021, compared with \$15.74 million in FY 2020. Depreciation expense decreased by \$1.46 million.

Management's Discussion and Analysis (continued)

Long Beach Transit's Capital Assets (net of depreciation)

	Year-Ended		
	2021	2020	2019
Land	\$ 14,275,000	\$ 14,275,000	\$ 14,275,000
Buildings and improvements	28,348,615	7,166,706	9,068,482
Fleet	46,277,445	54,148,498	59,723,463
Communications systems	992	992	1,638
Fare collection system	474,395	629,852	743,000
Office, shop and garage equipment	3,222,842	1,802,847	2,511,698
Customer amenities	1,846,494	2,344,204	3,252,143
Construction in progress	1,910,932	2,776,119	1,493,480
Total capital assets, net of depreciation	<u>\$ 96,356,715</u>	<u>\$ 83,144,218</u>	<u>\$ 91,068,904</u>

Capital Assets. LBT had \$27.49 million in new capital acquisitions during FY 2021, an increase of \$19.68 million when compared to FY 2020. In FY 2021, assets have been purchased with federal, state and local grants awarded to the Agency, totaling \$22.74 million, as well as a promissory note for \$4.75 million.

LBT's investment in capital assets as of June 30, 2021 amounted to \$96.36 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, fleet, communication and farebox systems, equipment, and customer amenities.

The Agency's investment in capital assets increased by 15.9% in FY 2021, from \$83.14 million in FY 2020. Major capital acquisitions in FY 2021 included the purchase of a corporate office building, mid-life rehabilitation of buses and information systems upgrades. In FY 2020, capital acquisitions amounted to \$7.81 million, with major acquisitions including mid-life rehabilitation of buses, information systems upgrades, fueling and charging station upgrades and facility improvements.

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 the funds.

Significant capital asset acquisitions during FY 2021 included the following:

- Corporate office building, \$21.05 million
- Mid-life rehabilitation of buses, \$2.14 million
- Information systems and technology upgrades, \$1.27 million
- CNG generator replacement, \$1.02 million
- Customer amenities upgrades, \$447 thousand
- Routine replacement of engines, transmissions and bus components, \$315 thousand

Management's Discussion and Analysis (continued)

LBT's investment in capital assets as of June 30, 2020, amounted to \$83.14 million (net of accumulated depreciation). The Agency had \$7.81 million in new capital acquisitions during the year, an increase of \$3.36 million, when compared to FY 2019.

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

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 the Agency's subsidies which are largely derived from sales taxes. LBT continues to be vigilant and prudent as the Agency moves into FY 2022 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 Response and Relief Supplemental Appropriations Act (CRRSAA) has also helped LBT to develop a balanced financial plan for FY 2022. 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 2022.

The FY 2022 financial plan focuses on the road to recovery and incrementally restoring the services that have been reduced during the pandemic. Additionally, the FY 2022 plan emphasizes employee recruitment and retention which will play a vital role in the Agency's ability to restore service and respond as customer demand recovers.

LBT is also planning for its current and future facility needs. In FY 2020, LBT conducted a facility assessment and developed a Facility Master Plan. During the course of that assessment, the consultant identified a suitable commercial office building that could fit LBT's needs. In FY 2021, LBT acquired the building, located in the City of Long Beach, to be used as the Agency's corporate offices. The FY 2022 financial plan incorporates the relocation 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. The agreements provide the parties with specific procedures governing the duration and renewal of the agreements. Both agreements were effective through FY 2021 and expired on June 30, 2021.

On July 26, 2021, ATU Local 1277 and AFSCME District Council 36 Supervisory Unit, respectively, ratified new two-year Labor Agreements with Long Beach Transit. The contracts are effective from July 1, 2021 to June 30, 2023.

On December 8, 2020, AFSCME District Council 36 became the representative for LBT's General Unit employees, including Parts Storekeepers, Stops & Zones Assistants, Stops & Zones Lead and Facilities Maintenance Technicians. On November 1, 2021, AFSCME District Council 36 General Unit and LBT ratified a new two-year agreement effective from July 1, 2021 to June 30, 2023.

LBT has no reason to expect any service disruption with regard to these agreements.

Despite challenges, LBT remains financially healthy. The Agency's FY 2022 budget is balanced with current revenues 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 May 2021 for FY 2022 totals \$114.01 million.

REQUEST FOR INFORMATION

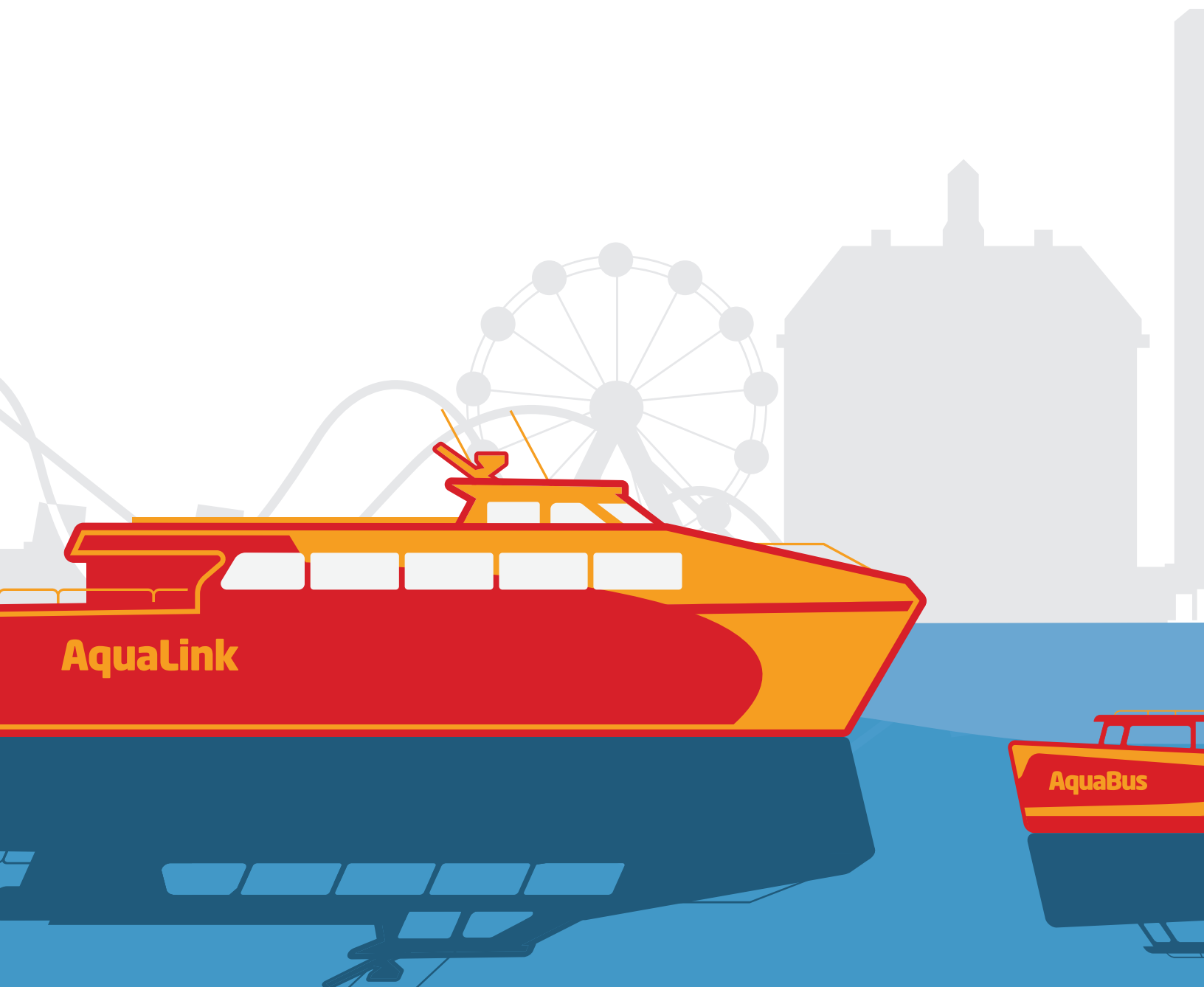
This financial report is designed to provide a general overview of LBT's finances for all those with an interest in the Agency's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director/VP of Finance and Budget, Long Beach Transit, 1963 E. Anaheim St., Long Beach, CA 90813.

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LONG BEACH
TRANSIT

Financial Statements



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Statements of Net Position
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (note 2)	\$ 52,615,290	\$ 53,214,214
Accounts receivable (note 4)	8,110,218	6,645,110
Materials and supplies inventory	2,716,573	2,524,437
Prepaid expenses	1,148,554	1,965,252
Total current assets	<u>64,590,635</u>	<u>64,349,013</u>
Noncurrent Assets:		
Investments (note 2)	22,890,271	28,184,651
Capital assets (note 8)		
Land	14,275,000	14,275,000
Construction-in-progress	1,910,932	2,776,119
Capital assets, net of accumulated depreciation:		
Buildings and improvements	28,348,615	7,166,706
Fleet	46,277,445	54,148,498
Communications systems	992	992
Fare collection system	474,395	629,852
Office, shop and garage equipment	3,222,842	1,802,847
Customer amenities	1,846,494	2,344,204
Total noncurrent assets	<u>119,246,986</u>	<u>111,328,869</u>
Total assets	<u>183,837,621</u>	<u>175,677,882</u>
DEFERRED OUTFLOWS OF RESOURCES		
Net difference of changes related to pension liability	<u>7,325,749</u>	<u>14,957,584</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u><u>\$ 191,163,370</u></u>	<u><u>\$ 190,635,466</u></u>

The notes to the financial statements are an integral part of these statements.

Statements of Net Position, Continued
June 30, 2021 and 2020

	2021	2020
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 4,194,835	\$ 2,759,016
Accrued payroll expenses	981,869	1,000,440
Compensated absences payable (note 11)	3,265,004	3,444,177
Note payable, current portion (note 14)	1,124,341	-
Sick leave benefits (note 11)	179,221	179,727
Subsidy deferral (note 9)	42,179,845	39,665,072
Estimated liability for insurance claims (note 6)	19,884,002	19,430,393
Total current liabilities	<u>71,809,117</u>	<u>66,478,825</u>
Noncurrent Liabilities:		
Unearned revenue (note 5)	8,470,897	17,930,345
Note payable, net of current portion (note 14)	3,628,038	-
Sick leave benefits (note 11)	4,720,485	4,519,745
Net pension liability (note 13)	13,865,718	34,700,421
Total noncurrent liabilities	<u>30,685,138</u>	<u>57,150,511</u>
Total liabilities	<u>102,494,255</u>	<u>123,629,336</u>
DEFERRED INFLOWS OF RESOURCES		
Net difference of changes related to pension liability	<u>15,418,522</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	91,604,336	83,144,218
Restricted for:		
Restricted for capital procurement	303,855	526,717
Unrestricted	<u>(18,657,598)</u>	<u>(16,664,805)</u>
Total net position	<u>73,250,593</u>	<u>67,006,130</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 191,163,370</u></u>	<u><u>\$ 190,635,466</u></u>

The notes to the financial statements are an integral part of these statements.

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
Operating revenues:		
Passenger fares	\$ 154,380	\$ 10,452,194
Special events	750	240,512
Advertising	649,678	978,484
Other revenue	1,183,017	2,381,571
Total operating revenues	<u>1,987,825</u>	<u>14,052,761</u>
Operating expenses:		
Transportation	50,691,529	54,678,389
Maintenance	25,714,741	24,288,404
Administration	20,071,273	21,160,394
Depreciation (note 8)	14,278,928	15,739,478
Total operating expenses	<u>110,756,471</u>	<u>115,866,665</u>
Operating loss	<u>(108,768,646)</u>	<u>(101,813,904)</u>
Nonoperating revenues:		
Subsidies (note 3)	91,986,813	82,029,003
Interest income	287,251	1,848,019
Total nonoperating revenues	<u>92,274,064</u>	<u>83,877,022</u>
Change in net position before capital grants	(16,494,582)	(17,936,882)
Capital grants	<u>22,739,045</u>	<u>7,814,792</u>
Change in net position	6,244,463	(10,122,090)
Total net position, July 1	<u>67,006,130</u>	<u>77,128,220</u>
Total net position, June 30	<u><u>\$ 73,250,593</u></u>	<u><u>\$ 67,006,130</u></u>

The notes to the financial statements are an integral part of these statements.

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash received from customers	\$ 2,909,226	\$ 12,804,043
Cash paid to employees for services	(44,185,548)	(47,130,013)
Cash paid to other suppliers of goods or services	(47,209,585)	(49,245,617)
Net cash used for operating activities	<u>(88,485,907)</u>	<u>(83,571,587)</u>
Cash flows provided by noncapital financing activities:		
Operating subsidies received	<u>92,406,268</u>	<u>84,742,600</u>
Cash flows from capital and related financing activities:		
Proceeds (use of proceeds) from sale of capital assets	(77,682)	22,413
Purchase of capital assets	(22,739,045)	(7,814,792)
Capital grant contributions received	<u>12,576,386</u>	<u>9,107,165</u>
Net cash provided by (used for) capital and related financing activities	<u>(10,240,341)</u>	<u>1,314,786</u>
Cash flows provided by investing activities:		
Net proceeds and gains from investments	10,858,657	36,394,850
Purchase of investments	(5,564,353)	(37,526,921)
Interest received on cash and investments	<u>426,752</u>	<u>1,961,656</u>
Net cash provided by investing activities	<u>5,721,056</u>	<u>829,585</u>
Net change in cash and cash equivalents	(598,924)	3,315,384
Cash and cash equivalents, July 1	<u>53,214,214</u>	<u>49,898,830</u>
Cash and cash equivalents, June 30 (note 2)	<u>\$ 52,615,290</u>	<u>\$ 53,214,214</u>

The notes to the financial statements are an integral part of these statements.

Statements of Cash Flows, Continued
Years Ended June 30, 2021 and 2020

Reconciliation of Operating Loss to Net Cash Used for Operating Activities	2021	2020
Operating loss	\$ (108,768,646)	\$ (101,813,904)
Adjustments to reconcile operating loss to net cash used for operating activities:		
Depreciation expense	14,278,928	15,739,478
(Increase) decrease in accounts receivable		
from operations	1,278,620	(1,191,754)
(Increase) decrease in materials and supplies inventory	(192,061)	(297,769)
(Increase) decrease in prepaid expenses	816,698	(388,412)
(Increase) decrease in deferred outflows of resources	7,631,835	510,495
Increase (decrease) in accounts payable	1,428,801	174,319
Increase (decrease) in accrued payroll expenses, compensated absences payable, and sick leave benefits	2,490	694,707
Increase (decrease) in net pension liability	(20,834,703)	1,686,872
Increase (decrease) in estimated liability for insurance claims	453,609	1,314,381
Increase (decrease) in deferred inflows of resources	15,418,522	
Total adjustments	20,282,739	18,242,317
Net cash used in operating activities	<u>\$ (88,485,907)</u>	<u>\$ (83,571,587)</u>

Noncash investing, and capital financing activities:

During the years ended June 30, 2021 and 2020, the Agency had noncash capital asset additions of \$5,711,640 and \$199,147 respectively, which were included in accounts payable and note 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, 2021 and 2020

(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 annual comprehensive 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.

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.

Notes to Financial Statements (continued)

(1) Summary of Significant Accounting Policies (continued)

Accounts Receivable

Accounts are written off when determined to be uncollectible. In the opinion of management, all significant accounts receivable at June 30, 2021 and 2020 are fully collectible.

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 FY 2021.

Estimated useful lives of the Agency's capital assets are as follows:

Buildings and improvements	5-40 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

Long-Term Debt

LBT has historically not carried debt and prioritized only using available grant funds to procure capital acquisitions. When a promissory note is executed for the acquisition a capital asset, principal payments are recorded as capital expenditures and interest payments as operating expenses.

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 principal balances of debt attributable to the acquisition, construction or improvement of those 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)

(1) Summary of Significant Accounting Policies (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.

Adopted Pronouncements

In October 2021, GASB issued Statement No. 98 The Annual Comprehensive Financial Report. This statement establishes the term annual comprehensive financial report and its acronym ACFR. LBT has adopted this pronouncement for the financial report for the year ended June 30, 2021.

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 20, 2021, the date on which the accompanying financial statements were available to be issued for the year ended June 30, 2021.

Notes to Financial Statements (continued)

(2) Cash and Investments

Cash, cash equivalents and investments consist of the following as of June 30:

	2021	2020
Cash on hand	\$ 10,218	\$ 15,417
Deposits with financial institutions	2,054,554	6,139,496
Outstanding checks	(875,773)	(1,086,656)
Cash equivalents	51,426,291	48,145,957
Total cash and cash equivalents	52,615,290	53,214,214
Investments	22,890,271	28,184,651
Total cash, cash equivalents and investments	<u>\$ 75,505,561</u>	<u>\$ 81,398,865</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 FY 2021 and FY 2020, the Agency elected to have its investments with LAIF and a similarly structured investment vehicle managed by an independent manager.

	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Percentage In One Issuer</u>
Local Agency Investment Fund (LAIF)	N/A	None	None
Negotiable Certificates of Deposit	5 years	30%	None
Commercial Paper	270 days	10%	10%
Money Market Mutual Funds	N/A	None	None
Bankers Acceptances	180 days	40%	10%
Repurchase Agreements	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, 2021 and 2020, respectively.

Notes to Financial Statements (continued)

(2) Cash and Investments (continued)

Type	2021	Weighted Average Maturity (Yrs)
<u>Cash Equivalents</u>		
Local Agency Investment Fund (LAIF)	\$ 51,053,594	0.80
Fidelity Municipal Money Market	372,697	N/A
Total Cash Equivalents	\$ 51,426,291	
<u>Corporate Bonds</u>		
Apple Inc. 2.400% Due 05/03/2023	726,236	1.8
Home Depot Inc. 3.750% Due 02/15/2024	754,152	2.5
Intel Corp. 2.700% Due 12/15/2022	724,472	1.4
Microsoft Corp. 2.875% Due 02/06/2024	740,313	2.5
Nike Inc. 2.250% Due 05/01/2023	721,630	1.8
Prudential Financial 4.500% Due 11/16/2021	711,025	0.4
Toyota Motor Cr Corp. 1.800% Due 02/13/2025	722,911	3.5
UnitedHealth Group Inc. 2.375% Due 08/15/2024	736,442	3.0
Visa Inc. 3.150% Due 12/14/2025	766,080	4.0
Corporate Bonds Total	\$ 6,603,261	
<u>Government Bonds</u>		
Fannie Mae 2.000% Due 10/05/2022	1,534,425	1.3
Federal Farm Cr Bks Bond 0.600% Due 12/09/2025	491,070	1.0
Federal Farm Cr Bks Bond 0.900% Due 06/15/2026	998,740	1.0
Federal Farm Credit Bank 3.050% Due 11/15/2021	1,516,560	0.4
Federal Home Loan Banks 2.750% Due 12/13/2024	2,147,820	3.5
United States Treasury Note Bond 1.125% Due 08/31/2021	2,003,580	0.2
United States Treasury Note Bond 2.875% Due 11/15/2021	2,020,780	0.4
US Treasury N/B 2.125% Due 12/31/2021	2,020,400	0.5
US Treasury N/B 1.500% Due 01/31/2022	2,016,720	0.6
US Treasury Note Bond 2.000% Due 10/31/2022	1,536,915	1.3
Government Bonds Total	\$ 16,287,010	
Total Investment Value	\$ 22,890,271	

As of June 30, 2021 and 2020, there were \$89,152 and \$104,940, respectively, of accrued bond interest which are included in accounts receivable.

Notes to Financial Statements (continued)

(2) Cash and Investments (continued)

Type	2020	Weighted Average Maturity (Yrs)
<u>Cash Equivalents</u>		
Local Agency Investment Fund (LAIF)	\$ 47,842,419	0.52
Fidelity Municipal Money Market	303,538	N/A
Total Cash Equivalents	\$ 48,145,957	
<u>Corporate Bonds</u>		
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	\$ 8,134,692	
<u>Government Bonds</u>		
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	\$ 20,049,959	
Total Investment Value	\$ 28,184,651	

Notes to Financial Statements (continued)

(2) Cash and Investments (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, 2021.

<u>Investment Type</u>	<u>Rating</u>
<u>Corporate Bonds</u>	
Apple Inc 2.400% Due 05/03/2023	AA+
Home Depot Inc 3.750% Due 02/15/2024	A
Intel Corp 2.700% Due 12/15/2022	A+
Microsoft Corp. 2.875% Due 02/06/2024	AAA
Nike Inc 2.250% Due 05/01/2023	AA-
Prudential Financial 4.500% Due 11/16/2021	A
Toyota Motor Cr Corp 1.800% Due 02/13/2025	A+
United Health Group 2.735% Due 08/15/2024	A+
Visa Inc 3.150% Due 12/14/2025	AA-
<u>Investment Type</u>	<u>Rating</u>
<u>Government Bonds</u>	
Fannie Mae 2.000% Due 10/05/2022	AA+
Federal Farm Cr Bks Bond 0.600% Due 12/09/2025	AA+
Federal Farm Cr Bks Bond 0.900% Due 06/15/2026	AA+
Federal Farm Credit Bank 3.050% Due 11/15/2021	AA+
Federal Home Loan Banks 2.750% Due 12/13/2024	AA+
United States Treasury Note Bond 1.125% Due 08/31/2021	AA+
United States Treasury Note Bond 2.875% Due 11/15/2021	AA+
US Treasury N/B 2.125% Due 12/31/2021	AA+
US Treasury N/B 1.500% Due 01/31/2022	AA+
US Treasury Note Bond 2.000% Due 10/31/2022	AA+

Notes to Financial Statements (continued)

(2) Cash and Investments (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 or Level 3 inputs.

Notes to Financial Statements (continued)

(2) Cash and Investments (continued)

The Agency has the following recurring fair value measurements as of June 30, 2021 and 2020:

- 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.
- State of California Local Agency Investment Fund (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, 2021

	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Total</u>
Money Market		\$ 372,697		\$ 372,697
Corporate Bonds		6,603,261		6,603,261
Government Bonds		16,287,010		16,287,010
State of California Local Agency Investment Fund		51,053,594		51,053,594
Total assets at fair value	None	\$ 74,316,562	None	\$ 74,316,562

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	None	\$ 76,330,608	None	\$ 76,330,608

Notes to Financial Statements (continued)

(3) Operating Subsidies

Subsidies from the following sources were earned during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Proposition A Allocation, City of Long Beach	\$ 6,190,887	\$ 6,008,758
Proposition A, County of Los Angeles	10,148,508	12,598,998
Proposition C, County of Los Angeles	5,408,081	6,165,277
Measure R, County of Los Angeles	7,903,883	10,411,483
Measure M, County of Los Angeles	6,243,110	9,332,798
TDA, STA, STA-SB1 and LCTOP, State of California	25,747,982	33,950,870
Preventive Maintenance, Federal	500,000	2,757,676
CARES Act, Federal	29,203,837	-
Other sources	640,525	803,143
Total	<u>\$ 91,986,813</u>	<u>\$ 82,029,003</u>

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 (SB1), the Road Repair and Accountability Act of 2017, into law. A part of this program augments STA 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 \$6,190,887 in FY 2021.

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.

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 subsidies 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.

Notes to Financial Statements (continued)

(3) Operating Subsidies (continued)

On March 27, 2020, President Donald Trump signed into law the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act provides relief funding to prevent, prepare for, and respond to the COVID-19 pandemic. The FTA allocated a total of \$1.068 billion to Los Angeles County under the existing FTA Section 5307 Urbanized Area Formula Grant program. LBT was allocated and used \$29,203,837 to fund operating expenses in FY 2021.

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:

	<u>2021</u>	<u>2020</u>
Trade receivables	\$ 1,142,599	\$ 2,076,046
Insurance reimbursements	-	357,219
Interest	149,405	288,906
Capital grants receivable	3,250,866	375,339
Proposition A funds due from City	1,943,770	1,341,743
STA	853,595	1,241,951
STA-SB1	642,345	808,781
Other receivables	127,638	155,125
Total	<u>\$ 8,110,218</u>	<u>\$ 6,645,110</u>

(5) Unearned Revenue

At June 30, 2021 and 2020, the balances of unearned revenue were as follows:

	<u>2021</u>	<u>2020</u>
Capital grant funds	\$ 8,423,308	\$ 17,798,153
Other	47,589	132,192
Total unearned revenue	<u>\$ 8,470,897</u>	<u>\$ 17,930,345</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 2021 and FY 2020.

Under its insurance programs, the Agency retains the risk for each occurrence of personal liability and property damage (PL/PD) claimed up to \$3 million. There were no individual claim settlements for PL/PD that exceeded the insurance coverage for FY 2021 and FY 2020.

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:

	Personal Liability and Property Damage	Workers' Compensation	Total
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	<u>(2,999,294)</u>	<u>(4,055,815)</u>	<u>(7,055,109)</u>
Estimated liabilities at June 30, 2020	6,736,136	12,694,257	19,430,393
Reserves:			
New claims	148,821	694,640	843,461
Adjustments to existing claims	1,392,321	4,042,176	5,434,497
Payouts	<u>(2,067,455)</u>	<u>(3,756,894)</u>	<u>(5,824,349)</u>
Estimated liabilities at June 30, 2021	<u>\$ 6,209,823</u>	<u>\$ 13,674,179</u>	<u>\$ 19,884,002</u>

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, 2021 and 2020 was as follows:

	Balance at June 30, 2020	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2021
Capital assets not being depreciated:					
Land	\$ 14,275,000	\$ -	\$ -	\$ -	\$ 14,275,000
Construction in progress	2,776,119	(2,394,054)	1,528,867	-	1,910,932
Total capital assets not being depreciated	17,051,119	(2,394,054)	1,528,867	-	16,185,932
Capital assets being depreciated:					
Buildings and improvements	54,270,027	1,030,778	22,106,673	-	77,407,478
Fleet	168,253,180	183,017	2,260,261	(1,285,024)	169,411,434
Communications systems	7,462,121	-	-	-	7,462,121
Fare collection system	9,314,770	11,091	14,628	-	9,340,489
Office, shop and garage equipment	28,637,039	1,164,129	1,114,638	(24,538)	30,891,268
Customer amenities	17,432,056	5,039	466,358	(418,159)	17,485,294
Total capital assets being depreciated	285,369,193	2,394,054	25,962,558	(1,727,721)	311,998,084
Less accumulated depreciation:					
Buildings and improvements	(47,103,321)	-	(1,955,542)	-	(49,058,863)
Fleet	(114,104,682)	-	(10,314,331)	1,285,024	(123,133,989)
Communications systems	(7,461,129)	-	-	-	(7,461,129)
Fare collection system	(8,684,918)	-	(181,176)	-	(8,866,094)
Office, shop and garage equipment	(26,834,192)	-	(858,772)	24,538	(27,668,426)
Customer amenities	(15,087,852)	-	(969,107)	418,159	(15,638,800)
Total accumulated depreciation	(219,276,094)	-	(14,278,928)	1,727,721	(231,827,301)
Total capital assets being depreciated, net	66,093,099	2,394,054	11,683,630	-	80,170,783
Total capital assets, net	\$ 83,144,218	\$ -	\$ 13,212,497	\$ -	\$ 96,356,715

Notes to Financial Statements (continued)

(8) Capital Assets (continued)

	Balance at June 30, 2019	Adjustments/ Transfers	Increases	Decreases	Balance at June 30, 2020
Capital assets not being depreciated:					
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
Capital assets being depreciated:					
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
Less accumulated depreciation:					
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)
Total capital assets being depreciated, net	75,300,424	1,088,068	(10,295,393)	-	66,093,099
Total capital assets, net	\$ 91,068,904	\$ -	\$ (7,924,686)	\$ -	\$ 83,144,218

(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, 2021 and 2020, the Agency had remaining Prop A subsidy funding of \$31,686,744 and \$30,771,984, respectively, to be utilized in future fiscal years.

As of June 30, 2021, the Agency maintained STA funds of \$1,085,407, which was the same amount as of June 30, 2020. STA-SB1 funds remaining amounted to \$1,614,890 and \$1,564,571 as of June 30, 2021 and 2020, respectively. The Agency had Measure M funds of \$7,792,804 and \$6,243,110 as of June 30, 2021 and 2020, respectively. These funds are to be used to fund operations in future fiscal years.

Notes to Financial Statements (continued)

(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, 2021. 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>
Cigna Health and Life Insurance	CIGNA Employee Benefits	\$ 410,000	September 2021
Michelin North America, Inc.	Michelin Option Year 3 Oct 2020 through Sep 2021	\$ 599,437	September 2021
Cigna Health and Life Insurance	CIGNA Employee Benefits	\$ 825,000	September 2021
City of Long Beach Police	Police Services , October 1, 2020-September 30, 2021	\$ 2,294,747	September 2021
Trapeze Software Group, Inc.	TransitMaster Annual Software support - Contract option year 2	\$ 246,116	October 2021
Universal Protection Service LP	Additional Transit Ambassadors in accordance to RFP 16-073	\$ 219,547	October 2021
Universal Protection Service LP	Option Year 2 of 2 - Facility Security	\$ 502,571	October 2021
Dyntek Services, Inc.	Deployment of Intranet and MS 365	\$ 311,200	November 2021
Dorado Design and Construction	LBT1 BEB Charging Stations For 14 BYD Bus Expansion	\$ 235,763	November 2021
Athens Administrators	Final Option Year 2 Workers Compensation Third Party Admin	\$ 309,873	January 2022
Global Diversified Voltage	ATS - Costs of Labor, Material and Equipment	\$ 208,638	April 2022
Complete Coach Works	2013 Gillig Rehab	\$ 253,279	June 2022
Delta Motor Co. Inc.	Hybrid Recondition Project Base Website Management - Year 1	\$ 448,067	December 2023
Downtown Long Beach Alliance	Year 1- 3 CY2021 TVIC Restroom Host Service	\$ 687,935	January 2024
Smart Auto & Coaching Detailing Inc.	Bus Detailing services and Window Treatment for 05/01/2021 to 04/30/2024.	\$ 654,644	April 2024
SC Fuels	Diesel Fuel FY22 through FY24	\$ 207,657	June 2024
Merrimac Energy Group	Gasoline Fuel FY22 through FY24	\$ 7,945,955	June 2024
Global Paratransit Inc	Global Paratransit Contract	\$ 1,294,947	February 2026

Notes to Financial Statements (continued)

(10) Commitments and Contingencies (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 \$549,085 and \$590,290 for the years ended June 30, 2021 and 2020, respectively.

In FY 2021, LBT purchased new corporate administrative offices. As part of the purchase, the Agency was assigned to an existing ground lease with the City of Long Beach. 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 total lease cost was \$229,493 for year ended June 30, 2021. In connection with the purchase of the Agency's corporate administrative offices, the Agency entered into a contract for property management services at a total cost not to exceed \$772,725 for three years.

Business Risks Associated with the Impacts of COVID-19

The Agency's operations are 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, 2021 and 2020, accrued unpaid vacation for all Agency employees amounted to \$3,265,004 and \$3,444,177 respectively.

<u>Balance 6/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/21</u>	<u>Due Within One Year</u>
\$ 3,444,177	\$ 3,265,004	\$(3,444,177)	\$ 3,265,004	\$ 3,265,004

<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/20</u>	<u>Due Within One Year</u>
\$ 3,200,850	\$ 3,444,177	\$(3,200,850)	\$ 3,444,177	\$ 3,444,177

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 \$539,308 and \$227,511 under this program during 2021 and 2020, 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 135 and 125 retirees with unused sick leave converted cash accounts at June 30, 2021 and 2020, respectively. The cash value equivalent of the remaining unused sick leave for the current retirees totaled \$1,628,044 and \$1,449,446 respectively. Total reimbursements paid by the Agency during the fiscal years ended June 30, 2021 and 2020, were \$233,044 and \$243,979, respectively.

The Agency has established a liability related to unused sick leave for both current and future payments. The estimated liability at June 30, 2021 and 2020, was \$4,899,706 and \$4,699,472, respectively.

<u>Balance 6/30/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/21</u>	<u>Due Within One Year</u>
\$ 4,699,472	\$ 433,278	\$(233,044)	\$ 4,899,706	\$ 179,221

<u>Balance 6/30/19</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/20</u>	<u>Due Within One Year</u>
\$ 4,463,309	\$ 480,142	\$(243,979)	\$ 4,699,472	\$ 179,727

Notes to Financial Statements (continued)

(12) Labor Agreements

Union Labor Agreements

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. The agreements provide the parties with specific procedures governing the duration and renewal of the agreements. Both agreements were effective through FY 2021 and expired on June 30, 2021.

On July 26, 2021, ATU Local 1277 and AFSCME District Council 36 Supervisory Unit, respectively, ratified new two-year Labor Agreements with Long Beach Transit. The contracts are effective from July 1, 2021 to June 30, 2023.

On December 8, 2020, AFSCME District Council 36 became the representative for LBT's General Unit employees, including Parts Storekeepers, Stops & Zones Assistants, Stops & Zones Lead and Facilities Maintenance Technicians. On November 1, 2021, AFSCME District Council 36 General Unit and LBT ratified a new two-year agreement effective from July 1, 2021 to June 30, 2023.

(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, 2021 and 2020 was \$30,014,658 and \$31,946,238 for the Contract Plan, respectively, and \$4,869,172 and \$4,589,323 for the Salaried Plan, respectively. Total Agency payroll for 2021 and 2020 was \$44,440,364 and \$46,876,197, 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. 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)

(13) Pension Benefits (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)

(13) Pension Benefits (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 2021 were 22.45% and 24.73% for the Contract and Salaried Plans, respectively. For 2021, the Agency's annual contributions were \$4,341,170 and \$1,826,321 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.

Net Pension Liability – Salaried Plan

The Salaried Plan's net pension liability was measured as of June 30, 2021, 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, 2021 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	PRI-2012 White Collar Mortality Table Projected with Scale MP-2019; PRI-2012 Disabled Mortality Table Projected with Scale MP-2019 for disabled participants.
Employee Contribution	
Interest Credit	5.00% compounded annually
Lump Sums	4.50% interest; IRS applicable mortality
Administrative Expenses	\$213,196 per year payable at the beginning of the year
Termination Before Retirement:	

Age	Turnover Rate
20	7.86%
25	7.57%
30	8.64%
35	8.00%
40	5.64%
45	4.04%
50	2.78%
55	1.67%
60	1.10%

Notes to Financial Statements (continued)

(13) Pension Benefits (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)

(13) Pension Benefits (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.

	Increase (Decrease)		
Salaried Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at 6/30/2020	\$ 33,942,216	\$ 31,438,641	\$ 2,503,575
Changes for the year:			
Service cost	702,231	-	702,231
Interest	1,844,293	-	1,844,293
Expected investment income	-	1,857,326	(1,857,326)
Difference between expected and actual experience	2,251,272	5,475,554	(3,224,282)
Contributions - employer	-	1,826,321	(1,826,321)
Contributions - employee	-	308,205	(308,205)
Benefit payments, including refunds	(2,902,046)	(2,902,046)	-
Administrative expense	-	(213,196)	213,196
Other changes (assumptions)	387,300	-	387,300
Net changes	2,283,050	6,352,164	(4,069,114)
Balances at 6/30/2021	\$ 36,225,266	\$ 37,790,805	\$ (1,565,539)

	Increase (Decrease)		
Salaried Plan	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
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

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

Net Pension Liability – Contract Plan

The Contract Plan's net pension liability was measured as of June 30, 2021, 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, 2021 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	PRI-2012 Blue Collar Mortality Table Projected with Scale MP-2019; PRI-2012 Disabled Mortality Table Projected with Scale MP-2019 for disabled participants
Employee Contribution	
Interest Credit	5.00% compounded annually
Lump Sums	4.50% interest; IRS applicable mortality
Administrative Expenses	\$418,494 per year payable at the beginning of the year
Termination Before Retirement:	

Age	Turnover Rate
20	8.00%
25	7.80%
30	7.30%
35	6.30%
40	5.40%
45	4.40%
50	3.70%
55	3.50%
60	3.50%

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)

(13) Pension Benefits (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; 5.0 Commodities
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.

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
Contract Plan			
Balances at 6/30/2020	\$ 95,973,712	\$ 63,776,866	\$ 32,196,846
Changes for the year:			
Service cost	3,955,144	-	3,955,144
Interest	6,020,256	-	6,020,256
Expected investment income	-	4,205,500	(4,205,500)
Difference between expected and actual experience	(5,289,301)	11,948,917	(17,238,218)
Contributions - employer	-	4,341,170	(4,341,170)
Contributions - employee	-	2,716,208	(2,716,208)
Benefit payments, including refunds	(4,763,085)	(4,763,085)	-
Administrative expense	-	(418,494)	418,494
Other changes (assumptions)	1,341,613	-	1,341,613
Net changes	1,264,627	18,030,216	(16,765,589)
Balances at 6/30/2021	\$ 97,238,339	\$ 81,807,082	\$ 15,431,257

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

		Increase (Decrease)	
Contract Plan	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

Net Pension Liability - Combined Plans

		Increase (Decrease)	
Combined Plans	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at 6/30/2020	\$ 129,915,928	\$ 95,215,507	\$ 34,700,421
Changes for the year:			
Service cost	4,657,375	-	4,657,375
Interest	7,864,549	-	7,864,549
Expected investment income	-	6,062,826	(6,062,826)
Difference between expected and actual experience	(3,038,029)	17,424,471	(20,462,500)
Contributions - employer	-	6,167,491	(6,167,491)
Contributions - employee	-	3,024,413	(3,024,413)
Benefit payments, including refunds	(7,665,131)	(7,665,131)	-
Administrative expense	-	(631,690)	631,690
Other changes (assumption)	1,728,913	-	1,728,913
Net changes	3,547,677	24,382,380	(20,834,703)
Balances at 6/30/2021	\$ 133,463,605	\$ 119,597,887	\$ 13,865,718

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

		Increase (Decrease)	
Combined Plans	Total Pension	Plan Fiduciary	Net Pension
	Liability	Net Position	Liability
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

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the Contract Plan as of June 30, 2021, 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 (asset) 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%.

	<u>Contract Plan</u>
1% Decrease or 5.5%	\$ 24,100,584
6.5% Current Discount Rate	\$ 15,431,257
1% Increase or 7.5%	\$ 7,874,708
	<u>Salaried Plan</u>
1% Decrease or 5.0%	\$ 846,785
6.0% Current Discount Rate	\$(1,565,539)
1% Increase or 7.0%	\$(3,678,030)

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2021, the Salaried Plan recognized pension expense of \$1,912,890. At June 30, 2021, the Salaried Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Salaried Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,289,266	-
Changes of assumptions	387,300	-
Net difference between projected and actual earning on plan investments	-	3,650,490
Total	\$ 2,676,566	\$ 3,650,490

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:

Salaried Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
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	
Total	\$ 3,181,759	

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Salaried Plan – Year Ended June 30	Amount to Be Recognized
2022	\$ (301,595)
2023	\$ (291,777)
2024	\$ (266,129)
2025	\$ 738,315
2026	\$ 1,095,110
Thereafter	\$ --

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

For the year ended June 30, 2021, the Contract Plan recognized pension expense of \$6,322,999. At June 30, 2021, the Contract Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Contract Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 4,097,089
Changes of assumptions	4,649,183	-
Net difference between projected and actual earning on plan investments	-	7,670,943
Total	\$ 4,649,183	\$ 11,768,032

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:

Contract Plan	Deferred Outflows of Resources	Deferred Inflows of Resources
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	
Total	\$ 11,775,825	None

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Contract Plan – Year Ended June 30	Amount to Be Recognized
2022	\$ 678,928
2023	\$ 435,477
2024	\$ 528,094
2025	\$ 1,250,960
2026	\$ 2,511,459
Thereafter	\$ 1,713,931

Notes to Financial Statements (continued)

(13) Pension Benefits (continued)

For the year ended June 30, 2021, both plans recognized pension expense of \$8,235,889. At June 30, 2021, both plans reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Combined Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,289,266	\$ 4,097,089
Changes of assumptions	5,036,483	-
Net difference between projected and actual earning on plan investments	-	11,321,433
Total	\$ 7,325,749	\$ 15,418,522

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:

Combined Plans	Deferred Outflows of Resources	Deferred Inflows of Resources
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	
Total	\$ 14,957,584	None

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Combined Plans – Year Ended June 30	Amount to Be Recognized
2022	\$ 377,333
2023	\$ 143,700
2024	\$ 261,965
2025	\$ 1,989,275
2026	\$ 3,606,569
Thereafter	\$ 1,713,931

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) Note Payable

On August 18, 2020, the Agency 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. During the year ended June 30, 2021, the Agency made additional principal payments of \$5 million, resulting in an outstanding balance of \$4,752,379 as of June 30, 2021.

Future maturities of note payable are as follows:

Year Ending June 30,	
2022	\$ 1,124,341
2023	1,181,864
2024	1,242,330
2025	<u>1,203,844</u>
Note payable at June 30, 2021	<u>\$ 4,752,379</u>

Principal payments toward the note are recorded as capital expenditures and interest payments as operating expenses.

(15) Subsequent Events

As of July 1, 2021, LBT has changed its definition of capital expenditures. Previously projects included in the capital program were those with initial project values exceeding \$5,000 and having an estimated useful life of at least one year. As of FY 2022, the capital program will only include projects whose initial project values exceed \$10,000 and have an estimated useful life of at least one year. This will have an impact on operating expenses and capital acquisitions in future fiscal years.

On July 26, 2021, ATU Local 1277 and AFSCME District Council 36 Supervisory Unit, respectively, ratified new two-year Labor Agreements with Long Beach Transit. The contracts are effective from July 1, 2021 to June 30, 2023. On December 8, 2020, AFSCME District Council 36 became the representative for LBT's General Unit employees, including Parts Storekeepers, Stops & Zones Assistants, Stops & Zones Lead and Facilities Maintenance Technicians. On November 1, 2021, AFSCME District Council 36 General Unit and LBT ratified a new two-year agreement effective from July 1, 2021 to June 30, 2023.

On September 17, 2021, LBT resumed fare collection onboard its Water Taxi Service. On September 19, 2021, LBT resumed fare collection onboard its Fixed-Route Bus Service. Additionally, LBT's Board of Directors approved a promotional program offering discounts on regular 30-day, five-day, and one-day passes through March 2022.

On September 26, 2021, LBT began operating expanded bus service into the City of Carson. The new service expands transportation access for Carson residents, connecting major hubs such as California State University, Dominguez Hills (CSUDH), the Harbor UCLA Medical Center, and the Southbay Pavilion.

The financial statements as of and for the year ended June 30, 2021 have not been impacted by the subsequent events as stated above.

Long Beach Transit

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 2021 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 (Asset) and Related Ratios For the Years Ended

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability									
Service cost	\$ 702,231	\$ 753,733	\$ 800,422	\$ 831,665	\$ 858,666	\$ 769,704	\$ 845,302	\$ 773,964	\$ 641,489
Interest	1,844,293	1,779,258	1,673,123	1,589,310	1,626,217	1,724,678	1,704,802	1,809,528	1,355,511
Difference between expected and actual experience	2,251,272	(624,271)	598,675	770,200	80,484	427,104	(582,806)	667,873	1,089,429
Changes of assumptions	387,300	-	-	-	-	2,816,346	-	-	3,694,438
Benefit payments	(2,902,046)	(1,302,936)	(951,414)	(1,503,429)	(3,003,925)	(1,332,112)	(1,818,412)	(2,342,868)	(702,018)
Net change	2,283,050	605,784	2,120,806	1,687,746	(438,558)	4,405,720	148,886	908,497	6,078,849
Beginning total pension liability	33,942,216	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>\$ 36,225,266</u>	<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	\$ 1,826,321	\$ 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	308,205	319,542	322,305	320,450	340,086	365,367	402,617	436,748	449,958
Net transfer to/from Contract Plan	-	-	-	37,663	255,041	17,501	288	241,886	-
Investment income (loss)	7,332,880	84,624	777,683	1,376,782	2,277,537	(194,989)	(11,557)	1,750,047	960,977
Pension benefits	(2,902,046)	(1,302,936)	(951,414)	(1,503,429)	(3,003,925)	(1,332,112)	(1,818,412)	(2,342,868)	(702,018)
Administrative expenses	(213,196)	(197,584)	(187,683)	(199,961)	(203,559)	(167,603)	(167,173)	(142,202)	(117,013)
Net change	6,352,164	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	31,438,641	30,938,951	27,866,540	25,232,880	22,777,566	19,819,217	16,655,211	13,864,092	11,028,003
Ending plan fiduciary net position	<u>\$ 37,790,805</u>	<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 (asset)	<u>\$ (1,565,539)</u>	<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	104.32%	92.62%	92.81%	89.27%	85.45%	76.01%	77.54%	65.54%	56.58%
Covered payroll	\$ 4,869,172	\$ 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 (asset) as a % of covered payroll	-32.16%	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

	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability									
Service cost	\$ 3,955,144	\$ 3,749,883	\$ 3,862,139	\$ 3,750,722	\$ 3,352,311	\$ 2,713,135	\$ 2,893,596	\$ 2,285,562	\$ 1,972,068
Interest	6,020,256	5,661,960	5,458,336	5,173,663	4,970,642	4,575,251	4,462,912	4,418,719	3,621,647
Difference between expected and actual experience	(5,289,301)	(820,357)	(1,182,989)	1,915,331	849,980	3,062,106	(1,252,537)	877,921	(652,845)
Changes of assumptions	1,341,613	-	-	3,651,179	3,194,510	-	-	-	6,749,225
Benefit payments	(4,763,085)	(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	1,264,627	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	95,973,712	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>\$ 97,238,339</u>	<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	\$ 4,341,170	\$ 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	2,716,208	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)	16,154,417	207,350	1,715,995	2,807,077	4,919,899	(407,799)	(569)	5,113,555	3,324,692
Pension benefits	(4,763,085)	(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	(418,494)	(364,995)	(364,631)	(380,134)	(376,137)	(325,026)	(349,496)	(323,518)	(291,858)
Net change	18,030,216	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	63,776,866	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>\$ 81,807,082</u>	<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>\$ 15,431,257</u>	<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	84.13%	66.45%	66.46%	64.38%	67.49%	66.83%	72.41%	74.68%	70.34%
Covered payroll	\$ 30,014,658	\$ 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	51.41%	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 nine years ended for Salaried Employees (Salaried Plan):

	Schedule of Contributions Salaried Plan 2013 - 2021								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 1,747,226	\$ 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	1,826,321	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	308,205	319,542	322,305	320,450	340,086	365,367	402,617	436,748	449,958
Total contributions	<u>2,134,526</u>	<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)	\$ (387,300)	\$ -	\$ (1,500,000)	\$ (1,000,000)	\$ (1,100,000)	\$ (2,634,844)	\$ (2,555,638)	\$ (800,000)	\$ (807,800)
Covered payroll	\$ 4,869,172	\$ 4,589,323	\$ 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 payroll	43.84%	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	5 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
Termination before retirement	

Age	Turnover Rate
20	7.86%
25	7.57
30	8.64
35	8.00
40	5.64
45	4.04
50	2.78
55	1.67
60	1.10

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

Interest: 4.50%; IRS Applicable Mortality

Mortality

PRI-2012 white color mortality table projected with scale MP-2019; PRI-2012 disabled mortality table projected with scale MP-2019 for disabled participants

Required Supplementary Information (continued)

The following table summarizes contributions required (based on the actuarial valuations) and contributions made for the nine years ended for Contract Employees (Contract Plan):

	Schedule of Contributions Contract Plan 2013 - 2021								
	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 7,057,378	\$ 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	4,341,170	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	2,716,208	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>7,057,378</u>	<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	\$ 30,014,658	\$ 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 payroll	23.51%	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	16 years
Asset valuation method	Market value
Salary increases	3.0% per annum
Investment rate of return	6.5% compounded annually
Administrative expenses	\$418,494
Employee contribution interest credit	5.00% per year

Termination before retirement

Age	Turnover Rate
20	8.00%
25	7.80
30	7.30
35	6.30
40	5.40
45	4.40
50	3.70
55	3.50
60	3.50

Retirement age

All active, inactive vested, 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 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.

Lump Sums

Interest: 4.50%; IRS Applicable Mortality

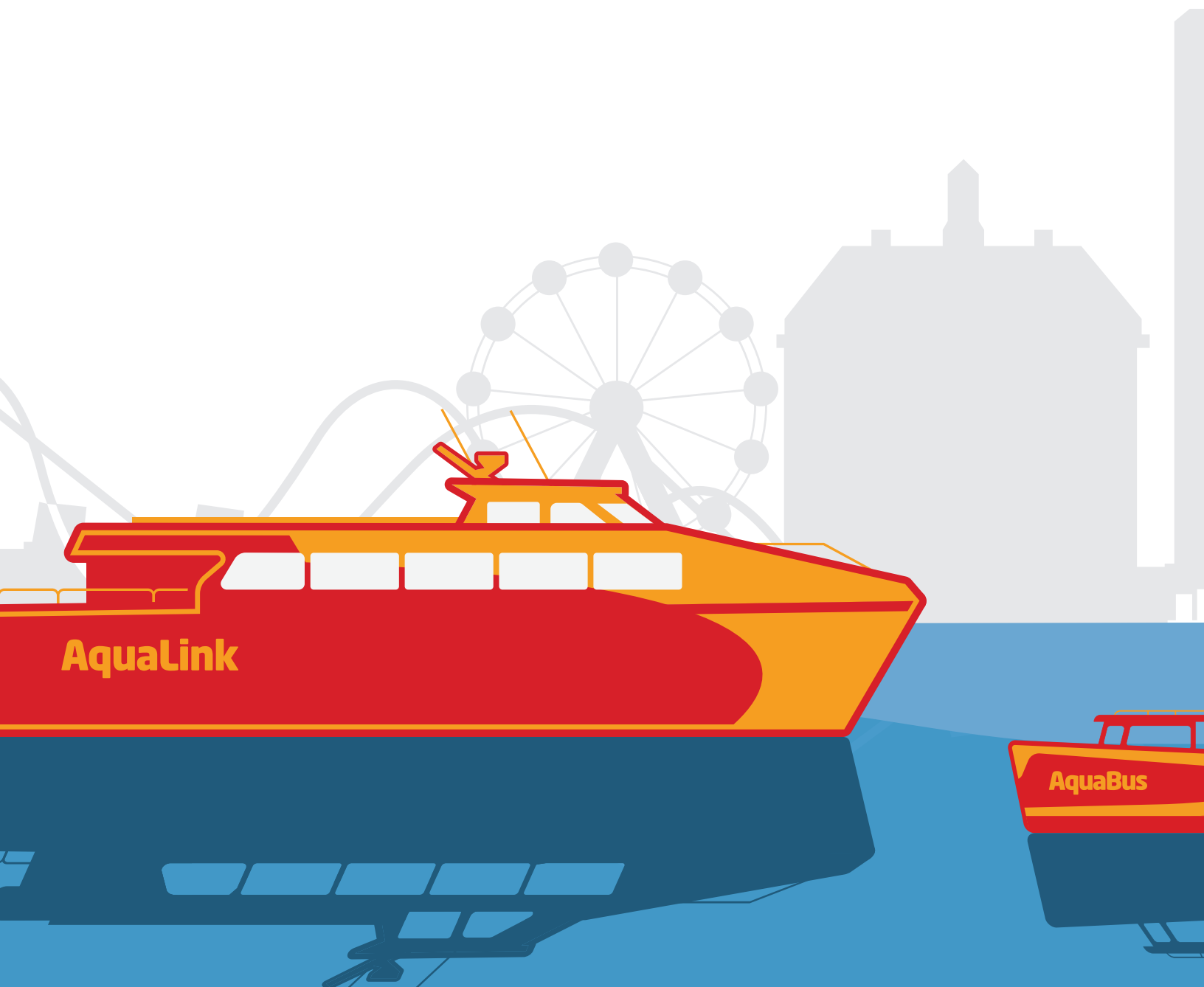
Mortality

PRI-2012 blue collar mortality table projected with scale MP-2019;
PRI-2012 disabled mortality table projected with Scale MP-2019 for disabled participants

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Statistics



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STATISTICAL SECTION

This part of Long Beach Public Transportation Company's annual comprehensive 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 annual comprehensive financial reports for the relevant year.

**Financial Trends
Net Position by Component
2012 - 2021**

Exhibit 1

	Invested in Capital Assets	Restricted	Unrestricted	Total	(1)
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	
2021	91,604,336	303,855	(18,657,598)	73,250,593	

(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.

**Financial Trends
Operating Expenses By Type
2012 – 2021**

Exhibit 2

	Personnel Wages & Benefits	Fuel & Lubricants	Supplies & Materials	Services	Casualty & Liability	Purchased Transportation	Depreciation	Total
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
2021	70,838,886	3,201,240	4,075,103	14,029,903	3,229,011	1,103,400	14,278,928	110,756,471

Financial Trends
Changes in Net Position
2012 – 2021

Exhibit 3

Expenses	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Transportation	\$ 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	\$ 50,691,529
Maintenance	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	25,714,741
Risk Management	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	5,361,897
Marketing & Customer Service	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	2,138,173
General										
Administration	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	12,571,203
Depreciation	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	14,278,928
Total Expenses	\$ 92,587,749	\$ 96,704,310	\$ 100,498,078	\$ 97,206,582	\$ 94,728,863	\$ 101,136,277	\$ 104,678,673	\$ 110,500,523	\$ 115,866,665	\$ 110,756,471
Revenues										
Passenger Fares	\$ 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	\$ 154,380
Special Events	21,386	43,693	25,496	18,754	63,143	54,598	505,138	292,292	240,512	750
Advertising	688,089	542,382	630,413	603,029	743,132	618,750	801,753	1,069,805	978,484	649,678
Subtotal Operating	18,795,417	18,610,491	18,621,929	18,138,622	17,751,836	16,303,649	15,869,752	15,529,448	11,671,190	804,808
Subsidies	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	91,986,813
Interest & Other	368,458	172,869	262,133	293,115	1,189,184	1,429,378	1,546,133	2,643,016	4,229,590	1,470,268
Subtotal										
Nonoperating	54,480,783	57,844,659	61,271,108	64,993,585	62,892,706	66,781,032	72,157,430	78,796,999	86,258,593	93,457,081
Total Revenues	\$ 73,276,200	\$ 76,455,150	\$ 79,893,037	\$ 83,132,207	\$ 80,644,542	\$ 83,084,681	\$ 88,027,182	\$ 94,326,447	\$ 97,929,783	\$ 94,261,889
Net Expense	\$ (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)	\$ (16,494,582)
Capital Grants	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	22,739,045
Change in Net Position	\$ (4,546,313)	\$ 19,045,945	\$ (13,469,474)	\$ 10,687,200	\$ (3,850,666)	\$ 5,416,104	\$ 13,410,381	\$ (11,716,212)	\$ (10,122,090)	\$ 6,244,463

Financial Trends
Capital Expenditures By Type
2012 - 2021

Exhibit 4

Fiscal Year	Facilities	Fleet	Customer Amenities	AVL, Farebox & Radio Equipment	Furniture & IT Equipment	Shop & Garage Equipment	Total
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
2021	22,386,125	3,119,591	466,358	14,739	1,483,243	21,369	27,491,425

**Revenue Capacity
Operating Subsidy Sources
2012 - 2021**

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	Federal COVID-19 Assistance	Other Sources	Total
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
2021	6,190,887	10,148,508	19,555,074	25,747,982	500,000	29,203,837	640,525	91,986,813

**Revenue Capacity
Fare Recovery Percentage
2012 - 2021**

Exhibit 6

<u>Year</u>	<u>Percentage</u>
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
2021	0.16

Fare recovery percentage represents passenger fares and special event revenue divided by operating expenses before depreciation.

Note: As part of LBT's COVID-19 response, LBT did not enforce fare collection beginning in March 2020 through the entirety of FY 2021 resulting in a drastic decline in the fare recovery percentage.

**Revenue Capacity
Fare History
2012 - 2021**

Exhibit 7

Fixed Route Service:

Cash Fares:

Regular	\$ 1.25
Student	1.25
Senior and Disabled	0.60
Interagency transfer	0.50

Day Pass:

Regular	\$ 4.00
Senior and Disabled	2.50

5 - Day Pass:

Regular	\$ 18.00
Senior and Disabled	9.00

Monthly Pass:

UCLA Commuter Express	\$ 120.00
Regular	65.00
Student	40.00
Senior and 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

Demographic and Economic Information
City of Long Beach
Demographic Statistics
2012 - 2021

Exhibit 8

Fiscal Year Ended June 30	Estimated Population (A)	Personal Income (in millions) (B&E)	Per Capita Personal Income (B&E)	Public School Enrollment (C)	Unemployment Rate (D)
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
2021	467,730	16,866	35,507	69,708	9.4

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	2020 Number of Employees	Percentage of Total City Employment	2011 Number of Employees	Percentage of Total City Employment
Long Beach Unified School District	12,625	5.23%	8,304	3.51%
City of Long Beach	5,503	2.28%	5,312	2.24%
Long Beach Memorial Medical Center	5,127	2.12%	5,805	2.45%
California State University, Long Beach (CSULB)	3,272	1.36%	5,790	2.44%
Veteran Affairs Medical Center	3,100	1.28%	2,332	0.98%
Long Beach City College	2,719	1.13%	1,579	0.67%
The Boeing Company	1,844	0.76%	6,847	2.89%
CSULB Research Foundation	1,603	0.66%	1,020	0.43%
St. Mary Medical Center	1,558	0.65%	1,556	0.66%
Molina Healthcare Inc.	1,227	0.51%	-	-%

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 2011 and 2020 via City of Long Beach.

**Operating Information
Key Performance Indicators
2012 – 2021**

Exhibit 10

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Fixed Route</u>										
Operating Cost Per Vehicle Service Hour	\$ 105.61	\$ 110.11	\$ 115.04	\$ 115.40	\$ 112.67	\$ 114.57	\$ 120.98	\$ 127.44	\$ 153.72	\$ 186.40
Operating Cost Per Passenger	\$ 2.50	\$ 2.56	\$ 2.69	\$ 2.85	\$ 2.94	\$ 3.22	\$ 3.65	\$ 3.98	\$ 5.23	\$ 6.60
Roadcalls	1,819	1,778	2,243	2,163	1,912	1,897	2,367	2,021	1,552	1,423
Mean Distance Between Failures	4,219	4,438	3,413	3,572	4,040	4,222	3,409	4,071	4,577	3,988
Total Accidents	865	881	1,026	912	999	938	871	784	589	456
Preventable Accidents	89	120	101	126	103	99	94	101	73	12
Preventable Accidents Per 100,000 Miles	1.16	1.52	1.36	2.07	1.34	1.29	1.22	1.26	1.08	0.95
Passengers per Vehicle Service Hour	48	43	42	40	37	35	33	32	29	28
On-Time Performance ¹	99.9%	99.9%	77.4%	78.5%	85.2%	86.7%	85.7%	84.7%	84.6%	88.8%
Number of Vehicles	260	262	248	249	249	249	249	249	249	249
Number of Employees	725	728	729	723	728	727	746	745	743	743
<u>Special Services</u>										
Dial-A-Lift Cost Per Passenger	\$ 19.64	\$ 20.42	\$ 20.60	\$ 19.36	\$ 18.34	\$ 18.90	\$ 20.19	\$ 27.12	\$ 35.77	\$ 65.10
Dial-A-Lift Passengers Per Service Hour	5.1	4.8	5.1	5.7	4.8	2.1	1.8	1.6	1.6	1.4
Number of Dial-A-Lift Vehicles	15	13	13	15	12	10	10	10	10	10
Water Taxi Cost Per Passenger ²	\$ 13.73	\$ 9.23	\$ 12.69	\$ 11.27	\$ 10.94	\$ 9.03	\$ 9.32	\$ 10.17	\$ 11.48	\$ 53.60
Water Taxi Passengers Per Vehicle Service Hour	13.81	13.94	16.32	16.11	19.02	18.99	19.15	19.49	19.01	39.73
Number of Water Taxi Vessels	4	4	4	4	4	4	4	4	4	4

¹ Scheduled times are compared with actual departure times using TransitMaster Automated Vehicle Location (AVL) system data. Starting in 2014, no event exceptions are used.

² 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

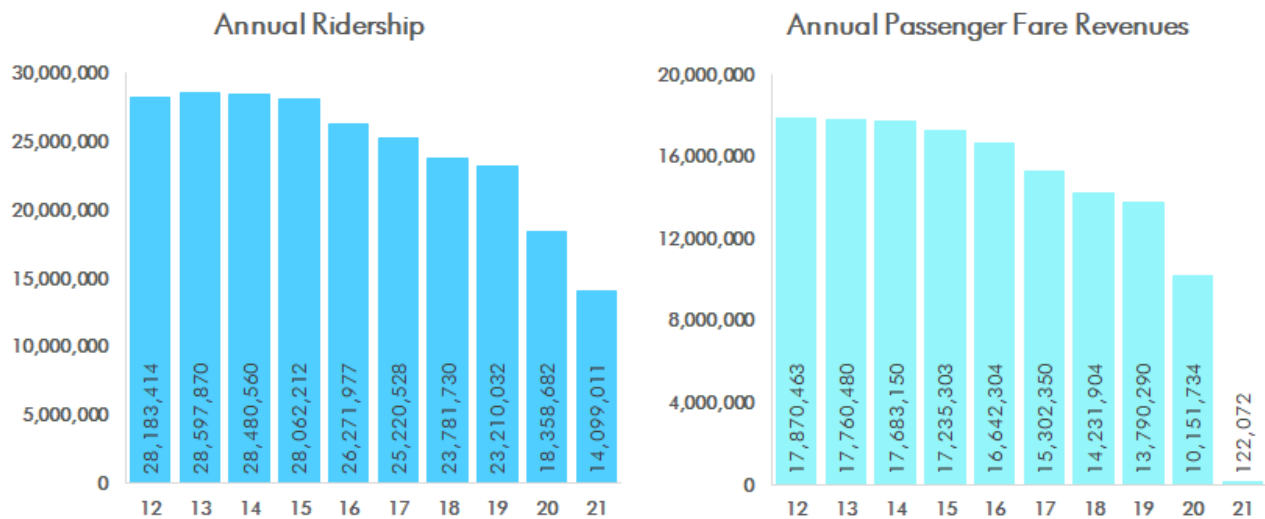
Note: Due to the COVID-19 Pandemic, LBT did not conduct a Customer Satisfaction Survey in FY 2021.

Source: Annual community survey.

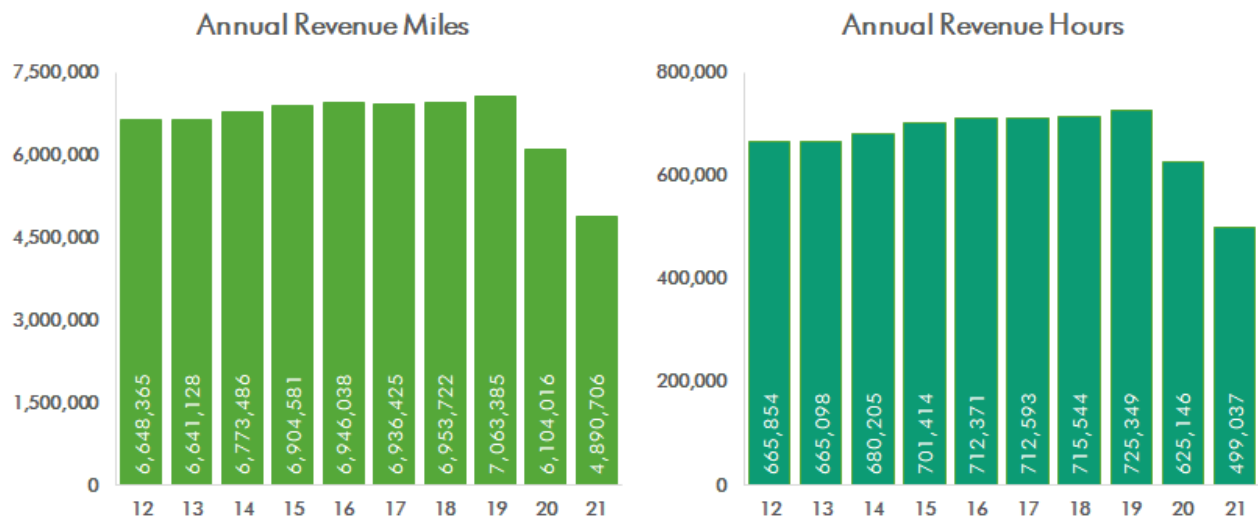
** Not surveyed

Operating Information Fixed Route Statistics 2012 - 2021

Exhibit 12



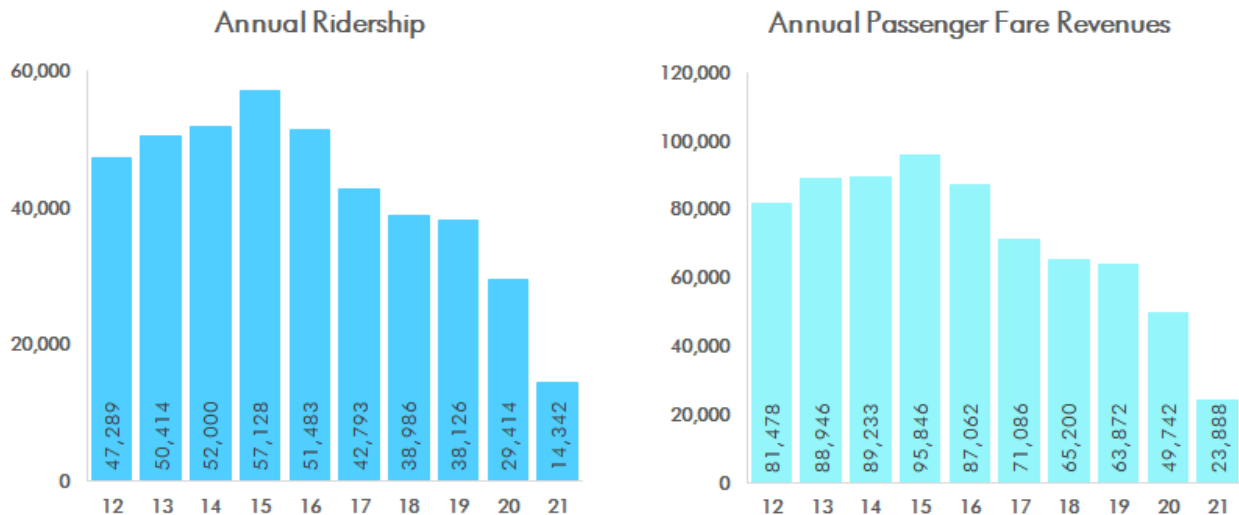
LBT had a loss of ridership from FY 2020 to FY 2021, with 18.4 million boardings on LBT buses in FY 2020 falling to 14.1 million boardings on LBT buses in FY 2021. The 14.1 million boardings represented a 23.2% decrease from the previous year. This ridership decline is largely due to the COVID-19 pandemic, as social distancing restrictions for the pandemic remained in place for most of the fiscal year.



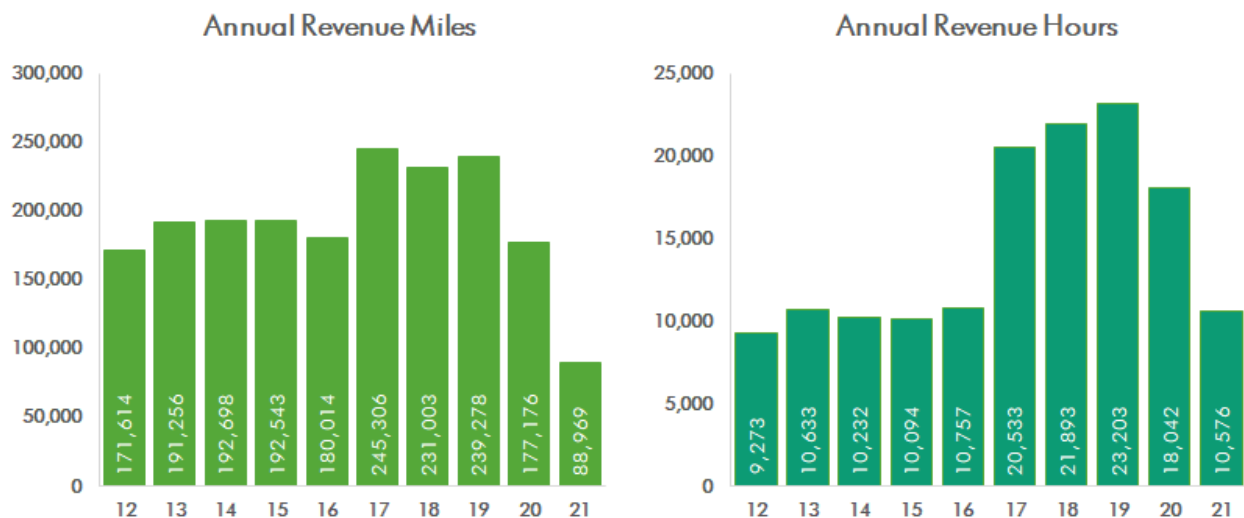
Source: Long Beach Transit's Annual National Transit Database Report

Operating Information Dial-A-Lift Statistics 2012 - 2021

Exhibit 13



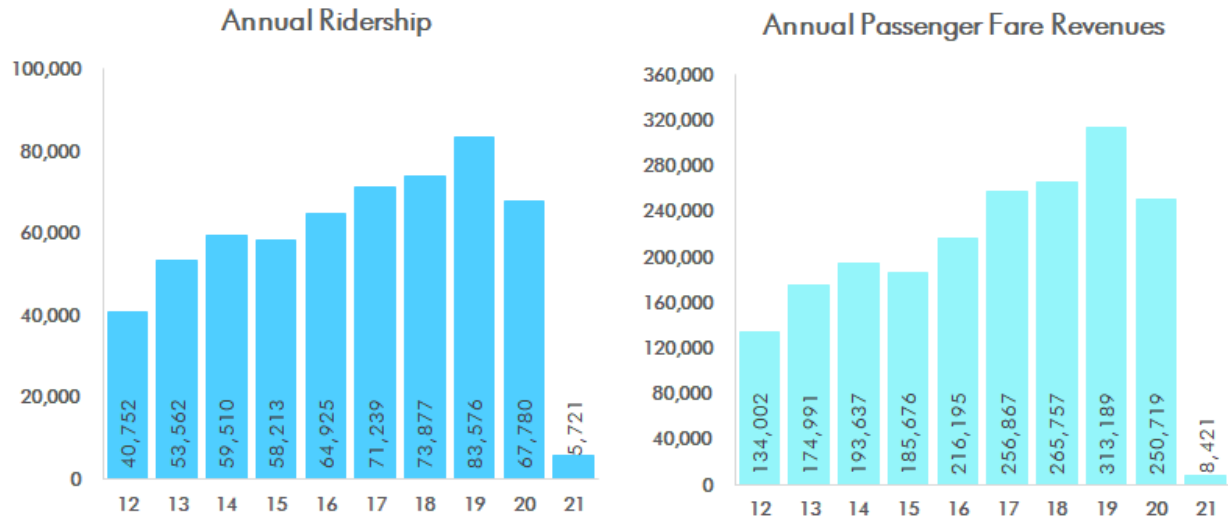
Dial-A-Lift had a 51.2% decrease in ridership in FY 2021. The ridership decrease is attributed in large part to the COVID-19 pandemic which significantly reduced demand for Dial-A-Lift service. The Dial-A-Lift service is supplied by a private contractor who provides Dial-A-Lift vehicle trips.



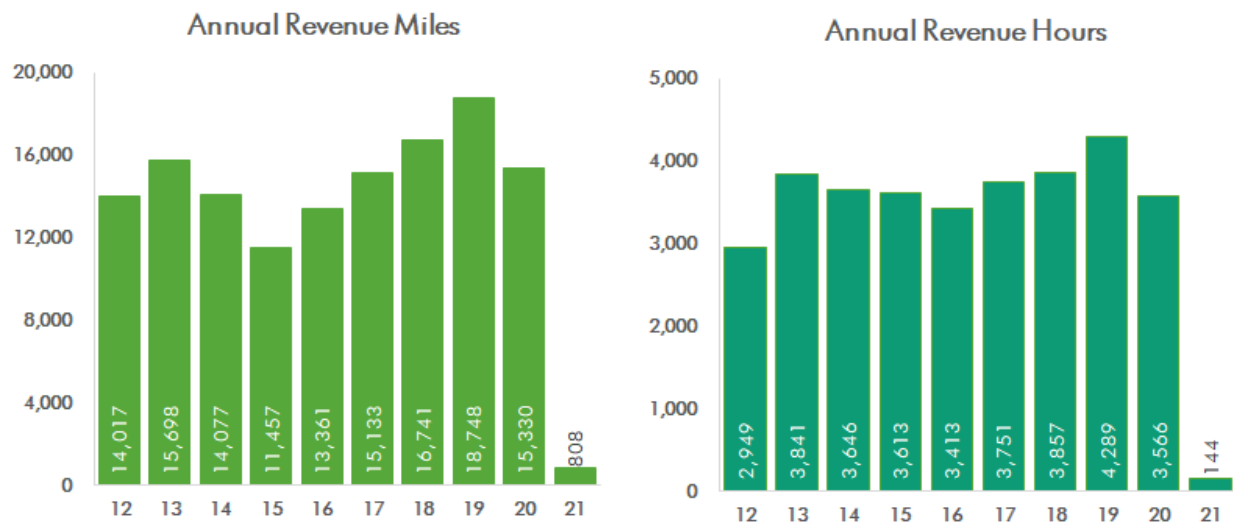
Source: Long Beach Transit's Annual National Transit Database Report

Operating Information Water Taxi Statistics 2012 - 2021

Exhibit 14



Water Taxi ridership decreased 91.6% and revenues decreased 96.6% in FY 2021. These decreases are due to the fact that water taxi services, after being suspended in March 2020, resumed with limited service in late May 2021. Only one AquaLink with reduced capacity was used.



Source: State Controller's Report

Operating Information
Schedule of Insurance in Force
June 30, 2021

Exhibit 15

Program	Expiration	Term	Agency	Amount/Limit
<u>LIABILITY</u>				
A. Public Entity Liability				
	07/1/22	1 yr	Princeton Excess & Surplus Lines Insurance Co.	\$5,000,000 Excess of \$3,000,000 SIR
B. UST Insurance - Storage Tank Liability				
	04/1/22	1 yr	Liberty Surplus Insurance Corporation	\$2,000,000 - Each Incident \$3,000,000 - Aggregate \$2,000,000 - Aggregate Claims Expense Limit Deductible per claim: Per Schedule on File
C. Excess Liability				
	07/01/22	1 yr	Allied World National Assurance Co.	\$5,000,000 - Excess of \$3,000,000 SIR
<u>COMMERCIAL PROPERTY</u>				
	04/1/22	1 yr	Travelers Property Casualty Co.	\$64,578,592 - Buildings \$41,524,000 - 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 for Buses \$50,000 - Deductible per Earthquake Sprinkler Leakage \$5,000 - Deductible Personal Property in Transit
<u>WORKERS' COMPENSATION</u>				
	07/1/22	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

11/1/21	1 yr	Hartford Fire Insurance Co.	\$1,000,000 - Employee Theft \$1,000,000 - Inside the Premises (Money, Securities and Other Property) \$1,000,000 - Computer and Funds \$50,000 - Money Orders & Counterfeit Currency \$20,000 Deductible (Employee Theft) \$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

11/1/21	1 yr	Federal Insurance Co.	\$ 3,000,000 - Each Loss \$ 3,000,000 - Each Policy Period \$ 10,000 - Deductible
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CYBER LIABILITY

07/01/22	1 yr	Benchmark Insurance Company	\$5,000,000 - Aggregate Limit of Liability \$100,000 - Deductible Per 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

Operating Information
Fixed-Route Bus Service
Summary of Service Frequency and Hours of Operation

Exhibit 16

Route	FREQUENCY OF SERVICE						DAILY HOURS OF OPERATION		
	Peak/Base (5am - 6pm)			Evening/Night (after 6pm)			Weekday	Saturday	Sunday
	Weekday	Saturday	Sunday	Weekday	Saturday	Sunday			
1	45 min	60 min	60 min	60 min	60 min	60 min	530A - 845P	549A - 845P	549A - 845P
20	15/20 min	20min	20min	20/30 min	20/30 min	20/30 min	500A - 1100p	500A - 1100p	500A - 1100p
40	10 min	15 min	15 min	10/20/30 min	15/30 min	15/30 min	500A - 1100p	505A - 1056p	505A - 1056p
50	15 min	30 min	30 min	15/20/30 min	30 min	30 min	500A - 1100p	500A - 1055P	500A - 1055P
60	15 min	20 min	20 min	15/20/30 min	20/30 min	20/30 min	500A - 1055P	505A - 1055P	505A - 1055P
70	45 min	60 min	60 min	30/45 min	60 min	60 min	621A - 815P	602A - 827P	602A - 827P
80	--	--	--	--	--	--	--	--	--
90*	12 min	20 min	20/30 min	15/20/30 min	20/30 min	20/30 min	456A - 1100P	505A - 1102P	505A - 1102P
96 'ZAP'	--	--	--	--	--	--	--	--	--
101/103	30 min	20/40 min	20/40 min	30 min	40 min	40 min	505A - 810P	550A - 805P	550A - 805P
104	45min	60 min	60 min	45 min	--	--	648A - 750P	648A - 725P	648A - 725P
110	30 min	30 min	30 min	30 min	30 min	30 min	604A - 855P	605A - 855P	605A - 855P
121	25 min	30 min	30 min	25/30 min	30 min	30 min	502A - 1100P	505A - 2300P	505A - 2300P
131 Tripper	40 min	--	--	--	--	--	830A - 423P	--	--
151	40 min	40 min	40 min	40 min	40 min	40 min	552A - 853P	552A - 854P	552A - 854P
170	15 min	15/30 min	15/30 min	20/30 min	15/30 min	15/30 min	500A - 1100P	503A - 1055P	503A - 1055P
171/175*	20 min	45 min	45 min	30 min	60 min	60 min	510A - 1100P	658A - 1010P	658A - 1010P
176	--	--	--	--	--	--	--	--	--
181	60 min	60 min	60 min	60 min	60 min	60 min	607A - 900P	604A - 855P	604A - 855P
182	60 min	60 min	60 min	45 min	60 min	60 min	605A - 825P	605A - 823P	605A - 823P
190	15 min	20 min	20 min	20/30 min	20/30 min	20/30/60 min	500A - 1102P	505A - 1055P	505A - 1055P
405	2 trips (1) AM (1) PM			--	--	--	515A, 500P	--	--
<i>Passport</i>									
Passport	--	--	--	--	--	--	--	--	--

Source: Long Beach Transit's Service Planning Department

* 92,93 and 175 operate on weekdays only

Pension Information
Employer and Employee Pension Contributions
2012 – 2021

Exhibit 17

Fiscal Year Ended June 30	Employer Contribution*	Employee Contribution	Covered Payroll	Contribution as a Percentage of Payroll
<u>Contract Plan</u>				
2012	2,099,802	1,141,708	23,947,941	13.54
2013	2,572,888	1,142,100	24,693,232	15.04
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
2021	4,341,170	2,716,208	30,014,658	23.51
<u>Salaried Plan</u>				
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
2021	1,826,321	308,205	4,869,172	43.84

* Total contribution amounts reflect year-end accruals which are adjusted for actual pay in the following fiscal year.

Source: Contract and Salaried pension plan financial statements for the year ended June 30, 2021.

These financial statements are prepared under separate cover and contain additional trend information.

Pension Information
Pension Revenues by Source and Expenses by Type
2012 – 2021

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 Plan</u>								
2012	\$ 3,241,510	\$ -	\$ (682,971)	\$ 2,558,539	\$ 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	29,872	(569)	4,740,533	349,496	4,881,029	30,160	5,260,685
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	3,859,763	-	4,224,394
2020	7,168,354	-	207,350	7,375,704	364,995	3,912,892	-	4,277,887
2021	7,057,378	-	16,154,417	23,211,795	418,494	4,763,085	-	5,181,579
<u>Salaried Plan</u>								
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	142,202	2,342,868	-	2,485,070
2015	5,160,860	30,160	(11,557)	5,179,463	167,173	1,818,412	29,872	2,015,457
2016	4,635,552	17,501	(194,989)	4,458,064	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	-	1,139,097
2020	1,915,586	-	84,624	2,000,210	197,584	1,302,936	-	1,500,520
2021	2,134,526	-	7,332,880	9,467,406	213,196	2,902,046	-	3,115,242

Source: Contract and Salaried pension plan financial statements for the year ended June 30, 2021.

These financial statements are prepared under separate cover and contain additional trend information.

**Grant Information
Capital Grant History
Federal Grants 2012 - 2021**

Exhibit 19

FTA Grants	Authorized Amount	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
CA-90-Y391	\$ 13,354,477	\$ 60,034	\$ 2,527,386								
CA-90-Y440	6,358,401	11,972									
CA-90-Y502	14,756,941	132,711	26,545								
CA-90-Y652	13,051,167	398,367	8,331,767	\$ 428,257	\$ 175,263	\$ 41,956					
CA-90-Y731	14,960,635	234,409	3,761,979	71,168	5,361						
CA-90-X007	16,497,214	693,688									
CA-04-0065	2,604,050	(173,860)	778,978								
CA-04-0134	1,783,466	351,368	1,096,541	71,421	41,184						
CA-90-Y798	13,994,380	6,541,814	646,277	312,347	829,421	11,026	\$ 2,344			\$ 37,584	\$ 15,744
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	6,425	
CA-04-0184	2,863,280	899,012	702,223	387,690	330,469	5,296	70,224				
CA-04-0199	950,000		950,000								
CA-88-0004	6,700,000		637,161	193,185	88,283	237,053	4,213,586	1,677,736	66,432		
CA-90-Y957	16,248,527		1,048,270	2,605,970	5,748,917	46,226	112,598	6,552,428	127,859	6,259	
CA-90-Z053	17,391,081			773,241	3,102,621	6,504,828	44,927	455,784	96,488	144,629	228,552
CA-90-Z120	20,701,104			49,875	10,518,828	1,438,564	1,254,135	1,812,501	868,012	961,781	120,704
CA-58-0015	2,000,000				2,000,000						
CA-90-Z232	14,113,447					1,622,069	5,264,836	4,829,286	302,859	313,058	331,970
CA-2016-049	20,731,551						1,314,496	9,911,532	498,404	723,164	1,009,748
CA-2017-050	17,837,931							2,069,639	3,258,119	824,468	141,674
CA-37-X100	437,730							426,335	11,395		
CA-2018-127	1,172,867								17,326		33,673
CA-2019-085	142,296										77,686
CA-2019-088	17,095,459									1,925,532	278,827
CA-2020-053	13,037,621										
CA-2020-179	29,203,837										29,203,837
TOTAL	\$ 9,896,331	\$ 27,706,394	\$ 7,419,063	\$ 22,926,811	\$ 9,947,262	\$ 12,310,369	\$ 29,670,468	\$ 5,268,610	\$ 4,942,900	\$ 31,442,415	

**Grant Information
Capital Grant History
State Grants 2012 - 2021**

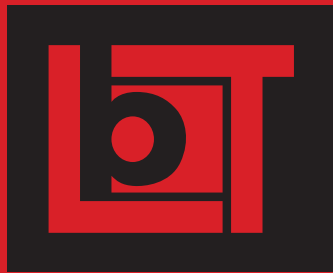
Exhibit 20

State Grants	Authorized Amount	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
STA 08	3,528,162 \$	10,681 \$	19,986								
STA 11	580,795		331,826 \$	248,972							
1B PTMISEA	22,935,490	863,708	5,851,780	20,924 \$	1,990,351 \$	309,770 \$	1,780,966 \$	1,883,455 \$	508,411 \$	93,396 \$	9,831,684
1B SEC	3,952,019	252,533	197,999	374,050	274,793	644,369	84,411	22,254	204,910	401,085	314,689
LCTOP	512,596								483,236	26,081	28,787
SB1-SGR 18	959,973										
SB1-SGR 19	1,031,783										
SB1-SGR 20	1,074,836										
SB1-SGR 21	1,024,004										
TOTAL		\$ 1,126,922	\$ 6,401,591	\$ 643,946	\$ 2,265,144	\$ 954,139	\$ 1,865,377	\$ 1,905,709	\$ 1,196,557	\$ 520,562	\$ 10,175,160

**Grant Information
Capital Grant History
Local Grants 2012 - 2021**

Exhibit 21

Local Grants	Authorized Amount	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Prop C-CA-90-Y391	2,934,372 \$	13,250 \$	517,992								
Prop C-CA-90-Y440	1,329,020	2,935									
Prop C FY 08	1,661,127	207,383									
Prop C-CA-90-Y502	3,512,702	33,179	6,698								
Prop C-CA-90-Y652	2,030,062	131,869	1,037,686 \$	107,052 \$	43,821 \$	9,366					
Prop C-CA90-Y731	3,604,442	58,875	736,865	17,792	2,837						
Prop C FY 10	351,120							\$ 229,189 \$	11,757 \$	173	
Prop C FY 11	3,825,903	908,816	1,257,341	702,307	341,032	339,043 \$	105,434			9,567 \$	9,567
Prop C-CA-90-798	2,762,272	1,635,402	161,627	78,086	107,922	2,693	586			9,396	3,936
Prop C-CA-04-065	576,983	(43,498)	120,715								
Prop C-CA-04-134	312,540	87,876	140,809	17,855	10,297						
Prop C-CA-04-184	860,720	224,801	225,800	125,882	109,267	1,324	17,254				
Prop C FY 12	2,818,242		987,020	928,199	324,026	303,876	104,107	54,336			114,642
Prop C FY 13	3,242,178		27,419	328,881	1,747,453	551,216	357,117	28,235	29,979	68,930	24,447
Prop C-CA-88-0004	876,429		219,786	82,791	35,027	85,464	443,083	132,474	24,361		
Prop C-CA-90-Y957	2,864		881	701	265	841	177				
Prop C FY 14	2,693,659			61,119	499,668	429,482	708,945	624,427	17,104	51,684	203,671
Prop C-CA-90-Y880	2,252			927	1,325						
Prop C FY 15	4,017,168				658,270	1,117,119	990,459	185,851	242,819	336,250	165,644
Prop C-CA-90-Z053	942,340				3,305	5,799	706	71,351	7,638		(1,639)
Prop C-CA-90-Z120	1,204,244				890,691	150,106	86,122	2,098	934	(934)	23,058
Prop C FY 16	4,173,683					92,683	610,084	121,131	283,782	386,182	2,622,919
Prop C-CA-90-Z232	90,824						36,827	46,848	5,203		
Prop C-CA-2016-049	700,368							608,052			52
Prop C-CA-37-X100	109,433							106,583	2,850		
Prop C-CA-2017-150	9,421										1,260
Prop C-CA-2018-127	6,600										
Prop C-CA-2019-085	35,574										19,421
Prop C-CA-2020-053	223,825										
Prop C FY 17	4,340,128							14,715	82,412	216,264	718,289
Prop C FY 18	4,492,599							551,683	427,283	665,083	243,289
Prop C FY 19	4,587,785								112,288	2,921,888	452,668
Prop C FY 20	4,700,414										971,452
Prop C FY 21	2,437,375										930,227
TOTAL	\$	\$ 3,260,888	\$ 5,440,639	\$ 2,451,592	\$ 4,775,206	\$ 3,089,012	\$ 3,460,901	\$ 2,776,973	\$ 1,248,410	\$ 4,664,483	\$ 6,502,903



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